

design of aircraft, engines, spare parts, or equipment required by the Navy, in bidding on such aircraft, engines, spare parts, or equipment, have named a price in excess of cost of production plus a reasonable profit, as provided in section 3 of this act.

"The funds necessary for the enlargement and expansion of such existing plants and facilities now owned by the Government for the construction and manufacture of naval aircraft, are hereby authorized to be appropriated."

Amendments numbered 3 and 4: That the House recede from its disagreement to the amendments of the Senate numbered 3 and 4, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by amendment numbered 3, and in lieu of the matter inserted by amendment numbered 4, insert the following:

*"Provided,* That no contract shall be made by the Secretary of the Navy for the construction and/or manufacture of any complete naval vessel or aircraft, or any portion thereof, herein, heretofore, or hereafter authorized unless the contractor agrees—

"(a) To make a report, as hereinafter described, under oath, to the Secretary of the Navy upon the completion of the contract.

"(b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided,* That if such amount is not voluntarily paid the Secretary of the Treasury may collect the same under the usual methods employed under the internal revenue laws to collect Federal income taxes.

"(c) To make no subdivisions of any contract or subcontract for the same article or articles for the purpose of evading the provisions of this act, but any subdivision of any contract or subcontract involving an amount in excess of \$10,000 shall be subject to the conditions herein prescribed.

"(d) That the manufacturing spaces and books of its own plant, affiliates, and subdivisions shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress.

"(e) To make no subcontract unless the subcontractor agrees to the foregoing conditions.

The report shall be in form prescribed by the Secretary of the Navy and shall state the total contract price, the cost of performing the contract, the net income, and the percent such net income bears to the contract price. A copy of such report shall be transmitted to the Secretary of the Treasury for consideration in connection with the Federal income-tax returns of the contractor for the taxable year or years concerned.

The method of ascertaining the amount of excess profit to be paid into the Treasury shall be determined by the Secretary of the Treasury in agreement with the Secretary of the Navy and made available to the public. The method initially fixed upon shall be so determined on or before June 30, 1934: *Provided,* That in any case where an excess profit may be found to be owing to the United States in consequence hereof, the Secretary of the Treasury shall allow credit for any Federal income taxes paid or remaining to be paid upon the amount of such excess profit.

The contract or subcontracts referred to herein are limited to those where the award exceeds \$10,000."

And the Senate agree to the same.

PARK TRAMMELL,  
MILLARD E. TYDINGS,  
FREDERICK HALE,  
JESSE H. METCALF,

*Managers on the part of the Senate.*

CARL VINSON,  
P. H. DREWRY,  
STEPHEN W. GAMBRILL,  
FRED A. BRITTEN,  
GEORGE P. DARROW,

*Managers on the part of the House.*

#### CLAIMS OF FOREIGN GOVERNMENTS AND THEIR NATIONALS

The PRESIDING OFFICER (Mr. BARKLEY in the chair) 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 Foreign Relations, as follows:

*To the Congress of the United States:*

I transmit herewith a report by the Secretary of State recommending the enactment of legislation for the purposes described therein.

The recommendations of the Secretary of State have my approval, and I request the enactment of legislation for the purposes indicated in order that this Government may carry out the projects and meet the obligations outlined in the report.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 21, 1934.

[Enclosure: Report of the Secretary of State.]

#### RECESS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock p.m.) the Senate took a recess until tomorrow, Thursday, March 22, 1934, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 21, 1934

The House met at 12 o'clock noon.

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

Calmly, our souls look up to Thee, O God. We pray that Thou wouldst reveal unto us the riches unseen. Persuade us to realize that life does not consist in the things we possess but rather in the thoughts we think, the motives that sway our actions, the ideals toward which we press, and in the God, whom we make our own. Merciful Lord, always keep open the gates that we may front Thy stainless throne. Consider and hear us, Almighty God; be at the conference table with our President these momentous days. May men not face one another with sullen eyes. Break down all barriers of differences and let there be no thought of faltering until there is born a new order of fraternity, good will, and brotherhood. Heavenly Father, regard us this day with favor and spare us from anything that might keep us from hearing and loving the divine strains, which breathe a heavenly melody into our souls. Amen.

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

#### 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 of the House of the following titles:

On March 15, 1934:

H.R. 7199. An act making appropriations for the Navy Department and the Naval Service for the fiscal year ending June 30, 1935, and for other purposes; and

H.R. 7295. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes.

On March 16, 1934:

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.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 2743. An act for the relief of William M. Stoddard;  
 H.R. 3072. An act for the relief of Seth B. Simmons;  
 H.R. 3554. An act for the relief of Pinkie Osborne;  
 H.R. 5163. An act for the relief of Calvin M. Head;  
 H.R. 5228. An act to authorize the payment of hospital and other expenses arising from an injury to Florence Glass;

H.R. 5631. An act to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes, and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him;

H.R. 5745. An act granting abandoned public buildings and grounds at Sitka, Alaska, to the Territory of Alaska, 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; and

H.R. 7229. An act for the relief of the estate of Victor L. Berger, deceased.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 257. An act to authorize full settlement for professional services rendered to an officer of the United States Army; and

H.R. 7599. An act to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934.

The message also announced that the Senate had agreed to a concurrent resolution of the House of the following title:

H.Con.Res. 26. Concurrent resolution for appointment of a special congressional committee to make appropriate arrangements for the commemoration of the one hundredth anniversary of the death of General Lafayette.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 60. An act for the relief of Richard J. Rooney;

S. 101. An act for the relief of Robert Gray Fry, deceased;

S. 232. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller;

S. 336. An act for the relief of Edward F. Gruver Co.;

S. 365. An act for the relief of Archibald MacDonald;

S. 411. An act for the relief of the International Manufacturers' Sales Co. of America, Inc.;

S. 770. An act for the relief of certain claimants who suffered loss by fire in the State of Minnesota during October 1918;

S. 791. An act for the relief of Elmer Blair;

S. 895. An act for the relief of Thomas J. Gardner;

S. 1100. An act to require the furnishing of heat in living quarters in the District of Columbia;

S. 1361. An act for the relief of Obadiah Simpson;

S. 1526. An act for the relief of Ann Engle;

S. 1574. An act to provide a government for American Samoa;

S. 1665. An act to provide for the establishment and maintenance, under the Bureau of Mines, of a research station at Salt Lake City, Utah;

S. 1699. An act to prevent the loss of the title of the United States to lands in the Territories or territorial possessions through adverse possession or prescription;

S. 1758. An act for the relief of B. E. Dyson, former United States marshal, southern district of Florida;

S. 1810. An act to amend the act authorizing the issuance of the Spanish War Service Medal;

S. 1901. An act for the relief of William A. Delaney;

S. 2026. An act providing for payment of \$25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States;

S. 2266. An act to authorize the sale of a portion of the Fort Smith National Cemetery Reservation, Ark., and for other purposes;

S. 2320. An act for the relief of the officers of the Russian Railway Service Corps organized by the War Department under authority of the President of the United States for service during the war with Germany;

S. 2338. An act for the relief of Robert V. Rensch;

S. 2467. An act for the relief of Ammon McClellan;

S. 2526. An act to pay an annuity to Frances Agramonte, the widow of Dr. Aristides Agramonte, member of the Yellow Fever Commission;

S. 2558. An act for the relief of William J. Cocke;

S. 2580. An act to exempt from taxation certain property of the National Society United States Daughters of 1812 in the District of Columbia;

S. 2620. An act for the relief of N. W. Carrington and J. E. Mitchell;

S. 2629. An act establishing a fund for the propagation of salmon in the Columbia River district;

S. 2647. An act prescribing the procedure and practice in condemnation proceedings brought by the United States of America, conferring plenary jurisdiction on the district courts of the United States to condemn and quiet title to land being acquired for public use, and for other purposes;

S. 2664. An act for the relief of John F. Korbel;

S. 2677. An act for the relief of Samuel L. Wells;

S. 2709. An act for the relief of Trifune Korac;

S. 2719. An act for the relief of A. Randolph Holladay;

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding \$100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator;

S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding \$40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system;

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding \$47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply systems; extension, construction, and reconstruction of retaining wall and filling and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell;

S. 2850. An act to amend section 13 of the Federal Reserve Act;

S. 2876. An act to provide for the transfer of national-forest lands to the Zuni Reservation, N.Mex., exchanges, and consolidation of holdings;

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union;

S. 2905. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation;

S. 2925. An act to amend the act entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, and the acts amendatory thereof and supplemental thereto;

S. 2950. An act to authorize steam railroads to electrify their lines within the District of Columbia, and for other purposes;

S. 2953. An act 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.;

S. 2966. An act to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Province of Maryland; and

S.J.Res. 21. Joint resolution authorizing the erection in Washington, D.C., of a monument in memory of Col. Robert Ingorsoll.

The message also announced that the Senate requests the House to return to the Senate the bill (S. 2153) for the relief of Pinkie Osborne.

#### INCREASE OF THE NAVY—CONFERENCE REPORT

Mr. VINSON of Georgia. Mr. Speaker, I call up the conference report upon 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. TOBEY. Mr. Speaker, I reserve all points of order on the conference report.

The SPEAKER. The gentleman from New Hampshire reserves all points of order on the conference report.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to 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, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 5, 6, and 7, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following: "That the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, upon which work is undertaken, and the main engines, armor, and armament for such vessels, the construction and manufacture of which is authorized by this act, shall be constructed or manufactured in the Government navy yards, naval stations, naval-gun factories, naval-ordnance plants, or arsenals of the United States, except such material or parts as were not customarily manufactured in such Government plants prior to February 13, 1929: *Provided further*, That, if inconsistent with the public interests in any year to have a vessel or vessels constructed as required above, the President may have such vessel or vessels built in a Government or private yard as he may direct"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following:

"That not less than 10 percent of the aircraft, including the engines therefor, 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 paragraph is subject to the following conditions:

(1) 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 requirements 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, then at his discretion 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 not less than 10 percent of its naval aircraft therein, except that it shall be discretionary with the President as to the percent constructed and/or manufactured in Government plants if he should find it impracticable for the Government to undertake the construction and/or manufacture of not less than 10 percent of its naval aircraft therein.

(2) The President is also authorized to employ Government establishments in any case where—

(a) It should reasonably appear that the persons, firms, or corporations, or the agents therefor, bidding for the construction of any of said aircraft, engines, spare parts, or equipment have entered into any combination, agreement, or understanding the effect, object, or purpose of which is to deprive the Government of fair, open, and unrestricted competition in letting contracts for the construction of any of said aircraft, engines, spare parts, or equipment, or—

(b) Should it reasonably appear that any person, firm, or corporation, or agents thereof, being solely or peculiarly in position to manufacture or furnish the particular type or design of aircraft, engines, spare parts, or equipment required by the Navy, in bidding on such aircraft, engines, spare parts, or equipment, have named a price in excess of cost of production plus a reasonable profit, as provided in section 3 of this act.

The funds necessary for the enlargement and expansion of such existing plants and facilities now owned by the Government for the construction and manufacture of naval aircraft are hereby authorized to be appropriated."

And the Senate agree to the same.

Amendments numbered 3 and 4: That the House recede from its disagreement to the amendments of the Senate numbered 3 and 4, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by amendment numbered 3 and in lieu of the matter inserted by amendment numbered 4 insert the following:

*Provided*, That no contract shall be made by the Secretary of the Navy for the construction and/or manufacture of any complete naval vessel or aircraft, or any portion thereof, herein, heretofore, or hereafter authorized unless the contractor agrees—

(a) To make a report, as hereinafter described, under oath, to the Secretary of the Navy upon the completion of the contract.

(b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided*, That if such amount is not voluntarily paid the Secretary of the Treasury may collect the same under the usual methods employed under the internal revenue laws to collect Federal income taxes.

(c) To make no subdivisions of any contract or subcontract for the same article or articles for the purpose of evading the provisions of this act, but any subdivision of any contract or subcontract involving an amount in excess of \$50,000 shall be subject to the conditions herein prescribed.

(d) That the manufacturing spaces and books of its own plant, affiliates, and subdivisions shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress.

(e) To make no subcontract unless the subcontractor agrees to the foregoing conditions.

The report shall be in form prescribed by the Secretary of the Navy and shall state the total contract price, the cost of performing the contract, the net income, and the percent such net income bears to the contract price. A copy of such report shall be transmitted to the Secretary of the Treasury

for consideration in connection with the Federal income tax returns of the contractor for the taxable year or years concerned.

"The method of ascertaining the amount of excess profit to be paid into the Treasury shall be determined by the Secretary of the Treasury in agreement with the Secretary of the Navy and made available to the public. The method initially fixed upon shall be so determined on or before June 30, 1934: *Provided*, That in any case where an excess profit may be found to be owing to the United States in consequence hereof, the Secretary of the Treasury shall allow credit for any Federal income taxes paid or remaining to be paid upon the amount of such excess profit.

"The contractor or sub-contracts referred to herein are limited to those where the award exceeds \$50,000.

"The provisions of this section shall not become effective until June 30, 1934."

And the Senate agree to the same.

CARL VINSON,  
P. H. DREWRY,  
STEPHEN W. GAMBRILL,  
FRED A. BRITTEN,  
GEORGE P. DARROW,

*Managers on the part of the House.*

PARK TRAMMELL,  
MILLARD E. TYDINGS,  
FREDERICK HALE,  
JESSE H. METCALF,

*Managers on the part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to 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, submit the following statement in explanation of the effect of the action agreed upon and recommend in the accompanying conference report as to each of such amendments, namely:

On amendment no. 1: Restores the proposal of the House requiring that the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, be built in a Government establishment, and the manufacture of the main engines, armor, and armament for such vessels in Government establishments to the extent that it was customary so to do prior to February 13, 1929, amended so as to give the President the right to depart from such a division or assignment of work in any year if in the public interest, in lieu of the Senate proposal that, subject to determination by the President as to the course best suited to the public interests, construction be undertaken in Government establishments of half of the total tonnage authorized and as much more as might be undertaken with existing facilities or such additional facilities as might be hereafter provided, continuing to except the 15,000-ton aircraft carrier, and in addition for the manufacture of materials and parts for such vessels in Government establishments as it was customary so to do prior to February 13, 1929, subject to the existence at the time of the work being undertaken of requisite manufacturing facilities.

On amendment no. 2: Provides as to aircraft procured in consequence of the authorization contained in the bill, including engines therefor—

First. That not less than 10 percent thereof, including the engines therefor, shall be constructed and/or manufactured in Government establishments, subject to determination by the President of the capacity of existing establishments to accomplish the work. In the event they should be found inadequate, at the discretion of the President they may be expanded to the extent necessary to enable the construction and/or manufacture therein of such percent of such aircraft and engines as the President may find to be practicable; and

Second. For the employment of Government establishments exclusively in any case where bids indicate collusion or should be in excess of cost of production plus a reasonable profit, as provided in the action agreed upon with respect to Senate amendments numbered 3 and 4, all in lieu of the Senate proposal that 25 percent of such aircraft and engines be constructed or manufactured in Government-owned and operated establishments, subject to determination by the President of the capacity of existing establishments to accomplish the work. In the event they should be found inadequate, the Senate amendment authorized and required the provision of adequate facilities, including the construction and equipment of additional facilities or the acquirement by purchase or condemnation of privately owned facilities adequate to the performance of 25 percent of the work of constructing, manufacturing, and repairing naval aircraft.

Both under the amendment as agreed to and under the original proposal of the Senate, expansion would be subject to the appropriation of necessary funds, which are authorized to be appropriated.

On amendments nos. 3 and 4: The House proposed to limit net profits on all contracts with commercial establishments for supplying steel or aircraft or building vessels, pursuant to authorization contained in the bill, to 10 percent of the gross of the contract. In lieu thereof, by amendment no. 3, the Senate proposed as to contracts and subcontracts of \$10,000 or more for building vessels, whenever authorized, but not contracted for at the time of the approval of the bill, or for supplying aircraft, that the net profit to the contractor or subcontractor should not exceed 10 percent of the performance cost, any excess to become the property of the United States, to be collected by the Secretary of the Treasury, by suit, if necessary, and deposited in the Treasury of the United States. Ascertainment of profits and amounts payable to the United States were to be determined from sworn reports filed with the Secretary of the Treasury in the form and manner prescribed by him, and, by amendment no. 4, from examinations and audits, if need be, by the Bureau of the Budget or by any duly authorized representative of either House of Congress.

In lieu of the House and Senate proposals as to amendment no. 3 and the Senate proposal as to amendment no. 4, the action agreed upon requires that, effective June 30, 1934, no contract, subcontract, or subdivision of any subcontract shall be entered into involving an award in excess of \$50,000 for the construction and/or manufacture of any portion or of a complete naval vessel or aircraft, whenever authorized, unless the contractor shall agree to report under oath upon completion of the contract the amount of profit and percent it bears to the cost of performance, such report to be in form and detail as prescribed by the Secretary of the Navy, who shall file a copy thereof with the Secretary of the Treasury for income-tax purposes. Should such report disclose a profit in excess of 10 percent of the total contract price, reckoned in accordance with such formula as may be prescribed by the Secretary of the Treasury, such excess becomes the property of the United States, which, if not voluntarily paid as agreed, the Secretary of the Treasury shall collect in accordance with the usual methods under the internal-revenue laws. As a further check upon contractors' costs it is required that the manufacturing plant and books of any contractor shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress. Contractors are to be allowed credit for any Federal income taxes paid or remaining to be paid upon any excess profit found to be owing to the United States under the terms of the bill.

On amendments nos. 5, 6, and 7, relating to suspension of construction in the event of an international agreement further limiting naval armament: Extends such authority to vessels otherwise authorized, and as to vessels actually under construction, exempts from suspension only those in that status on the date of the approval of the bill, as proposed by the Senate, instead of limiting suspension to vessels author-

ized by the bill, and of those only such as may not actually be under construction, as proposed by the House.

As agreed upon by the committee of conference on the disagreeing votes of the two Houses, the bill, including the title, reads as follows:

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

*Be it enacted, etc.*, 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.

SEC. 2. That subject to the provisions of the treaties signed at Washington February 6, 1922, and at London April 22, 1930, the President of the United States is hereby authorized to undertake prior to December 31, 1936, or as soon thereafter as he may deem it advisable (in addition to the six cruisers not yet constructed under the act approved February 13, 1929 (45 Stat. 1165), and in addition to the vessels being constructed pursuant to Executive Order No. 6174 of June 16, 1933), the construction of: (a) One aircraft carrier of approximately 15,000 tons standard displacement, to replace the experimental aircraft carrier *Langley*; (b) 99,200 tons aggregate of destroyers to replace over-age destroyers; (c) 35,530 tons aggregate of submarines to replace over-age submarines: *Provided*, That the President of the United States is hereby authorized to replace, by vessels of modern design and construction, vessels in the Navy in the categories limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, when their replacement is permitted by the said treaties: *Provided further*, That the President is hereby authorized to procure the necessary naval aircraft for vessels and other naval purposes in numbers commensurate with a treaty navy: *Provided further*, That the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, upon which work is undertaken, and the main engines, armor, and armament for such vessels, the construction and manufacture of which is authorized by this act, shall be constructed or manufactured in the Government navy yards, naval stations, naval gun factories, naval ordnance plants, or arsenals of the United States, except such material or parts as were not customarily manufactured in such Government plants prior to February 13, 1929: *Provided further*, That if inconsistent with the public interest in any year to have a vessel or vessels constructed as required above, the President may have such vessel or vessels built in a Government or private yard as he may direct.

That not less than 10 percent of the aircraft, including the engines therefor, 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 paragraph is subject to the following conditions:

(1) 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, then at his discretion 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 not less than 10 percent of its naval aircraft therein, except that it shall be discretionary with the President as to the percent constructed and/or manufactured in Government plants if he should find it impracticable for the Government to undertake the construction and/or manufacture of not less than 10 percent of its naval aircraft therein.

(2) The President is also authorized to employ Government establishments in any case where—

(a) It should reasonably appear that the persons, firms, or corporations, or the agents thereof, bidding for the construction of any of said aircraft, engines, spare parts, or equipment have entered into any combination, agreement, or understanding the effect, object, or purpose of which is to deprive the Government of fair, open, and unrestricted competition in letting contracts for the construction of any of said aircraft, engines, spare parts, or equipment, or—

(b) Should it reasonably appear that any person, firm, or corporation, or agents thereof, being solely or peculiarly in position to manufacture or furnish the particular type or design of aircraft, engines, spare parts, or equipment required by the Navy, in bidding on such aircraft, engines, spare parts, or equipment, have named a price in excess of cost of production plus a reasonable profit, as provided in section 3 of this act.

The funds necessary for the enlargement and expansion of such existing plants and facilities now owned by the Government for the construction and manufacture of naval aircraft are hereby authorized to be appropriated.

SEC. 3. The Secretary of the Navy is hereby directed to submit annually to the Bureau of the Budget estimates for the construction of the foregoing vessels and aircraft; and there is hereby authorized to be appropriated such sums as may be necessary to

carry into effect the provisions of this act: *Provided*, That no contract shall be made by the Secretary of the Navy for the construction and/or manufacture of any complete naval vessel or aircraft, or any portion thereof, herein, heretofore, or hereafter authorized unless the contractor agrees—

(a) To make a report, as hereinafter described, under oath, to the Secretary of the Navy upon the completion of the contract.

(b) To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided*, That if such amount is not voluntarily paid the Secretary of the Treasury may collect the same under the usual methods employed under the internal-revenue laws to collect Federal income taxes.

(c) To make no subdivisions of any contract or subcontract for the same article or articles for the purpose of evading the provisions of this act, but any subdivision of any contract or subcontract involving an amount in excess of \$50,000 shall be subject to the conditions herein prescribed.

(d) That the manufacturing spaces and books of its own plant, affiliates, and subdivisions shall at all times be subject to inspection and audit by any person designated by the Secretary of the Navy, the Secretary of the Treasury, and/or by a duly authorized committee of Congress.

(e) To make no subcontract unless the subcontractor agrees to the foregoing conditions.

The report shall be in form prescribed by the Secretary of the Navy and shall state the total contract price, the cost of performing the contract, the net income, and the per centum such net income bears to the contract price. A copy of such report shall be transmitted to the Secretary of the Treasury for consideration in connection with the Federal income-tax returns of the contractor for the taxable year or years concerned.

The method of ascertaining the amount of excess profit to be paid into the Treasury shall be determined by the Secretary of the Treasury in agreement with the Secretary of the Navy and made available to the public. The method initially fixed upon shall be so determined on or before June 30, 1934: *Provided*, That in any case where an excess profit may be found to be owing to the United States in consequence hereof, the Secretary of the Treasury shall allow credit for any Federal income taxes paid or remaining to be paid upon the amount of such excess profit.

The contract or subcontracts referred to herein are limited to those where the award exceeds \$50,000.

The provisions of this section shall not become effective until June 30, 1934.

SEC. 4. That in the event of international agreement for the further limitations of naval armament to which the United States is signatory, the President is hereby authorized and empowered to suspend so much of its naval construction as has been authorized as may be necessary to bring the naval armament of the United States within the limitation so agreed upon, except that such suspension shall not apply to vessels actually under construction.

CARL VINSON,  
P. H. DREWRY,  
STEPHEN W. GAMBRILL,  
FRED A. BRITTEN,  
GEORGE P. DARROW,

*Managers on the part of the House.*

MR. VINSON of Georgia. Mr. Speaker, the gentleman from New Hampshire has reserved a point of order upon the conference report. I think it is important at this stage for the gentleman from New Hampshire to state what his point of order is, so that we can be advised, and so that the Chair can reach a decision in respect to it.

THE SPEAKER. The Chair thinks the point of order should be disposed of first.

MR. TOBEY. Mr. Speaker, I make the point of order against the conference report and cite in particular that section of the report which reads as follows:

The contract or subcontracts referred to herein are limited to those where the award exceeds \$50,000.

To rehearse history, on January 30 the Vinson bill, so-called, was amended on the floor of this House by my amendment which reads, if I remember correctly, that profits on any contract under the bill for shipbuilding, aircraft, or steel shall be limited to 10 percent of the gross amount of the contract. That is, the House amendment covered any contract, meaning all contracts. The bill with that amendment went to the Senate, and the Senate amended the bill to cover contracts of \$10,000 and over. The bill in that form went to the conference committee and they held long and earnest hearings. They bring in a report jacking up that limitation to \$50,000. I maintain that they have exceeded their authority in that action and that my point of order is well taken. In justification of my con-

tention, I cite the ruling of Mr. Speaker Clark on March 2, 1915, sustaining a point of order against the conference report upon the ship-purchase bill on the ground that the conference committee had gone outside the matter committed to them in regard to the time certain sections should take effect, and I quote:

If there is anything settled about conferences between the two Houses it is this: Where two amounts are named and the question is referred to the conferees, they may oscillate as much as they please between the two extremes, but they cannot go below the lower amount, and they cannot go above the higher amount.

Then, further on in the same decision, I quote:

If they could extend it beyond 2 years, they could extend it until the end of time. Their limit was from zero to 2. In the nature of things they could not go below zero; under the practice of the two Houses they could not go higher.

And I apply those words of Mr. Speaker Clark in respect to this matter. The conferees could not go below zero and they cannot go beyond \$10,000.

I rest my contention on the citations and appeal to the Chair.

Mr. VINSON of Georgia. Mr. Speaker, when the bill was before the House the gentleman from New Hampshire [Mr. TOBEY] offered an amendment, the object and purpose of which was to save money to the Government. When the bill reached the Senate the same thought was in the mind of the Senators, and they imposed a limitation of \$10,000. In other words, that only on contracts made by the Navy Department over \$10,000 not more than 10-percent profit could be made. The purpose of both amendments, the one offered in the House and the one offered in the Senate, was to bring about economy and protection in Government contracts. Technically, I think the point of order would lie against the increase in this conference report; yet it was done in the interest of economy and because it was proven conclusively to the conferees that all saving would be dissipated by the expense of auditing all amounts down to \$10,000. Their interest in economy prompted the conferees to put the limitation at \$50,000. I say, frankly, to the gentleman from New Hampshire that it will entail more cost on the Treasury of the United States to have an audit of those down to \$10,000 than would otherwise be saved. I am frank to admit that technically the gentleman is correct, and in all probability the Chair will be compelled to sustain the point of order. Yet, in the long run, the gentleman is forcing an additional burden upon the taxpayers by putting upon the Government an obligation to make audits of all amounts down to \$10,000.

This question was considered by the conferees. We thoroughly understood it. We knew it would be economy to raise it to \$50,000, and for that reason we did so.

Mr. TOBEY. I should like to ask the gentleman a question. The gentleman spoke about it being necessary to audit the contracts. There is no compulsory auditing required in the bill at all. The compulsory feature is that which requires a declamando statement under oath by the contractor which in itself makes the contractor liable for perjury if false representation is made. Does not the gentleman know that?

Mr. VINSON of Georgia. The gentleman is mistaken, because if he will read amendment no. 3, a method has been established.

Mr. TOBEY. Exactly. I read that, but the audit is not compulsory.

Mr. VINSON of Georgia. It is going to determine what constitutes cost, and it was estimated under the Senate provision, as it was sent to the conference, it would have cost at least 2 percent of the total contract price to have carried out the provision of the Senate amendment. The gentleman from New Hampshire is in accord with us. We want to protect the Government. We want to do the best thing we can for the taxpayers. At the same time, we are much opposed to these munition manufacturers making excess profits. We are both seeking to accomplish the same thing. The only difference is whether or not you should have it at \$10,000, which would entail a great cost on the auditing department,

or whether it stands at \$50,000, which will accomplish the same thing. I am frank to admit the gentleman can force this back to conference. The gentleman is technically correct. The gentleman did a great service to the Government when he limited it to 10 percent. He rendered invaluable service to the Nation by his amendment, and I certainly hope the gentleman will withdraw his point of order and let us proceed with the conference report and try to get it down as close to eliminating all excess profits of these munition manufacturers as possible.

Mr. TOBEY. I will not be a party to throwing aside the precedents of this House if the gentleman from Georgia will. I will go further and say the gentleman does not realize what he is doing when he mentions \$50,000. Does the gentleman know from experience or observation how many contracts the Navy puts out under \$50,000? If he does not, I will tell him. Twenty contracts a day, on the average, right along. Of those, I am told this morning, most of them are twenty-five and thirty thousand. That is about \$6,000,-000 a month, or \$72,000,000 a year, which would avoid this penalty of 10-percent excess profit.

Mr. VINSON of Georgia. The gentleman proposes that each of those small contracts must be audited?

Mr. TOBEY. No; he does not.

Mr. VINSON of Georgia. If the gentleman will wait a moment, he proposes that they must be audited by the Bureau of Supply and Accounts. It will entail an enormous expense on the Government to carry out the gentleman's provision. We thought that all over \$50,000 should be audited, and should be confined to 10 percent. That is the only difference. The gentleman is going to entail an additional burden upon the taxpayers by reducing it to \$10,000.

Mr. TOBEY. The gentleman from New Hampshire is going to save the taxpayers thousands of dollars by this procedure.

Mr. VINSON of Georgia. The gentleman is clearly within his rights in making the point of order. Of course, the House, if it saw fit to do so, could adopt a rule to make it in order, or we can send it back and bring it in again for the consideration of the House, but in the interest of economy and in the interest of saving money to the taxpayers I ask the gentleman to let it stand at \$50,000, and audit every contract down to \$50,000, and permit those over \$50,000 to make 10 percent.

Mr. TOBEY. The gentleman's premises are entirely incorrect. The speaker before him will not agree to transgress the laws and precedents of this House, and will favor the taxpayers by insisting that the point of order be ruled in his favor.

The SPEAKER. The Chair is ready to rule. Of course, the Chair must sustain the point of order.

Mr. VINSON of Georgia. Mr. Speaker, I move that the House further insist upon its disagreement to the amendments of the Senate and ask for a conference with the Senate.

Mr. KVALE. Mr. Speaker, I offer a preferential motion. I move that the House recede and concur in the Senate amendments.

Mr. VINSON of Georgia. Mr. Speaker, on that I move the previous question.

Mr. GOSS. Mr. Speaker, I ask a division.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. Does that include the amendment against which the point of order has been sustained?

Mr. VINSON of Georgia. Yes; of course it does.

Mr. Speaker, I move the previous question.

Mr. O'CONNOR. Mr. Speaker, I make a point of order that the House cannot concur in an amendment against which a point of order has been sustained.

Mr. VINSON of Georgia. Mr. Speaker, I move the previous question on the preferential motion.

Mr. BLANTON. Mr. Speaker, a point of order is pending.

The SPEAKER. The point of order is overruled. The question is, Shall the previous question be ordered?

The question was taken; and on a division there were ayes 71 and noes 0.

So the previous question was ordered.

The SPEAKER. The question is on the preferential motion by the gentleman from Minnesota [Mr. KVALE] to recede and concur in all the Senate amendments.

Mr. BLANTON. And the gentleman from Connecticut [Mr. Goss] asked for a division of that question.

Mr. GOSS. I withdraw the request for a division, Mr. Speaker.

The question was taken; and on a division (demanded by Mr. Goss) there were ayes 2 and noes 72.

So the motion was rejected.

The SPEAKER. The question is on the motion of the gentleman from Georgia [Mr. VINSON] that the House further insist on its disagreement to the Senate amendments.

The motion was agreed to.

The SPEAKER appointed the following conferees: Messrs. VINSON of Georgia, DREWRY, GAMBRILL, BRITTON, and DARROW.

#### INDEPENDENT OFFICES APPROPRIATION BILL, 1935

Mr. WOODRUM. Mr. Speaker, I present a conference report on the bill (H.R. 6663) making appropriations for the Executive Office and sundry executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, for printing under the rule, together with an accompanying statement.

Mr. Speaker, I ask unanimous consent to proceed for 2 minutes to make an announcement.

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

There was no objection.

Mr. WOODRUM. Mr. Speaker, it is my intention to call up the report for consideration tomorrow immediately after disposition of matters on the Speaker's table. There may possibly be a roll call on this conference report and I am simply taking this opportunity to make the announcement that the Membership may be informed.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. CONNERY. I understand the conferees reached a complete agreement except with reference to Senate amendments nos. 14 and 22, those dealing with the pay cut and veterans' relief.

Mr. WOODRUM. That is correct.

Mr. CONNERY. If I can secure recognition when the conference report is called up I shall make a motion to recede and concur in the Senate amendments. This is the same motion I made previously. We will have a roll call on that.

Mr. BLANTON. That would cause a veto from the White House, if the House should follow our friend.

Mr. CONNERY. We do not know about that; nobody knows that except the President.

#### AIR-MAIL CONTRACTS

The SPEAKER. Under the special order for today, the gentleman from North Carolina [Mr. BULWINKLE] is recognized to address the House for 30 minutes at the present time.

Mr. BULWINKLE. Mr. Speaker, I doubt if at any time in the history of this Nation, and especially within our lifetime, with the possible exception of the Teapot Dome scandals, that there have been more glaring frauds, more corruption, practiced upon the American Government and the American people than were the frauds and collusion of corrupt persons with corrupt officials of the Government in the matter of obtaining and perpetuating the air-mail contracts.

The question was in my mind when the air-mail contracts were canceled as to whether or not they should have been canceled. With this question in my mind, I took it upon myself to calmly and dispassionately study all of the facts that I could obtain upon the question.

In the House no one has spoken upon this matter, and I can say that none of my Democratic colleagues up to the present time has fully and completely presented all of the facts bearing upon the cancellation of the air-mail con-

tracts to the Membership. On the Republican side, not one of the minority Membership in any way attempted to present facts and argument to the House, although upon several occasions various Members of the minority have attempted by criticism and innuendo to justify these contracts, but largely have they spent their time in attempting to throw out a smoke screen to hide the real true issue involved.

With the thought, therefore, in mind of investigating this subject myself in order that I might arrive at my own conclusions, I have read the testimony, or at least a greater part of it, which was taken at the hearings, have examined the contracts, have read the various letters and other correspondence relating to the contracts, and I am firmly convinced by all of the evidence produced and presented that the Postmaster General, with the approval of the President of the United States, as Chief Executive of this Nation, did the only thing that he could do when, by a proper order, the air-mail contracts were canceled.

The law provides, under section 432 of title 39 of the United States Code, in Combinations to Prevent Bids, that the contracts shall be canceled and that persons so offending shall be disqualified to contract for carrying the mail for 5 years, and for the second offense shall be forever disqualified.

The whole air-mail-contract business under the former administration, of which former Postmaster General Walter F. Brown was the guiding genius, was a putrid mass of putrefaction.

And when the American people know the full facts connected with this subject they will do just as they did when the Teapot Dome scandals were being investigated by the Senate committee. You will recall that even then, at that time, Senator Walsh and those other Senators who were on his committee of investigation were condemned as muckrakers and vilifiers of the character of public officials. After the facts were found out the entire Nation approved of the just and meritorious punishment which was accorded to Secretary Fall and others connected with those scandals.

The scandal in the air-mail contracts which were commenced and carried into full force and effect by the former post-office administration was equally as bad if not worse than the Teapot Dome scandals. The evidence shows beyond doubt of the failure and the collusion of trusted officials—men high in authority of the United States Government—engaging in corruption for their benefit or for the benefit of their friends.

We are hearing much these days largely from those interested in the air-mail companies whose contracts were canceled, and from private individuals and the press, that there should have been a hearing before these contracts were canceled. My God! when has it come to pass that fraud did not vitiate a contract. This is an academic proposition of law. What position would this Government have been in, after finding out and knowing of the frauds perpetrated, the agreements made in violation of public policy, if the officials of the Government had permitted this thing to go on and then say to the air-mail companies, "You have committed fraud in procuring these contracts. There has been collusion by former Postmaster General Brown. Other public officials have been guilty of aiding and abetting, but we do not wish to do anything until there is a hearing in court. There was a hearing, as the evidence shows, and every man who was present at the so-called "spoils conference", which I will speak of later, had in his mind and knew in his heart of hearts that he was participating in a criminal affair. It is time for the Membership of this House to realize, as I have just stated, that any contract or any agreement between two or more parties always has been and always will be vitiated by fraud.

The whole story of these air-mail contracts from their inception, beginning with the passage of the McNary-Watres Act, on down through all the evolutions until the favored few obtained their contracts, is a disgrace and a discredit in the administration of the affairs of the Post Office Department of the former administration.

Everyone knows that every person who committed crime from the earliest days, from the earliest records that we have, has always sought to destroy or hide the evidence which might incriminate him, even as Cain, who started this performance, attempted to hide the body of his brother Abel, whom he had slain. So from that time to this all criminals, as I have said, attempt to protect themselves by destroying or hiding the evidence. And in these air-mail contracts we find officials of the Government, the Postmaster General, and his assistants, the former Assistant Secretary of Commerce, Mr. MacCracken, and others connected with the air-mail companies attempting to destroy and hide the evidence which might be used against them should it ever come to light. When these men found out that the Senate committee was investigating this question, even as late as that, they attempted, some of them, to destroy the letters and documents which they had on file.

But the action alone of the former Postmaster General, of Colonel MacCracken, of Mr. Brittin, and others in attempting to hide or destroy, or absolutely hiding and destroying the letters and other documents, is not alone enough to convict these men, if they were being tried on a criminal charge, and they had been guilty of the same misdeeds of destroying and hiding evidence.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. SNELL. I think I am as much interested as anyone in having governmental business carried on honestly. If the gentleman has the facts which led him to make the statement he just made, does he not think Congress and the people are also entitled to have those facts at this time?

Mr. BULWINKLE. I shall give the facts.

Mr. SNELL. The gentleman should give the facts with respect to the individual concerns.

Mr. BULWINKLE. I have some facts which I think will convince the gentleman of the soundness of my statements.

Mr. SNELL. I shall be glad to have the facts.

Mr. CULKIN. Mr. Speaker, will the gentleman yield.

The SPEAKER pro tempore (Mr. SNYDER). Does the gentleman from North Carolina yield to the gentleman from New York?

Mr. BULWINKLE. I yield.

Mr. CULKIN. Have any criminal proceedings been initiated in this connection?

Mr. BULWINKLE. No.

Mr. CULKIN. Has the Department of Justice been called in?

Mr. BULWINKLE. Not yet.

Mr. CULKIN. If the gentleman will yield further, if the gentleman is so cocksure of their guilt and if the facts are as he states, why have not criminal proceedings been initiated in the courts?

Mr. BULWINKLE. I am speaking on the cancellation of these air-mail contracts. I do not know how the gentleman thinks about it, and I do not care; but I do know that all over the United States lately the cry has gone up to give them a hearing. I am attempting to, and I think I shall be able to, present enough facts to show that these contracts should have been canceled.

Mr. CULKIN. Will the gentleman yield further?

Mr. BULWINKLE. I cannot yield further at this time.

There is something else. Something more serious than this connected with these cases. There is so much of evidence and testimony to sustain the cancellation of the air-mail contracts that I venture to say that every fair-minded person who is not actuated by pecuniary motives, or likewise actuated by partisanship, would, if he studied this whole matter, be thoroughly convinced of the fact that it was necessary for the protection of the United States Government, as well as its taxpayers and citizens, that the interest of the Government be taken care of and that the contracts be canceled.

So, with a view to presenting to the Membership of this House the history of the story of this air-mail business, in order that you may have in your mind the truth of the whole question, going back first to the year 1925, and prior

thereto, you will recall that the Army planes carried the mail. The Government employed the pilots and conducted every phase of this activity. In the Sixty-eighth Congress, in February 1925, Congress passed an act authorizing the award of the air-mail contracts. Under this act, the contracts could be awarded only by competitive bidding; and, mark you, this plan remained in effect until the passage of the McNary-Watres Act, as amended March 30, 1929, which became effective on the 29th day of April 1930.

Then, on the expiration of these contracts, on the 7th day of November 1929, we have the first evidences of fraud, or collusion, for on the day before these contracts expired the Second Assistant Postmaster General, Irving Glover, issued an order extending for a period not to exceed 6 months C.A.M. routes 1, 2, 3, 4, and 5, respectively. This extension of time was granted to the Colonial Air Transport, Inc.; the Robertson Air Craft Corporation; the National Air Transport, Inc.; the Western Air Express, Inc.; and Walter P. Varney, of the Varney Air Lines, Inc.

Immediately, therefore, or within a short time after the expiration of the 1929 contracts, the Postmaster General, Walter F. Brown, according to the testimony of Col. Paul Henderson before the Black investigating committee, called in Harris Hanshue of the Western Air Express; P. C. Johnson, the Pacific Air Transport, and Boeing Air Transport, now a part of United Aircraft; Col. L. H. Brittin, Northwest Airways; Gen. John F. O'Ryan, Colonial Airlines; Col. Paul Henderson, United Airlines; Mrs. Mabel Walker Willebrandt and Harris Hanshue, Aviation Corporation; to aid in drafting legislation, which was known as the "McNary-Watres Act." Thus, we find in the beginning that the Postmaster General, representing the United States Government, called in, not the experts of the Government but representatives of the aviation companies to draft a bill, under which the Government would pay for carrying the mail. Nor were all of the airplane companies called in, but just a few; and so we see the Postmaster General directing and collaborating with the men to whom he was to let the contracts as to what kind of legislation they wanted. In April 1930 the bill passed.

And now it comes to life that this bill, which subsequently became the law, had to have the assistance of Mr. Lehr Fess, an employee of the Senate, who in April 1930 rendered 2 days' service and received from \$3,000 to \$5,000 for the work that he did before the Congress.

It might be well to digress here to find out why or the reason that anybody was paid \$3,000 to lobby for this. Why? Well, it was the Postmaster General, as was shown in the original bill, who did not want competitive bidding, and Postmaster General Brown, even in his testimony before the Senate committee, stated that the competitive bids were all "bosh" or something like that.

But the bill was passed, and in it, it provided for competitive bids. Then the next step in this proceeding was a conference between the Postmaster General and some of his assistants and the representatives of a very few of the airplane companies. In all, there were some who tried to get into this conference which the Postmaster General and his associates were holding, and of which Mr. MacCracken was chairman of the meeting, and Mr. MacCracken was the attorney for the airplane companies. So the representatives of the airplane companies met during May 1930, in a room adjacent to the Postmaster General, Mr. Walter F. Brown, and at the conclusion of their conference on the 4th of June 1930, made a report, and the report was that these airplane operators made a study of 12 routes and agreed as to how 7 of them should be awarded. And the recommendation and report of the aviation companies, or as we might call them, operatives, through Mr. MacCracken, and subsequent action appeared in the report of the Postmaster General, dated June 4, 1930.

Having come thus far along, and showing the dates of the Postmaster General and the airplane operatives as to the new legislation, and their zeal and anxiety for having legislation without competitive bidding, and then seeing a conference called by a few of the operatives of the Post-

master General, in order that the favored few could be taken care of, and the other concerns in this country could "go to the dogs" so far as they were concerned, we now come to the letting of contracts with these concerns.

The undisputed evidence shows that after the spoils conferences were held and agreements reached between the favored operators and the Post Office officials, their plans were carried out almost to the minutest detail. The recommendations and agreements and action thereon are as follows:

Mr. Speaker, I ask unanimous consent to insert this material in the RECORD without taking the time of the House now to read it.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The matter referred to follows:

The first recommendation is as follows:

**NO. 3. OMAHA TO ST. PAUL AND WINNIPEG**

Northwest Airways now flying entire route.

Postmaster General Brown requested a ruling from Comptroller General McCarl as to granting an extension to Winnipeg. The Comptroller General held no such extension could be granted without competitive bidding, and such extension was not made. However, on September 1, 1930, the contract of Northwest Airways from Omaha to St. Paul was surrendered and exchanged for a route certificate between the same points.

The second recommendation in the MacCracken report was:

**NO. 4. ALBANY TO BOSTON**

Aviation Corporation.

The Albany-Boston route was awarded to Aviation Corporation (American Airways, Inc.) as recommended by the MacCracken report on February 12, 1933, by granting an extension of 162 miles to the American Airways at an annual rate of \$134,816.40 without bids.

The third recommendation in the MacCracken report was:

**NO. 7. DENVER TO KANSAS CITY**

United States Air Lines now flying route.

An "extension" was granted to American Airways June 5, 1931, 544 miles, Kansas City to Denver, at an annual rate of \$158,848. It was sublet with the consent of Postmaster General Brown on the same day to the United States Airways. Thus the third recommendation in the MacCracken report was carried out by Postmaster General Brown.

The fourth recommendation in the MacCracken report was:

**NO. 8. PUEBLO TO FORT WORTH AND DALLAS**

Western Air Express now flying route.

On August 1, 1931, an extension was granted by Postmaster General Brown to Western Air Express of 291 miles, Pueblo to Amarillo, at an annual rate of \$117,898.65, without bids. From Amarillo the route was continued to Fort Worth and Dallas, as of the same date, 315 miles, at an annual rate of \$181,660.50, by a so-called "extension" of route 33 to American Airways, Inc., by Postmaster General Brown.

The fifth recommendation in the MacCracken report was:

**NO. 9. PUEBLO TO EL PASO**

Western Air Express now flying route.

Route 12, from Cheyenne to Pueblo, was held by Western Air Express. It was extended on August 1, 1931, 276 miles, Pueblo to Albuquerque, at an annual rate of \$111,821.40.

The American Airways route no. 33 was "extended" at right angle from El Paso to Albuquerque, on August 1, 1931, a distance of 219 miles, at an annual rate of \$126,297.30, and on the same date was sublet to the Western Air Express, with the consent of Postmaster General Brown, thus carrying out completely the fifth recommendation of the operators.

The sixth and seventh recommendations in the MacCracken report of June 4, 1930, were as follows:

**NO. 11. GREAT FALLS TO LETHBRIDGE**

National Parks Airways only party in interest.

**NO. 12. SEATTLE TO VANCOUVER**

United first schedule; Varney Air Lines second schedule.

Neither of these extensions was made, and so the question of awarding to these particular lines, according to the recommendations, was never decided.

On page 1 of the MacCracken report it was stated that 7 routes had been agreed upon as above shown, but as to 5 routes "there are still some matters of controversy." On page 3 of this report it was agreed as to the routes in controversy "to submit the issue to the Postmaster General."

These "routes which are still the subject of negotiations" and the claimants shown and action taken were as follows:

**ROUTE NO. 5. PITTSBURGH TO WASHINGTON AND NORFOLK**

Final terms not yet arranged.

The working memorandum taken from Mr. MacCracken's files listed the claimants for this route as follows: "Route no. 5. Pittsburgh, Washington, and Norfolk: Pittsburgh Aviation Industries, operating locally Harrisburg and Pittsburgh. Clifford Ball

flying into Pittsburgh from northwest, and flying route Pittsburgh to Washington. Transcontinental Air Transport not on route."

Ball, who was present at the conferences, was then flying the route between Cleveland and Pittsburgh and seeking an extension to Washington and Norfolk. Postmaster General Brown advised Ball that he could not have a certificate nor an extension on this route. Being denied a contract to operate with his own company, Ball sold out to Pittsburgh Aviation Industries and was made the operating manager for them. Thus this matter was settled by Postmaster General Brown without competitive bidding and the route operated by Pittsburgh Aviation Industries through its subsidiary, Pennsylvania Airlines.

On June 8, 1931, this route was extended by Postmaster General Brown 186 miles, from Pittsburgh to Washington, at an annual rate of \$154,156.80, without bids.

The second route subject to negotiation, according to the MacCracken report, was listed as:

**NO. 1. LOS ANGELES, SAN DIEGO, EL PASO, DALLAS TO ATLANTA**

The claimants to this route on Mr. MacCracken's memorandum were listed as follows: "Route no. 1. Los Angeles, San Diego, El Paso, Dallas to Atlanta; claimants: Aviation Corporation, Dallas to Los Angeles; now flying Dallas-El Paso. Western Air Express, Dallas to Los Angeles; now flying entire route. Halliburton, Dallas to El Paso; now flying Dallas north and west. Eastern Air Transport, Atlanta to Dallas; not flying this route. Delta Air Lines, Inc., Atlanta to Dallas; not flying this route."

[Note.—This route is being considered with route no. 6.]

This controversy was apparently very satisfactorily and profitably settled between those who were listed by Mr. MacCracken as claimants. The route was advertised with a night-flying provision, which was declared illegal by the Comptroller General and the Attorney General's Department. Delta Air Lines was bought out by American Airways. Halliburton sold out to American Airways (Aviation Corporation) for \$1,400,000 and simply allowed his name to be used in making the bid for American Airways. The American Airways wanted the southern route and Western Air wanted the middle transcontinental route. Western Air contributed to the funds necessary to buy off Halliburton by purchasing 20,000 shares of its own stock owned by Aviation at \$55 a share, when the market value was \$20, and a half interest in some other property in Oklahoma, making a total contribution by Western Air of \$1,399,500.

Western Air also sold its routes from Dallas to Los Angeles in this deal. Hanshue wrote MacCracken that they were "advised we had to sell the Dallas route for \$400,000 and take a \$600,000 loss on it, and, further, that we had to put up \$700,000 to buy Western Express stock at 35 when the market was around 20."

This was done under the direction of Postmaster General Brown, who became the umpire, and the controversy was settled and the Aviation Corporation became the holder of the route. There was no bidder against it.

The third route in controversy, according to the MacCracken report, was:

**ROUTE NO. 6. DALLAS TO LOUISVILLE**

Atlanta to Dallas: Eastern Air Transport and Delta Air Service. Louisville to Dallas: Aviation Corporation and Curtis Flying Service. Los Angeles, San Diego, El Paso to Dallas: Western Air Express and Aviation Corporation.

The list of the claimants for route no. 6 were shown in Mr. MacCracken's memorandum as follows: "Route no. 6. Louisville, Memphis, Dallas, and Fort Worth. Aviation Corporation flying into Dallas and Fort Worth from the south and into Louisville from the northeast. Western Air Express flying into Dallas and Fort Worth from the west. Halliburton flying into Dallas and Fort Worth from the north and west. Curtiss Flying Service operating locally Louisville, Memphis, and Dallas."

When Halliburton got his \$1,400,000 he made no further attempt to get the route from Louisville to Fort Worth. Western Air Express, of course, made no further effort, as they had given up their route from Los Angeles to Dallas and Fort Worth from the West. Curtiss Flying Service was not considered, and the Aviation Corporation (American Airways) got this route by the simple expedient of granting an extension of route 16 of the American Airways from Louisville to Nashville of 166 miles, and an extension of route 20 on June 15, 1931, of 671 miles from Nashville to Fort Worth, the total of the two extensions being 837 miles. These extensions were granted without any bids or notice to any possible competitors, and thus the Aviation Corporation, the first of the claimants, received the route.

The next route under controversy, according to the MacCracken report, was:

**ROUTE NO. 2. LOS ANGELES, ALBUQUERQUE, KANSAS CITY, ST. LOUIS, COLUMBUS, PITTSBURGH, PHILADELPHIA, AND NEW YORK**

The claimants listed by Mr. MacCracken were as follows: "Route no. 2. Los Angeles, Albuquerque, Amarillo, Kansas City, St. Louis, Columbus, Pittsburgh, Philadelphia, New York: Transcontinental Air Transport, now flying Columbus to Wichita and Clovis to Los Angeles, interested in entire route. Western Air Express, now flying Los Angeles to Kansas City. Interested in western half of the entire route. (This route is being considered with route no. 10. United has indicated they would be satisfied with either the eastern half of no. 2 or with no. 10.)"

The only two contenders for the route being the Transcontinental Air Transport and the Western Air Express, it was required by Postmaster General Brown that the two corporations merge. They did merge, and the new corporation is now known as

Transcontinental & Western Air, Inc. They jointly have the middle transcontinental route above described in the MacCracken report. Forty-seven and one half percent of the stock in this corporation is owned by Western Air Express, and a like amount is owned by Transcontinental Air Transport. The Pittsburgh Aviation Industries was injected into the picture and demanded a 10-percent share of the stock and actually received a 5-percent share.

Therefore, this problem was satisfactorily settled between the operators of the routes with the assistance of Postmaster General Brown and the combination of these companies, although the high bidder received the route.

The following route was also listed as subject to negotiation in the MacCracken report:

NO. 10. AMARILLO, OKLAHOMA CITY, TULSA, AND ST. LOUIS (TULSA CUT-OFF)

Kansas City to New York: Transcontinental Air Transport and Pittsburgh Aviation Industries. Los Angeles to Kansas City, Amarillo, Oklahoma City, Tulsa, to St. Louis: Western Air Express and Transcontinental Air Transport. Amarillo, Oklahoma City, Tulsa, and St. Louis cut-off: Western Air Express, Southwest Air Fast Express, Transcontinental Air Transport.

On the memorandum of claimants to these routes, prepared by Mr. MacCracken, we find the following: "Route no. 10. Amarillo, Oklahoma City, Tulsa, St. Louis. United crosses route at Oklahoma City and Dallas; Western Air Express flying Amarillo to Tulsa; Halliburton flying Sweetwater, Oklahoma City, Tulsa, St. Louis."

This route is especially treated in the memorandum of Mr. MacCracken, where it is said that "United has suggested that it abandon its line south of Kansas City and take over some other line of equal value; \* \* \*. This would permit the clearing of the mid-transcontinental of its N.A.T. contract between Wichita and Kansas City and would open the N.A.T. line south of Kansas City and Wichita for proper disposition in harmony with the Postmaster General's ideas."

The route under consideration, which they referred to as no. 10, was made a part of the middle transcontinental, as agreed, and went to the Transcontinental Air Transport and United Aviation and Western Air Express. The United kept its routes from Kansas City to Wichita, Kans., and from Kansas City to Tulsa and Oklahoma City.

**KARL A. CROWLEY, Solicitor.**

It is well to call your attention to some of the other acts of Postmaster General Brown as stated in the evidence by Maj. William B. Robertson, who was one of the pioneer operators between St. Louis and New Orleans, and who desired an air-mail contract. After he had been to Washington to see Brown about a contract, a Mr. Saks came to see Major Robertson, and told him that he was a friend of Brown, and that he represented the Post Office Department; that he could secure a contract in 5 minutes by calling the Postmaster General over the telephone, and that Major Robertson and his brother would have to pay him a commission of 5 percent for securing the contract. This was turned down, and again he came to see the Robertsons. Not only did he ask for the 5-percent commission, but he asked that Robertson and his brother should contribute to the political campaign of Congressman Dyer. On his next visit to Washington, Brown stated to Robertson that "he had given his friend Mr. Saks a very cool reception." This evidence was not denied by the Postmaster General when he was on the stand.

In addition to this, as I have stated before, the Comptroller General had told Brown that he could not, that he had no right under the law, to exclude bids by certain carriers. It now develops that the Western Air Express was charged by a young Mr. Smoot, who was an employee of the Senate, the sum of \$15,000, and the letter of Mr. Smoot's in which his bill for the services was enclosed said:

"Both of these provisions, the decision of the Comptroller General of the United States, and the matter of domestic air-mail appropriations, have now reached a successful conclusion. You will note in my bill that I take into consideration the \$2,500 advanced me by James Wooley on December 13, 1930."

Not only do we find officials and relatives of Senators employed but there is a record also that, on February 8, 1930, Col. Paul Henderson wrote D. M. Sheaffer, chairman of the executive board of the Transcontinental & Western Air, as follows:

**Mr. D. M. SHEAFFER,**  
*Chief, Passenger Transportation, Pennsylvania Railroad,  
Broad Street Station, Philadelphia, Pa.*

DEAR DAN: I have moved my office to Room 828, Investment Building, telephone National 8835. Please change your records.

I should like to be able to tell Glover on Monday that his nephew is fixed up some place on the western division of T.A.T. as per my wire to you Friday. I think this is extremely important. Glover will have more to do with the mail subsidy allocations than any other man.

This is the reason, therefore, that the nephew of W. Irving Glover, Second Assistant Postmaster General, who had charge of the mail service, was given a position with the Transcontinental Air Transport Co. I am citing this merely as another illustration of how far the officials of the Post Office Department would go in order to benefit themselves or their families.

It is well for you to keep in mind these facts with regard to the air-mail contracts: First, that there was an attempt to pass a bill through the Congress which did not provide for competitive bidding, and that Postmaster General Brown was behind this with the air-mail companies; second, that a Government official

was employed and paid \$3,000 for 2 days' work to aid in passing the bill through Congress; third, that after the passage of the bill the representatives of a select group of airplane companies were called in to divide up the country and accept the spoils of the Air Mail Service; fourth, that another Government official was employed at an exorbitant amount in an attempt to override the Comptroller General and his decisions; fifth, that none but the favored few obtained contracts, and these contracts were in substance what they asked for, and that from the time the contracts were made until the cancellation of the contracts taxpayers of this country paid out something over \$40,000,000 without justification; sixth, that men of character who were pioneers in the field of aviation, on account of the attitude and the action of the Postmaster General had to go into bankrupt courts, and lost all they had.

It might be well for me now to give you a full and complete narrative of the evidence and testimony adduced at the hearing, and as briefly as possible I shall attempt to do so:

Postmaster General Brown appeared in person before the committee of the House and strenuously urged the passage of an air-mail bill as presented, stating that he wanted to do away with competitive bidding, since it was a myth. Due to the active opposition of members of the Post Office Committee of the House the section which provided for the award of contracts without competitive bidding was eliminated from the bill and the bill was shortly thereafter passed by Congress.

It seems that Postmaster General Brown was keenly disappointed because the bill was passed without allowing him to award air-mail contracts without competitive bidding. About 2 weeks after the passage of the McNary-Watres Act Postmaster General Brown called a meeting of the air-mail contractors. A call for the meeting was issued by Earl B. Wadsworth, Superintendent of Air Mail Service, under instructions from the Postmaster General. The conference began on May 19, 1930, and closed on June 4, 1930. The air-mail contractors present at these various conferences which were held in the offices of the Postmaster General included Messrs. Johnson, Henderson, Wheat, Ireland, and Murray, of United Airlines; Messrs. Sheaffer, Cuthel, Hanshue, and Wooley of the Western Air Express; Alfred Frank, of the National Parks Airways; Mr. Mueller, of the Varney Airlines; Messrs. Coburn and Hinshaw, of the Aviation Corporation of Delaware; Messrs. Halliburton, Mayo, and Clark, of the Southwest Air Fast Express; Messrs. Doe, Elliott, and Ottley, of Eastern Air Transport; Messrs. Marshall and Denning, of Thompson Aeronautical; Messrs. Holland and Letson, of the United States Airways; Messrs. Robbins and Hahn, of the Pittsburgh Aviation Industries; Mr. Clifford Ball, of Clifford Ball, Inc.; Messrs. Russell and Wright, of Curtiss Flying Service; Messrs. Moore and Woolman, of the Delta Air Service. These last two parties came to the conference without an invitation from the Postmaster General.

Postmaster General Brown opened the meeting by discussing the general provisions of the McNary-Watres Act and told the operators that he had prepared a new air-mail map, which he exhibited, and that he wanted the routes divided among the air-mail contractors who were present. He further told them that he wanted three competitive transcontinental routes; that he wanted the companies that were operating in the territories to have these routes and that he would try to work it out for them by the extension method, and if he could not do that he would have to put up the Central and Southern Transcontinental routes for competitive bids. He stated that those present should get together and try to determine who would be the operating company to operate these two new transcontinental routes. At the time of that conference the Postmaster General thought that he could let the two transcontinental routes without competitive bidding as he was under the impression that he could let both of the entire routes by various extensions.

At the first meeting Mr. Maddux, of the Transcontinental Air Transport, stated that if his company did not receive an air-mail contract it could not live, and that he was eager to see a plan worked out other than one providing for competitive bidding. Clark, representing Halliburton, stated that he would prefer not to have competitive bidding. Lew Holland said, "I think it should be worked out by agreement, as I am afraid that competitive bidding will result in wild promotions." Hanshue said, "We are willing to do anything within reason to work out the plan rather than to go into competitive bidding." Coburn said, "I believe there is a community of interest among the operators in every department, and they are ready to cooperate and find out how to do it." Wheat said, "I feel sure the entire group would be delighted to go into such a conference and work it out along the lines suggested." MacCracken suggested grouping the representatives together according to locality in order to work out the details of the plan or any other plan that might be gotten up, suggesting they might even have four committees, or a western and an eastern committee. Cuthel suggested that certain members of the group present to the Postmaster General a grouping of the companies to deal with the Southern and Mid-Continent Transcontinental routes. The above proceedings of the first day of the conference were taken down in shorthand by Earl B. Wadsworth, superintendent of the Air Mail Service, and transcribed on May 20, 1930.

The air-mail operators held numerous conferences between May 20 and June 4 in the office of the Postmaster General; William P. MacCracken as chairman. Postmaster General Brown and Second Assistant Postmaster General Glover were present from time to time at the various meetings. It was impossible for the operators to agree among themselves as to who would operate

all of the various routes designated by Brown's new air-mail map. On June 4, 1930, Chairman MacCracken submitted a report of the conferences to the Postmaster General, stating that the committee had held numerous sessions and that it was now submitting with the report a map indicating its recommendations, as well as the problems which remained unsolved; that the committee had made a study of 12 routes and had agreed upon recommendations as to 7 of these, while as to the remaining 5 there were still some matters in controversy, and all agreed to submit the issues to the Postmaster General, in the hope that a satisfactory solution might be reached. None of the passenger operators without mail contracts were invited to this conference, which has generally been referred to as the "spoils conference." It was unquestionably the purpose of Brown to let all of the new routes by the extension plan, without competitive bidding. Since the air-mail operators could not agree among themselves as to who would operate all the routes it was agreed that Brown would act as umpire in the award of those routes still under controversy. At this conference it was understood that the American Airways would have the southern transcontinental route and the Transcontinental Air Transport and the Western Air Express would jointly receive the central route. It has been stated by some that the investigation of the spoils conference has been an ex parte proceeding and that the air-mail contractors had no opportunity to be heard prior to the annulment of the various existing contracts. The Senate investigating committee, of which Senator HUGO BLACK is chairman, has gone into the investigation most thoroughly and exhaustively. They have not only heard from those whose air-passenger lines were not invited to the spoils conference but have received testimony from a number of the air-mail contractors who were present at said conference. Many damaging and startling admissions with reference to collusion and an agreement to prevent competitive bidding have been received by the Black committee from air-mail contractors who were present at the spoils conference. The following representatives of air-mail contractors who were present at the various conferences held in the office of Postmaster General Brown, soon after the passage of the McNary-Watres Act, had testified before the Senate investigating committee prior to the annulment of the air-mail contracts by Postmaster General Farley:

D. M. Sheaffer, representing Transcontinental Western Air; F. G. Coburn and Hainer Hinshaw, representing the Aviation Corporation of Delaware, of which the American Airways is a subsidiary; Col. Paul Henderson, representing United Aircraft, of which the United Airlines is a subsidiary; Earl P. Halliburton and Ted Clark, representing Southwest Air Fast Express. The following air-mail contractors who were present at the above-mentioned conference have testified before the Senate committee since the annulment of the air-mail contracts: Col. L. H. Brittin, representing Northwest Airways; Clifford Ball, representing Clifford Ball, Inc.; Alfred Frank, of the National Parks Airways; and Harris M. Hanshue and James G. Woolley, of the Transcontinental Western Air. These parties have testified in detail with reference to the purpose of the spoils conference and the object thereby accomplished as a result thereof. Hinshaw, of American Airways, testified under oath that the conference was held for the purpose of dividing the routes among the air-mail contractors who were present; that it was understood that the air-mail contractors would have to take the division the Postmaster General made, and that if they attempted to interrupt or try to make bids that he would cancel the certificates which they held or refuse to issue certificates in substitution for existing contracts; further, that Postmaster General Brown told him at the opening meeting that they should get together and determine who would be the operating company to operate the new transcontinental routes; that Brown thought at the time that he could let these two new transcontinental routes by the extension plan without competitive bidding; that there was an agreement reached on some of the routes, while they could not agree among themselves as to how they would divide certain other routes; that it was agreed that the American Airways would have the Southern Transcontinental route and the Transcontinental Air Transport and the Western Air Express would jointly receive the central route.

Mr. Hinshaw further testified as follows:

"The CHAIRMAN. Mr. Hinshaw, you knew, did you not, before these contracts were let, just who was going to get them? That was arranged before the contracts were finally signed up?

"Mr. HINSHAW. We did not think anybody would bid against us on the southern route.

"The CHAIRMAN. It was understood, was it not, that those companies were going to get those lines that did get them? That was the understanding of Mr. Brown?

"Mr. HINSHAW. That was the way he worked it out.

"The CHAIRMAN. And when Mr. Brown found out that he could not let them by extensions, I will ask you if you did not tell Mr. Woolman that Mr. Brown almost had a stroke of apoplexy when the Comptroller General's decision came out?

"Mr. HINSHAW. He probably did.

"The CHAIRMAN. He did not want to advertise them?

"Mr. HINSHAW. I think that is the way he wanted to do it."

D. M. Sheaffer testified that he was chairman of the executive committee of the Transcontinental Air Transport; that he was present at the conference and that the air-mail operators who were present found it very difficult to agree on which route would go to which company, and that there was considerable controversy among themselves as to which company would get certain routes; that not being able to agree on all the routes, they finally reached the conclusion to let Postmaster General Brown act as umpire in

awarding the routes; that it was evident that the Central Transcontinental route would be awarded to the Transcontinental Air Transport and the Western Air Express, providing they made a joint bid; that Postmaster General Brown was contemplating letting all the new routes by extensions and not by competitive bidding.

Coburn, who was formerly president of the Aviation Corporation of Delaware, testified that he was present at the conference; that Brown expected that those granted any contracts or extensions to do as he said with reference to which lines that tried to get them; that after the Postmaster General made his statement at the initial meeting he said "I will leave you and you just go ahead and work it out." "We decided that we could not agree upon all the routes and thereupon we agreed to turn the matter over to the Postmaster General and we would abide by his decision. Brown said at the first meeting that 'we are going to establish these two transcontinentals and until those are established we are not going to exchange any certificates for contracts nor am I going to make any extensions or any modifications in the method of paying for the mail'; that at that time it was thought that the two transcontinental routes could be let by extensions without competitive bidding. It was understood during the conference that the American Airways would receive the southern transcontinental route and the T.A.T. and Western Air Express would jointly receive the central transcontinental routes; that he did not anticipate any trouble from the other two large companies, namely, United Airlines and the T.W.A., on the southern transcontinental route. He testified in part as follows before the Black investigating committee:

"The CHAIRMAN. You surely did not fear any of the companies that would be in there would go back on their agreement?

"Mr. COBURN. No, sir.

"The CHAIRMAN. You knew that they would not bid?

"Mr. COBURN. There was no formal agreement, but there was a general understanding.

"The CHAIRMAN. Of course, it was not signed on the dotted line, but you knew as far as these three big companies were concerned there was an understanding there would be no bidding on the line formerly allotted to their brother lines?

"Mr. COBURN. I did not fear any of those companies that I had dealings with would come in and bid.

"The CHAIRMAN. You did not fear them?

"Mr. COBURN. No, sir.

"The CHAIRMAN. Why?

"Mr. COBURN. I understood that they were not going to bid and I had a great deal of confidence in that.

"The CHAIRMAN. That was the express understanding, that they would not bid?

"Mr. COBURN. Yes, sir; but I did not know but that someone else would pop up.

"The CHAIRMAN. Would you have considered it ethically right according to the code of any standard of business that you have ever known to make an agreement that you would abide by that action and then bid contrary to that agreement?

"Mr. COBURN. I would not.

"The CHAIRMAN. You did not have to put it in writing, did you? There is such a thing even in the aviation business as a gentleman's agreement?

"Mr. COBURN. You see, Mr. Chairman, so far as I was concerned there was only one route I wanted to bid for. We left it to the Postmaster General to tell us where we were to operate and how to go to work."

A great part of the strongest evidence showing collusion and a combination to prevent competitive bidding has come from the sworn testimony of the air-mail operators themselves before the Black investigating committee. By their own admissions they have proven their own case against themselves. The record of the evidence before the Black investigating committee is full of damaging admissions and confessions made by representatives of the air-mail companies whose contracts were annulled by Postmaster General Farley.

In connection with the passage of the McNary-Watres Act there was much logrolling and political pressure brought to bear upon Members of Congress by the air-mail contractors in favor of the bill's passage, and Lehr Fess, son of Senator SIMEON FESS, was employed by one of the air-mail companies—the National Air Transport—to assist in the passage of the bill in the Senate. For his 2 days' services he was paid a fee of \$3,000.

Col. Paul Henderson, vice president of the United Aircraft & Transport Co., who loaned \$10,000 to Chase Gove, Deputy Second Assistant Postmaster General, whose office had charge of the Air Mail Service, and then destroyed the notes for the loan without ever receiving any payment on the loan, testified before the Senate investigating committee that he was present at the spoils conference; that Brown stated at the opening meeting that he believed that he had a right under the Watres bill to extend geographically the lines of certain or all of the present air-mail operators to include territory that the operators wanted to serve with air mail but which was not being served; that the plan outlined by Brown avoided competitive bidding and he told us that he wanted us to agree among ourselves upon a division of the routes.

Soon after MacCracken was elected chairman of the meeting Henderson said to him, "Bill, I wish that you would adjourn this meeting immediately." He told him that he thought that it was a great mistake to go on with the meeting further until they had some more definite information about the legality of the plan. In reply, MacCracken told Henderson that he was crazier than hell and that he would not adjourn the meeting. Henderson also

told Cuthel, of the American Airways, that he thought the meeting was an improper one and should be adjourned; that Congress had refused to eliminate competitive bidding, and that now Brown was offering a plan which had practically the objective of avoiding competitive bidding through the process of extension and subcontract. However, Henderson remained throughout the entire conference, and only those air-mail contractors who were present at the conference were recipients of various extension routes.

Col. L. H. Brittin was present at the conference, representing Northwest Airways, and he has testified under oath that Postmaster General Brown made up his mind to establish new routes after the passage of the McNary-Watres Act, without competitive bidding; that Brown called the operators together, handed them a new air-mail map, and told them to settle among themselves the distribution of the routes; that Brown stated on several occasions that he believed that the most efficient way of serving the country was by a monopoly of air lines; that the fact as to whether the conference was legal or not did not concern those present. Colonel Brittin said Brown told us specifically to "reach an agreement as to who would get each route and operate it."

After the spoils conference closed, Brown was advised by the Comptroller General, in a ruling known as the "Winnipeg decision" that the two transcontinental routes could not be awarded by the extension plan without competitive bidding. Thereupon Brown was forced to advertise the central and southern transcontinental routes for competitive bidding, said routes being first advertised for bids in August 1930. However, long before the routes were advertised it was understood that the American Airways would receive the southern route and the Transcontinental Air Transport and Western Air Express would jointly receive the central transcontinental route.

On July 15, 1930, several weeks before the transcontinental routes were advertised for bids, D. M. Sheaffer, of the Transcontinental Air Transport, submitted a memorandum to his company, which read, in part, as follows:

"For the transcontinental north to Los Angeles it was the desire of the Post Office Department that this be operated by one company, and as T.A.T. and the Western Air Express were the two important factors operating a large mileage on this route, it was the Postmaster General's suggestion that these two lines consolidate or in some manner work out an operating arrangement to that end.

"The Postmaster General having indicated that he could and would arrange so that the air-mail contract award would be promptly made to the Central Transcontinental, providing the two companies organized for the operation of the service, T.A.T. got together with the Western Air Express on a plan to form and operate a company on the following basis, namely:

"That our physical property on the line or route should be put into a new company at its depreciated value and any difference on those property accounts should be made up by dollars on the basis of both companies having a like interest in the new transcontinental company; that a third, namely, the Pittsburgh Aviation Industries Corporation, which organization had done a great deal of valuable work in developing a new air line across the State of Pennsylvania, should have an equitable interest.

"These negotiations have been carried on in detail in conference with the Postmaster General, and the agreement submitted is the result.

"It is believed that the arrangement proposed, while it seems to exact heavy tolls and contributions on the part of T.A.T., is the best that can be worked out, and, in all, after considering the many potential factors, that it will result most favorably and advantageously to the corporate interest of the Transcontinental Air Transport."

The evidence disclosed that neither the Transcontinental Air Transport nor the Western Air Express desired to merge in order to get the Central Transcontinental route. They were forced to make the merger on account of Postmaster General Brown. They were given to understand that they would not get the route unless they joined together. Furthermore, Postmaster General Brown forced them to give the Pittsburgh Aviation Industries Corporation—a concern in which the Mellons were interested—a 5-percent interest in the new company in exchange for an airport in Butler, Pa.

Harris M. Hanshue, of the Western Air Express, wrote a memorandum to W. P. MacCracken and J. Frye, which read in part as follows:

"At the beginning of 1930, on the strength of the assurance of the Postmaster General, Western Air Express took over the Aeronautical Corporation of California and Standard Airlines, paying \$1,000,000 in round numbers for stock in that company, whose most important asset to us was Standard Airlines. The deal for the Aeronautical Corporation was barely completed when we were advised by the Postmaster General that we must sell the Standard Airlines to Aviation Corporation and combine our Kansas City and San Francisco divisions with Transcontinental Air Transport. This did not sit well with our directors and they advised me to stand 'pat' and insist on the Post Office Department giving us mail on our portions of the two transcontinentals. However, after the several conferences with the Postmaster General I could see that this could not be done without a battle which might upset temporarily the whole plan and work a hardship on everyone, so I consented to make an attempt to merge the properties of the Transcontinental Air Transport and Western Air Express on the Central Transcontinental on a 50-50 basis.

"As stated above this deal did not sit any too well with them and increased our dissatisfaction with the way things were going. This feeling was not alleviated any when they were advised that we had to sell the Dallas route for \$400,000 and take a \$600,000 loss on it and further, that we had to put up several hundred thousands of dollars to buy Western Air Express stock at 55 when the market is around 20.

"To sum up, the directors of Western Air Express are not pleased with the deal given them by the Postmaster General, nor with the merger with Transcontinental Air Transport whereby they lost their most valuable asset, the Alhambra Airport; nor with the two phases of the agreement with Aviation Corporation; nor with the fact that they have to negotiate a loan to meet obligations brought about by agreement, the emoluments of which they consider of doubtful value."

[Here the gavel fell.]

**MR. BULWINKLE.** Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

**THE SPEAKER** pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

**MR. BULWINKLE.** These two companies, against the wishes of each, but under the instructions of Brown, made a joint bid on the Central Transcontinental route which runs from New York to Los Angeles, via St. Louis and Kansas City. During negotiations relative to the merger the two companies could not agree upon the value of Alhambra Airport, belonging to the Western Air Express, and agreed to leave the question of value of this airport to the Postmaster General. On July 30, 1930, Brown wrote Sheaffer, of the Transcontinental Air Transport, as follows:

MY DEAR MR. SHEAFFER: After hearing from the representatives of the Treasury and Post Office Department who investigated the value of the Western Air Express airport at Los Angeles, I am appraising the land involved at \$4,000 an acre as of the 1st day of January 1929.

I have advised Mr. Hanshue of this figure, and he has stated that the same is satisfactory to the interests which he represents.

The valuation placed upon this property by Brown was accepted by both companies. The Transcontinental Air Transport and the Western Air Express made a joint bid of 97½ percent of the maximum rate allowed on the Central Transcontinental route. Another company, the United Aviation Co., which was composed of three air companies, namely, Ohio Transport Co., Pittsburgh Airways, and United States Airlines, made a bid of 64 percent of the maximum rate on the same route. These were the only bids on the route, and when the bids were opened Second Assistant Postmaster General Glover, who was in charge of the Air Mail Service under Brown, was away from Washington. When he heard about the low bid of United Aviation Co. on this route he wrote his deputy, Chase Gove, that he knew that he would not accept any strengthening documents to the bids, but wanted to be sure; that he wanted Earl Wadsworth, who was Superintendent of Air Mail, to go through the bids and have their failings all gleaned out for the Postmaster General when he got home.

Then, on September 12, 1930, Glover, who was still out of the city, wrote Gove that Henderson had just phoned him that Lou Holland phoned him that Letson had just wired his people in the East to lay off of the whole thing, and that he knew nothing to do except make the award to the high bidder and let it go. Mr. Glover was referring to the high bid of the Transcontinental Air Transport and Western Air Express. Letson, whose name was mentioned in this letter, was the owner of the United States Airlines, one of the three companies interested in the bid of United Aviation. On September 17, 1930, Glover wrote his deputy, Chase Gove, as follows:

DALLAS, September 17, 1930.

Your telegram to hand and your letter of the 18th.

Well, the award has been made. Understand down here that Wedell Williams' plan to bring some kind of action against the Postmaster General, as Aviation Corporation did not carry out their bargain with them. Halliburton is going to make a statement saying the Postmaster General is really not requiring what he did in the ads. Take it that the award was not made to Pan American on South American route.

Did not receive your letters until this morning, so could not wire you regarding telegrams.

Believe we can work out of Avigation bid. Halliburton is going after Letson and even Letson's stockholders do not approve of this action.

Do not know what you told the Postmaster General, but there is no use recommending the award be made to the high bidder and then getting cold feet and saying you will agree that we should throw out all the bids. We had all better stick together or we will all hang together.

Believe we could make award to the W. Air and T.A.T. and make a statement along with it that no one would object to except the unsuccessful bidders.

Tomorrow I hop over to Houston and there for Thursday and Friday, and then on to New Orleans, and should reach Washington Monday.

Over 700 delegates to this convention and believe me it is some organization. Fight on between Luna for president and O'Rourke, of Brooklyn; some fight. May affect the organization. Spent half day in Fort Worth on post-office site. Well, until later, I am very truly yours.

The low bid of 64 percent of United Avigation Co. was rejected and the high bid of 97½ percent of T.A.T. and Western Air Express was accepted. Soon after the award was made to these companies the Comptroller General inquired of General Brown why he had given this contract to the high bidder. In reply the Postmaster General advised that the low bid had been rejected because the company making same had not had 6 months' night-flying experience over a route of at least 250 miles as was stipulated in the advertisement for bids. This night-flying experience requirement was placed in the advertisement at the suggestion of the then air-mail operators and W. P. MacCracken, Jr., according to the statements of Earl B. Wadsworth, superintendent of air mail, and D. M. Scheaffer, of the Transcontinental Air Transport. This requirement was inserted for the purpose of preventing open competitive bidding because practically none of the independent passenger lines had the required 6 months' night-flying experience. Upon receipt of this information from Postmaster General Brown the Comptroller General held that the night-flying requirement was illegal and unauthorized by law and therefore the low bid could not be rejected on that ground. Thereupon Brown, with the aid of his executive assistant, Harold Graves, sent a lengthy document to the Comptroller General, advising that the low bid was further rejected because it was not a responsible one; that the low bidder was not qualified or equipped to carry the mail on this route. Relying upon the representations made by the Postmaster General about this matter the Comptroller General finally agreed to make payments to the high bidder under the contract. Again, I remind you that the Western Air Express employed the services of Ernest W. Smoot, son of ex-Senator Reed Smoot, to assist in this matter before the Comptroller General. After a favorable decision from the Comptroller was received, Mr. Smoot sent in a bill of \$15,000 for his services.

Not only did the Transcontinental and Western Air Express protest vigorously against the awarding of this route to the low bidder but MacCracken also detailed his objections to the low bid.

Chase Gove, Deputy Assistant to Assistant Postmaster General Glover, has made a written statement to the effect that he received the impression from Glover and Wadsworth that Postmaster General Brown was determined to award the contract to the high bidder; that Wadsworth told him that Brown wanted the contract awarded to Transcontinental Western Air, the high bidder; that he was told by either Glover or Brown to find some grounds or reasons by which they could disqualify the low bid of the Avigation Co.; that he was advised by either Brown or Glover to obtain from the representatives of the Transcontinental Western Air reasons why the low bid of the Avigation Co. could be disqualified; that he was requested to ask MacCracken to file a paper outlining his reasons why the low bid of the Avigation Co. should not be accepted; that he told Wadsworth that the whole matter was illegal; that he always tried to be a good soldier and obey orders; that he felt that he was doing wrong when he recommended the awarding of the contract to the high bidder; that he was just following instructions; that he thought it was a wise thing for him to stick by his recommendation to the Postmaster General,

although it was against his better judgment, because he wanted to hold his job; that he thought that he was carrying out the wishes of the Postmaster General; that he conscientiously and honestly believed that the Postmaster General was doing something which was against the best interests of the Department and the Government; that he felt he would suffer a demotion if he did not agree, and that he understood that no opposition to the Postmaster General would be tolerated; that he still considers that the award to the high bidder was improper.

If this contract had been awarded to the low bidder in this instance, the amount paid to him up until January 1, 1934, would have been \$4,974,686.92. During that period of time there has been paid to the high bidder on this route the sum of \$7,578,624.60, resulting in a loss to the Government of \$2,603,937.68 on account of the contract being awarded to the high bidder.

On the southern transcontinental route there was only one bid received. When this route was advertised there was the 6 months' night-flying experience requirement in it, just as in the advertisement for the central transcontinental route. There were several companies in the southern territory, including the Delta Air Service, Wedell Williams Co., and the Southwest Fast Air Express, who were very desirous of bidding on this route, but they had not the 6 months' night-flying experience, and therefore did not bid. They did not know at that time that the night-flying requirement was contrary to law and were prevented from bidding on account of such a requirement. Mr. Earl B. Halliburton, who was operating a company in the Southwest, was very eager to bid on this route, and would have made a bid in good faith on it if it had not been for the 6 months' night-flying experience, which his company did not have. It seems that Postmaster General Brown had very little admiration for Halliburton and that he wanted to take him out of the air-mail picture. Chase Gove, Deputy Second Assistant, has stated that Halliburton made a number of trips to the Post Office Department and that he got the impression that the Postmaster General would rather not deal with him as a contractor. Halliburton had sent some letters or telegrams, or both, to the Department threatening to expose what he believed to be irregularities in the air-mail set-up.

On July 8, 1930, Halliburton wired William P. MacCracken as follows:

When I and the other operators agreed that the Postmaster General should arbitrate the controversy regarding the air-mail route we believed he would act under whatever authority the Watres bill gave him without unwarranted delay. If the Watres bill does not give him the authority, then he should act under whatever authority he had prior to the enactment of the Watres bill. Unless he takes immediate action under the Watres bill and grants to the air passenger lines air-mail contracts in accordance with the provisions thereof I shall be compelled to withdraw my consent to the Postmaster General to arbitrate the air-mail routes and to demand not only the privilege of bidding on any route but shall take the necessary legal action to require a cancellation of any extension or route certificate that has been granted under the Watres bill. As chairman of the committee representing the operators, you will please advise me collect when and what kind of action I can expect the Postmaster General to take.

Halliburton was giving the Postmaster General much trouble and he was very desirous of having some of the large air-mail contractors buy him out so that he would get out of the picture. F. G. Coburn has testified before the Black committee that the American Airways bought out Halliburton because Postmaster General Brown told him that they had to do so; that he told the executive committee what his company should do under instructions from Brown, so on August 23, 1930, the American Airways and Halliburton entered into a contract whereby Halliburton's company would be bought out by the American Airways for \$1,400,000. This contract provided for the sale not to be consummated unless the American Airways secured the mail contract on the central transcontinental route. It was agreed in terms of the contract that Halliburton's company, known as the "Safeways", would make a joint bid with the Robertson Aircraft Corporation, a subsidiary of the American Airways,

on the southern transcontinental route and that the contract, if awarded to these two companies, would be assigned to the American Airways. The American Airways agreed to pay Halliburton \$1,400,000 in cash whenever the American Airways eventually received the mail contract for the southern transcontinental route. On the same day that the contract was entered into between American Airways on the one hand and Halliburton on the other, another contract was entered into between American Airways and T.A.T. and Western Air Express. By the terms of this contract the Transcontinental Air Transport and Western Air Express agreed to purchase from the American Airways 20,000 shares of stock of the Western Air Express for \$1,115,000 and also certain equipment owned by Halliburton's company for \$284,500, making a total of \$1,399,500. This contract was made contingent upon the American Airways receiving the southern transcontinental route and the T.A.T. and the Western Air Express receiving the central transcontinental route. Both of these contracts were executed in New York City and officials of all three companies were present when the agreement was made with Halliburton.

In accordance with the terms of the contract Halliburton and the Robertson Aircraft Corporation, a subsidiary of the American Airways, made a joint bid on the route. Since there was no other bid the contract was promptly awarded and then assigned to the American Airways. Halliburton received his \$1,400,000 and then retired from the aviation business. Halliburton has testified before the Black committee that the market value of his company was not over \$700,000 to \$800,000, although he received \$1,400,000 for it. F. G. Coburn, of the American Airways, has also testified before the committee that his company paid Halliburton much in excess of the real value of the assets of the company. Halliburton would have bid on this route in good faith if it had not been for the night-flying requirement. He endeavored to make a genuine bid with some of the large air-mail companies, but could not do so. He was informed through an agent that Postmaster General Brown said it would be necessary to sell his company out to the American Airways. He testified that Second Assistant Postmaster General Glover told him this:

I will ruin you if it is the last act of my life. You have tried to buck this thing the whole way through and you are not going to do it.

Halliburton had over a dozen modern planes, and was financially able to perform the contract. W. C. Skelly, Republican national Committeeman of Oklahoma, and a stockholder in Halliburton's company, wired Halliburton as follows on August 4, 1930:

After a thorough analysis of the air-mail situation, I am firmly convinced that it would be for the best interests for you and your associates and Safeways to work out a consolidation with T.A.T.

In reply Halliburton wired him:

I do not intend to merge with or to become connected with, or associated with T.A.T., who prostituted the names of Lindbergh and Earhart to the general public and then ask the taxpayer to pay for such prostitution. If you care to sell your stock to T.A.T. I have no objection.

On August 5, 1930, Halliburton again wired Skelly:

I did not intend sarcasm by my wire. The Postmaster General will not permit any of the operators to merge with Safeways. Northwest Airways and others have been warned that if they interfere with plans of the Postmaster General they will not get any extensions or route certificates.

On June 30 Halliburton wired D. M. Schaeffer, of the Transcontinental Air Transport as follows:

I do not consider that I have anything to gain by waiting until Congress adjourns. The Post Office Department should have acted on this matter more than a year ago, and if I could have secured the cooperation of those parties who now want me to cooperate, this matter could have long since been adjusted. It will be possible for me to leave here tomorrow afternoon for Washington, and unless I have definite assurance that there is to be immediate adjustment, I shall demand the right to bid on all extensions and any routes, and I am in better position to do this than anyone else in business.

Col. Paul Henderson testified before the Black committee that, according to Seymour, the general manager of the

National Air Transport, Postmaster General Brown stated Halliburton was to be "baled" out of the business and that it was going to cost approximately \$1,500,000 to get him out of the air-mail picture; that inasmuch as his removal from the business would be very beneficial to National Air Transport, in that it would remove competition, General Brown thought that National Air Transport should contribute approximately \$500,000 to get Halliburton out; that the National Air Transport, through Seymour, refused to make the contribution.

Halliburton was a stormy petrel in the air-mail game and was evidently a thorn in Brown's flesh. For that reason Brown forced Halliburton to be bought out.

On August 5, 1930, Erle P. Halliburton wrote Secretary of War, Partick J. Hurley, in part as follows:

It is generally known in the industry that the Post Office Department intends that the Western Air Express and Transcontinental Air Transport are to organize an operating company for the transportation of mail over the central route from New York via St. Louis to Los Angeles, and that a subsidiary company of the Aviation Corporation is to be awarded a contract over the southern route from Atlanta, Ga., via Fort Worth, Dallas, and Los Angeles.

This letter was written just after the two routes were advertised for open, competitive bidding and before any bids were made.

As proof of Brown's favoritism to certain companies and his avowed purpose to prevent competitive bidding, I wish to read you a copy of a letter written by him to Capt. Thomas B. Doe on July 7, 1931:

Capt. THOMAS B. DOE,

*Eastern Air Transport, Inc., Brooklyn, N.Y.*

My DEAR CAPTAIN DOE: Your letter of July 2 has received careful attention. While I, of course, appreciate the desirability of cordial relations existing between the various interests that are carrying the mails by air, I am of the opinion that the Department ought not to be drawn into controversies that are wholly outside of its jurisdiction.

I have stated frequently to the air-mail operators that in the present state of the industry it did not seem the part of wisdom to invade each other's territory with competitive services, and I do not believe that money paid for postal service should be used to set up services to injure competitors. In pursuance of this policy I suggested the abandonment by the Pan-American Co. of the domestic field in the United States, and as a result of that suggestion you are now negotiating with the Pan American Co. for the taking over of their Atlantic City service. Their field is the international service in Mexico, Central and South America, and West Indies. Consistently with the policy outlined, it would seem improper for any of our domestic air-line operators to use mail pay to invade the peculiar field of the Pan American Co.

For your information I have another letter from Mr. Vidal, of the Ludington Lines, protesting against the extension of your service to Atlantic City and again offering to carry the air mail from New York to Richmond at a figure of \$1,000 a day under the compensation paid the Eastern Transport Co.

Sincerely yours,

WALTER F. BROWN.

Maj. William B. Robertson, of St. Louis, offered to carry the mail from St. Louis to New Orleans for 40 cents per mile and failed to secure the contract and it was awarded to the American Airways by the extension plan, as follows:

An extension south from St. Louis to Memphis; another extension north from Jackson, Miss., to Memphis; and a third extension from Jackson, Miss., south, to New Orleans. These two extensions made from Jackson, Miss., were at right angles to the original route.

While we had offered to carry the mail at 40 cents a mile over the entire route, the contract was awarded to the American Airways to carry it for 63 cents a mile from St. Louis to Memphis and 89 cents a mile from Memphis to New Orleans. The pay to my company under my bid would have been about \$175,000 a year, while the pay to American Airways under its bid amounted to approximately \$345,000 per year.

This testimony was given under oath by Major Robertson before the Black investigating committee.

W. A. Letson, of United States Airlines, testified before the Black committee that his company was given an air-mail contract from Kansas City to Denver without competitive bidding; that his company was one of the three companies forming the United Aviation Co., which made the low bid for the central transcontinental route. Letson protested vigorously because the low bid was not accepted. It was

generally understood that if Letson would withdraw his protest against the high bid of T.A.T. and W.A.E. on the central transcontinental route that he would be given the air-mail contract from Kansas City to Denver. Letson testified that Postmaster General Brown told him that he could be given this route either by competitive bidding or by the extension plan. The Postmaster General further advised him that it would be best for him to get the route by the extension method, because that could be accomplished at once. The extension could not be let originally to Mr. Letson's company, because he had no air-mail contract route to which the extension could be made. Therefore, Postmaster General Brown awarded the extension from Kansas City to Denver to the American Airways line and immediately had the American Airways to assign the line to Mr. Letson's company. This was a mere subterfuge to avoid competitive bidding. Mr. Letson testified that he did not have any negotiations with the American Airways about receiving the assignment of this extension; that Postmaster General Brown arranged all the details for his company.

F. G. Coburn, of American Airways, has testified before the Black committee that Brown—

Told us that he wanted to give the American Airways an extension to Kansas City to Denver, and that he wanted the extension immediately sublet or assigned to United States Airlines; that the American Airways carried out General Brown's request, receiving the extension and immediately turned the same over to Letson's company without any negotiations or conferences between the American Airways and Letson.

The original route from Milwaukee to Detroit was extended across Lake Michigan to Muskegon, Mich. This extension was awarded to the Northwest Airways, and immediately thereafter the extension was assigned to the Kohler Airlines. The Kohler Airlines were not eligible for an original extension, and this method was used as a subterfuge to avoid competitive bidding. This agreement was made at the request of Brown, who wanted to take care of the Kohler Airlines without competitive bidding.

An amazing situation developed out of air-mail route no. 32 out of Pasco to Spokane to Portland to Seattle. The contract was awarded to Varney Airlines on October 21, 1929, at the rate of 9 cents per pound, for a period of 4 years. This route was consolidated with route no. 5 on July 1, 1930, and then the rate was changed to \$2.43 per pound. The following figures were furnished by the Air Mail Superintendent of the Post Office Department:

Amount paid previously to consolidation with route no. 5, \$12,230.39. Estimated amount paid subsequent to consolidation, \$1,019,500.78. Estimated amount that would have been paid if rate had remained 9 cents per pound subsequent to consolidation, \$67,591.41, making an approximate loss of \$951,938.37 to the Government. The above figures are inclusive for the period starting September 15, 1929, to December 31, 1933.

Clifford Ball, who was present at the spoils conference, has testified that he had an original mail contract from Pittsburgh to Cleveland; that he was desirous of having it changed for a route certificate; that Postmaster General Brown refused to make the substitution for him, advising him that he was not qualified to operate the line longer and that he had been guilty of violating the provisions of his contract; that Brown told him that if he would sell out his company to the Pittsburgh Aviation Industries Corporation (backed by the Mellons and other influential Republican leaders in Pennsylvania) he would arrange to get him a position with said company. Thereupon Ball was forced out of business by the following plan: It was agreed that Brown would give Ball a route certificate for his original contract, provided Ball would immediately on the same date assign the certificate to the Pittsburgh Aviation Industries Corporation, who would operate the route under the name of Pennsylvania Airlines; that Ball would be made manager of the Pennsylvania Airlines at a salary of \$12,000 per year, although Brown had been contending that Ball was unqualified, unsatisfactory, and undesirable; that Brown had charge of all these details, including the fixing of Ball's salary. This arrangement was carried out and, after Ball's certificate was assigned to the Pennsylvania Airlines, Brown then ex-

tended, without competitive bidding, the route on to Washington. The Pennsylvania Airlines could not be given an original route certificate for this route, as it had no original contract, and this assignment or subletting of the route certificate was a clear subterfuge to avoid competitive bidding.

The records of the Post Office Department show that for the period from January 1, 1931, to June 30, 1933, the Post Office Department had contracted for and authorized the payment for 28,000,000,000 pound-miles of air-mail service. There was actually used a little more than 11,000,000,000 of pound-miles of air-mail service by all air-mail companies. This would show that 40 percent of the service which was paid for was used by the Department. The Government has paid to all air-mail companies from the fiscal year 1930 down to December 31, 1933, the sum of \$78,084,897.09. Of this amount \$46,832,937.54 was for space never used. Only two contracts were let by the Postmaster General under pretended competitive bidding; namely, the contracts for the Southern and Central Transcontinental routes. There were 25 extensions let by Brown, with a total length of 8,685 miles. Many of the extensions were longer than the original lines. Route no. 9 has been extended from 664 to 2,265 miles with 4 extensions; route 11 has been extended from 123 miles to 331 miles with 1 extension; route no. 12 extended from 199 to 771 miles with 1 extension; route no. 16 from 345 miles to 517 miles with 1 extension; route no. 18 from 1,932 to 2,286 with 1 extension; route no. 19 from 1,580 to 2,418 miles with 3 extensions; no. 20 from 446 miles to 1,955 miles with 3 extensions; no. 27 from 773 miles to 1,421 miles; no. 30 from 1,208 to 1,538 with 2 extensions; no. 33 from 2,357 to 3,579 miles with 4 extensions; no. 34 from 3,333 miles to 3,996 miles with 2 extensions.

Prior to the annulment of the air-mail contracts three large air-mail companies—namely, United Aircraft & Transport Co., Aviation Corporation of Delaware, and the North American Aviation Co.—held about 92 percent of the entire air-mail business. There were only three small independent companies who held any mail contracts; namely, United States Airlines, Kohler Airlines, and National Park Airways. In the past the large air companies had interlocking directors to a certain extent. The North American Co. is controlled by General Motors. The Aviation Corporation is controlled by E. L. Cord and his interests, and the United Aircraft & Transport by certain banking interests of New York.

In conclusion, I have presented to the House the salient facts connected with the cancellation of the air-mail contracts, and again I state that I know of no person who is fair-minded and honest and who is not actuated by partisanship or pecuniary motives who can truthfully say that the United States Government should have continued paying out enormous sums of money upon contracts which were procured through fraud and collusion and which were contrary to public policy. The President of the United States and Postmaster General Farley and his assistants in the Department ought to be congratulated upon doing their duty even though it has subjected them to partisanship criticism and the Nation owes to Senator Black and his committee its gratitude for uncovering scandals, corruption, and fraud which are equal in every way to the scandals which we had under a former administration and which were known as the "Teapot Dome scandals."

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to insert certain evidence I have here, which I did not read.

Mr. TABER. Mr. Speaker, reserving the right to object, I think we should have some information as to what the evidence is.

Mr. BULWINKLE. It is some of the testimony taken by the Black committee, and remarks of mine.

Mr. TABER. How extensive is it?

Mr. BULWINKLE. It will cover probably five or six letter-size typewritten pages.

**THE SPEAKER.** Is there objection to the request of the gentleman from North Carolina?

There was no objection.

**MR. BYRNS.** Will the gentleman yield?

**MR. BULWINKLE.** I yield to the gentleman from Tennessee.

**MR. BYRNS.** May I ask the gentleman this question: In view of the evidence of fraud, collusion, and graft which the gentleman has detailed at least in part to the House in connection with the making of these contracts, after these facts were developed and brought to the attention of the Post Office Department, would not the Postmaster General and the administration have been put in the position of condoning what had been done if they had not taken some action with reference to those who had profited illegally?

**MR. BULWINKLE.** It was the absolute duty of the administration to cancel these contracts.

**MR. RICH.** Will the gentleman yield?

**MR. BULWINKLE.** I yield to the gentleman from Pennsylvania.

**MR. RICH.** If in the judgment of the gentleman there was all of this collusion and graft that the gentleman has spoken of and he is desirous of doing everything to help the country, why does not the gentleman use the influence that he has in trying to see that a just trial is given these people, and if they are guilty let us put them where they belong. If they are not guilty, then let us exonerate them.

**MR. BULWINKLE.** Is the gentleman speaking of a criminal trial or civil trial?

**MR. RICH.** I do not care what kind of a trial it is. If we have men in this country who are crooked, let us punish them; but I say they ought to have a fair trial.

**MR. BULWINKLE.** I agree with the gentleman.

**MR. RICH.** If the gentleman is interested in trying to see justice done, he will see that the men get a fair trial.

**MR. BULWINKLE.** It is just as much the gentleman's duty to do that as mine. [Applause.]

[Here the gavel fell.]

**MR. CHASE.** Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 1 additional minute in order to answer a question.

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

There was no objection.

**MR. CHASE.** Was the gentleman present on the floor of this House when the Post Office appropriation bill came up for our consideration and at the time the statement was made by the very fair and candid chairman of the subcommittee, Mr. ARNOLD, that a considerable portion of the appropriation was for the payment of a subsidy? If the gentleman was present, did he vote "no" at that time?

**MR. BULWINKLE.** I do not remember being present when he stated that, and while I may have voted for a subsidy, what was going on with reference to these air-mail contracts was worse than any subsidy, and that is no excuse for the conduct of these companies; and I know the gentleman's position.

**MR. ARNOLD.** The gentleman is also well aware of the fact that much of the fraud and corruption developed subsequent to that time.

**MR. CHASE.** Did any of this evidence that the gentleman is presenting here develop subsequent to the latter part of February?

**MR. BULWINKLE.** I have forgotten when it was.

[Here the gavel fell.]

**MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—REPORT OF SECRETARY OF STATE (H.DOC. NO. 288)**

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 Foreign Affairs and ordered printed:

*To the Congress of the United States:*

I transmit herewith a report by the Secretary of State recommending the enactment of legislation for the purposes described therein.

The recommendations of the Secretary of State have my approval, and I request the enactment of legislation for the purposes indicated in order that this Government may carry out the projects and meet the obligations outlined in the report.

**FRANKLIN D. ROOSEVELT.**

**THE WHITE HOUSE, March 21, 1934.**

**INTERSTATE AND FOREIGN COMMERCE COMMITTEE**

**MR. RAYBURN.** Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may be allowed to sit this afternoon, tomorrow, and Friday during sessions of the House.

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

There was no objection.

**LEGISLATIVE APPROPRIATION BILL, 1935**

**MR. LUDLOW.** 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. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes; and pending that I ask unanimous consent that general debate close with this afternoon's session.

**MR. SNELL.** Do I understand the gentleman intends to just get to the reading of the bill this evening?

**MR. LUDLOW.** We will read the first paragraph.

**MR. SNELL.** That is satisfactory.

The motion was agreed to.

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

The Clerk read the title of the bill.

**MR. LUDLOW.** Mr. Chairman, I yield 25 minutes to the gentleman from New York [Mr. Sisson].

**MR. SISSON.** Mr. Chairman, I am speaking in support of House concurrent resolution 32 introduced by the gentleman from Connecticut [Mr. KOPPLEMANN], which requires an investigation by the Federal Trade Commission of the conditions with respect to the sale and distribution of milk and other dairy products in the United States.

The question as to what action, if any, should be taken by the Federal Government in the way of furnishing some means of regulation and control of the production and distribution of milk and other dairy products in this country is not only a nonpartisan question, but it seems to me that it is or should be a noncontroversial question. It is one of the most vital matters in which this House, the greatest parliamentary body in the world, can interest itself. Next to air and water, the most vital necessity in our physical life is milk.

The need of a sufficient supply of pure, wholesome milk and milk products, the need of insuring to the consumers thereof a fair and not exorbitant price for milk and other dairy products, the need of securing to the producers of milk and other dairy products, the dairy farmers of this country, a fair price, the need of saving the dairy farmers of our country from ruin, now confronting them, the need of stabilizing the dairy industry, one of the most basic and fundamental industries of our country; these needs, I say, are so great and so pressing at this time that even as a new Member of this body, I feel no hesitation in directing the attention of every Member of the House to this subject.

Milk has not, so far as I know, by the statute of any of the several States, been made a public utility, but I submit to you that it ought to be.

I am asking that when the Kopplemann resolution, which has been referred to the Committee on Interstate and Foreign Commerce, is brought by that committee before you that you pass it because I believe—and before I shall have finished I expect to show you that through the study of this question and, in fact, I may say living with it, I have a right to claim I know something about it—that such an investigation as is called for by this resolution is the first step in insuring a fair price to the consumers of milk and

dairy products and a living price to the producers of milk and other dairy products, the dairy farmers of this country.

It is not our purpose here to set up another administration of the Federal Government. We want to secure for the record figures as to the cost of production of milk, the price necessary to be paid to the dairymen for fluid milk and dairy products to enable them to have a little profit and to live, the lowest possible price to the consumers of milk and dairy products, and, of course, involved in this, what is a fair spread to the big distributors and the retail dealers of fluid milk. We want to find out if it is necessary and possible for the Federal Government to help the several States or parts of States composing each given milkshed to set up such authority or form such an agreement as may be necessary to regulate and control the production and distribution of this great utility with fairness to the producer, distributor, and consumer.

The dairy farmer is not here asking a hand-out from Uncle Sam. He does not want a subsidy; neither does he want a code imposed upon him by Federal authority.

I am going to try to make you all see—as I know that many of you already do see—that this subject is a matter of Federal concern, of concern to the Congress, of vital pressing importance and one that should challenge the careful consideration of every Member of the House.

Regardless of our antecedents or ancestors, from whatever section of the country we may come, however we may divide, politically or otherwise, whether we came from distinguished or obscure beginnings, there is one respect at least in which we meet upon common ground, for with due apologies to one of our greatest American writers, the delightful Mark Twain, "We all were once babies."

It is a concern of the Congress to help to remove means of oppression and means of injustice, barriers which may prevent the present generation and the coming generations from securing a fair start in life and a fair chance to earn a living and to live with the endowment of sound minds and sound bodies, and one of the vital things required to do this is to assure the present and the coming generations of a sufficient supply of milk and dairy products at moderate prices; and in order to do this and also to help the coming of prosperity, to give that fundamental basic industry of this country—dairy farming—a share in the "new deal"; in other words, what they have not had for years, a "square deal", an opportunity to produce their product at a reasonable profit.

I know that most of the Members of this House do not need to be told by me that the dairy farmer is in a sad plight, a plight as bad, if not worse, than the cotton grower of the South was in; and I ask that if we go along with those of you from the West who are attempting to help the wheat farmer and those of you from the South who are attempting to help the cotton grower, that you assist not by means of a grant or subsidy, not by means of another alphabetical administration, but by this investigation of conditions, this basic industry of my State and of many of the other States of this country in taking its rightful place.

We from the North know, as those of you who come from the other side of that river know, that this country is no longer sectional. We know that our interests are bound up with yours. We know that if your people suffer from poverty and economic ills, our people will eventually suffer from the same causes. We know that unless your people enjoy a fair distribution of the great wealth of this great country, our people cannot long enjoy the same good.

The same lifeblood pulsates and flows through the veins and arteries of the whole Nation, and so I am asking you to give your attention and your help toward removing what injures these dairy farmers for whom, in a very feeble and inadequate way, I am speaking today.

I know that there are gentlemen from the South who are interested in this question. The gentleman from Texas [Mr. EAGLE] has forcefully spoken of the conditions in his State. I know that the able Member from Minnesota, Governor CHRISTIANSON, recognizes this as one of our great problems; I know that my colleague on the other side of the

House, the able Member from the district adjoining my own, Mr. HANCOCK of New York, wants to help the dairy farmer; I know that my good friend and neighbor from New York, Mr. CULKIN, has been spending much time in an endeavor to help the dairymen of his section and of my own; I know that the brilliant and indefatigable Member from the Hudson Valley, Mr. FISH, will support any movement which will help to stabilize this industry, which is one of the most important of his district; the gentleman from Pennsylvania, Mr. CROSBY, who has introduced a resolution for an investigation and has done much work on this subject, will favor a complete investigation; also the gentleman from New York, Mr. WADSWORTH, will in the interest of the dairy farmers of New York State favor such an investigation.

Now, what does this resolution involve? It does not provide for any junketing expedition or any expenditure of money, although, if necessary, I say that such an expenditure would be justified. The Federal Trade Commission was created as a fact-finding body, and while we know what many of the facts are, we need to have them made susceptible of proof and put into the record. The Federal Trade Commission should be authorized and directed to make this investigation. It is equipped to do it. The Federal Trade Commission can call upon the Secretary of Agriculture and the Agricultural Adjustment Administration, which is now struggling with milk codes, to furnish its trained investigators and other personnel to assist. The Federal Trade Commission can call upon the Department of Justice to assist in this investigation, should it find it necessary to do so. This is a matter which cannot be handled adequately by any one of the States. We need some assistance from the Federal Government. We need the assistance of the Agricultural Adjustment Administration; and let me say that while I am opposed as representing the dairy farmers of my district—and I think I may say of many other counties in New York State—to the present proposed Federal milk code, still I have a great deal of admiration and respect for the present Secretary of Agriculture and I have a great deal of admiration and respect for and confidence in several of his subordinates in the Agricultural Adjustment Administration with whom I have come in contact while attempting to help the dairy farmers of my district. I have a right to speak to this House upon this question and to ask that eventually you all give your attention to it. I have not only spent many days and nights in the study of this question with the dairy farmers themselves and with their leaders and with the Federal officials, but I have lived with this question.

I attended the milk code hearings held in the early part of February in New York City and later continued in Syracuse at which a milk code or agreement was presented by the Agricultural Adjustment Administration for the producers and distributors in the New York milk shed involving the State of New York, the State of New Jersey, a large part of the State of Pennsylvania, the State of Connecticut, and a part of the State of Vermont. I believe that I was the only Member of this House who did attend those hearings and I did it at some sacrifice of comfort and time.

I was very favorably impressed, as were most of the leaders of the dairy farmers who attended those hearings, with the hearing Committee of Seven, of which committee Mr. Elmer Hayes was chairman. I came in contact not only with Mr. Hayes, but with two other gentlemen on the committee, Mr. Sadler and Mr. Stone; and while as representing the dairymen of my section I am opposed to the code which was presented there, I think there is no just criticism that can be made of any of the men who conducted the hearings or of the Agricultural Adjustment Administration. I came from those hearings convinced, as also did the leaders of the group of 35,000 dairy farmers, the New York State Producers Federation, that the Agricultural Adjustment Administration do not want to impose a code for the New York milk shed or for any other milk shed contrary to the wish of any substantial proportion of the dairymen producers in such shed; and while we were last summer and fall in danger of having

an unfair milk code rammed down our throats, a code written not by or in the interest of the dairy farmers but in effect written by and solely in the interest of certain alleged cooperatives and of the big distributors, it is my opinion that that danger is past.

The imposition of such a code was blocked by an effort in which I am proud to say I had some part, and when the attention of the Secretary of Agriculture and the Agricultural Adjustment Administration was called to the fact that the man who had supervised the preparation of this code was doing it in the interest of an alleged cooperative and certain big distributors, that certain official was asked to resign.

I have been requested by an organization of 35,000 dairymen—the New York State Milk Producers Federation—to try to get the Congress to order an investigation of the dairy industry, and pursuant to their wishes I had intended to offer such a resolution. Upon examination of the resolution prepared and offered by the gentleman from Connecticut [Mr. KOPPLEMANN] and after conferring with the Agricultural Adjustment Administration and the Federal Trade Commission, as well as with the leaders of the organization of dairymen for whom I am speaking, I came to the conclusion that the Kopplemann resolution would bring about the taking of the first step toward the goal which we are seeking.

Now let me tell you one or two of the principal reasons why the passage of this resolution is of immediate necessity for the great city of New York and the State of New York, as well as for the several other States and parts of States which form a part of the New York milkshed. I believe, from talking with other Members of this House from various parts of the country, that conditions similar to those which I shall attempt briefly to describe obtain generally in the entire dairy industry of the country, differing, of course, in different localities.

I shall, however, confine myself naturally to my own State and particularly to my own district, which I know more intimately.

Last summer we had a milk strike extending through the greater part of the dairy sections of the State of New York. It cost a loss almost irreparable to many farmers, whose condition was already bad enough. It was aggravated by the outrageous and arrogant conduct of some units of the State police. There was some blood shed and there was danger of more. The condition of these same farmers today is not improved. It has been growing worse ever since, until today they are desperate. Bear in mind these farmers are Americans. Most of them American for generations back. They are individualists—rugged individualists, if you please—not given to herding together in turbulent mobs or taking the law into their own hands; and yet, desperate as many of them are, I shudder at what the coming summer may bring forth unless some glimmer of hope is held out to them whereby they may avert the ruin of lost farms, impending bankruptcy, and suffering from poverty on the part of their wives and children. We are, in the language of the gentleman from Texas [Mr. SUMNERS], "all in the same boat", and unless we protect the dairy farmers in getting a part of the new deal; unless we help to stabilize this basic fundamental industry we shall all go down together.

Now, what I advocate as a remedy is not important. I believe in State rights. I am, if you please, a strict constructionist. I believe in State control; but this is an interstate question. And why? Because as this investigation will show, the big dealers play off the milk producers in one State against the milk producers in another State and artificially create a surplus, thereby preventing the Milk Control Board or other regulatory boards of any of the several States from protecting either the producer of milk and milk products or the consumer of milk and milk products, and effectively thwart and render futile the effort of the State governments to prevent these big cooperatives and big distributors from wickedly combining and fattening themselves upon the toil of the dairymen as well as upon the consumers of milk in the cities.

I would not have you think that these dairy farmers—at least the ones whom I know—are holding out any threat of

disorder or violence. These farmers are one of the bulwarks of our form of government and of our institutions. Of all our people they are among the most reluctant to resort, for a redress of grievance, to violence or methods other than the orderly processes of law and government. But even their patience, their endurance, may come to an end, for hope for them has been so long deferred that even their stout hearts may well become sick.

The poet, Gray, immortalized the English farmer of many generations ago and well described his rugged, sterling qualities:

Beneath those rugged elms, that yew-tree's shade,  
Where heaves the turf in many a mould'ring heap,  
Each in his narrow cell for ever laid,

The rude forefathers of the hamlet sleep.

The breezy call of incense-breathing morn,  
The swallow twitt'ring from the straw-built shed,  
The cock's shrill clarion, or the echoing horn,  
No more shall rouse them from their lowly bed.

\* \* \* \* \*

Oft did the harvest to their sickle yield,  
Their furrow oft the stubborn glebe has broke:  
How jocund did they drive their team afield!  
How bowed the woods beneath their sturdy stroke!

I would that I had the ability of the poet to bring before you a picture of the plight of the farmers in what might be called the relatively prosperous districts of my own State. I am sure that my colleagues from the State of New York who represent dairy sections will all tell you that I do not exaggerate the plight and desperate need of these dairymen or overdraw the picture or overly stress the necessity of affording them some relief.

Bowed with the weight of unremunerative toil, carrying a heavy load of land taxes for county government and for schools, in many instances burdened with debt of mortgage, principal and interest, in not a few instances with taxes unpaid upon his farm for several years, receiving for his principal cash product, milk and milk products, for much of the time far less than the cost of production, the farmer sees little hope unless the oppressive monopolies and combines which prevent him from securing a fair price for his product may, through the intervention of the Federal Government, be broken up.

I have tramped over the hills of Oneida and Herkimer Counties in my district, the heart of the Mohawk Valley, one of the richest milk-producing sections in the world, and I know the condition of these dairy farmers. I know that there is many a home right in these dairy sections in the Mohawk Valley where the farmer's children, even when milk brings the farmer only 3 cents a quart, do not have what every child should have for health, a quart of milk a day, because every quart of milk must go to the city to pay the interest on the mortgage and to keep the family from losing its home. The parents look forward in the summer to the coming of Labor Day with nothing but dread, because then is the time when they must scrape together a few more dollars to buy school books and shoes for the children so that they can go to school. These children are receiving less care, fewer pleasures, less nourishing food, and we find more cases of undernourishment among them than even among the poor in our great cities. And despite all this, these dairy farmers ask nothing from the Congress or the Federal Government except to help them get justice and fair play.

Now, if we are to have an investigation, it should, of course, be unnecessary for me to tell you in any detail what the investigation will disclose; but I want to tell you enough, if you do not already realize it, that you may appreciate the importance and necessity of passing this resolution. I shall attempt to speak only of conditions prevailing in the State of New York. And one of the purposes which I expect this investigation will accomplish will be to show the unholy alliance existing between that alleged but not real cooperative, the Dairymen's League, and that great distributor, Borden's, of New York.

I have been so fortunate in the course of my study of the dairy problem as to have the assistance and counsel of a man who I believe knows as much about this problem

as any man in the State of New York, and probably as much as any man in the country. I refer to Mr. John J. Dillon, the editor for many years of the *Rural New Yorker*, a paper which circulates throughout all of the dairy sections in the States of New York, Pennsylvania, New Jersey, Connecticut, Vermont, and elsewhere. Mr. Dillon is something over 70 years young. He is recognized among the dairymen as their faithful friend and wise counselor, and as a thorn in the flesh to the pseudo-cooperatives and the gouging distributors. And for many of my facts in these remarks, and also for information which I hope to point out to the commission making this investigation, I am relying upon Mr. Dillon.

Let me briefly outline the history of the centralized dairy organization in the State of New York.

In this State we have a typical example of centralized dairy organization at its worst. Eighteen years ago our dairy farmers organized themselves into a simple form of association and succeeded not only in increasing the price of their milk without extra cost to consumers but united all the commercial milk producers in the State in one association known as the "Dairymen's League."

In 1920 the management reorganized into a typical centralized corporation, namely, the present Dairymen's League Cooperative Association, Inc. It then formed an alliance with the Borden Milk Co., which has by far the largest milk outlet in the New York metropolitan market. This unholy alliance promptly proceeded to divide the once-united farmers into groups. One of these groups was the reorganized Dairymen's League. These dairymen were tied up in an iron-bound contract to sell all their milk through the Dairymen's League, to accept whatever price was returned, and to waive their right to an accounting. The contract authorized the association to make deductions from the milk bills for expenses and for capital fund in any amount required by the management. With the funds so collected the Borden-league alliance then bought up at fabulous prices the business of about two dozen of Borden's successful competitors. The profitable distributing end of these businesses was absorbed by Borden's. The country receiving plants were retained by the association.

Dairymen who were unwilling to sign the one-sided iron-bound contract were then coerced into doing so. The Borden Co. would buy only through the Dairymen's League. The league would handle the milk only of those who signed the contract. The combination—league and Borden—controlled more than 400 country receiving plants. When there were two or more plants in a neighborhood they closed and dismantled all but one. The farmer could sign the contract and deliver milk to them or sell his cows.

The State and Federal law exempts the league as a farm cooperative from restraint-of-trade laws. The monopoly control by the alliance existed without apparent technical legal violation of antitrust laws.

Under the sales plan the Borden's supply of milk is shipped daily on consignment for a month. It is sold for fluid consumption of milk and cream and for manufacture in nine classes, depending on the use made of it, and a descending price for each class. This is the so-called "classified or blended price plan." The dealer makes the record of the volume sold in each class. There is no way to check this record. The dealer works out a blended price which he is to pay the league per 100 pounds for all the milk. The league then works out a blended price for all milk it handled for the month, makes its deductions, and on the 25th of the following month the farmer for the first time learns the price of the milk he delivered the previous month. In effect the milk is handed over to the dealer with the privilege of making his own price for it.

In the early part of 1933 the price of milk to the farm was so low that a State law in New York authorized the State milk control board to set a minimum price to producers and a maximum price to consumers. The Dairymen's League opposed the fixing of the higher price to farmers, but with other dealers approved the higher price to consumers. A "joker" in the law, however, authorized the Dairymen's

League to make deductions on returns to its producers for alleged services. In consequence, its price to producers has been from 40 to 50 cents a hundred pounds less than others paid. This allowance made it possible for the league to cut prices in its capacity of a dealer to consumers and retail distributors and take the difference out of its returns to producers. This practice has broken down the city price and left the State board powerless to enforce its city price regulations. As usual this chaos has resulted in a reduction in the price to farmers. This plight in the local industry is due to the classified-price plan insisted upon by the league-Borden alliance and the "joker" in the State law which compels other dealers to pay farmers the price fixed by the board but allows the alliance to pay its producers less.

From the time the league-Borden alliance was formed, in 1920, to the early part of 1933 the farmer's share of the consumer's dollar was reduced from 36 cents to 15 cents and the dealer's share increased from 64 cents to 85 cents.

The league earns no profit. Its business as distributing dealer is run at a loss.

In 1916 the Borden Co. had common stock of about \$30,000,000, on which it paid various rates of dividend up to 12 percent. Since the alliance its \$7,000,000 of preferred has been liquidated. Its capital stock is now about \$90,000,000. In 1931 it reported a net return of 38 percent after executive salaries, depreciation, and all taxes were deducted. Producers have no information of the volume of their milk that goes to the Borden Co. or of the blended price paid the league for it. They were obliged to waive an accounting in the contract with the league.

Figures as to the enormous profits of distributors in several of the milksheds have recently been made available through an audit by the Agricultural Adjustment Administration. No such audit has been had as yet of the distributors supplying the New York City market. It is, however, some indication of their profits that in the report recently made by the Federal Trade Commission to the Senate the combined salary and bonus of Arthur W. Milburn, director and president of the Borden Co. of New York, during the 6 years, 1928-33, inclusive, average well over \$150,000 a year, the best year for Mr. Milburn, namely, 1931, being \$180,030 and a comparatively poor year, namely, 1933, being the paltry sum of \$100,000, while the salary of one Patrick B. Fox, vice president of Borden's, was \$101,645 in 1930 and \$104,040 in 1931. For some reason his salary is not reported either prior or subsequent to these 2 years.

The Dairymen's League has liabilities of \$26,000,000. Of this \$13,000,000 is due farmers on certificates of indebtedness; and \$3,500,000 on account for milk; and \$3,450,000 for loans from the Federal Government. The remainder is due on open accounts.

The Dairymen's League has handled more than \$80,000,000 worth of milk in a year. Its expenses for a single year have been up to \$29,000,000. It has never given its producers a complete detailed monthly accounting, nor a full profit-and-loss monthly statement for the association. Its producers do not have access to its annual statement.

The officers of the Dairymen's League are the only trustees I have ever known exempt from the obligation to make an accounting to their wards.

I have refrained from going into detail as to the waste and extravagance of the Dairymen's League and Borden's; the abuse and punishment of individual dairymen; and the loss and scandal that must ultimately result, if this autocratic and unaccountable combination is permitted to continue to the inevitable end. It has already demoralized a great industry and driven its helpless patrons to the brink of ruin.

The Dairymen's League and Borden's are at this very moment attempting to rewrite the milk control law of my own State and perpetuate their vicious alliance, and by placing a former director of the league in control of the dairy industry enable them to continue to exploit the dairymen. For these reasons this investigation is of vital importance. Do not ignore the cry of my people and your people. [Applause.]

Mr. ARENS. Will the gentleman yield?

Mr. SISSON. I yield.

Mr. ARENS. The Borden's are distributing agents, and the New York Dairymen's League gathers the milk and dumps it into the lap of the Borden's, and they take the profit.

Mr. SISSON. The gentleman is correct in his statement. Through the Borden's and the Dairymen's League they have secured an exemption from the New York milk control law, so at the present time the Dairymen's League is exempt from the milk control law. We cannot do a thing; they can pay the producers any price.

Mr. KVALE. Will the gentleman yield now?

Mr. SISSON. I will yield now to the gentleman from Minnesota.

Mr. KVALE. I greatly sympathize with the gentleman's remarks. Will he permit me to read a few figures into his speech?

Mr. SISSON. I will not object to incorporating them in my remarks, but at this moment I should like to complete my statement.

The representatives of Borden's and the Dairymen's League are in the legislature at Albany right now trying to rewrite the milk control act.

Mr. CULKIN. Will the gentleman yield?

Mr. SISSON. I will yield to my colleague.

Mr. CULKIN. I notice a control law has been introduced into the New York State Legislature and places the Dairymen's League and all other cooperatives under the milk-control board. In other words, it is broader than the former statute, as I understand it.

Mr. SISSON. If I am wrong I wish the gentleman to correct me. I received word this morning that the Dairymen's League and other cooperatives are exempt. By contract it enables them to take out a certain number of cents per pound for expenses. Am I not correct?

Mr. CULKIN. I understand that in the proposed statute, and it is in its initial stages now, that advantage is eliminated.

Mr. SISSON. I hope the gentleman is correct. That will be an advance.

Mr. CULKIN. I do not predict the ultimate passage of the statute, but that is the form in which it is now.

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

Mr. SISSON. Yes.

Mr. BLANCHARD. I take it from what the gentleman says that he is in general accord with the New York milk control law?

Mr. SISSON. I believe the control law was a great step in advance; but the law has certain defects, as every Member of Congress from the State of New York knows. I think milk should be made in effect a public utility. I think appointment to the board and power of removal should be in the hands of the Governor. I do not care whether he be Democratic or Republican, the power of appointment and removal should be vested in him and not in a board, and the members of that board at the present time—at least two out of three—hold their office *ex officio*. They are heads of other departments, and that is one of the defects of the law.

Mr. BLANCHARD. What I had in mind was this: New York and other States are putting into effect State-control laws, and, of course, the purpose is proper, to control milk so that the producer may be assured of a decent price. Yet I am informed that the A.A.A. now tells State authorities of those States where they attempt to enforce their State control laws that it, the A.A.A., will not enforce licenses. Of course, that is getting into another field, but that is the situation, which brings State authorities and State control in direct conflict with the A.A.A.

Mr. SISSON. I agree with the gentleman, but I think the A.A.A. is endeavoring to help them. As gentlemen here know who are interested in this subject and who are trying to protect the farmers, they did attempt to ram a Federal code down our throats, but we blocked it, and I am proud to say that I had a part in it, and certain other gentlemen

in this body had a prominent part in it also. That danger is past. Their present position is that they have nothing to sell. I represent directly 35,000 dairymen, and indirectly I represent the dairymen of New York State, and my friend from New York, Mr. WADSWORTH, and my friend from New York, Mr. CULKIN, are also representing them from the whole State, and I am opposed to the proposed Federal code, very much opposed to it. It is no improvement over the old dairymen-league plan, or the blended-price plan, or the classification plan, or the equalized plan. Let the Federal Government put us and put the public in possession of the facts and enable us to set up an interstate agreement or some authority. We do not want another administration; we do not want another code.

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

Mr. SISSON. Yes.

Mr. CULKIN. The gentleman is experienced in this field. He has studied it closely. Does he not believe that for the protection of the producer in New Jersey, Pennsylvania, and New York there must be some control of the interstate phases of this through the A.A.A.?

Mr. SISSON. I absolutely agree with my friend.

Mr. CULKIN. We must have that, otherwise the effect of the State control law would be nil.

Mr. SISSON. But not through such a code as at present proposed.

Mr. CULKIN. There must be some code to control that phase of it.

Mr. SISSON. Possibly so, or something to be worked out in the future.

Mr. CULKIN. Some arrangements between the States.

Mr. SISSON. Yes; that is absolutely necessary.

Mr. ARENS. And the purpose of the gentleman's investigation would be to lay the facts before the Congress so that we could legislate properly at the next session.

Mr. SISSON. That is the only purpose, merely to put the facts on record.

Mr. ARENS. To get the real facts.

Mr. SISSON. And to put them on record so that they will be susceptible of proof. Mr. Chairman, I spoke of the Borden's a moment ago. There has been an audit showing the profits of the great distributors in many of the large markets. There has been no such Federal audit for the New York City market, which takes in several States in its milkshed. I spoke a few minutes ago of the enormous profits of the Borden's and of the enormous salaries and bonuses of some of their directors. I have no objection to a man's getting what he is worth, but it should be borne in mind that the milk farmers of my section are unable to pay their taxes, and when they cannot get 3 cents a quart for their milk, these salaries seem out of proportion.

Dr. Spencer, of Cornell, was called upon, not by the farmers of my section, not by the farmers of Pennsylvania or New Jersey, but by the Milk Control Board of New York—and 2 of the 3 members at least were in sympathy with the Borden's—to make an investigation, and his report showed that during the past 3 years the farmer of New York State got for his time, as payment for his wages, milking cows—for the only cash product that in at least 30 counties the farmers have, namely, milk and milk products—less than 2 cents an hour. I do not know whether those figures are correct or not, but I am accepting his conclusion, because he is a witness against and I cite him as an adverse witness.

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

Mr. LUDLOW. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York.

Mr. KVALE. Will the gentleman yield?

Mr. SISSON. I yield.

Mr. KVALE. I have been very glad to hear the gentleman has expressed himself so positively, but I wanted to have him make his position clear. I should like to have the gentleman from New York point out before he concludes that he prefers an investigation by the Federal Trade Commission, a quasi-judicial, fact-finding body, rather

than to have the investigation by the House or Senate, where political considerations may enter in and where it would not be as thorough-going as if the Federal Trade Commission conducted it.

Mr. SISSON. The gentleman states my position thoroughly. I have great respect and confidence in several of the men in the A.A.A. who will assist in this investigation. I know they are in sympathy with the investigation. They are willing to furnish their trained investigators and personnel, if called upon by the Federal Trade Commission, to assist in that investigation. I doubt if it will call for any appropriation whatever from us.

Mr. HENNEY. Will the gentleman yield?

Mr. SISSON. I yield.

Mr. HENNEY. Is not the Borden Co., to which the gentleman referred, the same company that has the slogan, "Contented Milk from Contented Cows"? [Laughter.]

Mr. SISSON. I think that is the Carnation Co.

Mr. HENNEY. I think the gentleman will agree the contentment goes back to the men who receive the salaries.

Mr. SISSON. The gentleman will agree that the farmers are not contented, and neither are the consumers.

Mr. HENNEY. Absolutely.

[Here the gavel fell.]

Mr. SISSON. I ask leave to revise and extend my remarks. I wish to incorporate herein certain figures furnished me by my friend from Minnesota [Mr. KVALE] which furnish further evidence that the big distributors are exploiting the dairymen.

The matter referred to follows:

EXHIBIT A

*National Dairy Products Corporation, 12 months ending Dec. 31, 1932*

	Cash salary
Thomas H. McInerney, P.D. mem. ex comm.	\$168,000
J. F. Bridges, V.P.	31,641
V. P. Hovey, V.P.	35,000
Wilbur S. Scott, V.P.	46,666
G. H. Suplee, V.P.	23,493
L. A. Van Bommel, V.P.	70,000
A. A. Stickler, T. and D.	23,333
Charles R. Bowman, D. ex sub co.	44,681
H. N. Brawner, Jr., D. and ex	28,250
J. L. Kraft, D. and ex sub co.	75,000

*Federal Trade Commission report—The Borden Co., New York, 12 months ending December 1932*

L. Manuel Hendler, chr. southwestern dist.	\$42,600
John Lefebre, D. chr. Wisc. dist.	20,000
Robcliff, V. Jones, asst. to V.P.	26,000
John B. Lewis, D.V.P.	55,000
John Lafeber, D. Chr. Wisc. Dist.	20,000
Arthur W. Milburn, D. and chief exec.	108,350
Stanley M. Ross, D. chr. Ohio-Ind. dist.	20,000
Wallace D. Strack, D.V.P.	46,133
Arthur G. Milbank, chr. bd.	23,200
Patrick D. Fox, V.P.	57,433
Merritt J. Norton, V.P.	14,400
Ralph D. Ward, V.P.	34,833

Mr. MCLEOD. Mr. Chairman, I yield 15 minutes to the gentleman from Nebraska [Mr. HOWARD].

Mr. HOWARD. Mr. Chairman, among the manifold forward steps taken by President Roosevelt in an effort to eradicate graft and shame from the official atmosphere in Washington, I believe his successful effort to curb lobbying in the Federal departments by men officially connected with political-party organizations has been the most courageous. The older Membership in the House will recall that on several occasions I have addressed the House on this subject, and that on two occasions I introduced a bill to forbid an ex-Member of either House of Congress practicing for pay before any department of the Government during a term of 2 full years following his retirement from Membership, either voluntarily or through "lame duck" proceedings. I have regarded this evil as so monstrous that in my bill I asked for a prison term to be visited upon any ex-Member who should violate the plain provisions of the legislation which I had introduced. It follows naturally that at this time I am highly gratified by the attitude of President Roosevelt toward official lobbyists, and I am hoping he will go further and ask legislation in harmony with my own bill to forbid lobbying by ex-Members for a term of 2 years following their

retirement, and with a prison reward for such ex-Members as shall run counter to such legislation.

A few days ago the Membership of this House listened with rapt attention to a brief but interesting address by our distinguished colleague from Pennsylvania, Mr. McFADDEN. Indeed, his addresses are always interesting, and always, until this day, I had found him to be whole-heartedly fair and just in his dealings with subjects, both personal and material. However, on this particular occasion the gentleman was not whole-heartedly fair with reference to a friend of mine, and, in the absence of that friend, it is my high privilege to inform the gentleman from Pennsylvania of his error in neglecting to picture to the House one of the beautiful characteristics of my friend while picturing some of his characteristics which he regarded as not so beautiful. I am fully persuaded that in so doing my colleague had no thought of carrying to the ears of his hearers an untrue word-picture of my friend. His record of the years here in the House does not stamp him as one guilty of painting untrue pictures. My thought is—and I believe I am right in entertaining the thought—that my Pennsylvania colleague was uninformed regarding the merits of my friend whom he assailed, and for that reason alone he was incapable of painting a fair and unbiased word-picture of Arthur Mullen, Democratic national committeeman for Nebraska, who is the friend in whose behalf I now am speaking.

I know nothing about Arthur Mullen's connections as an attorney with the Henry L. Doherty interests, but it seems very odd to me that he should be listed as an official spokesman for that prince of the house of privilege, who has astounded the world by his financial legerdemain. I say it is difficult for me to understand that he should have such a connection when the fact remains that all during the past year Arthur Mullen has been laboring, and successfully, to enable many districts, many towns, and many communities in Nebraska to secure Federal approval of projects, having for object the harnessing of the waters in the wonderful rivers in Nebraska for the purpose of setting them to the task of generating electric energy in competition with the Power Trust and distributing it among the people at a rate so low as to enable all Nebraska to get out from under bondage to the Coal Trust and the Electricity Trust.

Our Pennsylvania colleague infers that my friend Arthur Mullen has been reaping magnificent fees as an attorney for his services in behalf of interests which he represented before the several departments of the Government. Now, it is my happy privilege to tell my colleagues that from my own personal knowledge, Arthur Mullen, without fee or hope of reward, took the leadership in behalf of a score or more projects filed by cities, towns, communities, and districts in Nebraska for P.W.A. aid in the construction of various public improvements, including two hydroelectric projects involving an ultimate expense of practically \$20,000,000. How do I know that he gave his valued services without hope of fee or reward? I speak from my personal knowledge when I say that in behalf of the great hydroelectric project at Columbus, Nebr., I approached Arthur Mullen in my capacity as the representative of the board of directors of that district and secured from him his pledge that he would represent our district as attorney and adviser without hope of any fee or reward of whatsoever name or nature, but only the reward of his own approval of having put forth best effort to serve the interests of the people of his own beloved native State. Our Pennsylvania colleague did not know the fact I have here stated, else he would have presented it at the same time he was presenting another side of Arthur Mullen, and I am quite confident that at first opportunity the splendid McFADDEN will pay tribute to the magnificent side of Arthur Mullen as a servant of the people of his home State.

I speak of our colleague from Pennsylvania as magnificent, and so he is. He is magnificent along many lines, but particularly in point of courage. Time and again through the years of our mutual service here I have seen him bare his breast to the javelins of those financial pirates who held absolute control over the financial policies

of our Government until recent days. It was not easy for Mr. McFADDEN to do this. He was a Representative from a State wherein—until recent days—the average politician would not recognize a progressive principle of government if he should meet it in the middle of the road, and if perchance he did recognize it, he would shoot it if he had his pistol along. I want now to express the belief that Louis T. McFADDEN has performed a service in this House on par in value with that of any among us here. Often I have been charmed and thrilled by the courage and ability of him when assailing many of the financial pirates of high degree, and particularly when he would sometimes wrap barbed wire around his shining lance and hurl it into the belly of a financial pirate whose name sounds like the sweetest morsel that ever tickled the tooth of a Senegambian, and that other servant of the financial pirates whose name reminds us more or less of the rumbling of a carpet sweeper.

Particularly I recall one occasion when Mr. McFADDEN came before us here and tried to paint a word picture of the infamy of some of the Mellonites who were despoiling both Government and people by their financial machinations. He admitted that he could not find words to shrivel, parch, or burn commensurate with the merits of those evil ones. He told us how he had traveled far and near in search of symbols of infamy; how he had thumbed the annals of ancient Egypt and of Rome; how he had stood beside the traitor in his cell; how he had read portrayal of the characters of Judas Iscariot and Aaron Burr, and yet in all his search had found no characters in whom were gathered and combined the infamies attaching to those two Mellonites always made object of his scathing denunciations.

I am praying for a long and useful life to Louis T. McFADDEN, to the end that the example of his courage and his devotion to the premier principles upon which our Republic has been so safely builded may lead many of us to better service here, and at the same time I am believing that in the first day of opportunity the splendid McFADDEN will be brave enough to rise in his place in this House and admit that there is a good side to Arthur Mullen—and admit that in all the land there is no attorney big enough to be tendered by the President of the United States a seat on the second highest judicial tribunal in all the world, and at the same time generous enough to bestow his vast talents freely upon the altar of the good of his fellow citizens in his own beloved State, as Arthur Mullen has done in the matter of his alleged lobbying during the past year in the Capitol of the Nation.

Some day each of us who now holds membership in this House will be called away from service here, perhaps by a discriminating constituency or by a higher power. In that day I shall be content if my colleagues who remain shall pay but one tribute to my memory, and that will be to speak of me as one who was loyal to his friends. A sage has said that friendliness is a gift from the gods, and I am believing that precious gift will be vouchsafed to every mortal willing to receive it. To my every colleague here, and particularly to those of lesser years, before whom the pathway of life looms long, let me plead acceptance of the gift of friendliness. When halting at two pathways plain, not knowing which is best to take, lose sight of self and selfish gain and make a choice for friendship's sake. True friends are God's best gifts to earth; true friendships are the priceless boon. Let us strive to prize them at their worth, nor lose them from our lives too soon. Be brave to serve your real friends; therein the proof of friendship. Trust friendship's tongue to speak amends for all your faults in other eyes. [Applause.]

Mr. DE PRIEST. Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN (Mr. BOLAND). The Chair will count. [After counting.] One hundred and two Members are present. A quorum is present.

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. BEAM].

Mr. BEAM. Mr. Chairman, it is indeed gratifying for us to look back over the past year and see the progress we have made to restore prosperity to our country. We see an in-

crease in employment. We observe the rise in the price of wheat, cotton, corn, and various other commodities. We are also conscious of a greater feeling of security and confidence in the minds and hearts of our fellow citizens prevailing generally throughout the entire land.

We are all anxious and desirous to see the great agricultural sections of our country prosper and to observe that prosperity reflected throughout the entire Nation.

Much has been said in this Chamber of the plight of the farmer. Many have championed his cause, and a great deal of legislation to promote his interests and relieve his distress has been enacted into law by a sympathetic Congress. I speak advisedly, for as a member of the great Agriculture Committee of the House I supported every measure which had for its ultimate object the relief of agriculture and the restoration of prosperity to the American farmer.

I fully subscribe to the doctrine of Lord Chatham, when he said:

Trade may increase the wealth and glory of a country, but its real strength and stamina are to be looked for among the cultivators of the land.

But, Members of the House, in our anxiety and in our zeal to promote the interest of the 50,000,000 of our citizens directly and indirectly engaged in agricultural pursuits, we must not be too limited in our view or too parochial in our vision, but some thought and consideration must be given to those 75,000,000 engaged in enterprises other than agriculture, and whose interest and livelihood depend upon the success of industrial and commercial endeavors, whereby through a reciprocal medium of exchange the industrial workers of the country may be placed in a position to buy at a fair price the products of the farm and the farmers of the Nation may be permitted to purchase the products and output of our metropolitan factories.

To achieve and accomplish this result, three elements enter into the equation:

First. Higher wages and shorter hours must be afforded labor.

Second. The farmer must receive the cost of production plus a reasonable return for his products.

Third. A fair return must be acceded to industry.

Representing as I do the central manufacturing district of the city of Chicago, probably the greatest industrial district in the country, I desire to bring to the attention of the House some facts and observations I have made concerning an industry which embraces and embodies the three elements I have stated above—closer, perhaps, than any other enterprise in the country.

I refer to the great meat-packing industry of the United States.

The people whom I have the honor to represent are dependent for their livelihood and employment, to a very large extent, upon the successful operation of this business.

It is, therefore, perfectly obvious that the very essence of the meat-packing industry is to serve as a medium of distribution to the consuming public of the products of the farms. It operates as a source of employment to many thousands of employees in the city of Chicago and throughout the entire Nation, and it must be perfectly apparent that to keep this industry in motion and operation a fair return must be realized in order to induce prospective stockholders to invest their money for the further development and expansion of this project.

The employment conditions in this industry were singled out by the Secretary of Labor, Miss Frances Perkins, as an example of what can be accomplished under the present scheme of events by the whole-hearted, sympathetic cooperation on the part of a great industry.

Figures just supplied by the Bureau of Labor Statistics of the Department of Labor show that the index of employment in the meat-packing industry for January 1934—the latest figures available—stood at 105.2, as compared with what the administration regards the base or normal year of 1926.

In other words, the meat-packing industry in January of this year actually was employing 5.2 more people than it was in what is regarded as a normal year for all industries in this country.

A great many factors enter into this amazing situation. During 1933 there was produced in this country more meat than has ever been produced in any previous year on record.

A million more cattle, two million more hogs, and nearly one half a million more calves were produced last year on the farms of this country than during the year before.

As a result of the increased production of livestock, a surplus of nearly one and one-half billion pounds more meat was produced than the packing industry was obliged to market during the year 1932.

This tremendous surplus of meat, Members of the House, was placed on the market in the face of wide-spread unemployment, and at a time when the purchasing power of the country was at its lowest ebb.

Pay-roll totals in all manufacturing industries for the year 1933, as disclosed by the Bureau of Labor Statistics of the Department of Labor, were 44.3 of what they were in what the administration regards as a normal year, or 1926.

Now, with this enormous supply of meat—nearly one and one-half billion pounds, under the most deplorable and unfavorable marketing conditions—it was the processors task to put this amount of meat into the channels of consumption with the utmost dispatch, for the reason that meat is a highly perishable product and it cannot be long carried in stock without deteriorating. This could only be accomplished in one way, and that was through prices sufficiently low to permit the consumer to purchase the products.

In December 1933 the index number of the wholesale price of meat was only 46, as compared with 100 in 1926. This, Members of the House, is some indication of the very low level on which the livestock and meat industry is forced to operate when confronted with the depressing facts of wide-spread unemployment, curtailed and limited purchasing power, and a tremendous quantity of meat products demanding immediate marketing.

During the course of the debate on the agriculture appropriation bill some comment was made on the processing tax on hogs and who pays the tax. In the Seventy-second Congress I opposed the processing tax on hogs for the reason that the industry could not absorb the tax; that owing to the general prevailing conditions, it could not be passed on to the consuming public, and that in the main it would ultimately rest upon the producer. Subsequent events have since demonstrated the justification of that stand.

The present amount of the processing tax based on the rate of \$2.25 per hundredweight—live weight of the hog—would represent \$5.61½ on a 250-pound hog. If the amount of tax is applied to the expected production this year of 40,000,000 hogs, it would probably amount to \$200,000,000.

There is not a person in this Chamber who would contend that the industry could absorb this tremendous sum. The \$200,000,000 figure is approximately six times what the packing industry made last year, as nearly as can be estimated from the figures which leading packers have published.

In my judgment this tax in the aggregate is passed back to the producer.

Secretary Wallace recently said in testifying before the Agriculture Committee of the House of Congress:

I think, generally speaking, when there is a decided overproduction of a commodity, a perishable commodity like livestock, and a decided underconsumption of a perishable commodity like livestock, that there is going to be a continuing tendency for the tax to be passed back to the producer.

But, also it must not be overlooked that the purpose of the Agricultural Adjustment Act, and of the Agriculture Department is to refund to the producer who complied with the corn-acreage production program and the hog-reduction program substantially all the amount that is covered by the processing tax.

There is another element which is sometimes misunderstood by people not conversant with the facts, and that is the

differential between what the producer receives for his livestock and what the consumer is compelled to pay in purchasing the dressed products. Many elements enter into this variation—over which the processor has no control—such as labor, freight rates, insurance, cost of retail merchandising, and various other items.

It must also be borne in mind that 100 pounds of live animal produces much less than that amount in dressed meat, and there are further losses and shrinkages in cutting of carcasses into wholesale and retail cuts. For instance, a live hog will only yield 65 to 70 percent in the dressed product, cattle average about 55 percent, sheep and lambs average between 45 and 55 percent.

From the above facts it can readily be realized that the average price of meat sold at retail must of necessity be from one and one half to three times as great as the price per pound of live weight merely to cover this weight loss in processing plus the ordinary amount of expense of merchandising the product.

It has been stated that this spread between the producer and the consumer could be considerably narrowed if the packers retailed their own products. This could not be permitted because under the consent decree the packers are prohibited from doing any retailing, and hence are compelled to dispose of their products through the medium of retail marketing.

It is therefore very self-evident and it can clearly be recognized that between the wholesale price of the product and the price of the livestock a tremendous expense is necessarily involved.

I am reliably informed that cooperating with the President's reemployment agreement has added to the expense of the operation of this industry about \$50,000,000 a year, all of which is willingly assumed by the industry for the benefit of the producer and of labor.

Reference was also made during the course of the debate on the agricultural appropriation bill that Armour & Co. made a profit last year of approximately \$8,000,000.

In this regard I wish to submit for the information of the House that the packers made an aggregate profit from all sources during the past year of nearly \$35,000,000, which would be about 39 cents a head on all the livestock that was handled; that is, the added value of the livestock to the producer would be 39 cents a head, if the profits of the entire industry from all sources had appeared in the form of higher livestock prices.

From the annual statements of the so-called "large packers", certified to by dependable public accountants, the total earnings from all sources for the last 5 years of the four large packers amounted to \$48,791,000—on a capital investment of \$579,480,000—and aggregate sales of \$9,050,000,000. This represented an earning on the investment of 1.68 percent per annum; an earning on the sales of 0.54 of 1 percent—that is, an average of only a half a cent on each dollar of sales for the past 5 years.

For the past year, about which there has been some comment, the four packers earned 4.25 percent on investment and 1.89 percent on sales. For the past 3 years, taking them together, they broke even. That is, the investors in these four companies got nothing in earnings on the average during the past 3 years.

The foregoing figures do not represent just the earnings from handling the products of cattle, sheep, hogs, and calves. They represent the earnings of all these companies from all sources, both foreign and domestic. Many of the companies derive earnings from activities unrelated to livestock. Some of them, moreover, include earnings from South American, European, and other foreign agencies. All these earnings are included in the computation.

Over the 10-year period ended in 1931, the average profit of all manufacturing industries, as shown by statistics of corporate income-tax returns, was nearly 5 percent on sales, whereas the profit of the meat-packing industry was less than 1 percent on sales over that period, equivalent to less than one fourth of a cent on each pound of products.

Figures on the returns on the investment of all the manufacturing industries during the period mentioned are almost double the rate of return for the packing industry.

In no year since 1924 have the companies slaughtering livestock made average earnings of as much as 6 percent on the investment of the owners, and for the 8 years, 1925 to 1932, for which reports have been made to the Bureau of Animal Industry, companies conducting slaughtering operations have earned on an average less than 4 percent on the investment. The rate of earning for 1933 was between 4 and 5 percent.

From the above it is perfectly obvious and apparent that the return realized by the meat-packing industry falls far short when compared with the other great industries of the Nation.

The new deal under which we are operating I earnestly hope and anticipate will result in a better understanding and a closer cooperation between the producer, the processor, and the consumer, to the end and for the purpose of bringing a greater prosperity to the agricultural sections of our country; a shorter workday and higher wages for labor, and a reasonable and fair return on investment from legitimate enterprises. [Applause.]

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. BEAM. Certainly.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 3 additional minutes to the gentleman from Illinois.

Mr. MCLEOD. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois.

Mr. JOHNSON of Minnesota. I have in my hand a newspaper clipping which states that the packing industry of this country during the first 18 weeks of this year made a sufficient profit to pay the half-year dividend. This is more than the farmers made, is it not? I understand that last year Swift & Co. made a profit of over \$8,000,000.

Mr. BEAM. I think the gentleman means Armour & Co.

Now, that shows you the typical attitude of some members of the farm bloc—I will not say all of them—when facts are presented on these questions.

I call attention to the percentage of profits to sales over a 10-year period for the following commodities: Chemicals, 7.9; printing and publishing, 7.82; stone, clay, glass, 7.09; metal products, 5.72; pulp paper, and so forth, 5.07; miscellaneous manufacturing, 4.17; food products, 3.37; rubber, 1.82; leather, 1.72; textiles, 1.69; forest products, 1.3; all manufacturing, 4.72; and especially I call attention to the fact that the percentage of profits to sales in the meat-packing industry over the 10-year period was 0.88 percent, less than 1 percent. In other words, the returns to the meat-packing industry have been the lowest of any industry.

Mr. DONDERO. What period does that cover?

Mr. BEAM. The figures with respect to the meat-packing industry cover a 10-year period and come from the annual reports of the packers and stockyards division, Bureau of Animal Industry, United States Department of Agriculture.

Mr. WEARIN. Mr. Speaker, will the gentleman yield?

Mr. BEAM. I yield.

Mr. WEARIN. The gentleman is willing to admit, is he not, that the packers have shown a profit during the last 2-year period, during the time the producer from whom they bought their animals sustained one of the greatest losses in the history of their business?

Mr. BEAM. The packers made a profit during the last year, but they were required to handle 1,500,000,000 pounds more meat than they have ever been called upon in a similar time to process and put into the channels of consumptive trade.

In other words, at no time during the history of the packing industry have they had the tremendous surplus of meat such as they were called upon to process during the last year. This billion and a half pounds of additional meat, as I stated at the outset of my remarks, represented a million more cattle, two million more hogs, and nearly one half

million calves. Naturally, this is what caused the increase in work, the increase in employment required to process and sell this product to the consuming public. Those interested in agriculture, those familiar with the peculiar conditions surrounding the cattle industry, know the great obstacles which surrounded the livestock branch of agriculture during the year 1932-33. [Applause.]

[Here the gavel fell.]

Mr. MCLEOD. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, I desire to address myself to the bill H.R. 8717 and the companion Senate bill, S. 3101, dealing with the subject of credit banks for industry.

It is not my purpose, of course, to deal with the mechanics of the measure or the question of policy involved in this important subject.

There is, of course, a fundamental question of policy involved in a measure of this character, one that calls for careful thought, consideration, and study on the part of the Members of this House. I do not propose to refer to the question of policy or to the question of detail in connection with this bill if it is enacted into law. However, I do call attention to one vital thing that I think is worthy of consideration. That is the plight of industry in this country, along with agriculture and other activities that we are engaged in, and the possible effect of extending relief to all industries of the country.

There come to our attention, of course, these companion measures which seek to carry out the policy of the President in connection with administering relief to stricken industries. First of all, may I cite 3 typical cases, 2 of which are in my own district and 1 in the county immediately adjacent to my district. They are not isolated cases by any means, but typical of industries of this character in every locality in the United States. I am not acquainted with all the industries in my district which may seek aid under the terms of this bill if enacted into law, but I happen to know about six or seven of them that are in practically the same condition as these three industries which I am going to make special reference to.

No. 1 is a typical case and an actual one. The industry can obtain all the money it needs from the local banks for current production needs. Its credit for this purpose is perfectly good. The moral and financial risk is beyond question. However, there is a plant obligation of \$30,000 now past due and quite naturally you will understand that this cannot be refinanced through the sale of bonds or first-mortgage notes. The plant is conservatively appraised at approximately \$150,000 exclusive of equipment. The mortgagor is not willing to renew and the company will be forced to reduce inventories and working capital if it hopes to pay off its mortgage indebtedness. This is one kind of an industry that needs refinancing, and I expect to devote a few minutes to demonstrating why the United States Government can and should extend this aid. This is not a question of giving away anything, but of arranging financing so that this industry may have an opportunity to conduct its normal operations and not curtail production and pay roll.

There is another typical industry with property worth \$100,000 on a conservative appraisal basis, with debts of only \$25,000. This is a going concern owing \$10,000 of the \$25,000 in the form of a first mortgage due a bank and now past due. The bank is in such position that it is necessary that this money be paid. The Government can safely step in and loan this money for a period of 5 years, releasing \$10,000 to the bank for other business needs and incidentally relieving pressure for 5 years on the manufacturing enterprise, the surplus to be used in capital and production needs.

Then there is a third quite typical industry in a county adjoining my district, and I will read a portion of a letter I received this morning. This letter reads in part as follows:

For a period of years our company has employed a lot of men. We have paid out over \$15,000,000 in wages alone and have done over \$50,000,000 worth of business.

You have seen our company grow and know something of the wonderful lines we manufacture, as well as the class of trade served by us.

Today we find ourselves with a new program, which is looked upon as one of the most outstanding contributions to agriculture in a century.

Congressman BLANCHARD, we find ourselves, like several other industries who are serving the farm trade. Too much of our working capital has been loaned to the farmer in the last 2 or 3 years and amounts to better than one-half million dollars.

We have farmers' paper—paper that over a period of years has shown a loss of not greater than one half of 1 percent.

This is unusually good paper because it comes from the diversified farmer, who receives a monthly check from his poultry, eggs, milk, cream, etc.

The situation in this country today is such that you cannot borrow from the banks. It is impossible to sell bonds or stock, and there is no place where farm paper can be discounted.

What are we going to do?

We need every dollar of working capital in our business at this time to employ men.

Over 600 people are in our employ now, and we should be putting on at least 200 more; instead, if we do not get some relief very shortly, it will be necessary for us to lay off from 200 to 300 people, and right at a time when there is no other work for these men to do.

Congressman BLANCHARD, the sane, sensible way to encourage recovery is to put men to work in industry where they can earn a living and to give industry an opportunity to do its job. That is all that we are asking for.

This leads me to the point I wish to emphasize that we may prime the pump from time to time with governmental subsidies and governmental aid. Many of these measures I have supported enthusiastically because I was willing to render such aid as was necessary in order to prime the pump. But there comes a time when we must consider that there is a possibility of going to the well once too often. There can be no permanent recovery in this country, there can be no restoration to normalcy until we again employ people in private industry.

Mr. CHRISTIANSON. Will the gentleman yield?

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

Mr. CHRISTIANSON. I am very much interested in what the gentleman says and very much in sympathy with the cause he advocates, but may I call the gentleman's attention to the fact that the Reconstruction Finance Corporation already has certain powers to loan money to industry? We find that although it possesses this power, it is so conservative in the making of loans that it seems to be unwilling to advance money in cases where the industry is not already able to secure the funds from the local bank. I have in mind particularly a Minnesota corporation that made such an application. The loan was endorsed by a local committee consisting of, I may say, the most hard-headed and hard-boiled bankers that we have in the Twin Cities. Nevertheless, the loan was rejected. Will the gentleman state how by the mere passage of any law extending more power to this or any other governmental lending body, giving greater discretion to make loans which obviously ought to be made, we can require or compel them to carry out the legislative intent and make these loans when they are obsessed with the idea that they must be more conservative than the bankers themselves?

Mr. BLANCHARD. In answer to the gentleman, may I read one paragraph from the same letter I read a few minutes ago?

I could give you quite a story of how we went down to Washington as soon as circular no. 11 was issued by R.F.C., how we were told to organize a mortgage and loan company, which we have done, how our applications were filed absolutely in keeping with their wishes, and still we have been waiting for 3 months for some action and at this writing are without relief.

That tells the whole story in a simple paragraph. The R.F.C. has not conceived that it is its duty and its responsibility to relieve the situation that industry finds itself in today. In addition, the law under which the R.F.C. is operating provides only for short-term loans. It is very limited in its scope. It will occur to the gentleman from Minnesota, as it has occurred to me, that we ought to make careful examination of this bill which the President endorses, in order to determine to our own satisfaction that it will answer the purpose.

I am going to review the language of the bill, and then you may judge for yourself. It provides, of course, for 12 so-

called "Federal credit banks", 1 attached to each Federal Reserve bank in the United States. The language of the bill is as follows:

Each credit bank shall have power to discount for or purchase from any bank, trust company, mortgage company, credit corporation for industry, or other financing institution operating in its district, obligations having maturities not exceeding 5 years, entered into for the purpose of obtaining working capital for any established industrial commercial business; to make loans or advances direct to any such institution on the security of such obligations.

The President has called attention to the fact that about \$700,000,000 of working capital would be required to meet the needs of industry in this country. This statement is based on a survey and the answers of approximately 1,000 chambers of commerce and over 4,900 banks of the country.

Mr. WOLFENDEN. Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN (Mr. O'CONNOR). The Chair will count. [After counting.] Ninety-nine Members present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 112]

Abernethy	Dingell	Hoeppel	Reilly
Adair	Dirksen	Hoidale	Rich
Adams	Dobbins	Imhoff	Richards
Allen	Douglass	James	Robinson
Auf der Heide	Duffey	Johnson, W.Va.	Rogers, N.H.
Ayers, Mont.	Eaton	Kennedy, Md.	Sadowski
Ayres, Kans.	Edmonds	Lee, Mo.	Schuite
Beck	Ellenbogen	Lehr	Sears
Berlin	Englebright	Lesinski	Shannon
Bland	Fish	Lewis, Colo.	Shoemaker
Brennan	Flannagan	Lewis, Md.	Simpson
Britten	Foulkes	Lindsay	Snyder
Brooks	Frear	McKeown	Stalker
Brumm	Frey	McMillan	Stokes
Buckbee	Gasque	Mead	Sullivan
Bulwinkle	Gillespie	Moynihan, Ill.	Sweeney
Burke, Nebr.	Gillette	Muldowney	Taylor, Colo.
Cannon, Wis.	Goldsborough	Nesbit	Taylor, S.C.
Carden	Greenwood	Norton	Thom
Carley, N.Y.	Guyer	Perkins	Thompson, Ill.
Carpenter, Nebr.	Haines	Pierce	Underwood
Chapman	Hamilton	Plumley	Waldron
Chavez	Hancock, N.Y.	Pou	White
Claiborne	Hancock, N.C.	Prall	Williams
Cochran, Pa.	Hart	Ransley	Wilson
Coffin	Harter	Rayburn	Wood, Mo.
Crowther	Hastings	Reece	
Cummings	Hill, Knute	Reid, Ill.	

Mr. HILL of Alabama. Mr. Chairman, the gentleman from New Hampshire, Mr. ROGERS, the gentleman from Michigan, Mr. JAMES, the gentleman from Ohio, Mr. HARTER, and the gentleman from Vermont, Mr. PLUMLEY, are not present for this roll call, because they are engaged in the special committee of the Committee on Military Affairs set up by this House for the investigation of the purchase of aircraft and other War Department property.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. O'CONNOR, 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. 8617, the legislative appropriation bill, and finding itself without a quorum, he had directed the roll to be called, when 321 Members answered to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendment of the House to the bill (S. 2728) to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 2729) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1897, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate to the bill (H.R. 8134) making appropriations for

the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, numbered 4, 25, 26, 27, 28, and 35.

The message also announced that the Senate further insists upon its amendments to 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, Feb. 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, disagreed to by the House, agrees to a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TRAMMELL, Mr. WALSH, Mr. TYDINGS, Mr. HALE, and Mr. METCALF to be the conferees on the part of the Senate.

The message also announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 5862. An act to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction.

#### LEGISLATIVE APPROPRIATION BILL

**THE SPEAKER.** The Committee will resume its sitting.

**THE CHAIRMAN.** The gentleman from Wisconsin [Mr. BLANCHARD] has 4 minutes remaining.

**MR. BLANCHARD.** Mr. Chairman, I made the statement that on the basis of the estimates provided and on the basis of the information coming from President Roosevelt, \$700,000,000 of working capital would be required to meet the needs of industry in this country, and that this amount may continue in employment 346,000 employees and give new employment to 378,000 men and women. And on the basis of these estimates and figures provided by the President it follows very naturally that he has suggested immediate consideration by the Congress of this bill.

I take the position that it is highly important we hold what ground we have gained during the past year and that we give consideration to those measures before us which will give natural employment to the people of this country. This is what they want, this is what they demand, and we have the opportunity in a bill of this character to provide more than a mere priming of the pump. We have the opportunity of providing employment for those who are sorely in need at this time. The C.W.A. and other temporary activities, quite naturally, must be construed as nothing more than emergency proposals, designed to prime the pump, while a measure of this kind can be enacted with safety and provide natural employment for our people.

The ultimate answer, of course, must be natural employment, and a bill of this kind provides financing for industry on a safe basis, on a substantial basis, and on a sustaining basis. Some of the things, of course, that we are proposing in this session of Congress can have only the reverse effect. Some of the restrictive measures we are proposing, both in the House and in the Senate, can have but one result, and that is drying up the legitimate channels of credit in this country.

Today, we find all eyes pointed toward Washington. Fraternal orders, religious orders, educational institutions, and business enterprises are all looking to Washington for private financing, not only for new undertakings, but refinancing of old obligations. There is no other source of credit. These institutions must be saved, but with this condition prevalent and continuing, the time, of course, will come when the United States Government will find itself in the impossible position where these demands and needs, which are legitimate in most cases, can never be met.

I want to close by quoting a statement in connection with this bill by President Roosevelt:

I have been deeply concerned with the situation in our small industries. In numberless cases their working capital has been lost or seriously depleted. We have afforded much aid in the

recovery of agriculture, commerce, our larger industries, and our financial institutions. We must now continue in behalf of the medium-sized man.

I said at the outset of my remarks that it was not my purpose to discuss the policy or the mechanics of this bill, but I invite your attention to the rather restrictive language contained in the measure and, secondly, to one other feature that must of necessity give us pause, and that is the feature that goes to the question of whether or not we shall set up 12 separate and distinct new units for banking in this country. [Applause.]

[Here the gavel fell.]

**MR. MCLEOD.** Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DE PRIEST].

**MR. DE PRIEST.** Mr. Chairman and members of the Committee, I came to Washington as a Representative in Congress on the 15th of April 1929. Up until the 23d day of last January I never heard this question raised which has now been raised by the Chairman of the Committee on Accounts this year. On that day when my secretary went into the grillroom downstairs he was told by Mr. Johnson that by the orders of the Chairman of the Committee on Accounts he could not be served in that restaurant.

I read in the newspapers an interview where the Chairman of the Committee on Accounts said that no Negro had been served there and would not while he was here. I hope he was not quoted correctly.

I want to say that if the chairman was quoted correctly in that article "that Negroes had not been served there before" he was mistaken. I have seen them there in the grillroom several times. In the last 5 years I think I have seen them there 50 times.

I want to say further, after talking with some Members of the Committee on Accounts, that this question has never been raised in the committee before, and never was raised officially in the committee, if I am correctly informed.

It seems to be an arbitrary ruling on that question.

The restaurant of the Capitol is run for the benefit of the American people, and every American, whether he be black or white, Jew or gentile, Protestant or Catholic, under our constitutional form of Government, is entitled to equal opportunities.

I introduced a resolution on the 24th of January, asking for an investigation of this ruling by the chairman of the committee. That resolution went to the Committee on Rules. The Committee on Rules has not acted as yet. I waited 30 legislative days, and then I filed a petition with the Clerk of this House to discharge the Committee on Rules and to bring the resolution to the floor of the House.

That resolution calls for an investigation only. If the Chairman of the Committee on Accounts has that power, I should like to know it. If the Chairman of the Committee on Accounts has that power, the American people are entitled to know it.

I am going to ask every justice-loving Member in this House to sign that petition, as that seems to be the only way it can be threshed out on the floor of the House.

I come from a group of people—and I am proud of it and make no apology for being a Negro—who have demonstrated their loyalty to the American Government in every respect, making no exception. They have always proved to be good American citizens and have supported the Constitution. I challenge any man to contradict that assertion. If you are going to keep them good American citizens, like I pray they shall always be, it must be done by defending their rights as American citizens.

If we allow segregation and the denial of constitutional rights under the dome of the Capitol, where in God's name will we get them?

I appreciate the conditions that pertain in the territory where the gentleman comes from, and nobody knows that better than I do.

But North Carolina is not the United States of America; it is but a part of it, a one forty-eighth part. Then I expect, too, as long as I am a Member of this House, to contend for every right and every privilege every other

American citizen enjoys; and if I did not, I would not be worthy of the trust reposed in me by my constituents who have sent me here. [Applause.]

This is not a political problem. Someone said that I was trying to play politics. I did not instigate this; I did not start it; but, so help me God, I am going to stay to see the finish of it.

Mr. BLANTON. Mr. Chairman, will our colleague yield to me for a question?

Mr. DE PRIEST. Not now, Mr. BLANTON; and I consider you one of the best friends I have on the Democratic side.

Mr. BLANTON. I thought therefore you would yield for a question.

Mr. DE PRIEST. I shall later on, but not now.

The CHAIRMAN. The gentleman declines to yield.

Mr. DE PRIEST. I say to the Members of this House—and I have no feeling in the matter—this is the most dangerous precedent that could be established in the American Government. If we allow this challenge to go without correcting it, it will set an example where people will say Congress itself approves of segregation; Congress itself approves of denying 0.1 of our population equal rights and opportunity; why should not the rest of the American people do likewise? I have been informed that if I insisted on pressing this question it might hurt my usefulness down here. If I did not press it, I would not stay here very long. The people who sent me here would retire me next November, and they would rightly retire me because I should not be here if I did not stand up for a group of people who have always been on the square with this Government. I did not come here from a group of people who have committed treason against the Government; I did not come here from a group of people who are Communists or Socialists; I come here from the most loyal American citizens that we have.

During the World War when emissaries of the enemy were scattering pamphlets over the battlefields of Europe asking the colored people to desert the colors because they received inhuman treatment in America, no colored man deserted, and no man can say and history does not record when a Negro deserted the colors—not one. How do you expect them to go on giving loyal service to America, at a time when there is unrest over the whole world, when the Reds are trying to make inroads amongst my group because they are the lowest in the scale of society, from an economic standpoint, unless we give them something like a square deal in this country? I appreciate all that has been done so far, but the work has not been completed yet. And I say further, ladies and gentlemen of the Congress, that America never will be what it was intended to be until every citizen in America has his just rights under the Constitution. [Applause.] I would not have filed this petition if I could have gotten a hearing before the Committee on Rules. I asked for it. I was not even given the courtesy of a hearing before that committee.

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

Mr. DE PRIEST. Yes.

Mr. LUNDEEN. Will the gentleman tell us how many names are on that petition now?

Mr. DE PRIEST. There were 93 names on it an hour ago.

Mr. BLANTON. Mr. Chairman, will our colleague yield to me now?

Mr. DE PRIEST. Yes; I yield with pleasure to the gentleman from Texas.

Mr. BLANTON. The restaurant is for the benefit of the Members of the Congress because we have to be here at meal-time.

Mr. DE PRIEST. I agree with the gentleman.

Mr. BLANTON. Has not our colleague been allowed to go in there every time he wanted to? He can go in there right now and take anybody with him that he wishes to take.

Mr. DE PRIEST. That is all true.

Mr. BLANTON. What more do you ask? You go there at will and are allowed to take your friends with you at will. Is not that equal justice and right to you, the same as to the rest of us?

Mr. DE PRIEST. I am asking for the same rights for my constituents that the gentleman from Texas wants for his, and that is all.

Mr. BLANTON. But our colleague from Illinois does go in that restaurant whenever he wishes, and he takes his colored friends with him whenever he wishes to do so.

Mr. DE PRIEST. I am not asking privileges for OSCAR DE PRIEST or proper treatment for him down there, because I will take care of that, but I am asking for those people who have no voice in this Congress, just like you, Mr. BLANTON, would do if some of your constituents came here from Texas and were refused to be served in that restaurant. You would raise more hell than anybody I know of about it. [Laughter and applause.] I have been here long enough to know just what you would do, and I would vote with you on raising that hell. I would say that you were right, and that your constituents had a right to have the same treatment that I want for mine.

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

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

Mr. BLANTON. We have stood with you generously in helping to build up Howard University.

Mr. DE PRIEST. Yes; and I expect you to stay with me.

Mr. BLANTON. We have given it more than any white university in the United States.

Mr. DE PRIEST. Do you want me to tell you why?

Mr. BLANTON. Because the colored race sadly needs good teachers, and good nurses, and good dentists, and good doctors, and good preachers.

Mr. DE PRIEST. All that is true, and I expect you to keep on doing it, you especially, to help. And while we are talking about Howard University, I might say that personally I am very sorry that those boys came down here from that university the other day as they did. If they had consulted me I would have told them to stay away from here. Another thing—I have investigated and I have found that the boy who has been locked up was not a student at Howard University. I do not know anything about the rest of them, but if they were from Howard University, they are just like the uncontrolled youth of any college or school. There are very few colleges which do not have some radicals in them.

I do not claim the Negro race is any better than anybody else. I know we have our criminal element, just like you have your criminal element. None of us is perfect, but it behooves all of us to do the best we can and respect the rights of the other fellow in America. Whether they be large or small, rich or poor, it makes no difference. Somebody said this was a peanut affair. Well, I agree with you. It ought to have been so small that no man in this House could have been small enough to bring it up. There was no occasion for it whatever.

The secretary who works for me I have known for 40 years. He is a Christian gentleman, a great deal better Christian than I ever thought of being or ever expect to be. There certainly can be no fault found with his personal conduct. He has been in that restaurant dozens of times. Perhaps he needs it worse than any other man down here. You know the condition in Washington and I know it. The public restaurants outside do not serve Negroes, and you know it. It is necessary for him to have some place to eat here, or else bring his lunch with him.

I appreciate the fact, as the gentleman said, that we have a restaurant for Members only, and that restaurant for Members only you cannot get into half the time on account of outsiders. Is that not true? I would like to see the Committee on Accounts bar everybody from the restaurant for Members only except Members and their friends who accompany them.

I was there with my wife and Professor Johnson's wife, and we had to wait 10 minutes to get a table because outsiders had crowded the restaurant. Every Member knows that is true.

To show you the subterfuge practiced; in the last 4 or 5 days they have taken down the sign which read "public

restaurant", and placed there a sign "For Members only." I asked Mr. Johnson, the manager, personally, why it was done. He said, "I had orders to do it from the Chairman of the committee." I said, "Is it a subterfuge"? He said, "You understand what is going on." I certainly do. That sign was put there to keep only Negroes out. One man was asked if he was a foreigner. If he had said "Yes", he would have been served. Has the time come when American citizens cannot be served, and aliens can? Of course, every alien has every right that he is entitled to, so long as he is law-abiding, but at least we are entitled to the same treatment as every other American citizen, and we will be satisfied with nothing less than that.

Mr. GAVAGAN. Will the gentleman yield?

Mr. DE PRIEST. I yield.

Mr. GAVAGAN. I am sorry to break into the gentleman's remarks, but I would like to take this opportunity to express my entire accord with the statements expressed and enunciated by you, and to say to you openly that I am trying to get sufficient signatures to your petition now on the Speaker's desk, so that we may discuss this question fully and openly on the floor. [Applause.]

Mr. DE PRIEST. I thank the gentleman.

I want to say that all of my friends are not on the Republican side of the aisle, and all of my enemies are not on the Democratic side either. Since I have been in Congress I have tried so to conduct myself that I would command the respect of every Member of Congress. I have not imposed my society on any Member on either side of the House. I think every man has the right to select his own society. I would not say that, except that I received a letter from a Member of this Congress, which I am going to read into the RECORD. I would not do it if the gentleman had not published it himself first.

Hon. OSCAR DE PRIEST,

*House Office Building, Washington, D.C.*

DEAR SIR: I have your letter of the 7th instant enclosing House Resolution 236. I presume you desire a reply to this letter.

Which I did.

I note the contents of the resolution and desire to state that I was raised among Negroes in the South and they have always been my personal friends. I work with them on my farm and pay them the same price that I pay white men for the same work. I treat them well and enjoy their confidence.

I am willing to allow them every right to which they are entitled under the Constitution and laws, but I am not in favor of social equality between the races.

And I do not give a damn about it, brother. It does not mean anything to me at all.

If there are enough Negroes around the Capitol to justify a restaurant for them to patronize, I would have no objection to establishing a restaurant for their use.

That we do not want and we will not accept.

I neither eat nor sleep with the Negroes, and no law can make me do so.

I think this explains my position clearly.

GEORGE B. TERRELL,  
of Texas.

[Applause.]

I expected that applause. I expected certain gentlemen here to applaud that statement. I know what your feelings are and I understand them thoroughly. You did not disappoint me by applauding. I would have been surprised if you had not applauded.

Nobody asked the gentleman to sleep with him. That was not in my mind at all. I do not know why he thought of it. [Laughter.] I am very careful about whom I sleep with. [Laughter.] I am also careful about whom I eat with; and I want to say to you gentlemen that the restaurant down here is a place where one pays for what one gets. If I go in there, sit down to a table, I pay for what I get, and I am not courting social equality with you. That does not mean anything in America. Social equality is something that comes about by an exchange of visits from home to home and not appearing in the same public dining room. You might as well say I was seeking social equality if I

rode in the same Pullman car with you. It would not be any special credit to me to be in there.

[Here the gavel fell.]

Mr. MCLEOD. Mr. Chairman, I yield the gentleman from Illinois 5 additional minutes.

Mr. DE PRIEST. I was down in Tennessee. I dropped into Knoxville one night, and the Chattanooga papers in southern Tennessee published a statement that I was coming there to talk about social equality. I had not thought of it. Nothing was further from my mind; but after they had made that charge and in order to make the papers of Chattanooga say something that was true, once in their lives, I did say something about it. This is what I said:

When the Negroes came to this country originally they were all black; they are not now, because somebody has had a good deal of social equality [laughter and applause]; social equality not sought by Negro women; social equality forced upon them because of the adverse economic situation down there.

I hope when I leave this Congress I shall leave with the respect of the Members; but if securing their respect means sacrificing my race, that respect I do not seek any longer. [Applause.]

I am sorry I have to devote my time trying to watch the needs of the American Negro. I wish I could devote my time, like you gentlemen devote your time, trying to watch the interests of all the American people instead of just 12,000,000 of them.

So far as Howard University is concerned, when the question came up here a year ago between the gentleman from Texas [Mr. BLANTON] and myself about the talk made by President Johnson of that university and the charge that it was communistic, I repudiated communism everywhere. I think it is un-American; it is against our form of government; and whatever complaint I have to make against the treatment of my people, I am willing to stay here and fight it out with you, and not try to destroy our form of government.

Again, I ask every Member of this House who believes in a square deal, Democrats and Republicans alike, to sign this petition. I do not care where you live, you ought to be willing to give me and the people I represent the same rights and privileges under the dome of the Capital that you ask for yourselves and your constituents. I do not think 90 percent of the people of America knew there was a restaurant in this building until this thing came up. The Negroes have not been imposed upon you; nobody can say they have. Had the thing come about as a result of action taken by the committee, perhaps I would not have said so much; but according to statements made by members of the committee, it has never been discussed or acted upon. It was just the arbitrary action of this gentleman who comes from North Carolina because prejudice prevails down there.

To my Democratic friends who said this was a political movement, or, as a Negro newspaper said, brought about to create an issue to get votes in Illinois, let me say I do not need an issue to get votes in Illinois; I will get them without any issue, if necessary. I could not have instigated this. The gentleman from North Carolina and myself never have even spoken to each other that I know of. I did not tell him to issue the order that the Negro could not be served. I do not need that kind of an issue. I would not go into a conspiracy to hurt the Negro race for 40 congressional seats. It is not necessary at all. The New York Times printed a statement like that the other day, that I was back of the movement to get the students from Howard University to come here. The truth of the matter is I did not know anything about it before it happened; but I have since learned that the boy who was arrested was not, as claimed, a student from Howard University. [Applause.]

[Here the gavel fell.]

Mr. MCLEOD. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Chairman, for some time I have been interested in securing the redemption of savings deposits in national banks. The question has been discussed

many times and it is an issue at present before the Subcommittee on Banking: Whether or not there is a moral and equitable responsibility on the part of the Government to take over the assets of closed national banks and pay off the depositors in cash.

Before my colleague from Michigan introduced his bill, which is known as the McLeod bill (H.R. 8479), I had discussed the theory concerning the redemption of deposits in closed national banks by the Federal Government, the Federal Government assuming the assets of those banks. What is the basis for this theory? Incidentally, let me say I shall support my colleague's bill. There is no pride of authorship; my only interest is in the principle of the measure. My colleague has studied his subject at length.

#### THE GOVERNMENT SHOULD PAY OFF DEPOSITORS

For many years the citizens of the United States were under the impression that the Federal Reserve banks were owned and controlled by the Government. The bankers themselves, in their paid advertisements which they inserted in every newspaper in the country, never failed to say "Member of the Federal Reserve System", and they never failed to use the square and diamond-shaped insignia of the Federal Reserve bank in their advertising. Some bank officials themselves thought that the Government exercised some control over them, but the fact remains that the stock in the Federal Reserve System was owned by the individual banks which subscribed for stock as a "Member bank of the Federal Reserve System."

In all of their advertisements the members of the Federal Reserve System never fail to use the square and diamond which is the insignia of a Federal Reserve bank. This method of advertising was used to instill confidence in the people and lead them to believe that the Government of the United States stood back of the national banks at that time.

The Government of the United States was charged with the responsibility of periodically examining the conditions of member banks of the Federal Reserve System and reporting thereon.

The State banks and private banks used the large Federal Reserve banks as their depositories, and in the State of Michigan alone the deposits of the people in 250 communities are impounded in the Federal Reserve banks of that State. The citizens of the various States knowing that the Federal Reserve banks were subject to inspection by the bank examiners sent out by the Comptroller of Currency assumed, and had the right to assume, that during the absence of a report to the contrary by the bank examiners, the bank upon which the report was issued was in good condition and able to receive deposits with safety for the depositors. During the previous administration, as was shown by the uncontradictory testimony before the Senate Banking Investigating Committee during the summer of 1933. The testimony of Mr. Alfred P. Layburn was that the conditions of the First National Bank of Detroit was not only rotten but putrid, as he expressed it, as far back as May 1932. The testimony further showed that the statements issued as to the conditions of the bank were this: One statement issued for public consumption and another statement, a confidential report, being sent to the Comptroller of the Currency. I believe there should be only one standard of ethics in writing bank reports, that the bank examiners owe a duty to the depositing public to report the exact condition of the banks at all times. If the bank is in an unsound condition the depositor should know it, and if it is not in condition to do business it is better that the individual bank engaged in speculative business should be closed.

#### BANK HOLIDAY DUE TO UNETHICAL PRACTICES OF BANKERS

This banking holiday that we had last year, I am convinced, was nothing more or less in part due to the practice of the Federal bank examiners' making 2 reports, 1 to the Comptroller of the Currency and 1 to be disseminated for public consumption in the public press of the country. Had the bank examiners issued a true report on banks that were speculating such bank or banks would have been closed. There undoubtedly would have been a run on those particu-

lar banks, but the rest of the banks of the country would have been safe. If we are not going to have honesty in the reports filed by your Federal bank examiners, where are we going to land? How are the people going to get confidence in the banks if the corruption starts within the Government itself? May I say that a year ago we started a drive in this House on some of the officials of the Treasury and bank examiners who were notorious in deceiving the public. I hope that we may come to the time when people can again have confidence in their banks.

The mere fact that the Government of the United States allows the bank to use the word "national" and "Federal" is an implied warranty to them that the Government of the United States stands behind these banks and guarantees the moral and financial integrity of the same.

If that were not so there is not a bank in the country that would use the word "national" or the word "Federal." They use these words knowing that the Federal Government is supposed to be a paragon of honesty, virtue, and integrity; and these bankers deliberately set about to mislead the people. If the Government is not then willing to assume the responsibility it has no business in meddling and interfering with the inspection of banks.

If they cannot make an honest report they have no business sending bank examiners out.

If depositors knew that banks were not Government inspected, the duty would be upon the depositors themselves to inquire into and determine the financial responsibilities of the bank they choose as their depository.

Mr. DONDERO. Will the gentleman yield?

Mr. WEIDEMAN. I yield to the gentleman from Michigan.

Mr. DONDERO. In discussing the same subject a question was asked me as to how far back we ought to go, some banks having paid their depositors 25 cents on the dollar and settled up. I would like to have the gentleman's opinion.

Mr. WEIDEMAN. This question was brought out in committee: Should the Federal Government pay the depositors who lost their money in State banks? If we go that far, then should we also pay off depositors of the private banks? How far we can go I do not know. I do not believe we can reach the private banks. I think that the losses that the people have suffered by having their banks entirely liquidated is water over the dam, and I do not think we can help them. I do not think we have any authority at law to make a gift to the banks that closed up and liquidated. We know that in the liquidation of these private, State, and national banks that liquidated 25 cents on the dollar the same people were involved that brought about this financial depression that we are in at this time. These are the same people that during the good days were shouting, "Invest in real estate; buy yourself a piece of ground and be forever secure." These are the same bankers that, when money became stringent, started to foreclose mortgages. They were the ones that bought the mortgages up again at 25 cents on the dollar. They are the very people that the newspapers all over the country broadcast as being the most virtuous and able people in the land. It is about time that we stopped putting patriotism and the dollar sign together. I have not very much regard for the professional "good citizen." Patriotism has been too long abused, and some men with money have been too long put in the class of good citizens, when they should have been put into the class of scoundrels.

I have no use for a man who will accept deposits of money in his bank or in his trust company and then, when the little fellow gets out of a job through an economic condition over which he has no control, close up on him. Twelve million people were out of work through conditions over which they had no control. The same men who run the banks run the automobile factories.

Mr. RANDOLPH. Will the gentleman yield?

Mr. WEIDEMAN. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. I have been enjoying the remarks of the gentleman very much. I want to ask the gentleman this question: Does the gentleman believe that the present

administration, if it came to an issue between Wall Street and Main Street, would stand on the side of Main Street?

Mr. WEIDEMAN. I think so. We are headed that way; only I hope the present administration takes a stand with respect to Wall Street now and declares its financial independence. I am not afraid of Wall Street, and I am not fearful of the consequences of the withdrawal of the support of Wall Street from our welfare program that we are now initiating. We will get enough men in this House to vote to run our own banking institution, and the sooner we abolish the Federal Reserve System the better. The sooner we reestablish the Treasury and the subtreasuries of the United States and the United States does not sell out to private banking institutions the right to control the currency and the moneys of the Nation the sooner we will have a government of, by, and for the people.

Mr. EVANS. Will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. EVANS. The gentleman's bill applies only to savings accounts, does it not?

Mr. WEIDEMAN. No; it applies to both savings and commercial accounts. It is the bill of the gentleman from Michigan, on your side, Mr. McLEOD.

Mr. EVANS. What sort of distinction is made between savings accounts and the ordinary commercial accounts?

Mr. WEIDEMAN. I yield to the gentleman from Michigan [Mr. McLEOD], who can answer the gentleman's question.

Mr. EVANS. I have asked the gentleman how the bill distinguishes between savings accounts, which you recommend be repaid by the Government, and the ordinary commercial accounts that now lie in the closed banks with frozen assets.

Mr. McLEOD. There is no distinction.

Mr. EVANS. In other words, the gentleman's bill provides for repayment by the Government or the underwriting by the Government of all these deposits, both savings and commercial, in these closed banks with frozen assets?

Mr. McLEOD. That is correct.

Mr. EVANS. On the basis that if permitted to stay in business, these various banks are much better prepared to liquidate their frozen assets than the Government would be able to do through receiverships?

Mr. McLEOD. No; the banks that are already in active receiverships are the only ones concerned by this bill.

Mr. EVANS. This bill only applies to those already in receiverships?

Mr. McLEOD. Yes.

Mr. EVANS. What about the banks that are still closed but not in receiverships?

Mr. McLEOD. Conservatorship banks?

Mr. EVANS. Yes.

Mr. McLEOD. They have an opportunity under the provisions of the bill either to reorganize or reopen as the depositors of such a bank see fit.

Mr. WEIDEMAN. There is not any distinction in the bill between commercial and savings deposits and there is no reason why there should be.

#### DEPOSITORS TRUSTED BANK EXAMINERS

I now want to continue along the line I started as to the responsibility of the Government to the depositors. I say that if the depositor knew that the banks were not Government inspected, the responsibility would then rest upon the depositor to inquire himself as to what bank he should put his money in. In the case of the Federal Reserve banks we had the condition of the Federal bank examiners, under the authority of the Treasury Department, examining banks regularly and making reports, apparently, as to the true condition of such banks. Then we find the Government condoning the issuance of false reports to the public, as was done during the last administration, because I believe the President of the country, Mr. Hoover, wanted to build up a picture that this country was coming back, based on a false premise, false bank reports. He did not want to let the people know what was happening and he therefore condoned the issuance of these false reports.

Now, you may say this is not any fault of ours, but our Government does not change with a change of administration. Even if there was an error of the previous administration, I think there is a moral duty on this administration to pay all these losses occasioned by the false bank reports, which the depositors believed to be true.

In return for this money that the Government will pay, they take over the assets of the banks and the liabilities of the stockholders in these banks. I do not believe for a minute we should release any stockholder from any liability that he may now have.

#### THE UNITED STATES SHOULD NOT LOSE MONEY ON PAY OFF

The Government may suffer some loss, but I do not believe they should suffer any loss whatever on the final liquidation. Let me refer to a particular instance I know about. Since the receivers have been operating the First National Bank in the city of Detroit it has made a profit of approximately \$3,000,000, and this has been done during the last year. So they have not done so badly there. The assets are there and there is no reason why the Government should finally lose any money at all, and if this same principle works out with the other closed banks the Government will not lose a penny.

Secondly, in many of the large banks real-estate mortgages form a substantial part of the assets and the value of real estate throughout the country is generally depressed at this time, but as more money is put in circulation, as it should be, the value of real property will rise proportionately. So these assets that the banks are holding now at depressed figures cannot do anything but rise, because if the value of property does not rise we might as well stop trying to bring about recovery, because the history of panics shows that whenever money is withdrawn from circulation you have a panic, and when it is put back the opposite occurs, and prices rise and the citizens become more prosperous.

[Here the gavel fell.]

Mr. McLEOD. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BLANCHARD. Will the gentleman yield?

Mr. WEIDEMAN. I yield for a brief question.

Mr. BLANCHARD. I have seen statements that the loss might reach 20 percent. I judge from the gentleman's statement that he has the idea it would not reach any such amount.

Mr. WEIDEMAN. It would not come close to it, based on the experience we have had in Detroit, and I may say that we represent 359,000 depositors with deposits under the amount of \$1,000 in one bank. So we have quite a problem there.

Mr. LANZETTA. Will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. LANZETTA. Has the gentleman any figures on closed banks throughout the United States?

Mr. WEIDEMAN. Yes; it will cost between one billion and one billion and a half dollars to pay off depositors and receive the assets. One billion five and a half million dollars is the top figure; but in return the Government is going to take over all the assets of these banks, and if other parts of the country will just ride along in the same condition as the banks in Detroit, which represent a considerable amount of the total, I would be willing to guarantee that we will make money for the Government.

Mr. LANZETTA. Did I understand the gentleman to say it would cost the Government from \$1,000,000,000 to \$1,500,000,000?

Mr. WEIDEMAN. No; I do not think it will cost the Government anything.

Mr. LANZETTA. I mean the assets of the banks.

Mr. WEIDEMAN. No; to put out money to pay off the deposit liabilities will cost between \$1,000,000,000 and \$1,500,000,000; but in return the Government is taking over all the assets of these banks.

Mr. LANZETTA. What is the amount of the assets of these banks?

Mr. WEIDEMAN. It all depends on when you appraise them and when you sell them. Stocks and assets of banks

that were sold 6 months ago were sold at 30 percent of what they are worth now. If the liquidators that were in such a hurry to liquidate those banks had waited just 6 months, instead of the depositors in those banks getting 25 or 30 cents on the dollar, they would have received 100 cents on the dollar.

Mr. DONDERO. Will the gentleman yield?

Mr. WEIDEMAN. I will yield to the gentleman.

Mr. DONDERO. Is it not true that this bill would put money into every nook and corner of the Nation?

Mr. WEIDEMAN. The gentleman is correct; I am getting to that. The value of real estate throughout the country is generally depressed at this time but as more money is put in circulation, as it should be and probably will, the value of property will rise proportionately. Third, the operation of the Home Owners' Loan Corporation will take out of the bank portfolios these mortgages and other property collateral, that were deemed to be of the least value; that is, those loans that were on defaulted mortgages, that were in default for a period of 2 years. It is mortgages of that type that are being redeemed by the H.O.L.C. These were the mortgages of the poor people, of the workers, mortgages of those people whom the depression hit first. It was the person who was interested in purchasing a home for his family, the man who wanted to reside permanently in his community. Those people were the really substantial citizens. The H.O.L.C. are absorbing millions of that type of mortgages, and these mortgages will be good mortgages because most of them were amply secured but got in default when this class of owners found themselves helpless, and were unable to continue to make payments. This was due to the fact that they themselves could exercise no control over their economic conditions. Whether they worked or whether they were unemployed was due entirely to the whim and will of the overlord, our modern-day big banker and big industrialist.

#### MICHIGAN H.O.L.C. HONESTLY ADMINISTERED FOR PEOPLE

There was some debate yesterday in the other body concerning the organization of the H.O.L.C. as a political unit. I am glad to say that that condition does not prevail in the State of Michigan. The H.O.L.C. in the State of Michigan has men of all political parties working within its ranks, and I am glad to see my Republican friends in the House agree. The test applied by the Michigan manager, Mr. John F. Hamilton, was whether or not you could faithfully and honestly fulfill your duty to the Government, and were able to handle your particular job in the H.O.L.C. The H.O.L.C. in the State of Michigan has a great and sympathetic executive as it head, and that corporation in Michigan has scaled down the mortgage debts more, I am informed, than any other State in the Union. It is functioning in the interest of the small home owner and has attempted to protect them from the unreasonable terms of land contracts that were purchased by them during the boom period. At that time the real-estate agent inflamed their minds to buy real estate, so every mechanic thought he would be made a millionaire by the purchasing of real estate, and just about that time the Wall Street bankers decided that credit should be withdrawn and the currency of the country deflated, and away went the dream for riches of the American laborer.

Now the small deposits in national banks were generally made by savings from wages of over the period of 5, 10, and 20 years, so the small depositor would have a nest egg upon which he could live in the afternoon of his life. The small depositor put confidence in its Government and in the report of the Government officials, as to the soundness of the Federal Reserve banks. The small depositor was barraged on all sides by propaganda, building up his confidence in national and Federal Reserve banks. This propaganda took the form of billboards reading "Trust your banker", and "Member of the Federal Reserve System." Newspapers were filled with propaganda urging the people to put their money away for a rainy day and deposit it in a bank that was a member of the Federal Reserve System. I say it is unfair for the Government of the United States to say to 539,000 small depositors, having accounts less than \$1,000

each, in the Detroit banks alone, I say it is unfair for the Government to say now that although our agents made a false report to you concerning the actual conditions of the banks, we are under no obligation to you. I want you to bear in mind that these agents who made these false reports have under this administration been removed from the Treasury Department, and I, as one Member of Congress, am grateful to our President for his removing them.

If the assets of the Federal Reserve banks and national banks are liquidated in a slow manner and over a period of years, I have no doubt that the Government with honest officials in charge should not lose one penny. If the present receivers are forced to sell the assets of the closed banks under force of hammer, the depositors will be the ones that will suffer. The same speculators and bank officials that got the depositors to buy real estate and deposit their money in the banks will again benefit from the sales of the assets of the banks under forced sales of a depressed market.

I hope this House passes the McLeod bill (H.R. 8479) when it is brought before you for consideration. [Applause.]

Mr. MCLEOD. I yield to the gentleman from Minnesota [Mr. KVALE] such time as he may desire.

Mr. KVALE. Mr. Chairman, I gladly join my colleague from New York [Mr. Sisson] in demanding a thorough-going investigation of the milk-distribution industry of this country.

Specifically, I wish to echo and reiterate his enthusiastic support of a resolution by Representative KOPPLEMANN, of Connecticut, calling for an investigation by the Federal Trade Commission, and to insist that only such a factual inquiry will be really productive.

I have heard the Agricultural Adjustment Administration condemned on this floor because of its refusal to be a party to the fixing of consumer's prices for milk, which in effect means that it has refused to use the powers given it by the Agricultural Adjustment Administration to guarantee the distribution costs of the milk industry and to assure the collection of a price to the distributor with such assurance of profit which these retail prices would give.

From such evidence as is at hand I am inclined to believe that the Administration is more than justified in its attitude. I note that Secretary Wallace bases his refusal to enforce these retail prices upon audits of books of distributing companies in four cities, showing profits ranging from 14 to 30 percent, based upon what the administration considers to be fair capitalization and reasonable salary scales. These salary scales, I may add, are not the scales which are in effect; far from it; but are the scales which the administration considers would be a reasonable charge against returns.

My own feeling is that there are abundant reasons for an investigation. A great many factors in the milk industry are known; the farmers' prices are known; the consumers' prices are known; thanks to the efforts of the Federal Trade Commission, some of the salaries being paid executives of the big milk-holding companies are known.

But there is still a large field which is unknown. The milk situation in many of the big consuming centers of the country has become a scandal. It has become characterized not only by exorbitant profits but by racketeering, price wars, collusion, and market restrictions of one kind and another. There have been strikes and threats of strikes, incited by some agency, it is not clear which. In fact, the milk-distribution business has become decidedly a big business institution, with all the earmarks of powerful centralized domination.

I believe the Federal Trade Commission should make a thorough investigation into this business. It should inquire into domination of the industry by the large dairy corporations, which have been growing steadily in scope and power. It should inquire into the control of affiliate companies through stock ownership, interlocking directorates, and other means.

I should like to see the Commission inquire into the possibilities that control has been exercised through threat of strikes and through actual strikes, as well as through use of

credit and banker domination. The capitalization of companies engaged in the business would be a fruitful field for investigation. The Commission should also inquire further into the amounts that are paid in salaries by the distributing companies, and the tactics that have been employed in the wars between the wagon distributing companies and the chain stores.

I should like to know more about the rackets engaged in through excessive freight charges, exorbitant charges for terminal service, and for weighing, cooling, and testing at country stations. The Federal Trade Commission already has disclosed some of the fancy salaries being paid by these companies. The figures made public by the Secretary of Agriculture relating to Philadelphia, Boston, St. Louis, and Chicago, indicate that some companies must have been making exorbitant returns, while the dairy farmers of the country have been suffering on the brink of starvation due to ruinous prices being paid to them.

The Commission also should look into the extent to which so-called "cooperatives of company origin" are being used to secure their domination over an industry which is essential to the life of the Nation. Just today I have given my colleague from New York [Mr. Sisson] figures which show the extravagant salaries paid executives of dairy corporations as recently revealed by the Federal Trade Commission. A little work with a pad and pencil will show that such fancy salaries mean this:

Twenty-two executives in two of the Nation's leading milk companies—National Dairy Producers Corporation and the Borden Co.—received in 1932 salaries totaling \$1,057,213, or an average salary per man of \$48,055.

Figuring the retail sale of milk at 10 cents per quart and the milk requirements of a child at 1 quart per day, or a milk bill for the child of \$36.50 per year, the salary received by the 22 executives is equivalent to the milk bill for 28,965 children for 1 year.

The average salary of one executive would pay the milk bills for 1,313 children for 1 year.

Comparing the salaries of the 22 executives with the gross income of New York milk producers we find the following:

Milk production on New York farms in 1932 totaled 7,340,000,000 pounds.

A total of 1,370,000 cows was required to produce this amount of milk.

The average production per cow was 5,357 pounds. The average number of milk cows per farm in New York State was around 10. The total number of farmers required to own the average of 10 cows per farm was 137,000. During 1932 the average price per 100 pounds of milk sold at wholesale in New York State was \$1.20.

On an average of 10 cows per farm producing 5,357 pounds of milk per cow, the gross yearly income per farm in 1932 was \$642.80.

The average income per cow in 1932 was \$64.28.

On the above basis the annual salary of one executive of the two big milk companies is equal to the gross income of 75 dairy farms averaging 10 cows each.

To pay the salary of the 22 executives of the two big milk companies it takes the gross income of 1,650 farms with a total of 16,500 cows.

On the basis of these figures I wish to renew my appeal to the House of Representatives for approval of Representative KOPPLEMANN's resolution. Surely it is time for a searching inquiry into the conduct of the milk distribution industry.

As for the farmers, there is no branch of agriculture which depends so closely for its return as dairy upon the consuming purchasing power. Purchasing power of the consumer means everything for the dairy farmer. The collection of exorbitant prices for milk injures both the consumer and the producer, when the lion's share of the profit goes not to the farmer but to the distributor. Exorbitant prices tend to restrict the consumption of milk and with the farmer unable to sell his milk at any decent price restriction of consumption adds to the surplus and contributes enormously to the low returns and hardships and poverty

of the dairy farmer. Therefore, I believe that a sweeping investigation of the milk distribution industry and of the profit and exorbitant salaries that are being paid would be to the benefit of the entire Nation.

MR. MCLEOD. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

MR. McFADDEN. Mr. Chairman, I rise today to discuss several subjects, which I think are important at this time, having to do with the international situation, the trade situation, and that important bill which proposes to give to the President of the United States the right to make treaties with foreign powers on the question of tariffs, war debts, and international exchange.

Since the election of 1932 President Roosevelt has had much to do on the war debts owed to the United States by the foreign countries. Following the visit to the United States of the British debt mission and the negotiations conducted by the British Ambassador, Sir Ronald Lindsay, and the poverty plea presented by the British of their inability to keep up their payments under the Mellon-Baldwin agreement, the President arranged that Great Britain could make a token payment and save her face from default. Several other foreign nations have continued their default.

The remarks that I am making here today refute the poverty plea which was presented to this administration, and which places the debt which Great Britain owes the United States right back where it was when the Mellon-Baldwin agreement was negotiated. That agreement was a fair agreement and should be carried out to the letter.

As an indication of the attitude of many of the leaders of Great Britain, I am calling your attention to the following letter written by Philip Snowden on July 30, 1927, to a mutual friend:

EDEN LODGE, TILFORD,

Nr. Farnham, Surrey, July 30, 1927.

DEAR SIR: I thank you for your letter of the 26th instant and copies of the two articles of yours which have appeared in L'Italiano.

I have read these articles with much interest. I am in entire agreement with the central economic point of your argument as to the payment of external debt. But I am afraid I do not share your views on the British debt to America. It might have been a good thing for British credit at the time that Mr. Baldwin should have made the settlement, but it was none the less a Shylock proceeding on the part of the United States. Mr. Churchill's debt agreements with Italy and France stand out in marked contrast, especially when we remember that small part the United States played in the war, and the extent to which she has been enriched by the economic impoverishment of Europe.

But I do agree that no useful purpose is likely to be served by Great Britain complaining loudly about the debt to America. It might be better to wait until America begins to realize that what you say about the effect of the receipt of reparation payment applies to the receipt of debt interest and payment, too. America is too rich and prosperous at present to feel the effect of these disturbances.

I was particularly interested in your fulsome eulogy of Mussolini as the greatest of economists, bankers, etc. The Italian bankers, university professors, and business men must have been very ignorant if they needed to be taught the simple and obvious truths about internal and external financial policy.

It is yet too early to form a final conclusion of the success or failure of Mussolini's policy, but the recent trend of economic affairs in Italy do not justify much optimism.

I am sorry I am not able to see you to talk about these matters, as I am not likely to be in London for the next few months, now that Parliament has risen.

With renewed thanks, I am, yours sincerely,

PHILIP SNOWDEN.

I would direct your particular attention to the following language in his letter, which expresses, I am sorry to say, the attitude of mind of many of the British as regards their debt owed to the United States:

It might have been a good thing for British credit at the time that Mr. Baldwin should have made the settlement, but it was none the less a Shylock proceeding on the part of the United States \* \* \*, especially when we remember the small part the United States played in the war and the extent to which she has been enriched by the economic impoverishment of Europe.

\* \* \* No useful purpose is likely to be served by Great Britain complaining loudly about the debt to America. It might be better to wait until America begins to realize \* \* \* the effect of the receipt of reparation payment applies to the receipt of debt interest and payment, too. America is too rich and prosperous at present to feel the effect of these disturbances.

Philip Snowden, ex-Chancellor of the Exchequer, a very great factor in the formation of Great Britain's policy dealing with the United States on war debts, is now a member of the House of Lords of the British Parliament and one of England's outstanding statesmen.

In the face of the statements which I am today making and the revelation of the investment resources of Great Britain taken in conjunction with this letter, how can this administration—in the face of all these things—be defended in its attitude looking toward a reduction of the British debt—owed to the United States Government—either directly or through camouflage manipulations of international exchange or tariff treaties?

For the benefit of the Right Honorable Philip Snowden and the people of the United States and those misguided people in official position who have authority on debt settlements I call attention to this:

*Statement showing long-term foreign loans by United States of America since 1921*

Year	Total loans	Refunding	Excess exports	Excess loans	Interest on commercial debts
1921	\$625,820,000	-----	\$1,296,859,594	\$671,039,594	\$31,291,000
1922	869,992,000	-----	473,089,163	396,902,837	74,790,600
1923	543,639,764	\$144,113,366	375,427,117	24,099,281	101,972,588
1924	1,589,130,900	394,575,445	980,429,392	214,126,063	181,429,133
1925	2,482,152,050	276,133,400	683,259,000	1,522,759,650	305,536,735
1926	1,891,963,861	139,340,301	377,575,000	1,375,048,560	400,134,928
1927	2,311,304,309	239,350,200	680,633,000	1,391,321,109	515,700,144
1928	2,381,674,710	285,632,900	1,037,689,000	1,058,352,810	634,783,880
1929	1,080,047,000	214,089,000	841,634,000	624,324,000	718,786,230
Total.	14,375,724,594	1,693,234,612	6,746,595,266	5,935,894,716	2,964,425,238

<sup>1</sup> Decrease.

You will observe from the above statement that the aggregate amount of loans during 1921 through 1929, which the United States made abroad, comes to \$14,375,724,594, which is approximately the aggregate amount of American investments as contained in the tabulation entitled "World Investments of Great Britain and the United States." You will also observe that the interest on commercial debts of \$718,786,230 for the year 1929 is approximately the same as the figure given in World Investments of Great Britain and the United States under the column entitled "Income on Commercial Securities."

You will observe in the above statement that since 1921, after refunding and payment of excess United States exports, there remains an excess of loans amounting to \$5,935,894,716, from which must be deducted the sum of \$2,964,425,238 for interest on commercial debts. The balance of \$2,971,469,478 should be accounted for as follows: The interest payments on war debts during 1921 through 1929 should aggregate approximately \$1,375,000,000 (my estimate), leaving a net cash surplus of \$1,596,469,478, which was used by the borrowing nations as they pleased, some of it being used under pressure to liquefy certain outstanding frozen credits.

I would suggest that these figures will prove to the Right Honorable Lord Snowden and even to the Members of the Senate and House that the United States has been carrying the burden of feeding, clothing, and supplying raw materials to the nations of the world to the extent of the paltry sum of \$14,375,724,594 from her own resources and has taken in return questionable I O U's in lieu thereof. This is what Lord Snowden calls this situation: "The enrichment of the United States of America at the expense of impoverished England and Europe."

Is there any wonder that the people of the United States today lack purchasing power?

May I suggest to the Right Honorable Lord Snowden and the Right Honorable Neville Chamberlain, Chancellor of the Exchequer, that the Right Honorable Stanley Baldwin made a proper debt settlement with the United States?

This Congress created, at the instance of the President, a stabilization fund of \$2,000,000,000 in gold. The argument put forward to this House and this Congress for this most unusual legislation was that it would raise the price level in the United States, that it would raise the price of farm products, and would go a long way toward returning this

country to the 1926 price levels. I wonder if there is any disappointment on the part of the administration as to the effect thus far of the operation of this fund. An examination of the price indices shows that it has not affected price levels to the extent that was claimed by the proponents of that particular legislation, nor will it have the effect that was claimed by the proponents of this particular legislation, because they failed to take into consideration the question of velocity in financial transactions and settlements that are made through the use of checks.

On January 30 the Right Honorable Neville Chamberlain, Chancellor of the Exchequer, is reported to have assured a questioner in the House of Commons in explaining the British equalization fund:

Great Britain is not using its exchange equalization fund to put the pound at any particular level. The purpose of the fund is to correct temporary fluctuations in the exchange value of sterling. It has not been used to create an artificial value of sterling for the purpose of returning to the gold standard, or any other purpose.

He said:

Since there has been a great deal of confusion on this matter, I should, perhaps, add that in my opinion it would be ineffective if so used.

When he was asked whether or not the British equalization fund would be used in competition with the American fund, he said:

I think it is better to wait and see what the operation of this fund in America is going to be.

He then assured the House of Commons that the original capital of the British exchange stabilization fund is still intact. Let me say that when he uses the word "intact" he uses a word having the widest scope and interpretation. I would suggest that the fund is intact because all the conscripted securities have been taken over by the British Government at a price far below their market value in Great Britain, and I feel certain that when he used this word "intact" that he had a diabolical grin on his face—

I think it is better to wait and see what the operation of this fund in America is going to be.

If the Right Honorable Neville Chamberlain agrees with the management of the stabilization fund in the United States on a plan of stabilization of the new dollar with the pound he will drive a bargain for the benefit of Great Britain to the great detriment of the people of the United States on war debts and tariffs.

The British Government—that is, the treasury officials and Downing Street—are not ready to discuss stabilization at this time; and in my judgment they do not want stabilization conversations until the United States Government gives assurances that the war debts will be reduced and revised as to future means of payment. I desire to point out that high finance in both London and Paris at the present time is dominated by international bankers, and it would be a most unfortunate time for the United States to enter into any agreements while the Right Honorable Neville Chamberlain is Chancellor of the Exchequer. Mr. Chamberlain is too closely tied in with this particular international financial group that is now attempting to deal with this situation. And might I suggest at this time that even though they are delinquent in the payment of their war debts to the United States, that France is a very much interested party in this question of the stabilization of international exchanges.

May I also point out for the Record that at present there is no fixed parity between the pound, the franc, and the new American dollar; and in this connection I am interested in a statement by Universal Service recently stating that the administration just recently designated Gov. George L. Harrison, of the New York Federal Reserve Bank, to conduct immediate discussions with Great Britain on currency stabilization; that his efforts are to be directed to perfecting the details of a working agreement between the two countries to peg the pound and the dollar and avoid unnecessary exchange fluctuations; that the trans-Atlantic telephone will be the medium used by Harrison to confer with officials of the Bank of England.

Later it was learned in high administration quarters that a delegation of British financial experts may be invited to "come to Washington to carry on formal negotiations"; that under the projected plan the formal negotiations would encompass not only currency but war debts and trade agreements, that a heavy curtain has been drawn over operations of the \$2,000,000,000 stabilization fund, and that the President emphasized that henceforth there would be no disclosures in connection with currency negotiations with Great Britain or any other nation. The President at his press conference said that subject was forbidden fruit. Harrison will report on his conversations direct to the President and Secretary of the Treasury Mongenthau that there will be no intermediaries. The President himself will make all decisions, that in the end the administration is confident it can force the world to come to Roosevelt's viewpoint.

And in an article by Thomas C. Watson, of Universal Service, with a London, England, date line, February 2, it is stated:

Washington has sounded out Great Britain on the prospect of meeting of experts probably in London for the purpose of reaching an understanding on the operation of the British and American exchange equalization funds. While silence of officialdom prevailed it is said in reliable circles that Sir Frederick Leith Ross, financial adviser of the British treasury, will represent Great Britain. This is the same gentleman who recently left the United States, having been here for the purpose of discussing the war debts owed to the United States by Great Britain, which conferences broke up without any action so far as the public now knows.

May I again call your attention to what I said on the floor of the House during the discussion of the gold monetary bill that the policy of actual devaluation and international stabilization must be deferred until such date as the Government of the United States will have had time to enter into bilateral agreements with (a) all the representatives of America, (b) the self-governing Dominions of the British Empire, (c) the continental nations of Europe, and (d) Great Britain; that before any definite arrangement is made with Great Britain, bilateral agreements should be made with each of the other countries that I have just named?

May I point out in connection with the serious situation which the administration is developing in attempting to deal first with Great Britain on this question of stabilization, that the great trade possibilities of the United States lie to the south in the South American countries, and in this connection I desire to call your attention to the plan that Great Britain put into operation during the World War, when her credit resources were strained and she began to make loans from the United States. England established the American Dollar Securities Committee, the purpose of which was to secure the aid of all the British Nationalists for the British Empire, and into this committee were mobilized all of the security holdings of the Britishers in American securities, and these securities were either sold or used as a basis of credit by the British Empire. I am placing in the Record at this point portions of a copy of the report of the American Dollar Securities Committee, as issued by Stanley Baldwin, Treasury Chambers, November 20, 1919, in which you will find a nomenclature of nearly all the American dollar securities owned by the British investors.

**REPORT OF THE AMERICAN DOLLAR SECURITIES COMMITTEE**  
The Right Honorable AUSTIN CHAMBERLAIN, M.P.,  
*Chancellor of the Exchequer.*

Sir: The functions of the committee were to control the operations initiated at the treasury for the purpose of improving and maintaining the American rate of exchange, which had been gradually falling since the commencement of the war as a result of the large purchases of munitions and other goods.

Immediately preceding the declaration of war the cable rate in New York was abnormally high, being marked at \$7 to the pound on the 1st of August 1914, although it is doubtful if much business was done above \$5 to the pound. The rate gradually fell until the end of the year, when it was quoted at 4.86%. In 1915 the rate still continued to fall until July, when the quotation was 4.77.

In July 1915 the treasury took the first step with the view of helping the exchange by instructing the Bank of England to purchase American dollar securities in London and transmit them to New York for sale; and these operations were continued until the

close of the year, by which time securities of the nominal amount of \$233,000,000 had been purchased. In the meantime the exchange had fluctuated between the rate of \$4.77 and \$4.51, with an upward tendency from the end of October.

On December 15, 1915, a circular letter to insurance and trust companies was issued by the treasury requesting them to submit lists of American dollar securities which they were willing to sell or deposit on loan with the treasury, and on December 31, a corresponding circular was issued to the general public.

A scheme setting forth the conditions under which the securities would be (1) purchased, or (2) accepted on loan (subsequently known as scheme A, see appendix A), was published in the London Gazette of December 17, 1915, and, as this scheme formed the basis of the operations of the committee, the salient terms may be mentioned.

(1) Purchase: The treasury undertook to purchase any suitable dollar securities at prices based on current New York Stock Exchange quotations, the sterling price to be paid being calculated at the exchange of the day; in the case of no reliable quotation being available the price was to be fixed by agreement.

Exchequer 5-percent bonds maturing in 1920, available for subscription to any future long-dated war loan at face value plus accrued interest, could be taken at the seller's option in lieu of cash.

(2) Deposit on loan: Securities loaned to the treasury were to be accepted for 2 years from the date of deposit, on the understanding that the interest received on such securities would be paid to the depositor, together with an additional payment at the rate of one half of 1 percent per annum on the nominal amount of the security. The securities would be inscribed in a treasury register and transferable by deed, but so as not to involve the depositor in any additional expenditure for stamps or fees; and treasury certificates negotiable on the London market would be issued for each deposited security. Depositors had the option to release securities so deposited by payment of the dollar value in New York, or they could be sold on behalf of the depositor, the understanding in each case being that the equivalent value in sterling at the exchange of the day should be paid in London.

Forms for offering securities for sale to the treasury or for deposit on loan were issued on the understanding that the treasury would indicate those securities which the treasury would purchase or accept on loan as the case might be. A large number of these forms were sent in and were used as opportunity offered until they were declared obsolete on March 24, 1916.

In January 1916 the committee commenced operations by the issue of a selected list of 54 American dollar securities, the respective quotations being based on the current New York price specially sent by cable the previous night. This list was posted daily on the London Stock Exchange at 10:30 a.m., and bargains could be booked or contracts made at the quoted price up to 3 o'clock in the afternoon (1 o'clock on Saturdays). Subsequently, the closing hour was extended to 4 p.m. At the same time the official quotations of this list were telephoned by the post office to all the provincial stock exchanges, and a bargain could be made by the broker by means of a telegram handed in at the local post office by 2 o'clock of the same day, the contract note and relative securities following by post. As the time available for provincial brokers to obtain the prices and transact the business with their clients was practically limited to 3 hours it was soon deemed advisable to accept wires handed in by 4 o'clock at latest, and notification was given accordingly.

On the first day securities to the value of as much as £450,000 were obtained, and the figures were rapidly increased as the scheme became more widely known—in fact, the business was such that it was found desirable to have special contract notes printed which provided for the purchase money's being paid in exchequer bonds as well as in cash, and for the physical-possession certificate required to exclude enemy securities.

Additional lists of suitable bonds and shares were published from time to time, and by this means the treasury had, by March 17, 1916, offered to purchase at the officially quoted prices no less than 256 selected securities. Furthermore, very large blocks, not necessarily limited to the investments quoted in these lists, were purchased from various insurance companies, banks, etc., at agreed figures, and in this connection the preliminary information supplied on the forms to which reference has previously been made was found most useful. The value of securities so obtained by that date was £40,500,000.

So far the operations of the committee had been limited to the purchase of securities for sale in America, but the requirements of the Government necessitated increased support, and the treasury, on March 24, 1916, decided that deposit on loan of securities should be commenced. Preparations for this extension of the committee's operation had been made beforehand, a booklet containing a list of 778 securities suitable for deposit was issued, together with a set of working regulations and a copy of the scheme as published in the London Gazette on the same day. The minimum amount of any one security acceptable for deposit was fixed at \$5,000 (£1,000).

The forms of offer under the original scheme of deposit were declared obsolete, and special forms of offer were issued in which a copy of the scheme was reproduced, and the owner of the securities signed a contract accepting the terms of the scheme.

Both parts of the original scheme were now in active operation, and the business of the committee increased accordingly.

On May 16 a booklet of 909 securities which the treasury would purchase or accept on loan was published. During the period from

March 17 the amount paid for securities bought was £8,500,000, and the nominal amount of securities deposited on loan \$40,300,000. As these figures were below the amounts required and since some hesitation to comply with the treasury wishes was evident, the Chancellor of the Exchequer issued a special request for increased support on May 27, 1916, and, on May 29, a resolution of the House of Commons provided for an additional income tax of 2 shillings in the pound on such securities as the treasury, by means of special lists, declared its willingness to purchase. This resolution was embodied in section 27 of the Finance Act, 1916 (6 and 7. Geo. V., chap. 24), which imposed the tax on securities to be specified, which were not placed at the absolute disposal of the treasury either by sale or deposit.

Relief from the additional income tax could be obtained by holders of securities in cases in which failure to place them at the disposal of the treasury was unavoidable, or in which the securities were held by persons who were not domiciled in the United Kingdom. It was arranged that the committee should deal with claims for exemption from the additional tax in the cases in which failure to deposit was unavoidable and that the inland revenue should deal with those relating to domicile.

The effect of the resolution was immediately evidenced by a large increase in both the sales and deposits. The first special list was published in the fifth supplement to the London Gazette of June 5, 1916, and was followed at intervals during the year by five other lists, and the business done is indicated in the following statement, dollars being stated in sterling at the rate of \$5 to the pound:

Week ending—	Purchases	Deposits	Total
May 27, 1916	£2,227,000	£2,219,000	£4,446,000
June 3, 1916	11,575,000	7,740,000	19,315,000
June 10, 1916	11,892,000	7,678,000	19,570,000
June 17, 1916	6,868,000	10,385,000	17,251,000
June 24, 1916	7,400,000	8,891,000	16,291,000
July 1, 1916	4,225,000	5,139,000	9,364,000
July 8, 1916	3,987,000	3,571,000	6,658,000
July 15, 1916	2,950,000	5,465,000	8,415,000
July 22, 1916	3,310,000	5,789,000	9,099,000
July 29, 1916	2,596,000	5,953,000	8,554,000
Aug. 5, 1916	1,727,000	8,554,000	10,281,000
Aug. 12, 1916	1,256,000	3,623,000	4,879,000

On the 12th of August 1916 the total amount of the purchases was £109,228,000, and of deposits £83,614,000, making in all £192,842,000.

On the 16th of June 1916 the deposit scheme was extended so as to include securities of less nominal amount than \$5,000. These small holdings of securities were to be deposited through approved agents, such as bankers and stockbrokers, by whom the offers were to be aggregated and deposited with the treasury in the name of the agent. Two hundred and eighty-three agents were appointed, the arrangement being that they should practically keep a sub-register and undertake the distribution of the interest and additional allowances as they fell due.

In July 1916 the treasury made a special bid for certain securities of the provinces of Manitoba and Saskatchewan, and in August for city of Winnipeg 4-percent consolidated stock, 1940-60.

On the 12th of August 1916 a new scheme for loan of securities to the treasury (known as "scheme B," see appendix B) was promulgated. The terms of this scheme were in most respects similar to those of scheme A, except that (1) the duration of the deposit was fixed at 5 years from March 31, 1917, subject to the right of the treasury to return the securities at any time after March 31, 1919, on giving 3 months' notice, and (2) the treasury reserved the right of disposing of the securities if necessary, continuing the payment of interest and additional payment until the end of the period of loan, when similar securities would be returned, or, failing such return, the treasury undertook to pay the depositors the deposit value of the securities with an addition of 5 percent on that value, or the price realized, whichever was the greater. The deposit value is defined in the scheme.

Depositors under scheme A were given the option to transfer to scheme B, and advantage was taken of this offer to the extent of fifty-seven and one-half millions out of a total of eighty-two and one-half millions. The offer was withdrawn on September 4, 1917.

All securities which were acceptable on loan under scheme A were also acceptable under scheme B, and, in addition, certain other securities were included, chiefly foreign and colonial railway and Government securities having a ready market in the United Kingdom.

The registered Canadian and South American railway stocks were freely offered and aggregated about £173,000,000. An advantageous and economical arrangement was made with the respective railway companies, by which they undertook to keep the treasury register and to pay the dividends as they fell due.

By this arrangement the national debt commissioners were relieved of the preparation and despatch each year of divided warrants to the number of 350,000, but in order to be prepared for any untoward circumstances a duplicate of the register was set up. The treasury certificates, numbering 162,000, were prepared in, and issued by, the Department.

Bearer securities with coupons payable in London were also lodged freely and aggregated £112,000,000. In this instance a special arrangement was made with the paying agents by which they undertook to pay the coupons plus the additional allowance for a

limited time, on being supplied with schedules in duplicate in such form as would permit of the calculations' being completed. The arrangement lasted until the 30th of September 1917, when the whole of the work was taken over by the National Debt Office.

By the 26th of September 1916, the loan of certain sterling securities having reached a figure which satisfied the immediate requirements of the treasury, it was then decided to curtail the list of acceptable securities by withdrawing 6 railway stocks and 6 classes of Japanese bonds. An extension of time to the 5th of October was allowed in the case of such securities already in the hands of bankers and brokers for deposit.

In September 1916 the Federal income tax law was passed in the United States, which imposed a tax of 1 percent on United States securities held by nonresident aliens, such tax to be increased to 2 percent from January 1, 1917. The imposition of this tax added materially to the work connected with the payment of interest on deposited securities and involved many intricate points upon which it was a matter of difficulty to obtain information from the United States Treasury.

In October 1916 Messrs. J. P. Morgan & Co. notified the treasury that it would be desirable to include in the collateral for a forthcoming loan in the United States of America a certain amount of British railway debenture stocks. As only a limited sum was required, it was decided to issue a private invitation to a few large holders, mainly insurance companies, to deposit their stock. The terms varied from those of scheme B insofar as the additional interest allowed was 10 percent of the annual rate instead of one half of 1 percent on the nominal amount of stock, but depositors were guaranteed that should any further scheme for borrowing securities be introduced, they would be given the advantage of any improved conditions or remuneration. The nominal amount of the stocks obtained by this method approximated to £17,500,000.

In continuation of the previous table, the weekly transactions of the committee for the remaining portion of the year 1916 were as under, viz:

Week ending—	Purchases	Deposits	Total
Aug. 19	£675,000	£9,068,000	£9,743,000
Aug. 26	607,000	13,720,000	14,327,000
Sept. 2	674,000	22,667,000	23,341,000
Sept. 9	548,000	23,734,000	24,282,000
Sept. 16	537,000	26,205,000	26,743,000
Sept. 23	549,000	22,644,000	23,193,000
Sept. 30	387,000	21,901,000	22,288,000
Oct. 7	756,000	22,076,000	23,832,000
Oct. 14	457,000	24,366,000	24,833,000
Oct. 21	332,000	14,734,000	15,066,000
Oct. 28	379,000	14,640,000	15,019,000
Nov. 4	402,000	13,866,000	14,268,000
Nov. 11	402,000	4,842,000	5,244,000
Nov. 18	203,000	6,026,000	6,229,000
Nov. 25	301,000	6,354,000	6,655,000
Dec. 2	325,000	4,477,000	4,802,000
Dec. 9	539,000	3,095,000	3,634,000
Dec. 16	252,000	3,739,000	3,991,000
Dec. 23	453,000	2,726,000	3,179,000
Dec. 30	233,000	2,429,000	2,662,000

The aggregate amount of the purchases and deposits to December 31, 1916, were £118,269,000 and £347,524,000, respectively.

On January 24, 1917, the defense of the realm (securities) regulations, nos. 7c, 7d, and 7e, came into force, which gave the treasury power to acquire securities and placed restrictions on the disposal of same. While securities continued to be received on deposit, such securities were to be subject to any orders that might be issued by the treasury under the regulations. The treasury notice under these regulations, dated January 30, 1917, stated the conditions under which securities could be sold abroad, and placed upon the American dollar securities committee the duty of issuing the necessary permits.

On February 17, 1917, the treasury issued the first order under the defense of the realm (securities) regulations (see appendix C), applying the provisions of regulations 7c to certain specified securities and requiring the owners or custodians of such securities and other persons interested in them to take effective steps to deliver the securities to the American dollar securities committee on or before March 17, 1917, at the prices specified against the several securities.

The general effect of the order was to make the securities specified the property of the treasury as on February 17, 1917, including the right to dividends payable on or after that date, and to require the proper persons to take all steps necessary to effect that purpose.

Exceptions from the operation of the order were allowed in certain cases, notably in the case of securities beneficially owned on January 24, 1917—and remaining so owned—by persons not ordinarily resident in the United Kingdom and in that of securities tendered for deposit before January 26, 1917.

Arrangements were made for the acceptance in New York of securities not in the United Kingdom.

The compensation named in the order was payable within 7 days of the transfer, and, in the case of late delivery, power was given to reduce the rate of compensation.

Three additional orders were made by the treasury, the last being dated May 7, 1917.

On May 11, 1917, the acceptance of securities on deposit was discontinued, except as regards such securities as were subject

to the additional income tax of 2s. in the pound, but the purchase of securities was retained.

On the 17th of November 1917 a requisition order was issued requiring the sale to the treasury of Royal Dutch shares.

Scheme B was closed on the 1st of March 1918, but securities subject to the additional income tax of 2 shillings in the pound and which had not appeared in any of the requisition orders were still accepted on loan for a period to expire on the 31st of March 1922 under the terms and conditions of scheme A, subject to return at any time on the treasury giving 3 months' notice.

On the 23d of March 1918 a requisition order was issued requiring the deposit on loan with the treasury of Uruguayan bonds of the 3½-percent consolidated loan—subject to return at any time on the treasury's giving 3 months' notice, but otherwise on the terms and conditions of scheme B.

The securities loaned under scheme A for a period of 2 years from the date of deposit commenced to fall due for return to the depositors in March 1918, and it was deemed desirable to offer to extend the term so as to provide for the return of securities terminating at the same time as those deposited under scheme B. The majority of depositors accepted the offer, securities to the nominal value of only \$476,270 being returned at the original maturing dates.

On the 2d of January 1919 the prohibition on the sale of securities abroad without the permit of the American Dollar Securities Committee was removed, and the functions of the committee were reduced to granting permits for the import of securities sent abroad for registration. On the same date the purchase of securities was discontinued, except as regards those subject to requisition or already on deposit.

The foregoing furnishes an account of the origin of the committee for the purpose of supporting the American exchange and of the various steps taken to assist the foreign exchanges.

As before stated, the functions of the committee were generally to administer the schemes for the purchase and deposit on loan of American and other securities and such other operations as were more or less ancillary to the schemes. The initiative as regards the form these schemes should take rested with the Treasury.

Generally speaking, the selection of the securities taken and executive work connected with purchases were, so far as dealing with the public was concerned, undertaken by Sir George May, assisted by a staff which included officials borrowed from the Prudential Assurance Co. and the settlement department of the stock exchange. The clerical work was undertaken by the National Debt Commissioners with temporary assistance, and the acceptance of securities was managed by a branch office of the Bank of England.

The operations of the committee were in the first instance confined to the purchase of suitable securities, and a statement of the procedure adopted in calculating the prices offered by the treasury may be of interest.

So long as the purchases were limited to securities comprised in the lists published by the committee, the prices were cabled from New York in the first instance, and subsequent daily cables indicated the changes in quotations from those ruling on the previous day. These prices were adjusted for the accrued interest and the London parity calculated on the exchange rate of the day. The prices so obtained were posted on the London Stock Exchange each morning, and by arrangement with the post office were also telegraphed to the provincial stock exchanges.

Suitable securities which were not included in the published lists were also purchased, and in these cases special prices were obtained from New York, and the London prices calculated in the same manner.

A card system was used for these cases, as well as for variations in listed prices, each card representing a particular security, and suitably headed for "title of security", index number, and interest dates. Columns were provided for date, New York quotation, interest accrued, London parity, rate of exchange, and treasury quotation. Each card lasted for 12 variations in the price, and when completed was filed for future reference.

This method enabled all the particulars for a series of days to be seen at a glance, thus making checking a very simple process and the liability to error as negligible as possible.

When the volume of securities offered for sale to the treasury had materially decreased, the transactions were not of sufficient magnitude to justify cabling in all cases. The system was therefore slightly modified by basing the price offered for shares on the New York quotations appearing in the London papers, leaving bonds only to be the subject of a cable.

On January 2, 1919, the purchase operations were limited to the requisitioned securities and the securities that had been deposited on loan; and the purchase of the latter was discontinued on April 28, 1919.

The executive work in connection with the deposit on loan was at the request of the treasury undertaken by the national debt commissioners, and necessitated the keeping of an account for each depositor for the purpose of recording changes on the treasury register, for payment of the interest and additional allowances, and for the many other details which arise when a large number of securities and individual accounts have to be dealt with.

To cope with the work, further temporary assistance had to be obtained, which at first was housed in premises rented at 3 and 4 Lothbury, but as the work increased it was found necessary to obtain more spacious accommodations, and three buildings, which

had formerly been used as commercial show rooms with inter-communication on each floor, were secured, offering a total floor space of about 20,000 feet. These premises, situated at 32 and 33 London Wall and 5 London Wall Avenue, provided sufficient accommodation for the whole of the temporary staff, which at one time numbered 277. As will be seen by reference to the table on page 9, the deposits of securities were very heavy in August, September, and October 1916, amounting to as much as £26,000,000 sterling in 1 week, and to £100,000,000 in the month of September. It is difficult to convey an adequate idea of the magnitude of the work which devolved upon the national debt office, but it will perhaps be realized when it is stated that the department, acting as the one center to which the whole of the country was transmitting securities, was practically inundated with offers of securities during the busy part of the period. Not only were lodgments made direct but arrangements were also made for the transmission of securities from abroad through the medium of the consulates and for lodgments in New York.

So great was the pressure that it was impossible at times to cope with the work in an adequate manner, and some of the less urgent matters had to be deferred until a convenient opportunity to overtake the arrears occurred. It must be remembered that the bulk of the detail work was performed by temporary employees, as the small permanent staff of the office could only supply a limited number for supervising purposes, the more so as the work of the Department was much heavier than usual owing to the war. The principal delay arose in the issue of the treasury certificates, but with the assistance of a temporary staff of 60, placed at the disposal of the commissioners by the stock exchange from March to August 1917, the arrears were overtaken and the routine of the business was established. The branch establishment of the Bank of England undertook to receive the deposited securities and to arrange for their transmission to America, but all securities arriving from the provinces and abroad were examined and dealt with by the national debt office before being handed over to the bank.

It is a satisfaction to the committee to be able to state that, notwithstanding the immense number and variety of securities loaned to the treasury, not a single instance has occurred of a security's being lost.

In appendix D will be found a detailed list of the securities acquired by the treasury up to March 31, 1919, for the purpose of maintaining the exchange in New York, and also to a modified extent the exchanges in Holland and the Scandinavian countries. This statement shows the amounts of each security obtained by purchase and on loan separately, arranged under the currency in which the security was primarily issued. The purchases include those made by the Bank of England before the appointment of the committee, amounting to \$233,000,000, or in sterling to £46,600,000, and also those securities which were bought after they been loaned to the Treasury, the sterling equivalent of which amounted to £24,360,000.

The totals of the several currencies are given in the following statement:

	Purchases	Loaned securities	Total	Number of different securities
Dollar bonds..... dollars.....	680,014,944	197,856,380	877,871,324	1,421
Dollar shares..... do.....	241,317,761	303,593,880	544,911,641	389
Sterling bonds..... pounds.....	27,803,232	115,160,124	142,963,356	123
Sterling shares..... do.....	875		875	1
Registered stocks..... do.....	4,119,358	171,851,047	175,970,405	40
Home railways..... do.....		17,494,182	17,494,182	43
Franc bonds..... francs.....		8,458,500	8,458,500	2
Krone bonds..... kroner.....		8,152,100	8,152,100	3
Florin bonds..... florins.....	111,600	4,374,600	4,486,200	4
Florin shares..... do.....	5,341,100		5,341,100	1
Total.....				2,027

For the purpose of arriving at the aggregate amounts of the securities acquired, the various currencies have been converted into sterling at the customary rates, viz., \$5 to the pound, 25 francs to the pound, 18 kroner to the pound, and 12 florins to the pound.

	Purchases	Loaned securities	Total
Dollar bonds..... £136,002,988	£39,571,276	£175,574,264	
Dollar shares..... 48,263,552	60,718,776	108,982,328	
Sterling bonds..... 27,803,232	115,160,124	142,963,356	
Sterling shares..... 875		875	
Registered stocks..... 4,119,358	171,851,047	175,970,405	
Home railways.....	17,494,182	17,494,182	
Franc bonds.....	338,340	338,340	
Krone bonds.....	452,894	452,894	
Florin bonds..... 9,300	364,550	373,850	
Florin shares..... 445,091		445,091	
Total.....	216,644,396	405,951,189	622,595,585

The above figures do not include a special creation of \$40,000,000 Canadian Pacific Railway 4-percent dollar debenture stock deposited by the Canadian Pacific Railway Co.

From the above statement it will be seen that the total securities purchased amounted to £216,644,000 Of which the Bank of England bought 48,600,000 And the American Dollar Securities Committee 170,044,000 The deposits on loan at Mar. 31, 1919, amounted to 405,951,000 The deposits on loan sold to treasury amounted to 24,360,000 And the special deposit of the Canadian Pacific Railway Co. amounted to 8,000,000

Making the total amount actually deposited 438,311,000

The dollar securities can be analyzed to a limited extent, thus:

	Purchased	Loaned	Total
Dollar bonds	£130,002,988	£30,571,276	£175,574,264
Dollar shares	48,263,552	60,718,776	108,982,328
Total	184,266,540	100,290,052	284,556,592
Deduct Canadian securities included	6,651,836	27,361,344	34,013,180
American securities	177,614,704	72,928,708	250,543,412

It will be seen that of the American dollar securities, amounting to £250,543,000, which came into the possession of the treasury, £177,614,000, or 71 percent, were purchased for resale in New York and £72,928,000, or 29 percent, are still held by this country.

The number of the different securities which were obtained by the treasury is shown in the last column of the table on page 9, which can be subdivided as follows:

Number of different securities appearing as purchases only	637
Number of different securities appearing as both purchases and deposits	937
Number of different securities appearing as deposits only	373
	2,027

and the total of the last two items, viz., 1,340, represents the number of ledger accounts kept by the national debt commissioners under the head of "Securities"; the number of personal ledger accounts is 265,500, made up of:

Individual accounts of all kinds kept by the national debt commissioners, 33,000.

Individual accounts of registered stocks kept by the railway companies, 105,000.

Individual accounts of small accounts kept by agents, 127,500.

The foregoing statements furnish an indication of the work resulting from the operations of the committee as the position stood at March 31, 1919.

Since that date the additional special income tax of 2 shillings in the pound was discontinued as from April 6, 1919, the purchase by the treasury of deposited securities was discontinued on April 28; and the required 3 months' notice having been given, the return of registered stocks to the amount of £87,615,000, commenced on April 1.

The result of the endeavors to maintain the New York exchange, to which the operations of the committee contributed, was that a practically uniform rate of \$4.76  $\frac{1}{4}$  to the pound was maintained until March 21, 1919, when the control was removed.

The committee regret that Mr. G. H. Pownall, a member of the committee who had rendered valuable assistance, died on December 16, 1916.

The committee desire to place on record their high appreciation of the valuable services rendered by Sir G. E. May while acting as manager.

The committee would take this opportunity to express their thanks to the holders of securities who have voluntarily placed their holdings at the disposal of the treasury, to the financial houses and institutions who acted as paying agents for the treasury in connection with the deposit scheme, to the banks and railway companies for their assistance in connection with the registered stocks, and to the staff of the national debt office for their cordial cooperation in the work.

W. G. TURPIN, Chairman.  
BRIEN COKAYNE.  
W. G. BRADSHAW.  
HERBERT JOHNSON.  
GEO. METCALFE.  
G. E. MAY, Manager.

NATIONAL DEBT OFFICE, June 4, 1919.

I am also placing in the Record a copy of the rules and regulations issued under the defense of the realms act. By virtue of these laws Great Britain, through the medium of the exchange stabilization fund, have now been securing all title and interest in all the foreign securities owned by British investors throughout the world:

#### BRITISH LEGISLATION

The defense of the realm acts and regulations, for the most part, expired August 31, 1921, on the termination of the war.

The original act, 5 and 6 George V, chapter 8, and extended acts are 5 and 6 George V, chapter 34; 5 and 6 George V, chapter 37; 8 and 9 George V, chapter 57; and 10 and 11 George V, chapter 5.

The emergency powers act (1920) empowers the making of regulations similar in scope to those formerly made under the defense of the realm acts.

Certain matters formerly prescribed by defense of the realm regulations are now dealt with by permanent acts of Parliament, such as the army and air force (annual), October 1920 (10 and 11 George V, ch. 7, sec. 23); the official secrets act (1920); the shops (early closing) act (1920); the milk and dairies act (1920); and the sale of tea act (1922) (12 and 13 George V, ch. 29, repealed and replaced by 16 and 17 George V, ch. 63, secs. 4, 9, 15 (2), sch. 1.)

(Great Britain Statutes—Statutory rules and orders in force on Aug. 31, 1930, showing the statutory powers, p. 220, X W H, Fifth Avenue and Forty-second Street Library, New York City.)

Memorandum: The emergency powers act of 1920 was in anticipation of the expiration of the D.O.R.A. and continues in force and effect those acts of the D.O.R.A., the provisions of which have not been repealed.

#### GREAT BRITAIN STATUTES—CHITTY'S ANNUAL STATUTES (1920) (10 AND 11 GEORGE V. P. 742)

(10 and 11 George V, cap. 55. Emergency Powers Act, 1920)

An act to make exceptional provision for the protection of the community in cases of emergency (Oct. 29, 1920). Be it enacted as follows:

#### EMERGENCY REGULATIONS

SEC. 2. (1) Where a proclamation of emergency has been made,<sup>1</sup> and so long as the proclamation is in force, it shall be lawful for His Majesty in council, by order, to make regulations for securing the essentials of life to the community, and those regulations may confer or impose on a Secretary of State, or other Government department, or any other persons in His Majesty's service or acting on His Majesty's behalf, such powers and duties as His Majesty may deem necessary for the preservation of the peace, for securing and regulating the supply and distribution of food, water, fuel, light, and other necessities, for maintaining the means of transit or locomotion, and for any other purposes essential to the public safety and the life of the community, and may make such provisions incidental to the powers aforesaid as may appear to His Majesty to be required for making the exercise of those powers effective.

SEC. (4) The regulations so made shall have effect as if enacted in this act, but may be added to, altered, or revoked by resolution of both Houses of Parliament or by regulations made in like manner and subject to the like provisions as the original regulations;

\* \* \* \* \*

SEC. (5) The expiring or revocation of any regulations so made shall not be deemed to have affected the previous operation thereof or the validity of any action taken thereunder,<sup>2</sup> or any penalty, etc.

Finance Act, 1916 (6 and 7 Geo. V, ch. 24, sec. 27): Imposed an additional income tax of 2 shillings in the pound on all securities which were not placed at the absolute disposal of the treasury either by sale or deposit. Relief from the additional income tax could be obtained by holders of securities in cases in which failure to place them at the disposal of the treasury was unavoidable, or in which the securities were held by persons who were not domiciled in the United Kingdom. \* \* \*

Government War Obligations Act (1915) (5 and 6 Geo. V, ch. 96, sec. 2): Permitted trustee and companies to take advantage of the scheme notwithstanding any provisions of their trusts or constitutions.

\* \* \* \* \*

On January 24, 1917: An order in council, passed in virtue of and under the Defense of the Realm (Securities) Regulations, empowered the treasury to apply regulation C to requisition all or any securities held by British investors.

#### THE DEFENSE OF THE REALM ACTS (5 GEO. V, CH. 8)

#### THE DEFENSE OF THE REALM REGULATIONS CONSOLIDATED (POWERS OF TREASURY AS TO FOREIGN SECURITIES AND REGULATIONS THEREOF)

"7C" (1) Where the treasury are of opinion that for the purpose of strengthening the financial position of the country, it is expedient that this regulation should be applied to any foreign securities, or to the securities of any concern owning or controlling any foreign securities, or any property or undertaking outside the United Kingdom, or otherwise carrying on business wholly or mainly outside the United Kingdom, the treasury may by order apply this regulation, subject to any exceptions and conditions for which provision may be made by order, to any such securities specified in the order, whether the securities are actually in the United Kingdom or not; provided that no such order shall apply to any securities as to which the treasury are satisfied that on the 24th day of January 1917 they were beneficially owned by a person not ordinarily resident in the United Kingdom and that they remained so owned.

(2) The treasury may take possession or require delivery of any securities to which this regulation is for the time being applicable on such terms as may be provided by the order under which the regulation is made applicable to the securities, and deal with them in such manner as they think fit, and the owner of any such securities, and any person who has any interest in

<sup>1</sup> Such a proclamation has been made in convening the Parliament resulting in the present coalition government.

<sup>2</sup> As, for instance, the regulations 7c, 7d, 7e, of the D.O.R.A.

or is the registrar of any such securities, shall take all steps and do anything which is necessary or is directed by the treasury for the purpose of or in connection with the transfer or delivery of those securities to the treasury.

A certificate signed by a secretary to the treasury that any securities particulars of which are given in the certificate have been taken possession of by the treasury shall be taken as conclusive evidence of the facts stated in the certificate by the registrar of any securities.

(3) Provision may be made by an order under this regulation for any case in which securities transferred or delivered to the treasury are subject to any mortgage or other charge by substituting for the mortgage or charge on the securities a mortgage or charge on any payment made or other consideration given in respect of the transfer or delivery of the securities.

(4) Any order of the treasury under this regulation may be revoked or varied as occasion requires.

"7D" (1) A person shall not without the consent of the treasury remove from the United Kingdom or be directly or indirectly concerned in removing from the United Kingdom any securities to which the treasury have power to apply or have applied regulation 7C, or dispose of any such securities to any person except to a person ordinarily resident in the United Kingdom.

(2) The treasury may, by notice published in the London Edinburgh, and Dublin Gazettes, require the owners of any securities to which the treasury have power to apply regulation 7C, or have applied that regulation, to make a return to the treasury, giving such particulars as to those securities within such period as may be specified in the notice, and owners of those securities shall make a return accordingly.

"7E" (1) In regulations 7C and 7D the expression "securities" includes stocks, shares, and other securities, and the expression "foreign securities" includes any securities where the principal or interest of the securities is payable in any foreign country, or where the funds necessary for the payment of the principal or interest of the securities are provided from any foreign country, and the expression "registrar" includes as respects any securities any person having the charge of, or concerned with, the registration of registered securities, and any person having the charge of, or concerned with, the books in which any inscribed securities are inscribed.

(2) Any of the provisions of regulations 7C and 7D applying to foreign securities shall also apply to securities where the principal or interest of the securities is payable in any British possession, or where the funds necessary for the payment of the principal or interest of the securities are provided from any such possession.

The provisions of regulations 7C and 7D applying to the owner of any securities shall apply to any person who has power to dispose of or sell any such securities or has the custody of, or receives on his own behalf or on behalf of any other person the dividends or income from any such securities, or has any interest in any such securities, as they apply to the actual owner of the securities.

(3) If any person acts in contravention of, or fails to comply with any provisions of regulations 7C or 7D, that person shall be guilty of a summary offense against these regulations, and the administration of those regulations is for the purpose of subsection (11) of regulation 56 hereby assigned to the treasury.

I am also placing in the RECORD compilations which have been made covering the world investments made by British investors.

*United Kingdom investments in British Dominions and colonies*

	Principal of British investments in Dominion and Colonial Governments securities	Interest on Dominion and Colonial Governments securities	Private and corporate investments made by British investors in Dominion and Colonial enterprises	Income	Total of capital investments in Dominion and Colonial Governments securities	Total annual income
India.....	£234,871,120	£11,743,556	£322,379,811	£16,118,990	£557,250,931	£27,862,546
Australia.....	390,417,200	19,520,860	121,473,988	6,073,699	511,891,188	25,504,559
New Zealand.....	93,689,780	4,684,489	83,962,106	4,198,109	177,551,976	8,882,598
Canada.....	51,052,698	2,552,634	567,677,367	28,383,808	618,720,065	30,936,502
Africa.....	128,883,380	6,444,169	431,716,158	21,585,807	560,599,536	28,029,976
Colonies.....	29,818,244	1,490,912	140,870,222	7,043,511	170,688,472	8,534,423
Total.....	928,732,422	46,436,620	1,668,079,746	83,403,984	2,596,702,168	129,860,604

*United Kingdom investments in Asia, 1929-30*

	Principal of British investments in Asia governments securities	Interest on Asia governments securities	Private and corporate investments made by British investors in Asia enterprises	Income	Total of capital investments in Asia governments securities	Total annual income
China.....	£36,552,780	£1,827,639	£54,125,000	£2,706,250	£90,677,780	£4,533,889
Dutch East Indies.....	5,681,800	284,990	4,564,281	319,499	10,246,081	603,589
Japan.....	33,504,460	1,675,223	69,133,200	4,147,992	102,637,660	5,823,215
Persia.....	920,220	46,011	16,388,460	819,423	17,308,680	865,434
Siam.....	6,448,280	322,414	60,000	—	6,508,280	322,414
Turkey.....	3,949,580	197,479	27,872,400	1,171,421	31,821,980	1,368,900
Total.....	87,057,120	4,352,856	172,143,341	9,164,585	259,200,461	12,517,441

*United Kingdom investments in South and Central America, 1929-30*

	Principal of British investments in South and Central America Governments securities	Interest on South and Central America Governments securities	Private and corporate investments made by British investors in South and Central America enterprises	Income	Total of capital investments in South and Central America Governments securities	Total annual income
Argentina.....	£28,326,520	£1,416,325	£433,980,000	£21,699,042	£462,306,520	£23,115,363
Brazil.....	65,505,360	3,275,268	255,483,000	12,774,150	320,988,360	16,049,418
Chile.....	24,517,880	1,225,894	56,129,620	2,806,481	80,647,500	4,032,375
Colombia.....	918,660	45,933	8,809,608	440,490	9,728,268	456,413
Costa Rica.....	517,060	25,853	345,500	17,275	862,560	43,128
Cuba.....	329,100	16,455	36,131,615	1,806,580	36,460,715	1,823,035
Ecuador.....	1,178,380	58,919	615,940	30,797	1,794,320	89,716
Guatemala.....	1,930,520	96,526	922,500	46,125	2,853,020	142,651
Mexico.....	349,180	17,459	117,417,525	5,870,878	117,766,705	5,888,335
Nicaragua.....	160,420	8,021	—	—	160,420	8,021
Paraguay.....	274,400	13,720	—	—	274,400	13,720
Peru.....	3,639,820	181,991	37,432,960	1,871,648	41,072,780	2,053,639
Salvador.....	621,960	31,098	—	—	621,960	31,098
Uruguay.....	2,862,640	143,132	38,018,972	2,131,871	40,881,612	2,275,063
Venezuela.....	107,200	5,360	10,628,704	611,322	10,735,904	616,682
Total.....	131,239,120	6,561,955	995,915,944	50,106,647	1,127,155,064	56,668,602

*United Kingdom investments in Europe, 1930-31*

	Principal of British investments in Europe governments securities	Interest on Europe governments securities	Private and corporate investments made by British investors in Europe enterprises	Income	Total of capital investments in Europe governments securities	Total annual income
Austria	£14,266,400	£713,320	£6,530,000	£326,500	£20,796,400	£1,039,820
Belgium	10,786,180	539,309	9,000,855	450,042	19,787,035	989,351
Bulgaria	2,319,320	115,991	1,410,000	72,000	3,759,820	187,991
Czechoslovakia	3,183,800	159,190	3,491,281	174,564	6,675,081	333,754
Denmark	1,352,220	67,611	2,780,700	130,035	4,132,920	206,646
Estonia	624,680	31,234	661,500	33,075	1,286,180	64,209
France	6,957,920	347,896	3,161,060	158,053	10,118,980	505,949
Germany	20,311,620	1,015,581	26,762,543	1,338,127	47,074,163	2,353,708
Greece	15,495,580	774,779	14,581,024	729,051	30,076,604	1,503,830
Holland	24,820	1,241	4,369,343	218,467	4,334,163	219,708
Hungary	13,045,140	652,257	10,214,450	510,722	23,259,590	1,162,979
Iceland	1,203,200	60,180	780,240	41,933	1,983,440	102,093
Italy	2,029,840	101,492	16,194,450	971,667	18,224,200	1,073,159
Yugoslavia	371,140	18,557	2,845,000	190,150	3,216,140	217,707
Norway	6,039,420	301,971	3,753,000	225,180	9,792,420	527,151
Poland	1,707,960	85,398	2,637,280	131,864	4,315,249	217,262
Rumania	5,607,800	280,390	22,638,000	1,131,900	28,245,800	1,412,290
Portugal	1,201,980	60,099	9,176,527	458,826	10,378,507	518,925
Russia	1,714,420	85,721	—	—	1,714,420	85,721
Spain	264,900	13,248	29,361,960	1,781,717	29,626,860	1,774,965
Sweden	251,140	12,557	7,528,499	376,424	7,779,639	388,981
Switzerland	34,320	1,716	2,871,411	143,570	2,905,731	145,286
	108,794,300	5,439,718	180,779,132	9,501,867	289,573,432	15,031,585

And also compilations which have been made covering the world investments made by the American investors.

*Investments of United States of America in British Empire overseas*

	Principal of investments in Government securities, including municipalities, States, and other public authorities	Annual interest payments due on investments in Government securities, including municipalities, States, and other public authorities	Principal of "direct investments" made by private and corporate American investors	Estimated annual income on "direct investments" made by private and corporate American investors	Total annual income on investments made under (1) and (3)
Africa	—	—	\$76,846,000	\$3,842,300	\$5,842,300
Australia	\$232,997,565	\$11,649,878	132,942,000	6,147,100	17,796,989
Canada	2,428,680,000	121,434,000	1,960,320,000	98,016,000	219,450,000
Egypt	—	—	6,534,000	326,700	326,700
India	—	—	32,676,000	1,633,800	1,633,800
Iraq	—	—	6,218,000	310,900	310,900
Malaya	—	—	27,103,000	1,355,150	1,355,150
Miscellaneous	4,629,500	231,475	16,212,000	810,600	231,475
New Zealand	—	—	—	—	810,600
	2,666,307,065	133,315,353	2,258,851,000	112,442,550	245,757,903

*United States of America investments in Europe*

	Principal of war debts outstanding	Annual interest on war debts including capital repayments	Principal of investments in Government securities, including municipalities, States, and other public authorities	Annual interest payments due on investments in Government securities, including municipalities, States, and other public authorities	Principal of "direct investments" by private and corporate investors, 1929	Estimated annual income on "direct investments" made by private and corporate American investors	Total annual income on investments made under (3) and (5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Austria	\$24,055,708	—	\$78,476,525	\$3,923,826	\$14,337,000	\$716,850	\$4,640,676
Belgium	295,560,500	\$14,779,821	125,933,500	6,296,675	64,246,000	3,212,300	9,508,975
Bulgaria	—	—	17,232,500	861,625	812,000	40,600	902,225
Czechoslovakia	152,571,023	7,450,000	35,239,365	1,761,968	4,875,000	243,750	2,005,718
Danzig	—	1,500,000	5,770,000	288,500	2,531,000	126,550	415,050
Denmark	—	—	100,654,310	5,002,715	15,824,000	791,200	5,793,915
Estonia	13,129,000	483,870	4,500,000	225,000	2,531,000	125,550	350,550
Finland	8,549,000	314,470	50,364,135	2,518,206	956,000	47,800	2,566,006
France	3,863,650,000	50,000,000	30,435,815	1,521,790	145,009,000	7,250,450	8,772,240
Germany	4,370,000,000	161,100,000	1,410,475,614	70,523,780	216,514,000	10,825,700	81,349,480
Great Britain	—	—	38,817,960	1,840,898	485,235,000	24,261,750	26,102,648
Greece	—	—	20,915,500	1,045,775	5,138,000	256,300	1,302,575
Hungary	1,842,500	67,775	84,578,760	4,178,938	7,870,000	393,500	4,572,438
Irish Free State	—	—	14,969,000	748,450	2,129,000	106,450	854,900
Italy	2,004,900,000	14,708,125	337,485,865	16,874,293	113,216,000	5,660,800	22,535,093
Latvia	5,487,000	201,610	—	—	2,531,000	126,550	126,550
Lithuania	5,805,000	210,225	—	—	2,531,000	126,550	126,550
Netherlands	—	—	952,700	47,625	43,224,000	2,161,200	2,206,835
Norway	—	—	29,244,787	1,462,239	22,970,000	1,148,500	2,610,739
Poland	169,900,000	6,222,000	115,274,750	5,763,737	51,193,000	2,559,650	8,323,387
Portugal	—	—	—	—	11,546,000	577,300	577,300
Rumania	43,152,000	1,559,560	—	—	13,836,000	691,800	691,800
Spain	—	—	—	—	72,230,000	3,611,500	3,611,500
Sweden	—	—	20,277,500	1,013,875	19,230,000	961,500	1,975,375
Switzerland	—	—	—	—	16,804,000	840,200	840,200
Turkey	—	—	—	—	8,505,000	425,250	425,250
Yugoslavia	61,625,000	250,000	43,780,000	2,189,000	6,932,000	346,600	2,535,600
Miscellaneous	—	—	5,015,271	250,763	—	—	200,763
Luxemburg	—	—	9,515,460	475,823	—	—	475,823
Saar Territory	—	—	7,900,000	395,000	—	—	395,000
Total	11,020,326,731	258,845,458	2,565,210,317	129,210,511	1,347,878,000	67,635,650	196,847,161

*Investments of United States of America in South and Central America*

	Principal of investments in Government securities, including municipalities, States, and other public authorities	Annual interest payments due on investments in Government securities, including municipalities, States, and other public authorities	Principal of "direct investments" made by private and corporate American investors	Estimated annual income on "direct investments" made by private and corporate American investors	Total annual income on investments made under 3 and 5
Argentina	\$160,795,000	\$23,030,750	\$331,819,000	\$16,590,950	\$39,630,700
Bolivia	43,153,655	2,157,082	61,619,000	3,080,950	5,238,632
Brazil	240,051,415	12,047,570	193,606,000	9,680,300	21,727,870
Chile	185,199,925	9,259,996	422,593,000	21,129,650	30,389,646
Colombia	176,333,035	8,316,651	123,994,000	6,199,700	14,516,351
Ecuador			11,777,000	588,850	588,850
Guianas			5,683,000	284,400	284,400
Paraguay			12,615,000	630,750	630,750
Peru	24,863,291	1,243,414	123,720,000	6,187,100	7,430,514
Uruguay	34,744,450	1,737,222	27,904,000	1,395,200	3,132,422
Venezuela	14,183,000	709,150	232,538,000	11,626,900	12,336,050
Mexico			682,536,000	34,126,800	34,126,800
Costa Rica	9,712,400	485,620	22,166,000	1,108,300	1,593,920
Guatemala	13,415,735	672,286	69,979,000	3,498,950	4,171,236
Honduras	642,000	32,100	71,485,000	3,574,250	3,606,350
Nicaragua			13,002,000	600,100	600,100
Panama	13,223,740	661,187	28,459,000	1,422,950	2,084,137
Salvador			29,466,000	1,473,300	1,473,300
Cuba	80,563,575	4,028,178	918,957,000	45,947,850	49,976,028
Dominican Republic	22,937,115	1,146,855	69,322,000	3,466,100	4,612,955
Haiti			14,191,000	709,550	709,550
Jamaica			21,941,000	1,097,050	1,097,050
Miscellaneous	21,693,450	1,084,672	29,340,000	1,467,000	2,551,672
Total	1,342,446,786	66,622,333	3,518,739,000	175,836,950	242,509,233

*United States of America investments in Africa, Asia, and Oceania, other than British*

	Principal of investments in government securities, including municipalities, States, and other public authorities	Annual interest payments due on investments in government securities, including municipalities, States, and other public authorities	Principal of "direct investments" made by private and corporate American investors	Estimated annual income on "direct investments" made by private and corporate American investors	Total annual income on investments made under 3 and 5
Algeria			\$3,204,000	\$160,200	\$160,200
French Africa			1,200,000	60,000	60,000
Portuguese Africa			9,000,000	450,000	450,000
Other Africa			5,445,000	272,250	272,250
China			113,754,000	5,687,700	5,687,700
Japan	\$211,318,750	\$10,565,937	60,700,000	3,035,000	13,600,937
Dutch East Indies	27,224,700	1,361,235	66,012,000	3,300,000	4,661,235
Palestine, Syria, and Cyprus			7,050,000	352,500	352,500
Persia			1,092,000	54,600	54,600
Philippine Islands	39,933,630	1,996,681	79,035,000	3,996,750	5,993,431
Miscellaneous			56,819,025	2,840,951	2,840,951
	278,477,080	13,923,853	404,211,025	20,209,951	34,133,804

I desire to point out that the position today in regard to the ownership of all the investments made by British investors is that the title to all these investments representing the value of properties situated in foreign countries is vested in the Government of Great Britain. The production and all income derived from these properties situated in foreign countries belongs in effect to the Government of Great Britain. I should like to ask you now this question: Do you think that the Government of Great Britain is going to see that the American stabilization fund will buy these securities in order to transfer all the benefits derived therefrom in favor of the United States? To answer the question alone, it is

too absurd for words. The British Government will never part with these investments because they are the main artery of Great Britain's financial and economic existence. I desire to point out under these circumstances that it is obvious to me that even if the American stabilization fund were to be capitalized at \$4,000,000,000, or at any amount above that figure, there would not be the slightest chance for the American fund to use this money in acquiring Great Britain's ownership to these investments representing the most valuable properties in the world.

In clarification of what I am saying, I now insert the following statements:

*World investments of Great Britain and United States of America  
(000's omitted)*

Countries	Great Britain						United States of America					
	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income
<b>SOUTH AMERICA</b>												
Argentina	\$160,959	\$2,119,864	\$2,289,823	\$7,081	\$127,191	\$134,273	\$460,795	\$331,819	\$792,614	\$27,648	\$23,227	\$50,875
Brazil	439,112	1,277,415	1,716,527	18,296	76,644	94,941	240,951	193,606	434,557	12,047	13,552	25,599
Chile	150,407	280,643	431,055	6,266	16,838	23,105	185,200	422,593	607,793	9,260	25,355	34,615
Columbia	5,511	52,857	58,369	229	3,171	3,401	176,333	123,994	300,327	8,816	9,919	18,736
Ecuador	7,070	3,695	10,765	294	221	516	-----	11,777	11,777	-----	947	947
Paraguay	1,646	-----	1,646	68	-----	68	-----	12,615	12,615	-----	885	885
Peru	21,838	226,325	248,164	909	13,579	14,489	24,868	123,742	148,610	1,243	10,899	12,142
Uruguay	17,175	191,508	208,774	715	11,495	12,211	34,744	27,904	62,648	1,737	2,760	4,527

*World investments of Great Britain and United States of America—Continued  
(000's omitted)*

Countries	Great Britain						United States of America					
	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income
<b>SOUTH AMERICA—Continued</b>												
Venezuela.....	\$343	\$78,952	\$79,595	\$26	\$1,737	\$1,763	\$14,183	\$232,538	\$246,721	\$709	\$30,928	\$21,637
Bolivia.....							43,154	61,775	104,929	2,157	4,942	7,099
Total.....	813,365	4,231,356	5,044,721	33,890	253,881	287,771	1,180,228	1,542,363	2,722,591	63,619	113,447	177,067
<b>CENTRAL AMERICA</b>												
Costa Rica.....	3,102	2,073	5,175	129	124	253	9,712	22,166	31,878	485	4,187	4,673
Cuba.....	4,999	180,608	185,607	208	10,836	11,044	80,504	918,957	999,521	4,028	64,326	68,355
Guatemala.....	11,583	5,535	17,118	482	332	814	13,446	69,979	83,425	673	5,708	6,471
Mexico.....	2,095	587,087	589,182	87	35,225	35,312		682,536	682,536		54,602	54,602
Nicaragua.....	962		962	40		40		17,775	17,775		1,066	1,066
Salvador.....	3,731		3,731	155		155		32,357	32,357		2,133	2,133
Panama.....								13,224	28,459	41,683	661	2,276
Dominican Republic.....								22,937	69,322	92,259	1,146	5,951
Haiti.....									17,755	17,755		1,454
Miscellaneous.....								21,693	35,028	56,721	1,084	2,802
Total.....	26,474	775,303	801,777	1,103	46,518	47,621	161,576	1,894,334	2,055,910	8,079	144,600	152,679
Aggregate.....	839,839	5,006,660	5,846,499	34,993	300,399	335,392	1,341,804	3,436,697	4,788,501	71,699	258,047	329,747
<b>BRITISH DEPENDENCIES</b>												
India.....	1,310,560	1,568,700	2,879,260	65,628	94,125	159,753		32,676	32,676		2,287	2,287
Australia.....	1,899,770	605,486	2,505,256	94,988	36,330	131,318	232,998	132,942	365,940	11,649	10,635	22,285
New Zealand.....	484,815	408,560	893,375	24,240	24,514	48,755		16,212	16,212		1,296	1,296
Canada.....	248,422	2,762,318	3,010,740	12,421	165,745	178,166	2,428,680	1,960,320	4,389,000	121,434	117,610	239,053
Africa.....	686,432	2,099,730	2,786,163	34,321	125,983	160,305		76,846	76,846		5,379	5,379
Colonies.....	202,682	685,474	888,056	10,129	41,128	51,257	4,630	39,855	44,485	231	3,113	3,345
Total.....	4,832,583	8,130,269	12,962,853	241,729	487,827	729,556	2,666,308	2,258,851	4,925,159	133,315	140,332	273,647
<b>ASIA</b>												
China.....	177,863	270,625	448,488	8,893	13,531	22,424	7,354	143,754	151,108	367	8,622	8,990
Dutch West Indies.....	27,647	24,349	51,997	1,382	1,217	2,599						
Japan.....	185,816	345,666	531,482	9,290	17,283	26,574	215,421	65,946	281,367	10,771	5,935	16,706
Persia.....	4,477	113,192	117,670	223	5,659	5,883						
Siam.....	31,377	300	31,677	1,568	15	1,583						
Turkey in Asia.....	10,218	130,362	158,580	960	6,968	7,929						
Miscellaneous.....	82,788	269,443	352,231	4,139	18,861	23,000	67,598	243,908	311,506	3,379	20,512	23,892
Total.....	529,189	1,162,937	1,692,127	26,459	63,535	89,995	290,373	453,608	743,981	14,518	35,070	46,588
Great Britain.....								2,321,544	2,321,544			
United States.....	38,780	585,235	624,015	1,955	40,966	42,921					141,500	141,500

## SUMMARY

Countries	Great Britain		United States	
	Total value	Total income	Total value	Total income
South America.....	\$5,044,721,952	\$287,771,620	\$2,722,591,000	\$177,067,087
Central America.....	801,777,820	47,621,335	2,055,910,000	152,679,922
British dependencies.....	12,962,853,457	729,556,661	4,925,159,000	273,047,410
Asia.....	1,692,127,289	89,995,427	743,981,000	49,588,750
United States.....	2,321,544,000	141,500,639		
Great Britain.....			624,015,000	42,921,450
Grand aggregate.....	22,823,024,518	1,296,445,682	11,071,656,000	695,904,619

*World investments of Great Britain and United States of America  
(000's omitted)*

Countries	Great Britain						United States of America					
	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income
<b>EUROPE</b>												
Austria.....	\$71,332	\$32,650	\$103,982	\$3,566	\$1,635	\$5,201	\$78,476	\$14,337	\$92,813	\$3,924	\$719	\$4,643
Belgium.....	53,031	45,005	98,936	2,696	2,250	4,946	125,933	64,246	6,296	3,212	9,508	12,720
Bulgaria.....	11,599	7,200	18,799	579	390	939	17,232	812	18,044	861	40	901
Czechoslovakia.....	15,919	17,456	33,375	795	872	1,667	35,239	4,875	40,114	1,781	243	2,004
Danzig.....	6,761	13,903	20,664	338	695	1,033	5,770	2,531	8,301	288	126	413
Denmark.....	3,123	3,307	6,430	156	165	321	100,054	15,824	115,878	5,002	791	5,794
Estonia.....							4,500	2,531	7,031	225	125	350
Finland.....							50,384	956	51,320	2,518	47	2,565
France.....	34,789	15,805	50,594	1,739	790	2,529	30,435	145,009	175,444	1,521	7,250	8,771
Germany.....	101,558	133,812	235,370	5,077	6,690	11,767	1,410,475	216,514	1,626,989	70,523	10,825	81,348
Greece.....	77,477	72,905	150,382	3,873	3,645	7,518	20,915	5,136	26,051	1,045	256	1,301
Holland.....	124	21,846	21,970	6	1,022	1,098	952	43,224	44,176	47	2,161	2,208
Hungary.....	65,225	51,072	116,297	3,261	2,553	5,814	84,578	7,570	92,448	4,178	393	4,571
Iceland.....	6,016	3,901	9,917	300	209	509						
Irish Free State.....							14,969	2,129	17,098	748	106	854
Italy.....	10,149	80,972	91,121	507	4,858	5,365	337,485	113,216	450,701	16,874	5,660	22,534
Latvia.....								2,531	2,531		126	
Lithuania.....								3,450	3,450		276	
Norway.....	30,197	18,765	48,962	1,509	1,125	2,634	29,244	22,970	52,214	1,462	1,148	2,610
Poland.....	8,539	13,186	21,725	426	659	1,085	115,274	51,193	166,467	5,763	2,559	8,322

*World investments of Great Britain and United States of America—Continued  
(000's omitted)*

Countries	Great Britain						United States of America					
	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income	Government securities	Commercial securities	Total value	Income on Government securities	Income on commercial securities	Total income
<b>EUROPE—continued</b>												
Portugal.....	\$6,006	\$45,882	\$51,891	\$300	\$2,294	\$2,594	.....	.....	\$11,546	\$11,546	.....	\$577
Rumania.....	28,039	113,190	141,229	1,401	5,659	7,060	.....	13,836	13,836	.....	1,383	1,383
Spain.....	1,324	146,809	148,133	66	7,340	7,406	.....	72,230	72,230	.....	8,750	8,750
Sweden.....	1,255	37,642	38,897	64	1,885	1,949	20,277	19,230	39,507	1,500	2,100	3,600
Switzerland.....	171	14,357	14,528	8	746	754	.....	16,804	16,804	.....	860	860
Turkey.....	25,333	7,485	32,818	1,122	599	1,721	.....	8,505	8,505	.....	680	680
Yugoslavia.....	1,855	14,225	16,080	92	995	1,087	43,780	38,400	82,180	2,189	384	384
Russia.....	8,572	(?)	8,572	428	(?)	428	.....	9,517	9,517	475	475	475
Luxemburg.....	.....	.....	.....	.....	.....	.....	7,900	7,900	395	395	395	395
Saar Valley.....	.....	.....	.....	.....	.....	.....	5,015	5,015	250	250	250	250
Miscellaneous.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total.....	569,297	911,375	1,480,672	28,309	47,116	75,425	2,548,384	899,905	3,448,289	124,761	57,093	181,854

## GRAND SUMMARY

Country	Great Britain		United States of America	
	Total value	Total income	Total value	Total income
South America.....	\$5,044,721,952	\$287,771,620	\$2,722,591,000	\$177,067,037
Central America.....	801,777,820	47,621,335	2,055,910,000	152,679,922
British dependencies.....	12,962,853,457	729,556,661	4,925,159,000	273,647,410
Asia.....	1,692,127,289	89,995,427	743,981,000	49,588,750
United States of America.....	2,321,544,000	141,500,639	624,015,000	42,921,450
Great Britain.....	1,480,672,400	75,425,644	3,448,289,000	181,854,336
Europe.....	24,303,696,918	1,371,871,326	14,519,945,000	877,758,955
Aggregate.....	.....	.....	.....	.....

## Statement showing percentage of American overseas trade carried in British ships

Year	Total foreign trade of United States carried in foreign ships			Proportion of total foreign trade of United States carried in British ships				Carriage costs paid by United States of America to British shipping, insurance, and banking companies (value)
	Imports	Exports	Total	Imports	Exports	Total	Percentage	
1923.....	\$2,271,662,621	\$2,149,236,057	\$4,420,898,678	\$1,215,231,008	\$1,247,523,474	\$2,462,754,482	55.7	\$123,137,724
1924.....	2,133,061,218	2,436,500,383	4,569,561,601	1,117,007,743	1,321,248,757	2,438,256,500	53.3	121,912,825
1925.....	2,565,073,664	2,721,863,853	5,286,877,517	1,384,925,917	1,423,507,521	2,808,433,433	53.1	140,421,671
1926.....	2,695,989,056	2,618,933,793	5,314,922,849	1,367,064,320	1,339,953,014	2,707,017,334	50.9	135,350,866
1927.....	2,445,567,307	2,629,915,300	5,076,482,607	1,133,818,459	1,333,324,539	2,467,142,998	48.6	123,357,149
1928.....	2,417,686,252	2,770,231,023	5,187,917,275	1,121,146,005	1,341,688,703	2,462,834,703	47.7	123,141,735
1929.....	2,602,016,963	2,808,228,156	5,410,245,119	1,163,518,633	1,348,592,981	2,512,111,614	46.4	125,605,580
1930.....	1,737,060,755	2,028,870,318	3,765,931,073	751,088,627	946,730,583	1,697,819,210	45.1	84,890,960
1931.....	1,209,601,179	1,291,300,906	2,500,902,085	448,961,267	582,748,626	1,031,709,893	41.2	51,585,494
1932.....	733,834,398	893,727,107	1,627,561,505	258,348,352	378,809,770	637,158,122	39.1	31,857,906

<sup>1</sup> Examine column 3 (A) Shipping. The value of \$123,137,724, for the year 1923, is derived from the dollar payments for the cost of the carriage of United States imports and exports throughout the world by British ships. The particulars of the value of the United States imports and exports carried in British ships are contained in the statement showing percentage of American overseas trade carried in British ships.

Examine column 4 (A) Bills of exchange. The value of \$492,495,490 for the year 1923, is an aggregate of the values stated in statement entitled "American Dollars Fund Controlled by British Banks." (CONGRESSIONAL RECORD, Jan. 20, 1934, p. 974.)

Examine column 5 (A) Investment income. The value of \$142,733,200 for the year 1923 is derived from the interest and/or dividends paid yearly by United States concerns or persons whose certificates of indebtedness, such as bonds, stocks, mortgages, insurance policies, etc., are owned by British investors. The particulars of the income according to British investors from the payment of interest and dividends by the United States and by other foreign nations are contained in the statement showing World Investments of Great Britain and the United States.

## Statement showing value and percentage of Great Britain's overseas income encashed in United States

Year				Great Britain's overseas income <sup>1</sup>	Value encashed in United States <sup>2</sup>	Percentage	Value added by inflation at \$31.80 per fine ounce of gold
	Imports	Exports	Total				
1923.....	\$1,024,053,910	.....	.....	\$758,366,414	.....	74.00	\$266,175,779
1924.....	1,107,797,751	.....	.....	843,831,202	.....	76.00	335,690,773
1925.....	1,191,452,257	.....	.....	1,000,506,676	.....	84.00	528,401,297
1926.....	1,453,003,777	.....	.....	1,050,890,468	.....	73.00	691,603,201
1927.....	1,561,615,353	.....	.....	906,138,992	.....	57.00	487,763,516
1928.....	1,556,428,151	.....	.....	817,933,575	.....	52.00	347,162,685
1929.....	1,598,512,851	.....	.....	1,157,034,483	.....	72.00	621,322,289
1930.....	1,703,775,060	.....	.....	795,926,894	.....	46.00	428,719,208
1931.....	1,690,760,697	.....	.....	592,017,713	.....	35.00	257,583,922
1932.....	1,371,871,326	.....	.....	342,557,118	.....	25.00	37,507,851
Total.....	14,263,271,133	.....	.....	8,365,203,535	.....	58.66	4,101,930,521
Average.....	1,426,327,113	.....	.....	836,520,353	.....	58.66	410,193,052

<sup>1</sup> Examine statement showing assessed gross income of Great Britain on declared overseas investments. (CONGRESSIONAL RECORD, Jan. 20, 1934, p. 976.)

<sup>2</sup> Examine columns 3, 4, and 5 (A) under statement showing International Merchandise and Services Balances between Great Britain and the United States. (CONGRESSIONAL RECORD, Jan. 20, 1934, p. 975.)

<sup>3</sup> Examine columns 3, 4, and 5 (C) under statement showing International Merchandise and Services Balances between Great Britain and the United States. (CONGRESSIONAL RECORD, Jan. 20, 1934, p. 975.) The addition of the following values, for the year 1923, namely, \$53,528,911; \$212,648,868; and \$62,044,866, amounts to an aggregate of \$266,175,779.

In connection with the above tables I wish to point out to you that, with the exception of the Government securities stated, all these investments are productive assets, and you will also observe that all these productive assets are situated in foreign countries and that they are not in Great Britain or in the United States. The income accruing to British investors, amounting to \$1,371,871,326, is cached in the United States to the extent of between 74 percent and 35 percent, according to the gross income obtained from the year 1923 through 1933. I want to emphasize again the fact that these world investments of Great Britain and the United States are exclusive of all war debts. Taking these figures into consideration I cannot see, for the life of me, how Great Britain, who has productive assets situated outside of the British Isles amounting in value to \$24,303,696,918, which assets produce an actual transferable productive income of \$1,371,871,326, has the audacity to plead poverty and ask for any readjustment of her war debt to the United States. Nor can I see why any officials of the present administration should feel so inclined as to reduce or cancel by 90 percent the debts which are owed by Great Britain to the United States.

I wish to revert to the remarks which I made in this House on January 20, 1934, when the gold monetary bill was up for discussion. I said you will never be able to legislate stabilization in the United States so long as the Government of the United States comes to an agreement with the governments of the other nations in which are situated the properties against which Great Britain holds the titles of ownership and the production thereof. To make clear, let me give you a concrete example of what I mean—and I would call your attention to that list which I am placing in the Record, containing the amount of investments in South America owned by the investors of Great Britain. Great Britain has in Brazil, for instance, an approximate total investment of £320,988,360, of which £65,505,360 are invested in governmental securities and £255,483,000 are invested in various plantations, railways, harbors, hydroelectric and telephone lines, and so forth.

The Government of Brazil draws the interest it has to pay on its bonds held by investors of Great Britain through taxation which is drawn out of the properties in which Great Britain's investors own a controlling interest. The Government of Brazil does not produce anything that is transferable abroad. The mines and plantations owned by the British are the only properties that produce anything that enables Great Britain to receive the interest owing to her investors on the capital invested in Brazil. I would call your attention to the fact that Sir John Simon, the Britisher, made a secret treaty with the Brazilian Government in regard to matters of exchange when he went to that country for his health a short time ago. Now, who pays for the interest that is owing to British investors in Brazil? Why, the citizens of the United States pay nearly every penny of that interest owing to British investors.

Let me convert the amounts owing for interest in 1929-30 into dollars. The amounts in pound sterling are 3,275,268 and 12,774,150, making a total of 16,049,418 pounds sterling. If you multiply 16,049,418 by 4.86, being the then parity of exchange between the pound sterling and the dollar, you will obtain \$78,000,171.48. Now, how did Brazil transfer the payment of this latter sum to the investors of Great Britain? I may say that very little gold was shipped to England that were on account of interest payments. The Brazilians did not remit their paper money to London, because Brazilian paper money cannot be used in Great Britain as legal tender by the people to whom such interest payments were due. I have just stated that all this interest indebtedness is paid by the citizens of the United States. Now I am going to give you the proof. During the year ending December 31, 1929, Brazil's exports to the United States amounted to \$207,686,130, representing mostly the value of coffee imported into the United States. During that same year British bankers in Brazil purchased \$98,898,592—bills of exchange on the United States—out of a total of \$207,686,130 as a dollar reserve fund to be applied toward the payment of the interest owing to the

British owners of Brazilian securities. And I would ask you to refer to the tables I placed in the RECORD in my speech of January 20, where you will find the sum of \$98,898,592 in the column of the year 1929. This sum of \$98,898,592 is, as you will find, approximately the sum total of the excess of Brazil's exports to the United States over Brazil's imports from the United States. Or in other words, Brazil's credit balances in the United States were used to the extent of about 80 percent toward the payment of interest owing by Brazil to British investors.

Now I would ask you is it to be wondered at that there is no end of trouble for American exporters to obtain Brazilian exchange in settlement of increased American exports to Brazil?

The same set of conditions, I would point out to you, obtain in all the South and Central American Republics and elsewhere throughout the world. Again I would refer you to these tables that I placed in the RECORD on January 20, where you will find that during the year 1929 the British banks bought and controlled the sum of \$884,060,693 as an "American dollar reserve fund", the whole of which was secured in the case of every country concerned in these figures in the same manner as in the case of Brazil.

Again I refer to these tables, where you will find under the heads for the year 1929 the amounts of \$631,397,000 and \$439,640,861, or a total of \$1,071,037,861. This represents the value of the income accruing to British investors whose capital is placed in the various concerns enumerated under these two heads.

During the year 1929 the American dollar reserve fund amounted to \$884,060,693, which represented the value of coffee, tin, sugar, tea, rubber, spices, and so forth, exported from all the countries enumerated in the last table. In other words, Great Britain obtained about 82 percent of her income on her productive investments in foreign countries through the exports of these debtor countries to the United States during the year 1929. The total gross income arising from Great Britain's overseas investments during the year 1929 was \$1,598,512,851; during the year 1929 the American dollar fund was \$884,060,693. This means that about 55 percent of Great Britain's gross declared income was paid from the proceeds of the exports of her overseas debtor nations, and the American people paid for this income which accrues to British investors. I might say to you that I have had prepared another compilation which will show to what extent the American people are being done by this strangle hold on the foreign trade of the United States.

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

Mr. McFADDEN. Yes.

Mr. LUNDEEN. Will the gentleman have in the RECORD the amount of money that we canceled to Europe a few years ago—something over \$12,000,000,000?

Mr. McFADDEN. The gentleman is undoubtedly referring to the foreign debts. That was something over \$22,000,-000,000, and that was reduced under the various settlements made with foreign countries down to approximately the present amount—\$12,000,000,000.

Mr. LUNDEEN. What I have reference to is that the general public seems to think there has been no cancellation.

Mr. McFADDEN. There has been, and there has been practically a 50-percent cancellation. The so-called "war debts" now owed to the United States amount practically to the sum of money which was loaned by the United States to foreign countries at the conclusion of the war, which money was largely used for the rehabilitation of certain countries in Europe. The original loan was practically entirely canceled.

When you take this situation seriously into consideration and realize the predicament of the United States and the strangle hold that Great Britain has over our trade relations with South American countries, to talk about stabilization first with Great Britain is absolutely out of question and absurd, because if this is done, the people of the United States are going to be made the goats. And may I say as definitely as I can that the facts and figures must be

determined in advance of any talks with any country about stabilization?

I have a feeling that there is great misunderstanding even by the expert economists who are supposed to know and understand the effect of these trade relations of the United States with other countries which makes me conclude that these men are only guessing and bluffing or else they are deliberately scheming with the Britishers in this particular.

Now that the President has by proclamation lowered the gold content of the dollar to 59.6, it will be interesting to know, in view of the recent decision of the House of Lords in England as regards the fulfillment of contracts that were entered into with good faith by the United States, and the corporations and individuals in the United States whose contracts and obligations are now held in England, France, Belgium, Holland, Switzerland, and the Scandinavian countries, what the President is going to do about this. Are these countries going to demand at maturity the payment of all the United States securities they own in gold dollars of 23.22 and not of 13.93 grains? I fear that the United States has embarked upon a voyage in dark and unknown waters which are fraught with serious international complications.

I should like to press the further query prompted by the reports of an international conference about to be held with Great Britain on the question of stabilization, war debts, and tariffs, which I have referred to in these remarks. Are all of these important matters to be dealt with en bloc?

We now know that the Secretary of the Treasury is calling for expert assistance by his recent request to the Ways and Means Committee to provide in the tax bill for 10 experts to assist him in managing the equalization fund. Are these experts to be trained monetary experts? Are they to be trained tariff experts as well? And are they to be given authority to cancel or reduce by 90 percent the war debts owed to the United States? These are all questions in which the American people are greatly interested, because the decisions arrived at in dealing with these several matters will determine largely the future welfare of the American people.

What is the significance of the newly appointed ambassador at large, Richard Washburn Child, who has just sailed for England? Is he an additional negotiator on war debts, economic conferences, tariffs, and international exchange, or has he been shipped out of the country because he is a critic of the new deal?

That the present stabilization negotiations will prove abortive, allow me to tell you this with all of the emphasis that I possess: The Treasury of the United States will not have one gold dollar in its vaults within the next 10 years if the present administration adheres to the gold standard as defined by the Gold Reserve Act of 1934, and the United States will have to go off the gold standard again if this policy is not changed at an early date in order to protect her gold reserves and sovereignty; otherwise Great Britain and the sterling-bloc nations of the world will demand and influence the payment in gold of all their international balances of trade. If you could look behind the scenes, you would know that this bloc of nations are watching with a great deal of interest the recent action of Panama in demanding 23.22 grains of gold per ounce in settlement of the obligations owed by the United States to Panama.

In further support of my opinion on this matter, I am inserting a statement showing the amounts of gold that will become exportable and eligible under the Gold Reserve Act of 1934 each year as the consequence of the devaluation of the gold dollar from its former standard to its present standard of 59.06 percent.

	Imports	Inflated imports	Exports	Excess inflated imports	Exportable gold
1932	\$1,322,745,439	\$2,239,587,956	\$1,612,305,818	-\$627,232,138	\$370,485,376
1931	2,090,634,725	3,539,728,971	2,424,288,588	-1,115,440,383	658,801,400
1930	3,061,090,619	5,182,842,807	3,843,391,349	-1,339,451,458	791,106,821
1929	4,399,361,066	7,448,716,714	5,240,995,202	-2,207,721,512	1,303,924,480
1928	4,091,120,064	6,926,822,769	5,128,809,279	-1,798,013,490	1,061,942,728
1927	4,184,742,416	7,085,338,146	4,865,375,325	-2,219,962,821	1,311,154,442
1926	4,430,890,381	7,502,100,133	4,808,465,005	-2,693,635,128	1,590,914,780
Total				7,103,433,349	

You will note that by substituting the year 1934 for the year 1932, 1935 for the year 1931, 1936 for the year 1930, 1937 for the year 1929, 1938 for the year 1928, 1939 for the year 1927, and 1940 for the year 1926 you will find the amount of gold exportable for the year 1934 will be \$370,485,376, and so on until 1940, when the exportable gold will be \$1,590,914,780. The year 1932 was the lowest of the depression years, and 1926 is the highest aim of the present administration in price and volume levels.

It only stands to reason that the foreign trade of the United States will gradually revive on an upward trend in the same degree that it went down from 1926 through 1932, and for that reason, on the assumption that the exports as to volume and price level for each year are approximately the same from 1934 through 1940. There can be no mathematical evidence to prove the contrary of my reasoning.

You will observe by looking at the statement above that the exportable gold for the year 1929 was \$1,303,924,480, which will become the amount exportable in the year 1937, all this by reason of the reduction in the gold content of the dollar to its present content of 13.71 grains of fine gold, and by reason of the provisions of the Gold Reserve Act of 1934, article 4, section 28, as defined for the purpose of settling international balances, and for other purposes.

Secretary Henry A. Wallace has said, in his pamphlet entitled "America Must Choose", that—

If we are going to increase foreign purchasing power enough to sell abroad our normal surpluses of cotton, wheat, and tobacco at a decent price, we shall have to accept nearly a billion dollars more goods from abroad than we did in 1929.

In other words, Secretary Wallace wants to find a way out in sending \$1,303,924,480 gold dollars abroad in 1937 (1929) and take from abroad in lieu thereof an equivalent in shoddy goods from foreign countries. This is all nonsense and unbusinesslike and cheap political buncombe.

If this administration persists in such a course it is tottering slowly toward its own ruin and indirectly is carrying in its train the economic and financial destruction of the United States, the greatest, the bravest, and the proudest Nation in all the world.

I wish to call your attention to an article appearing in the New York Times bearing a London dispatch line under date of February 27 relative to the recent decision of the House of Lords upholding the gold clause in the case of Belgian bonds, as follows:

#### BRITISH BOND ISSUES HERE UNTOUCHED BY LORDS' RULE

LONDON, February 27.—Neville Chamberlain, Chancellor of the Exchequer, told a questioner in the House of Commons today that the recent decision of the House of Lords upholding the gold clause in the case of Belgian bonds did not apply to United Kingdom gold bonds issued in New York.

"That matter," said Mr. Chamberlain, "is governed by United States law."

On December 15 the House of Lords in its high legal capacity upheld the right of British holders of bonds of the Société Intercommunale Belge d'Électricité to receive capital and interest payments in gold pounds rather than paper pounds, in accordance with a gold clause in the bonds.

The London Times, commenting on the decision at the time, said:

"At present, when default is stalking naked and unashamed throughout the world, it is of the utmost importance that debtors should at least acknowledge their rightful obligations."

Mr. Neville Chamberlain says, "That matter is governed by United States law." In other words, Mr. Neville Chamberlain and his crowd are determined to demand and request that all the bonds and securities owned by British investors in the United States which were purchased prior to the enactment of the Gold Reserve Act of 1934 be paid in gold dollars of 23.22 grains of fine gold and that all bonds and securities purchased since January 30 and 31, 1934, will be subjected to the Gold Reserve Act of 1934. This is a concise definition of Neville Chamberlain's idea when he states on the floor of the House of Commons that "that matter is governed by United States law."

What will be President Roosevelt's answer to the British Government's request for the payment of these bonds and contracts in dollars of 23.22 grains of fine gold? If his

answer should be that all United States bonds, public and private, and contracts, including all Federal Reserve notes, gold certificates, owned by British investors, will be paid in dollars of 23.22 grains of fine gold, will this payment not make the United States stabilization fund of \$2,000,000,000 return into thin air as when it was created? If President Roosevelt should answer Great Britain that the Gold Reserve Act of 1934 applies to all American bonds and securities whether owned by the investors of Great Britain or by the investors of any other foreign nation, is it not to be expected that all sterling bloc nations of the world will openly accuse the United States of brazen repudiation? Do you not realize that such repudiation might be a "casus belli"?

Referring again to the attitude of Panama in regard to the payment of interest, this controversy with Panama over this question of gold payments whether at 23.22 grains or on the new basis is a most interesting one when we consider that Panama Territory contains the main artery of the shipping power of the greatest nation in the world. It looks like a game to me—the game to destroy American shipping in the Panama Canal and throttle American exports, and particularly so when we see the present-day efforts to undermine the Monroe Doctrine.

These matters are particularly pertinent at this time when the President is dealing with gold, international exchange, war debts, seeking full authority on tariff matters and the right to make treaties governing our trade relations with any and all countries of the world; pertinent also because of the fight that is now on to control the trade of the South American countries by Great Britain and Japan. Japan has increased her trade with South American countries during the past year or so over 200 percent. Because of this important situation I have called this matter to your attention.

Mr. LUDLOW. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, on the morning that we were asked to vote on the Senate amendments to the independent offices appropriation bill, all Members received a long 2-page letter from John Thomas Taylor, of the national committee of the American Legion, in which he requested us to give our full support to the amendments affecting veterans, especially the amendments in which the American Legion was interested. To that letter I replied as follows:

MARCH 14, 1934.

MR. JOHN THOMAS TAYLOR,  
Vice Chairman The American Legion,  
Room 625, Bond Building, Washington, D.C.

MY DEAR MR. TAYLOR: Receipt is acknowledged of your letter of the 18th with reference to the amendment to the independent offices appropriation bill.

The President has stated to the House committee that he will not accept the Senate amendments. Now I am asking you, in view of this, taking into consideration your years of experience, if there is anything we should do except compromise? If we do not compromise and the President vetoes the bill, then the veterans will get nothing, because we might be required to pass a resolution extending the present year's appropriation bill. Our situation is not a pleasant one. I am going to do the very best I can.

With kind regards I am, sincerely yours,

JOHN J. COCHRAN.

In reply to that letter Mr. Taylor wrote as follows:

THE AMERICAN LEGION,  
NATIONAL LEGISLATIVE COMMITTEE,  
Washington, D.C., March 17, 1934.

HON. JOHN J. COCHRAN,  
House of Representatives, Washington, D.C.

DEAR JOHN: In reply to your letter of March 14, of course, I thoroughly agree with you that a compromise on the Senate amendments was and is absolutely necessary, and for that reason I was certainly glad to note that you voted yesterday to send the House amendments to conference, as this is the only way in which any real legislation can be accomplished.

Very truly yours,

JOHN THOMAS TAYLOR,  
Vice Chairman National Legislative Committee.

We are going to be asked to vote on this proposition again tomorrow morning, Mr. Chairman, and I reiterate what I said before, that unless we send this bill to conference we are not going to get anything for the veterans at this session of Congress.

THE CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. LUDLOW. Mr. Chairman, I yield 20 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, those who have been reading the newspapers in the last few days cannot help but be cognizant of the critical situation of the railroads, the transportation system of the country. For the last 24 months we have been giving them a lot of attention, but all the attention we have been giving them has been monetary attention, passing out gratuities, to such an extent that I do not believe the Members of the House have any conception of how much we really have passed out to them, and how little we have obtained in return.

Through the repeal of the recapture clause the railroads have received \$355,000,000. Through freight increase, \$73,000,000. Through postal adjustments, \$40,000,000; loans from the Reconstruction Finance Corporation, \$340,000,000; from the P.W.A., \$53,000,000; or a total of \$1,245,000,000. In addition to that, they have benefited through the reduction in wages by \$384,000,000, or a total to the railroads, exclusive of their earning capacity, of \$1,629,000,000 in the last 24 months.

We have been told all along that they must have this money to keep going. They have come here, hat in hand, and talked in favor of the security holder, never at any time have they said a word in the interest of the public or in the interest of the employees, even though today they have on their rolls thousands of men working for \$6 a week.

Mr. BOLAND. Will the gentleman yield?

Mr. GRISWOLD. I yield.

Mr. BOLAND. The gentleman speaks of employees of the railroads. Does the gentleman not think that one of the most serious reasons for the loss of employees on the railroads is the unfair competition of the busses and trucks upon our highways, and the menace they are causing?

Mr. GRISWOLD. I think to a certain extent it is.

Mr. BOLAND. Is the gentleman familiar with a bill which I presented in the Seventy-second Congress, the bus and truck bill, that I claim was smothered in committee and was not allowed to come onto the floor of this House, because, I believe, it would have passed had it been brought to the floor and had the statistics been presented, proving what I claim? I believe that is the greatest menace to the employees of the railroads today. If I may state further in the gentleman's time, in the anthracite fields we have trucks coming all the way from New York and New Jersey, occupying our highways, drawing coal which should be carried upon the railroads; and thereby men who should be working on the railroads carrying this freight are losing their jobs because of this unfair competition. It is a fact, too, that these bus and truck companies do not have any investment in the railroads. It is ridiculous that we should sit here and allow that kind of thing to happen in this country.

Mr. GRISWOLD. I will say that I am familiar with the gentleman's bill. I think it is meritorious. I would say further than that, that the bus owners met in Chicago last fall and passed a resolution complaining because the railroads were reducing passenger rates, and that if the passenger rates were reduced, the busses could not compete with the railroads. That resolution appeared in the Chicago Tribune.

Mr. BOLAND. I appreciate the gentleman's answer. I just wanted to notify the Members that this bill is before the committee again, and I hope to be able to have it presented to the House, and I solicit your support for the bill.

Mr. GRISWOLD. The gentleman shall have my support. I should like to say further that the whole scheme of things has been that if they would increase the length of trains, economies would be effected; that if the number of employees were reduced, economies would be effected, which would be reflected in freight rates; yet, despite all these so-called "economies", the freight rates have increased 25 percent over what they were when the railroads were hauling 50 cars with less powerful engines. They are now hauling trains of 150 and 200 cars. They have in-

creased the cars in carrying capacity from 1911, when the total carrying capacity of all the cars was 78,000,000 tons, to a carrying capacity in 1933 of 22,000,000 tons more than then, with 12,000 less cars in commission. They have made the trains so big, they have made the cars so big, that the only thing that is now stopping them from making them bigger is the fact that their tunnels and bridges will not carry them. If we will give them a few more million dollars, they will be perfectly willing to increase those sizes. We have increased the cars to such an extent that today the average carrying capacity of a car is 47 tons. According to the report of the American Railway Association, in a survey of 12 leading class I railroads, the less-than-carload-lot freight carried in those 47-ton cars in 1932 was 4 tons. The highest point reached was in 1929 when it was only 5 tons. This in the era of prosperity at its height. For this infinitesimal amount of freight hauled we are paying for the hauling of the extra deadweight of carrying capacity. We are paying high freight rates built on the cost of transporting that extra capacity. If we stop building cars so much above the needed capacity, it may relieve us of some of the truck competition.

They have not only done that, but we have invited accidents, and that is where the public enters. Congress has paid no attention whatsoever to it. There are 600 of those accidents reported today, which happened in the last few years. The Brotherhood of Railroad Trainmen compiled a list. The Interstate Commerce Commission reports an accident near Deane, N.J., where a freight train with 150 cars, a train so long that they could not see what was happening to it because of the vast distance, let down a journal in front of a passenger train on the other track. Twelve employees and 47 passengers went in the ditch with that train and were injured. This happened June 7, 1932.

Other wrecks have happened since then which have not been reported. Any one of these passenger trains may carry your child or wife. The cause of that accident was the fact that the train was so long that the members of the train crew could not see what was wrong with it. They even get trains so long that they do not endeavor to see what is wrong with them any more while they are running. They cannot get a signal from the rear end of the train to the head end; they drop off at one station a telegram asking them to please stop the train at the next station if the train does not stop itself with an accident before then. They are afraid to stop it by an application of the air because with more than 70 cars it will tear itself to pieces.

According to the Interstate Commerce Commission, railroads have spent, from 1921 to 1930, \$81,630,972 for clearing wrecks; \$401,490,655.30 for injuries to persons; and in the year of 1931—there are no later figures from the Interstate Commerce Commission—\$2,885,015 for clearing wrecks; and \$29,314,297 for injuries to persons; and this does not include the cost of damaged or replaced equipment.

The probable cost of equipment is several times the other cost. On this expenditure freight rates are based, expenditures that are absolutely unnecessary, for the large proportion of all these wrecks occur because of the long trains. The trains have grown so long that when the Interstate Commerce Commission inspectors go out they carry telescopes to see signals from one end to the other; but the employees on these same trains have to wigwag with their hands and guess at what is going on from one end to the other of a mile-and-a-half-long train. And on their guess-work depend human life and property.

Think of asking a man to ride back of 150 or 200 cars, subject to putting the air on the head end of that train so forcefully that when it is applied it tears and rends these steel cars—this is all-steel equipment—literally tears them to pieces. Yet they ask men to ride on the rear end of such a train and take the chance.

Taking the year 1919 as the base of 100, we find that while injuries from all causes decreased, injuries to conductors due to sudden stop, start, or lurch in long trains increased 60 percent and injuries to brakemen from the same causes increased 30 percent. This is a tragic com-

mentary on the progress of American railroad development and the vaunted safety movement on railroads.

Over at Pitcairn, Pa., on the Pennsylvania Railroad, a train was coming into the yards. Standing on the track ahead was another freight train. Both these trains were long trains, the one pulling in being made up of 87 cars. The flagman on the train that was standing tried to stop the approaching train with his flag. The engineer of the approaching train did not notice the flagman. The fireman called to the engineer to look out for the train ahead. The engineer apparently paid no attention. The fireman repeated the warning for him to look out, to apply the air in emergency, or he would hit the train ahead. The engineer applied the air in emergency. Back in the eighty-seventh car the conductor was knocked unconscious owing to the shock of that application of the air. The conductor sustained a cut head and was bleeding profusely. The brakeman, who by a miracle had avoided injury, went to the conductor's rescue.

They covered up this accident with the Interstate Commerce Commission by saying that the trouble was with the employees. They discharged the flagman who tried to stop the approaching train. They gave a reprimand to the fireman who told the engineer to stop. They gave a reprimand to the engineer. They suspended the other brakeman for 30 days for going to the aid of the unconscious conductor; and they reprimanded the conductor because he did not have hold of something when the train stopped to keep him from getting hurt. The reprimand was given for violation of safety rule no. 1507, which provides "that at all times you shall have a firm hold to prevent injury." That is the system the railroads are operating under. They penalize a man for going to the aid of an unconscious man instead of going back to flag and discharge the man who did flag, and then point with pride to a jumble of safety rules that cannot possibly work.

According to the Interstate Commerce Commission, in a train made up of 149 cars the shock on the one hundred and forty-ninth car when the air is applied is 1,030,000 pounds. Yet they ask a man to face a shock like that and reprimand him because he did not have hold of something when the train made an unexpected stop.

They are operating 150-car trains on which, when by actual tests, after the air was applied, the head end traveled 407 feet and the rear end 586 feet, or 179 feet farther than the head end; and in this test, owing to this stop, 3 cars were derailed. These same railroads ask human beings to ride the rear end of these trains that buckle, tear, and twist steel.

The American Railway Association, in cooperation with the Bureau of Safety, conducted actual tests as to what would stop these trains. Their report develops the fact that there has not to date been an air brake developed that will perform adequately on a train of over 70 cars. Yet we are running 200-car trains every day.

We are building our railroads like the house that Jack built, giving them more money to build more cars, to haul bigger trains with less freight to increase freight rates to pay for the cars to carry less freight to further increase freight rates. We cannot keep on with the railroads hauling 4 tons of freight in cars of 47 tons' capacity, hauling all that deadweight and charging it up to the shipper. As long as this is continued, railway rates will not get down to the point where people can afford to ship by rail.

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

Mr. GRISWOLD. I yield.

Mr. GOSS. Undoubtedly the gentleman is familiar with the fact that many of these rates are based on the coal rates. I am informed by my colleague from Pennsylvania that it costs less to make an expedited refrigerated-car movement of beef from Chicago to New York than it does to ship an open carload of coal there from Pennsylvania.

Mr. GRISWOLD. I agree with the gentleman about the coal rate.

Mr. GOSS. The coal rates are ridiculous; yet these other rates are based upon the high coal rates over all the country

plus the tremendous extravagance of the terminal facilities that have been built at the expense of the public.

Mr. GRISWOLD. I agree with the gentleman about coal rates. He is correct about many other things entering into these rates. As I stated, the cost of clearing these wrecks enters into the matter.

Before the emergency railroad legislation was passed the capital-expenditure clause under the Transportation Act of 1920 entered into the situation, where they were allowed to base their freight rates on capital expenditures in order to show an earning of 6 percent. The railroads bought all these big cars which they did not need. They bought engines and put them in white lead. We have been reading in the papers about the Missouri Pacific Railroad borrowing from the Reconstruction Finance Corporation and buying the Kansas City terminal at a cost three times that fixed by the Bureau of Valuation, and then defaulting on the payments. Under the capital-expenditure clause they bought all these things, engines and cars, and never turned a wheel with them. This was added on to the freight rates under the capital-expenditure clause of the Transportation Act of 1920.

I am glad the gentleman mentioned the question of terminals. We have heard a lot about confiscation of property without due process of law. Railroad security holders always shout that when they fix rates; but they never say a word about confiscating the property of the people that put faith in the fact the railroad was going to stay when it was built, the men who built factories along the railroad's right-of-way expecting service and because they cannot get it have their factories stand idle, the people that bought homes in these towns where the terminals are located and because the railroad moves the terminal they lose the value of their homes. Something might be said on confiscation of property without due process of law on behalf of these people.

May I bring to the attention of the House the fact that we cannot continuously talk of helping our transportation system? We cannot save it by continuing to pour money into the transportation system.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. GRISWOLD. Mr. Chairman, we cannot cure this disease by merely treating the effect. We have to treat the cause in some way. We can keep on pouring money into the railroads forever; but until we get the freight rates down, until we get the railroads back to giving service like they used to, we cannot expect them to come out of the hole they are in at this time. We have gone ahead telling the people that all these things would be passed down to the freight rates, but this has never taken place. The shippers have never profited. Freight rates have been the opposite. They have continuously mounted. The more the railroads spent the higher the rates. In addition to that, you have destroyed their service. The bus and truck business profits because of the fact that the railroads will not give service, and the people go where they can get service.

The railroads cannot give service as long as they drag trains 2 miles long. It cannot be done. We are in a time when we need rapid transportation. You can get rapid transportation. You can save human life. You can give some protection to these employees riding the rear of the trains and the head ends of them. You can save the expense of clearing all the wrecks if you reduce the size and length of these trains until we develop some system of air-brake power that is adequate to handle trains of the length they are handling today. They are handling trains three times as long as the Bureau of Safety says can be handled safely with the present equipment.

Mr. GOSS. What about the automatic train stops which the Interstate Commerce Commission is supposed to have been ordering on these railroads?

Mr. GRISWOLD. The trouble with the automatic train stop is that when you put the automatic train stop up, and the train stops, it breaks everything to pieces. That is the whole trouble.

Mr. GOSS. Is there not an order of the Interstate Commerce Commission to the railroads that so many automatic train stops have to be put in each year? That is my understanding.

Mr. GRISWOLD. Yes. Suppose you put in the new braking system—and they have some few cars equipped. It will be 20 years before they have all the cars equipped with this system. You will have 10 cars in a train equipped with the equipment and the rest without, and the system will not work.

[Here the gavel fell.]

Mr. LUDLOW. I yield the gentleman 2 additional minutes.

Mr. GOSS. Perhaps there should be an investigation made in reference to automatic train stops on the long trains the gentleman has been complaining about here.

Mr. GRISWOLD. I think there should be. I think some attempt should be made to investigate this automatic train-stop situation, air brakes, and everything else to determine where we are drifting. Certainly we have not reached the place where human life is absolutely not considered. These railroad men receive no consideration. They are not under the N.R.A. They have no code. They are sent out to work a certain number of hours at certain wages. There are thousands of maintenance men in the United States drawing \$6 a week while under the N.R.A. code the minimum shall be \$12. [Applause.]

Mr. McLEOD. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [MR. TRUAX], and I should like to have an understanding with the gentleman from Indiana as to how long we will run this afternoon.

Mr. LUDLOW. I may say to the gentleman that so far as I can ascertain, there is only one more speaker on our side.

Mr. McLEOD. I wonder if it would be possible for us to conclude by quarter after 5, permitting 5 minutes for reading the bill?

Mr. LUDLOW. I hardly think so, but perhaps by 20 minutes after 5.

Mr. McLEOD. This would allow sufficient time to start the reading of the bill.

Mr. LUDLOW. Yes; and then I shall move that the Committee rise.

Mr. TRUAX. Mr. Chairman, members of the Committee, I want to discuss with you an issue in which, I am sure, every Member of this House is interested, and one in which the folks back home are more vitally interested than we are, perhaps. I refer to the tremendous amount of money that is frozen in the defunct banks of this country.

A week ago last Sunday it was my pleasure and privilege to address three large meetings in the city of Cleveland sponsored by my good friend and colleague, the Honorable MARTIN L. SWEENEY, and for the information of gentlemen who do not come from Ohio, I would state that two of the largest bank failures in this country occurred in the city of Cleveland, in the case of the Union Trust Co. and the Guardian Trust Co. After speaking to one audience of 2,000 workingmen, there was a question period and the first question asked me was this: When will the depositors in the Cleveland banks secure relief? My reply was that if I had my way they would secure relief immediately. Early last fall in a letter to Attorney General Homer S. Cummings, I demanded an investigation by the Department of Justice as to the criminal activities of officials of the Guardian and Union Trust Cos. This investigation was granted, and I am informed that indictments will be made within a few days.

There has been introduced in this House a bill which, if enacted into law, will relieve thousands and thousands of these unhappy victims of bank failures. I refer to the McLeod bill. As I understand this bill, it provides for a 100-percent pay-off to depositors in all the defunct national banks and in all State banks that are or were members of the Federal Reserve System.

In the city of Cleveland this will affect 92,000 individual depositors. In my State, with a population of nearly seven

and a half million people, it will affect hundreds of thousands of depositors.

There may be a marked difference of opinion between Members of this House upon expansion or inflation of the currency; there may be marked differences among Members as to the various bases that may be used for the issuance of currency; but certainly there cannot be much disagreement among Members on either side of the House as to the dire need and necessity of affording some manner of relief to these people who have lost practically their life's savings in closed banks with frozen assets. It will be interesting to know that 80 percent of the deposits in the defunct banks of this country amount to \$1,000 or less. In a recent survey that was made by the Federal Reserve System prior to the operation of the new banking law on January 1, of this year, it was disclosed that 96 percent of the deposits of this country are accounts of \$2,500 or less.

We have lent millions and billions through the R.F.C. to the large bankers, to the railroads, to the insurance companies, to mortgage-loan companies, with the result that these financial institutions hoard this money to safeguard the interests of their stockholders and to keep themselves in a liquid condition. This bill, as I understand it, will pay off to the depositors 100 percent of the amount that they had deposited in these defunct institutions.

One of the signal advantages of this plan, however, is that at the same time it affords real relief to the debtors of these banks who are unable to pay their obligations and who are now being pressed for payment. Under this plan 10 years is allowed debtors in which to liquidate their obligations.

The second distinct advantage of this plan is that these debts will be liquidated, in my judgment, upon a rising and not a falling market. To all of us in this Chamber who believe that the economic condition of the country today is at its low ebb and that we will rise up and up from now on it would seem to be a decided advantage, a decided asset to every stockholder in a bank and to every depositor, to have the debts and obligations liquidated on a rising market instead of a falling market.

In my judgment, no other single measure could afford more genuine relief to the hundreds of thousands of people who had saved a few dollars for their declining years than to give them the assurance that their money would soon be paid back in full. No greater effect could be had upon the morale of the debtors of closed institutions who are now threatened with foreclosure of their homes or who are now threatened with foreclosure of their farms than to have this Government say to them that under this plan they will have 10 years within which to pay off their debts and liquidate their obligations. [Applause.]

That is the specter of fear that constantly hovers over the heads of debtors of the defunct banks like the sword of Damocles, preventing, more than anything else, the restoration of confidence that we need down in the grass roots of this great country of ours. [Applause.]

We all admit and know that the N.R.A. has increased prices tremendously; that the fellow who has all of his money tied up in a closed bank, the farmer who buys commodities, is buying commodities in a market that has increased from 50 to 100 percent, while there has been little if any corresponding increase in the purchasing power of the products that he has to sell.

On every hand, in every State, in every district, Members of this House know that I am telling the truth when I say that the small producer, the manufacturer, the shopkeeper, and the laboring man are being penalized day by day by the wide disparity between the cost of things they have to buy and the price that they receive for commodities they have to sell; and in speaking of labor I speak of the unorganized labor rather than organized labor.

The contention will be made, no doubt, when the bill is brought out for consideration on the floor, that there may be heavy losses sustained by the Government. That contention is no doubt well taken, but those losses cannot be charged up to the common people. They must be charged

to the big bankers, the railroad executives, and the executives of insurance companies, and mortgage-loan companies.

We have found that money lent to the large bankers, such as the Dawes loan of \$90,000,000, that a certain percentage of that loan might as well be marked off the books. We have found loans made to railroad companies that were practically insolvent at the time the loans were made. Those loans will have to be charged off the books.

We have found loans to insurance companies that since the loans have been made have gone into the hands of a receiver. We have found in the city of Cleveland that large loans were made to the Van Sweringins, who dreamed of a railroad empire, and that two banks there, namely, the Union Trust Co. and the Guardian Trust Co., had not only robbed and plundered thousands of depositors, but also had permitted this looting to be done by officials themselves.

(The time of Mr. TRUAX having expired, he was given 10 minutes more.)

Mr. TRUAX. The banking situation in the State of Ohio is in a deplorable condition. We have been faced there with the inhuman atrocities of the State superintendent of banks, Ira G. Fulton, appointed by Gov. George White, in liquidating nearly 300 State banks. He has ruthlessly foreclosed on farmers, property owners who have lost their all. Under the McLeod plan every man would be given 10 years in which to liquidate his obligation, until he could receive employment or until he could receive profitable prices for his farm produce. When this bill is eventually passed, as I am sure it will be and enacted into law, I hope it will have provisions for similar measures and funds to be applied to every closed State bank in this great country of ours. It is estimated, I am informed by the author of this bill, that the total amount of funds needed would be about \$1,500,000,000. When we take into consideration the tremendous amount of money that we have spent for other purposes, and which will never be redeemed, it seems to me that this bill should receive the hearty support of every Member interested in the little fellow back home. [Applause.]

I want to say a word about another banking situation, a Government banking institution, and I refer to the Farm Credit Administration. On March 7 W. Forbes Morgan, the high priest of the Farm Credit Administration, sent me a letter patting himself on the back because constituents of mine in Ohio had negotiated a loan. Naturally these people were very appreciative. This letter comes from Hicksville, Ohio, complimenting the Farm Credit Administration for lending money to Mr. and Mrs. Clarence Marrow. They, of course, are very grateful for receiving the loan, and they pay great tribute to the President of the United States. They say:

May God give you health to reach your goal in your great financial plan of recovery and a long life to enjoy what you have accomplished for our Nation and others.

I express the same sentiments and wishes for the greatest friend the common people ever had in the White House, Franklin D. Roosevelt.

My contention is, however, that Mr. Forbes Morgan and his associate, Mr. Goss, the Land Bank Commissioner; Mr. Gaddis, the Chief of the Appraisal Division; and others are keeping the President of the United States and the Members of this Congress in the dark as to the real facts, as to what the situation really is. They said sometime ago, when there was a hearing before the Committee on Rules, that they had had some difficulty in the beginning, but that that was all ended now, and that loans were made up to date and that better methods were being used.

I have here a letter under date of March 11. This is from a widow living in one of the northwestern counties of Ohio, one of the best corn-growing counties we have in our State. She tells me that she had asked for a loan of \$6,500 on 160 acres of land that was worth \$150 an acre in 1917. I have been on the farm. Her husband used to be a Duroc breeder, and she said her husband died in 1926 and that he had left a mortgage obligation of \$11,000 in 1926. She writes:

I have reduced the mortgage to \$5,800 and present interest. Now my trouble is that the mortgage holders are asking me to pay up

or they will foreclose. This loan has been rejected by the Farm Credit Administration on the following grounds: "Our records show that this case was carefully reviewed on February 13 and a report made thereon. From the reports I have at hand it appears this farm is rented on a cash basis, and for that reason a question of management and control of property arises. It furthermore appears that the farm is in a run-down condition."

Yet this lady informed me that last November she rented her farm on a share basis so as to comply with their request, and that it is not in a run-down condition. She will have to leave this farm when it is sold within the next few weeks.

I have a letter under date of March 15 which says:

"Yours of 13th at hand, and I am giving you the following information: Four appraisers visited my farm—Mr. Black the last of September, Mr. Carroll the 1st of November, Mr. Glass the 6th of December, and Mr. Peterson the 6th of February. It seems to me to smack of lack of intelligence on the part of those in charge to send persons out as appraisers who know nothing about land values." This loan has been turned down.

Here is a letter under date of March 15. It comes from Washingtonville, Ohio:

I have 80 acres of land, buildings electrically equipped and lighted, including range, washer, sweepers, and all other equipment. The last 2 years I went in the red like everyone else. There has not been a sheriff's sale within a radius of 6 miles square for nearly 25 years. Still they say my farm is no good; that our location is no good.

That loan was refused.

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

Mr. TRUAX. Not now. Here is another case under date of March 14:

During the month of August 1933 I helped William McPeek put in an application to the Federal land bank for a loan of \$1,500 on a 160-acre farm, which stands in the tax duplicate at \$3,015. Today I am in receipt of a letter from the Federal land bank in which they state that this loan application has been definitely turned down.

That was a request for \$1,500 on land that was normally worth \$8,000, and that is on the tax duplicate for over \$3,000.

Now, to show you the reason why they have all of this incompetence, inefficiency, and rejection after rejection of loans, I am going to read a list of some of these misfit appraisers. I make the charge that where 1 loan has been granted in my State from 8 to 10 loans, as good as the 1 which was granted, have been turned down.

This is the history of 19 appraisers who were appointed from the streets of the city of Columbus. Only one is an actual farmer.

The first one is named Morgan, who is a real-estate salesman; second, John F. Dowler, a professor from Ohio State University; James J. Anderson, age 27, professor from Ohio State University; Herbert L. Andrews, salesman for the Portland Cement Co.; Frank W. McClure, owner of the Edgewater Beach swimming pool; M. M. Trammel, county agent in the Department of Agriculture of Indiana; Rae P. Dowler, real-estate salesman, Rarey Hardesty Co.; Seymour E. Bailey, age 25, former salesman for the Service Oil & Lubricating Co.; Paul E. King, age 25, professor, Ohio State University; John M. Heizer, formerly Ohio Livestock Co.—

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. TRUAX. Donald R. Kester, formerly salesman for the Forquare Furnace Co.; Mark E. Jefferies, general contractor; Louis C. Rinear, formerly garage and battery service salesman; George W. Huffman, a dairy farmer; B. F. Skidmore, employed by the Equitable Life Insurance Co. of New York; Clyde L. Haines, former prohibition officer; George K. Cherrington, formerly with the Crellin Realty Co.; Edward T. Hildebrand, formerly with the Michigan Mutual Life Insurance Co.; Lester B. Burrell, with the Equitable Life Insurance Co.

Nineteen men appointed from the streets of Columbus, not one of them actually a farmer. One is rated as a dairy farmer. Can there be any doubt in the mind of any Member of this House—

Mr. MILLARD. Will the gentleman yield?

Mr. TRUAX. I prefer not until I have concluded my statement.

So I today charge the Farm Credit Administration with:

No. 1. Not administering the intent or purpose of the Farm Mortgage Act of 1933, since they are making appraisals on their own narrow and biased judgment and not on 1909 value, as the law says.

No. 2. Officials are banker-minded instead of farmer-minded.

No. 3. Messrs. Myers, Morgan, Goss, and Gaddis are out of step with the present new deal, unsympathetic, arrogant, discourteous, nad all should resign their positions.

No. 4. Favoritism is shown in a great many cases.

No. 5. They have lowered the morale of the farmer, discouraged him, and incited revolt in his heart and mind.

No. 6. For every loan granted there are at least eight rejected that should be granted.

No. 7. Methods and kind of appraisers: Methods used are costing taxpayers five times what should be the cost.

No. 8. No more autocratic bureau exists. It is rotten to the core. They play bureaucratic politics constantly.

No. 9. They conceal the real facts and whitewash the actual conditions, all to the further debasement of the American farmer.

No. 10. A congressional investigation such as the gentleman from Nebraska [Mr. CARPENTER] and myself have asked for is the only solution for this deplorable condition and injustice to farmers.

I want to say there are two alternatives. I have a petition on the desk asking for 145 signatures to enact into law a bill that I introduced at the last session, to provide a moratorium against real-estate foreclosure, affecting not only farm owners but home owners.

The second alternative is the enactment of the Frazier bill, which would refinance all farm mortgages in this country of ours at 3 percent interest.

I say to you, Mr. Chairman, that unless something is done, and done soon, really to give the farmers of this country some relief from the moneylenders, from the Shylocks who are strangling them day by day and month by month and year by year, it matters not that we pass various bills which we have enacted into law, such as the A.A.A., the cotton bill, and other bills. What hurts the farmer most, what is troubling him most, is this specter of foreclosure hovering over him day by day and every night when he goes to bed. How would you like it if you were in a similar position? So I want you gentlemen to give this question your earnest consideration. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio [Mr. TRUAX] has again expired.

Mr. LUDLOW. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. GRAY].

#### THE N.R.A.

Mr. GRAY. Mr. Chairman, speaking on this legislative appropriation bill, I desire to make some observations on the N.R.A. legislation; and in making these remarks I hope that I may have the attention of the chairman of the committee, that I may have the attention of the Speaker of the House, of the majority and minority leaders—

Mr. SNELL. You have the attention of one of them.

Mr. GRAY. I thank you, Mr. SNELL, and now here comes the majority leader [Mr. BYRNS], and I am doubly assured of proper attention and consideration. But I also request the attention of the pages and employees and the reporters of the House, some of whom intermingling here I cannot always distinguish.

Mr. Chairman, facing the economic crisis of the times, it is the imperative duty of every citizen to contribute his means and might to the restoration of normal prosperity in cooperation with every recovery plan which the administration in power may enter upon. While we may not or cannot all agree upon the policies or provisions of any entire recovery program, we can cooperate to try out whatever plan a public administration may determine upon to test as a remedy. Under our system of free institutions, the

people can act only united and together. There must be solidarity of action in their cooperation. The N.R.A. plan has been entered upon as a part of the recovery program and as a first and preliminary step for the restoration of prosperity. If the N.R.A. part of the recovery program has not been wisely or maturely considered as such first or preliminary step and if it cannot be made to operate or function until other parts of the program shall have been given force and effect, then a proper and good-faith cooperation calls for constructive criticism to direct and make the program effective, requires a further consideration of the premises and that the proper use and purpose of the N.R.A. in the recovery program be promptly ascertained and determined.

N.R.A., the shorter hour week, and higher pay involve the fundamental principles of technocracy and date back to the cotton gin and self-binder. It is a belated remedy resorted to in a new program. N.R.A. must be reckoned with today in industry and must be reckoned with more tomorrow. In this connection I refer the Members of the House to my remarks made during a former term of Congress, and delivered March 11, 1914, over 20 years ago. These remarks appear at page 4698, of the CONGRESSIONAL RECORD, volume 51, part 5, Sixty-third Congress, second session.

Mr. Chairman, I pause here to make the further request, or rather to express the hope that in addition to the Membership of the House the rules may be relaxed so that I may appeal to the galleries, if at any time in the course of my remarks it appears that my subject is beyond comprehension on the floor.

Mr. MILLARD. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. MILLARD. I make the point of order that the gentleman from Indiana must address his remarks to the Chair.

Mr. GRAY. I have just referred to the fact that I made a speech on this subject over 20 years ago. I hope no Member, who, because he cannot point to any former speech he has made on this subject, will object to my remarks at that time. Such objection, at least, will come too late in the form of a motion to expunge or strike out.

Mr. BLANTON. If the gentleman can entertain the gallery, surely he ought to be able to entertain the rest of his colleagues, including the Republicans.

Mr. GRAY. I am making this as a House broadcast to reach everybody, even, if possible, the pedestrians in the corridors.

The CHAIRMAN. The rules of the House require that Members address their remarks to the Chair.

Mr. GRAY. I bow to the rules and the rulings of the Chair. I realize I am in Rome and must do as Rome does. I shall be glad to have the occupant of the chair divert his time and attention from the stopwatch keeping my time, long enough to get the drift of my remarks on N.R.A. This mandatory direction to address my remarks to the Chair shall be my opportunity to point some pungent statements at the Presiding Officer, for his personal consideration, responsibility for the knowledge imparted from which he may have otherwise been able to have avoided on the plea or theory of an alibi.

Complying with the rules of the House, Mr. Chairman, in this address 20 years ago, I tried to call the attention of the House and my colleagues at the time to the inevitable changes in progress which was then being observed and realized by only the more alert students of economic and social problems. But my efforts were fruitless and in vain, my words fell upon dull, indifferent, or irresponsive ears. My colleagues refused to read from the handwriting and the House plodded on in the even tenor of its ways, leaving me to abide my time, looking to the future for the economic storm to break and strike with sufficient force to arouse my colleagues and the administration to a realization of the industrial changes, slow, in stealth, long coming, but now at hand.

This economic condition now before us is just a friendly jolt or reminder to awake Members of Congress and the plodding powers that be and to make them sit up and take notice of the current events and the drift of the times. But better now late than never. I am glad to see my colleagues and the administration finally awaking from their slumbering indifference, and taking some notice of changing conditions and the moving, restless world about them. And it is with no little interest and curious concern that I am observing the sudden, rash rush of men and their struggling, floundering movements, straining to deal and cope with new and changed conditions with which they have such brief acquaintance and their frantic efforts to formulate a remedy and diagnose a cause with only brief consideration and the underlying principles with which they seem not yet to have become familiar.

The two vital parts of the recovery program are, first, the currency or monetary provisions of section 43, of the Farm Relief Act, the object and purpose of which is to raise commodity values, the price level and the wage scale, and restore earnings and income to industry and thereby the buying and consuming power. And, second, the N.R.A. provisions of the Industrial Recovery Act to operate as a mandate, order, or direction, commanding the employers of men, when prosperity shall have been restored to them, to pass on to their employees, the earnings and income from industry in fair and equitable share and portion. The fundamental, basic principles of N.R.A. are the shorter-hour week and higher pay to maintain the wage earner's share and part of the earnings and income from industry, to which all other features and provisions are incidental in their operation and effect. Both of these provisions of the recovery program must function concurrently together, but observing the order of the steps to be taken, currency expansion first to restore values and prices and thereby earnings and income to employers, and N.R.A. following to mandate employers to pass prosperity on to employees in a fair and equitable distribution of the earnings and income of industry to restore the buying and consuming power of the masses having capacity to consume.

N.R.A. is not a first or preliminary step to be taken in the recovery program. It is not a step to be taken separately, independently, and alone. It is not the part of the recovery program designed first to create and restore prosperity. It is a second or intermediate step to direct the course and distribution of prosperity when and after prosperity comes. N.R.A. is a step which contemplates or assumes that prosperity has been brought back to employers and is an order or direction to employers to spread restored prosperity among the employees by the shorter-hour week and higher pay. N.R.A. is that part of the recovery program provided to overcome the selfish impulses of men and to require the great employers of men to make a fair and equitable distribution of the earnings and income from industry among the helpless, dependent laboring classes. N.R.A. is a system and plan to lead or require the employers of men to pass returning prosperity on to employees and to the great laboring masses to restore their buying and consuming power.

It is true that there is one principle of N.R.A., but one principle of N.R.A. only, which can be made to operate to bring a measure of prosperity before greater earnings and income shall have been brought back to employers. This is on the principle and theory that a spread of the same wages and earnings among a greater number of employees will insure that a greater part of earnings and income from industry will be used as buying and consuming power. It is the principle and theory that if the weekly wage going to one man is divided, apportioned, or spread among two men, more of the wage will be used with which to buy and consume the products of industry and less will be held, saved, and hoarded or withheld as immediate buying and consuming power. Or in other words, if the weekly wage of \$28 going to the 1 laboring man is divided between 2 men, each taking \$14, the 2 men, driven by the impulse to live and to provide for those who by nature are dependent upon them, will use all

or more of their low wage as buying and consuming power. Whereas, with the whole \$28 going to one man, the natural impulse to save for a rainy day would tempt him to hold it from immediate use, and accordingly from use as buying and consuming power.

Under the failure of the buying and consuming power, employers are not realizing sufficient earnings and income from which to pay higher wages to labor, even if all the earnings were paid out to the employees with employers retaining nothing for themselves. There is not enough earnings from industry, even if all were equally divided among men and if all were being used in buying and consuming power, to buy, take, and consume what industry produces or what industry in its power can produce. Without a restoration of earnings and income to employers for a distribution to and among employees there would still remain a failure of the buying and consuming power.

Even if all employers were able to observe the shorter-hour week and higher pay without an increase of earnings or income, the N.R.A. program alone would finally fail and industry would again relapse in depression. Because both the comparatively few employers of men and the industrial labor population cannot consume what industry produces. They can only consume a part and portion of what industry produces, leaving a great part and share unused and without consumption. The buying and consuming power of another great class of consumers must be first restored to them to enable them to buy and consume their part of what industry produces.

The relaxation or suspension of the antitrust laws as an inducement to the employers of men to observe and accept the shorter-hour week and higher pay has not operated to increase or restore the general buying and consuming power of the people. The great producing interests of the country controlling the vital necessities of everyday life, being ordered to comply with the N.R.A. before and without a restoration of earnings and income, and realizing the opportunity with the bars let down, promptly took advantage of the open gap to raise prices to the consumers of the country and took from them more than enough to meet and make up for any increased wages paid. And, incidentally, and while the taking was good, made lawful, authorized, and permitted under the law, they increased their prices to the consumer without the consumer's having more to pay with. This, instead of enabling men to buy more, left the general consumers with power to buy less. Without a substantial increase in farm prices, every farmer in the country has been touched for tribute to the economic profiteers in multiplied millions, exacted from hardware, lumber, cement, and building material, from fencing, farm equipment, and all farm supplies, compelling farmers to abandon or postpone many much needed and contemplated improvements, all proving and confirming over and over again the folly and futility of compromising with evil and allowing selfish human nature to go unrestrained.

Without the administration of the N.R.A. principle, or carried out as a part of the recovery program, prosperity could come back to industry. Prosperity would come back to industry sometime in the far distant, hazy future. And prosperity will come back to industry just as nature brings health back to the sick man without or in spite of the doctor. But without the administration of the N.R.A. plan prosperity would only come back to the employers of men, prosperity would only come back to the sweatshop masters, prosperity would come back and only come back to the owners of the great mass-producing plants, come back to make quick wealth and swollen fortunes to the certain special few men, come back to make the rich richer and to leave the poor poorer. But with the N.R.A. principle in force, when prosperity comes back to the employers of men, it will come back to the employees in industry. It will come back to the many, the multitude. It will come back to the toiling and laboring masses. It will come back to all the people to restore their buying and consuming power. With the N.R.A. facilities held in readiness to enforce when prosperity shall have come back to industry, when earnings and

income shall have been restored to employers, the N.R.A. principle can be applied to bring an economic triumph, an industrial victory, assuring and safeguarding the welfare of the people, and in vindication of the administration program, and to the glory of the new-deal pledge.

A proper, intelligent, and constructive criticism of any plan, principle, or policy of relief first requires a consideration of the evils to which the same is logically directed as a remedy and an analysis of the producing causes, and the manner in which they have operated to bring on the abuses to be abated. As a prescription or medical formula which is widely heralded as a cure for all the ills that flesh is heir to will not inspire great confidence in the merits of the nostrum to remedy anything, and a complete and effective remedy for one disease may be wholly inapplicable and a failure when applied to a different human ailment. The glory, fame, and success of the physician is his ability to diagnose the disease, to distinguish between disorders and their different forms, and to apply an appropriate remedy at the proper stage or progress of the malady.

I therefore wish to first direct my remarks in brief explanation of the evils and disorders to which the N.R.A. principle is applicable, and can be effectively applied as a remedy, and can be looked to for relief. Under new and changed conditions, gradually brought on by invention and discovery, the automatic machine in industry has long been encroaching upon the employment of men, has long been taking the place of man power, long been supplanting the human hand, increasing and multiplying the power of industry to produce in all the different lines of production. The invention of the automatic machine, long coming, gradually, stealthily, and unawares has been enabling fewer men, working less hours, to produce more and better, and at less labor costs. Of all the comforts and conveniences of life, multiplying many fold the powers of industry, revolutionizing the capacity of men to produce.

But production is only one element of industry. Capacity to produce will not solve the great social and economic problems now pressing before us for consideration and solution. While the machine can be used to produce, industry remains dependent upon consumption and without man the human element in industry, to buy, take, and consume what industry produces, the machine will falter, stop, and stand still. This is because the machine cannot wear, because the machine cannot use and enjoy, because the machine cannot take and consume what industry produces. The human element cannot be dispensed with. Only men can eat and wear. Only men can take and consume the food products of the farm and garden, the products of mill, factory, and workshop, the goods and commodities which industry produces.

N.R.A., the shorter-hour week, and higher pay has long been a labor program urged to meet the competition of the machine to maintain the buying and consuming power of men under new and changed industrial conditions. N.R.A., the shorter-hour week, and higher pay is based upon imperative economic necessity as well as upon high humane consideration of the right of men to labor to live and to claim and take the fruits of that labor for their support and maintenance and for those who by nature are dependent upon them. The advent of the machine has made the shorter-hour week and higher pay an indispensable, imperative industrial policy, a vital economic necessity in industry to balance production and consumption. Without the human element in industry, without people to consume what is produced, production will stagnate in surplus congestion, the bins and warehouses will remain full and overflowing, industry will be left paralyzed and suspended to present the false and misleading appearance of an excessive supply or overproduction.

But the machine is not the only factor operating in our industrial system to take and withhold from the labor population their wages, earnings, or to limit employment, the power to buy, take, and consume the products which industry produces. There was a time when the laboring man was more independent to gain employment and more secure in his pay than he is today. There was a time when

he collected his wages direct from the men for whom he rendered his services or from the purchaser of the goods and wares he produced. But under our specialized industry today a comparatively few number of persons, the employers of men in industry, first take the earnings and income from industry, first gather and take the fruits of toil and labor into their hands and hold these earnings subject to their own arbitrary will or selfish disposition. And under the impulse of selfish human nature first actuating men of the money classes, these comparatively few employers of men, first taking and holding the earnings and income from industry, have been holding and will keep all coming to their hands except the meager part and portion they are compelled to give up to employees to maintain their strength to labor.

These comparatively few employers of men who first take the earnings and income from industry, who first gather in the fruits of toil and labor, can themselves consume only a small part of what industry produces. Because these comparatively few employers do not have the stomachs to eat it. They do not have the bodies to wear it. They do not have the capacity to use it. They cannot take and consume it. Only the masses, the multitude, the many, only the millions, the great laboring classes, eating, wearing, using, and enjoying have the capacity to use and consume all that industry produces.

It is plain and open to be seen that with the loss of employment to labor from the operations of the automatic machine, and with the comparatively few employers of men taking a greater part of the earnings and income, and with the employees, the masses and the multitude, who alone have capacity to consume what industry produces, taking only a mere, paltry pittance, how, eventually, finally, and ultimately this will reduce the buying and consuming power of the great laboring classes of the people and will make a few millionaires on one hand and a multitude of mendicants on the other.

But the men who are indifferent and inattentive and who have failed so long to observe and recognize these current events and economic changes at the time and during their progress, are now even more negligent and unobserving and are overlooking other great economic factors operating concurrently but more rapidly leading to greater and more destructive economic effects. These men, suddenly awaking to a realization of the progress and developments of technocracy in some way called to their attention or forced upon them, are now attributing all our economic ills to the machine and mass production and are organizing and urging the N.R.A. as a remedy for the sudden advent of this panic and depression. And in an eager, impulsive spirit, prompted by a belated and overdue discovery of a long-considered economic principle, and unable to differentiate between causes, and unable to recognize the relation of cause to effect, these men, overenthusiastic as new converts, are attributing all economic conditions and phenomenon as resulting from one and the same cause, the automatic machine and mass production. And, with a show of force and arbitrary compulsion, they are organizing and harnessing the N.R.A. for a desperate drive against and the eradication of all economic disorders and dislocation and against all the abuses and evils to which the people are subject in political and civil life.

This panic or depression did not begin with the advent of the machine. It did not result from the machine taking the place of the laboring man, displacing him from the work-bench and destroying his buying and consuming power. The machine competition had been coming gradually, stealthily encroaching upon the laboring man, and day by day dispensing with his services, coming long before the blight of this panic with its withering touch to paralyze industry. This panic or depression came suddenly, came when all labor was employed, employed on full time and at highest pay, and while the buying and consuming power of labor was in its greatest height.

The panic did not begin with the laboring classes nor with the employees under mass production. The panic began

with the farmers of the country, and agriculture was paralyzed and left in bankruptcy long before the depression had reached back to touch the industrial laboring classes in the factory, mills, and workshops of the towns and the great cities. The invention of the automatic machine, taking the place of the laboring man, had nothing to do with the cause of this panic. The N.R.A. alone can effect nothing as a remedy for this panic. N.R.A. was more needed before this panic came upon the country and will be more needed after it has been remedied and overcome than it is needed while the depression endures. N.R.A. is a measure, rule, or regulation between employer and employees for employment. It cannot make prosperity. It cannot create prosperity. It cannot restore prosperity. N.R.A. is without force or effect until after prosperity shall have been restored—until and after the employers of men shall have recovered back their earnings and income and are made subject to its enforcement.

The N.R.A. is a necessary principle to correct and remedy certain industrial evils of long standing in industry and which have been coming gradually for more than 50 years. But these evils have no relation to this sudden, acute panic which fell unawares upon the people like a blight in the nighttime, like a scourge upon the land. The evils of which N.R.A. are to remedy are no more in relation to this panic than a weak stomach or an irregular heart is in relation to typhoid fever, smallpox, or a contagious disease. And while toning up the stomach or regulating a weak heart might indirectly aid recovery, it would not be a direct remedy resorted to by credible physicians for prompt relief to the patient.

The N.R.A. for the shorter hour week and higher pay can no more operate before prosperity is restored, before earnings and income are restored to industry and brought back to the employers of men than a good digestive system can be made to operate upon an empty stomach. The stomach must be filled with food before the digestive system can function to restore and revive the famished body and without which all parts of the anatomy would be left dwarfed and impoverished and even the reservoir stomach itself would suffer for want of nourishment.

And so the employers of men must have recovered their earnings and income from industry and must have something to pass on to spread among their employees before N.R.A. can perform its functions and employers can be made to do their part. Without earnings and income restored to employers, N.R.A. will fail to operate or function in the system of organized industry. And, from want of earnings and income upon which to operate, N.R.A. will fail to stimulate and revive the famished and impoverished industrial body, and the panic will continue on until in the course of time and events nature in some form will come to the rescue.

This panic did not come gradually, step by step, all but imperceptibly during a long course of years or period of time like the evolution of the automatic machine. This panic came suddenly, unawares, like a bolt from the clear sky, like an avalanche from the mountain, like a devastating tide from the sea. Or in the language of the Prairie Farmer:

In 1920, in almost the twinkling of an eye the condition was reversed, prices fell to a ruinous low level. The exchange of commodities almost stopped. No one could sell anything at a price that was considered fair. Wheat fell in price in 8 months from \$3 to \$1.60 per bushel. Corn fell from \$1.50 to 80.35 per bushel. Hogs, cattle, and all farm livestock and other farm products fell in proportion.

It is the history of this panic or depression that the hard times began with the farmers, came first with the fall of farm values and prices, forcing down and taking away the farmer's earnings and income, destroying the farmer's buying and consuming power. And the withering touch of the depression was not felt by industrial labor until more than a year after the panic had come to the farmers, and farm values and prices were forced down to a ruinously low stage and level, destroying the farmer's power to buy and consume. And finally and ultimately reaching back through our specialized system of industry, brought unemployment to the laboring masses and destroyed the buying and consuming

power of men in other trades and callings until all industry was paralyzed, until the panic was realized, full and complete.

And it is further the history of this panic that immediately preceding the fall of values and the price level, a secret bankers' meeting was held on May 18, 1920, in Washington, D.C., behind closed doors and curtains, at which a secret resolution was passed calling upon the Federal Reserve Board to contract and withdraw from circulation the money and credits of the country. And immediately following this secret bankers' meeting the Federal Reserve Board secretly contracted and withdrew from circulation the money and the credits of the country, until a great part and portion was taken from the channels of industry and trade. And under economic laws and the principles of money, the relative value of money and commodity prices was changed, more than doubling and tripling the value of money and all obligations payable in money, and forcing down prices to a ruinous low level, property and all commodity values.

Having found the cause, how the contraction of money operated to bring a fall of values and the price level, and thereby to destroy the buying and consuming power, first to the farm population and dependents and then of the industrial laboring classes, and finally involving the whole body of the people, let us consider the recovery program to remedy the cause and evil and bring relief from the panic. If a withdrawal of money from circulation will cause a fall of values and the price level, bring a failure of earnings and income and destroy the farm buying and consuming power, then nothing is more plausible, more reasonable, logical, and conclusive than a restoration of money in circulation will cause a rise of values and the price level, a return of earnings and income in industry, and a restoration of the farm buying and consuming power.

If a remedy is true and correct in theory, if it is founded upon true principles, then it can be analyzed and explained, it can be demonstrated and proven and made clear before men. It is idle to urge a remedy for a mysterious or unknown cause. It is vain to direct relief from an evil without an understanding of the cause and effect. It is folly to talk of "confidence", "faith" or a "better feeling existing", or "prosperity just around the corner." Emile Coue, the man who was always getting better every day and in every way died while repeating his meaningless formula to persuade and lead others to forget their ills, pains, and troubles to effect a cure of their afflictions. We are now told again at this late date, that only confidence will restore the buying and consuming power, that to smite the rock of "Faith" and prosperity will come like gushing water. But faith without works is dead, God helps those who help themselves, and if you want to restore confidence in a hungry, starving, famished man, fill his stomach with good, nutritious food, and faith, assurance, and confidence will return. If you want to restore confidence to a cold, shivering, and suffering man, give him plenty of good warm clothing, provide him with fuel and shelter, and faith and confidence will return.

When this crisis fell upon the farming industry, with the higher normal values and price level, the farmers were selling not more than one fourth of their crops with which to pay taxes and interest and leaving them with the other three fourths or more with which to buy, take, and consume the products of factory, mill, and workshop. But when money was secretly contracted in 1920, forcing down values and the price level, the farmers were compelled to sell all, or four fourths, of their crops and products with which to pay taxes, interest, and fixed charges, and were left with no part with which to buy and consume, destroying the buying and consuming power of 40,000,000 farm population and dependents.

And finally this failure and destruction of the farmers' buying and consuming power left the retail merchant without demand, the wholesale house without sales, and the factory, mill, and workshop without orders. And the wheels of industry slackened and slowed down and brought unemploy-

ment to industrial labor and destroyed the buying and consuming power of another 30,000,000 and their dependents, and the fatal circle of hard times, want, suffering, and distress in the midst of plenty and great abundance was realized and complete.

The farm population not only includes the most numerous class of consumers but a class which buys and consumes double what any other class of men consumes. The farm population and dependents not only buy and consume what other classes buy and consume for personal and family use, not only what other classes buy for their homes, but as much or more outside of their homes. The 40,000,000 farm population and dependents, after buying household goods and supplies and for personal and family use, buy many other and different articles for use in farm operations and equipment. The farmer buys and uses on his farm over, above, and in addition to household goods and supplies and for personal and family use, ropes, chains, nails, paint, plows, cultivators, harrows, binders, mowers, pitchforks, hay tools, spades, spuds, post diggers, and a thousand other miscellaneous articles for daily use. The farmer's buying and consuming power, his power to buy, take, and consume all of these, has been reduced, and all but destroyed, and until his power is first restored there can be no recovery of industry.

A restoration of farm values and prices will not only restore farm earnings and income and the buying and consuming power of farm population but will reach back through retail store, through wholesale and commission house, to factory, mill, and workshop to start production and restore employment and the buying and consuming power of the 30,000,000 industrial population. While endorsing the principle and policy of N.R.A. to maintain labor's buying and consuming power in competition with the automatic machine my criticism is that the recovery program has been entered upon in reverse order, or in common parlance, the cart put before the horse. If the recovery program measures had been put into force and effect in the order of restoring first the buying and consuming power of the great farm population of the country and from which orders going back to factory, mill, and workshop to restore earnings and income to employers. And following with the N.R.A. facilities to compel employers to pass prosperity on in fair and equitable distribution to industrial laborers and employees, some substantial progress could have been made in restoring normal prosperity to the people. However, when the full recovery program shall have been put into force and operation in the order of the logical steps to be taken to restore the buying and consuming power of both the farm and industrial population to buy, take, use, and consume the products of factory, mill, and farm normal prosperity will be assured and far on the way.

[Here the gavel fell.]

Mr. GRAY. Will not the gentleman from Indiana yield me another 10 minutes?

Mr. LUDLOW. A time limit has been agreed upon.

Mr. GRAY. The gentleman may do as he pleases.

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 5 more minutes.

Mr. MCLEOD. Mr. Chairman, may I not remind the gentleman that we had an understanding that the House would adjourn at a definite time?

The CHAIRMAN. The Chair did not understand that it was a definite agreement.

Mr. MCLEOD. It was suggested that the Committee would rise at 5:20.

Mr. LUDLOW. I would refresh the gentleman's memory by stating that, as near as I could ascertain, there was only one more request for time. Since then, however, two other gentlemen have entered the Chamber who were promised time. If the gentleman from Michigan will bear with me in patience for a few moments longer, I should like to keep my promise to these gentlemen.

Mr. GRAY. Mr. Chairman, I am not asking for any more time; I am asking to be given what was promised to me, the time agreed upon.

Mr. LUDLOW. Mr. Chairman, I yield 5 additional minutes to the gentleman from Indiana.

Mr. GRAY. Then I will have the 10 minutes and the time agreed upon, and I hope I may even conclude if I may go over without further interruption.

Mr. Chairman, it is true that many manufacturers, that many employers of men have amassed great fortunes by taking and withholding an unjust share of the earnings and income from industry from the employees and the great laboring classes, but their factories today are not idle merely because they cannot still make these unconscionable earnings and income. They would still continue their operations if they could make some profit or be assured of operations without loss. The factories are idle today because they cannot make reasonable profits or because they cannot operate their mills without hazard of loss in operations, or, more properly speaking, because of the failure of the buying and consuming power and the want of market for their goods.

I do not believe that employers as a class have closed down their factories and mills in wanton indifference or disregard of the suffering and privation of their employees. I believe that if the employers of the country, or at least many of the employers, could see their way clear to continue their operations with small profit or be assured against loss they would start their mills and factories and hold their employees on the pay rolls. A peremptory demand upon the employers of the country to start their factories, mills, and workshops without a restoration of buying and consuming power and a demand for their goods and wares under a shorter-hour week and higher pay will not solve the problems of unemployment.

The people of the country are and have been cooperating loyally, patriotically, faithfully, and well with every phase of the recovery program and to give the N.R.A. principle a fair, earnest, and good faith trial the people have and are coordinating their efforts and in every way doing the best they can in a spirit of sacrifice and denial to bring relief from the panic and a restoration of normal prosperity. If this plan of recovery fails—and we must hope that it will not fail—it will not be because the people of the country have failed, refused, or neglected to cooperate, to observe its forms, and carry out its provisions. If the N.R.A. part of the program fails, it will not be a failure of the N.R.A. principle itself, it will be because the step has been taken prematurely and in advance of its order in the recovery program and the step it is designed to follow.

The N.R.A. policy of compulsion was never intended for small employers nor individual employers equally dependent with their employees and help with full opportunity to secure other employment both acting together more as partners. N.R.A. is an economic policy formulated more to be directed against great sweat shops and giant mass producing plants where employees are without opportunity for other employment and where millions are ground out of labor by withholding from the working man all but enough to maintain physical strength and keep soul and body together, and all to make quick wealth and swollen fortunes. Until 5 percent of the people have come to own more than 90 percent of the wealth of the country and the rich are growing richer and the poor are growing poorer.

With the automatic machine taking the place of man power and the craft of the human hand there is no escape from the N.R.A. principle as a rule or code of industry. The N.R.A. must be reckoned with today and more reckoned with tomorrow. While the laboring man can be dispensed with as a producing factor in industry he will always be needed as a consumer. As the machine is further developed as a producing factor in industry the shorter hour week must be made shorter and the higher pay must be raised higher.

While N.R.A. is a vital indispensable principle to apportion earnings and income from industry out among the dependent laboring classes to restore and maintain the buying and consuming power, yet without earnings and income from industry first restored to the employers of men N.R.A.

is an empty gesture, a meaningless psychological maneuver without substance or economic force to restore the buying and consuming power. Under our specialized industrial system there must be first a restoration of prosperity. There must be a return of earnings and income to the employers of men in industry before N.R.A. can function to restore the buying and consuming power to employees and the laboring classes. Unless a first and preliminary step is taken to restore earnings and income to employers N.R.A. will fail not for want of merit but by reason of the step being taken prematurely and in reverse order and a meritorious principle will be discredited.

The automatic machine taking the place of the laboring man and employers taking the income had little or nothing to do with the cause of this panic. The N.R.A. alone can effect nothing in a substantial and decisive way as a remedy for this panic. N.R.A. was as much or more needed before this panic came and will be as much or more needed after this panic is gone than it is needed and required today before a return of earnings and income to industry. N.R.A. as a measure, rule, or regulation for employment between employers and employees cannot make prosperity, cannot create prosperity, cannot restore prosperity. N.R.A. is without force or effect until after prosperity is restored, until after the employers of men have recovered back their income from which to spread prosperity to employees.

And if the automatic machine shall be developed and perfected in industry to take the place and supplant labor and perform all the operations in production and the deft hand is no longer needed or required, still the human element in industry cannot be ignored or dispensed with, still the laboring man must take his pay, take his share of earnings and income from industry as means and power by which to consume what the automatic machine shall produce.

And when and if this day shall come when the automatic machine shall supplant and take the place of the laboring man and man power and the human hand dispensed with, the remedy will not be revolution nor the destruction of the machine. The remedy will be to apportion out the earnings and income of the machine among the former laboring masses to maintain the power to take and consume what the automatic machine produces and to teach the laboring man how to play golf, tennis, and polo and the arts of killing time as followed by the idle rich today to divert their minds and energies from the evils of the devil's workshop. But this supposed condition will never come, for when the buying and consuming power of the people shall have been restored to them through a rise of values and the price level more goods will be consumed, more services will be enjoyed, more men will be required to man the machine and the causes that brought the N.R.A. will be remedied and overcome.

But one of the most vital and imperative purposes to be served by the N.R.A. in the recovery program is to make industrial pay and wages keep pace with rising values and prices as the same are to be lifted to the 1926 price level under the operations of the currency provisions of the farm relief and recovery acts. Without the provisions of the N.R.A. in operation, wages would rise and be maintained on a level with rising commodity values and prices as wages arose, kept pace, and were maintained during the higher commodity values and prices of the prosperous years of 1919, 1920, and later, and fell with the fall of such values following. But with the N.R.A. in force concurrently with the currency operations provided for to raise commodity values and the price level, the selfish impulse of employers will be overcome and wages will be made to rise with and concurrently with commodity values and the price level first provided to restore earnings and income to employers. N.R.A. will forever put an end to the subterfuge plea, always interposed against a rise of values and prices, that wages will lag and fail to keep pace with commodity values, prices, and the cost of living, and labor will suffer a fall of wage-buying power, the same as the gold-revaluation plan will silence the hue and cry of "inflation."

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

Mr. GRAY. I yield; not for a speech but for a brief question.

Mr. TRUAX. In his speech a while ago the gentleman referred to the bars having been let down and his cow barn costing him \$300 more. Did the gentleman mean the liquor bars?

Mr. GRAY. No; my mind was on another subject; I was talking about the bars of the antitrust laws being let down and how it affected my cattle barn.

Mr. TRUAX. I thank the gentleman.

Mr. GRAY. Mr. Chairman, in conclusion I want to state my position concretely: My position is that the N.R.A. is a vital, indispensable principle to apportion earnings and income from industry and to require employers of men to pass profits on to employees.

But N.R.A. cannot function until earnings and income from industry shall have been restored and brought back to the employers of men. N.R.A. is a meritorious and imperative policy under the automatic machine age of production. But to enforce it arbitrarily out of order will make it a failure and bring a new principle in industry to discredit, when a proper observance of its order as a step in the recovery program would vindicate its administration and make it an economic benefit. [Applause.]

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, may I call attention to the fact that I have filed a motion to discharge the Committee on Immigration from the further consideration of H.R. 109, which would stop all immigration to this country for 10 years?

If we had stopped immigration to the United States after the war, we would not have had 12,000,000 men walking the streets nearly 2 years without jobs. It has been the aliens who have been coming here constantly, many of them smuggled across our borders daily, that have taken the jobs away from our American citizens.

I want you to ask yourselves the question, and I want every American citizen who reads the CONGRESSIONAL RECORD tomorrow and who may happen to see my remarks, to ask himself the question why it is that the Committee on Immigration in the House of Representatives willfully refuses year after year to bring in a bill to stop immigration to this country? I will tell you why it is. We have too many men on that committee who do not want to stop immigration. Just check them up. Go back 17 years and check up, and you will find too many men on the committee who were against stopping immigration to this country. They want it to continue. That is the reason every time the committee takes up the question and votes on it, they cannot get a majority to vote out the bill.

My bill (H.R. 109) to stop immigration to this country for 10 years, was introduced by me in this House at the beginning of this session, and it has been in every Congress for the last dozen years. I introduced H.R. 109 in this Congress on March 9, 1933. It has been in that committee ever since. Likewise in March 1933 my colleague from Texas, Mr. Dies, introduced a bill to restrict immigration. These bills have been pending, and we have been clamoring for a hearing, both in the last session and in this session. After insisting repeatedly, we finally got a hearing about 10 days ago. We showed that it is absolutely necessary and imperative, in order to preserve the jobs for American people, that we stop immigration. When the committee took a vote on the Dies bill the committee tied. Half of them voted one way and half of them the other. It was the chairman of that committee who voted against reporting this bill. So it is the chairman of the committee that keeps the bill down. If he had voted to report it we would have this bill now on the calendar ready for passage, and we could pass it and preserve American jobs for American citizens.

Mr. GOSS. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Connecticut.

Mr. GOSS. Does the gentleman think that one of the reasons he does not get the bill reported out is because the gentleman objects to all the bills on the Consent Calendar when they come up?

Mr. BLANTON. No; of course not. He does not want to stop immigration. The last bill I objected to on the last Consent Calendar the other evening would have taken \$968,748 of the people's tax money out of the Treasury and handed it over to a corporation. Without my objection, this bill would have been passed in a half minute. The Speaker would have said, "Without objection, this bill will be considered to have been read the third time, engrossed, and passed, and a motion to reconsider laid on the table." Then this corporation would have gotten \$968,748 of the people's money. That is the way you attempted to hand out \$968,748 out of the Treasury at one time. I did object. I stopped it. The author of the bill was a man for whom I have high respect and high regard, our good friend from New York [Mr. O'CONNOR]. He is presiding over this House at this moment. It was his bill, but I did not hesitate to stop it. But the gentleman is not going to distract me from my subject.

May I say that every American citizen of the United States who wants immigration stopped should deluge his Congressman and Senators with demands that we vote this bill out before we adjourn. Then we will stop immigration. I want every man in this House who wants to stop immigration to walk up there tomorrow and sign the motion to discharge this committee and then we will pass this bill, and we will stop immigration coming to this country before this Congress adjourns.

Mr. MILLARD. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from New York.

Mr. MILLARD. Does the gentleman know that the Secretary of State, Cordell Hull, is against his bill?

Mr. BLANTON. No; I do not know it. But when Cordell Hull served with us here in this House he then wanted immigration stopped. I know the people of the United States want to stop immigration. It is this continual horde of foreigners coming in here—the Nazi propagandists, the communistic propagandists, propagandists for this, propagandists for that—who are doing the damage. If we want to stop this infernal propaganda, keep the aliens out of the country. Let us assimilate those we have before we take on others.

During the war I was invited up to New York to see the foreigners parade. They called it the "loyalty parade." There were nothing but foreigners. We sat at the junction of Broadway and Fifth Avenue from about 9:30 in the morning until half past 4 in the afternoon, and those people marched before us without a break in their ranks. They marched down that street 20 abreast. They were a solid mass of foreigners. And they are still coming in hordes. We have to stop it. If you think anything of the jobs of your American constituents back home, let us get behind this bill, sign the motion to discharge the committee, and vote it out and pass it.

Mr. SWICK. I understood there were more people who went out of this country last year than came in.

Mr. BLANTON. I have better information than that. Is the gentleman in favor of stopping immigrants from coming in?

Mr. SWICK. Yes; but I wanted to get the gentleman's opinion.

Mr. BLANTON. Why does not the gentleman go up and sign this motion to discharge the committee and not try to distract me from my subject? I am not going to let anyone distract me from the proposition. We should stop the aliens from coming into this country until we assimilate the ones we have.

Mr. SWICK. I just asked the question for information.

Mr. BLANTON. The gentleman has been misinformed. I know that last September I saw between San Antonio and Brownsville a constant procession for 250 miles of one truck after another with Mexicans in them, fresh from Mexico, 25

in a truck in many instances, coming from Mexico border into this country to pick cotton, and most of them stay in this country and do not return. If you will travel the Texas & Pacific Railroad from El Paso to Texarkana, 900 miles across my State, you will see that practically every section hand is a Mexican. Why? He ought to be an American. This is an American's country. These are Americans' jobs, and I am not willing they shall be taken by the foreigners of all the countries of the world. If the gentleman is with me, let us get this motion signed and we will get the bill out.

Mr. PATMAN. Will the gentleman yield?

Mr. BLANTON. I yield to my colleague.

Mr. PATMAN. I presume the gentleman is familiar with the fact that the first and only 2 years there was a net decrease of United States population by arrival and departure of aliens was during the last 2 years of President Hoover's administration. In other words, we could have kept aliens out by continuing this Hoover administration, but the remedy would have been much worse than the disease. In 1932 there were 112,786 more aliens left our country than came in.

Mr. BLANTON. Every posted American knows that in addition to the lawful quotas that have been coming into this country annually, many aliens are smuggled across the Mexican border and the Canadian border every year if you will check it up. We must stop it. I hope you colleagues will all do your part to stop it.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 2 minutes to the gentleman from Alabama [Mr. ALLGOOD].

Mr. ALLGOOD. Mr. Chairman, I ask unanimous consent to read section 2 of the bill I introduced today.

The CHAIRMAN. Without objection, it is so ordered.

Mr. ALLGOOD (reading):

SEC. 2. Upon the expiration of 30 days after the enactment of this act the term of office of any postmaster who received his commission before March 4, 1933, shall expire; and at any time hereafter when there is elected a President of the United States who is a member of a different political party than that of which his predecessor is a member the term of office of each postmaster, who received his commission prior to the date such newly elected President takes office, shall expire upon the expiration of 30 days following such taking of office.

There are thousands of Republican postmasters who are now holding office under a Democratic administration on account of temporary appointments having been made years ago. This bill seeks to correct this condition.

The measure is equally fair to the Republicans, because in about 1948 the Republicans expect to come back into office, and, of course, they would like to have the post-office appointments when they come into power again.

The Democrats think that as the Republicans have held these offices for 12, or nearly 13 years now, and the Democrats having come into power with the greatest majority that any party ever received, we feel the Democrats are entitled to these offices. We are asking for the patronage, and in plain and simple language that is what we are trying to do under this bill—to get some patronage for our people. This is no reflection on the character and integrity of any postmaster, but it simply carries into effect the will of the people as expressed at the ballot box.

The Clerk read the bill for amendment down to and including line 6 on page 1.

Mr. LUDLOW. 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. O'CONNOR, 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. 8617, the legislative appropriation bill, had come to no resolution thereon.

#### INCREASE IN THE NAVY (H.REPT. 1032)

Mr. VINSON of Georgia submitted a conference report on 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.

#### PINKIE OSBORNE

The SPEAKER laid before the House the following request from the Senate of the United States:

*"Ordered,* That the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 2153) for the relief of Pinkie Osborne.

The SPEAKER. Without objection, the request is granted.

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ELLENBOGEN, for 5 days, on account of death in family.

#### ECONOMIC CONDITIONS

Mr. SWICK. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and to include therein a radio address delivered by my colleague [Mr. TABER].

The SPEAKER. Is there objection?

There was no objection.

Mr. SWICK. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following radio address by Hon. JOHN TABER, of New York, March 19, 1934:

A government, 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.

The Democratic Congress which preceded the inauguration of President Roosevelt had done its best, by the passage of the Garner pork-barrel bill in the House and the bonus bill, to destroy confidence prior to its adjournment on the 16th of June 1932.

The economic stage was set for recovery in the early winter of 1932-33. Merchants' shelves were empty. The people's larder was low. Prices were low. Confidence began to assert itself when there came along a tremendous agitation and urge for inflation. This persuaded the people that inflation was coming and they took their funds out of the banks and started to put them into gold. That withdrawal became so acute as to cause tremendous deflation and tremendous reduction of prices, both of commodities and securities.

The President-elect, by a word, could have stopped this. He did not; and so, when he took office on the 4th of March, every bank in the United States was closed. Faced by this situation, the administration adopted two sound measures: First was the emergency banking bill, which helped to open the banks; and, second, the Economy Act, designed to reduce the expenses of the Government.

These two measures had my full support.

The banking act has been fairly administered by the Comptroller's office. If the Economy Act had been fairly administered, it would have been a success.

By a terrific orgy of extravagance, which is going to result in a deficit of nearly \$8,000,000,000 by July 1, the economy act has been wrecked.

In late May and early June, due in part to the Banking Act, in part to the Economy Act, in part to the drought in the Middle West, and mostly to the natural operations of economic law, the prices of farm products had risen tremendously, so that the price of wheat had gone up to \$1.25 a bushel and all other products had risen some when the administration started in with its agricultural bill. This bill had two parts—first, the part giving the Secretary of Agriculture a right to levy a processing tax on agricultural commodities, and, second, the part which gave the President power over the value of the dollar and power to create inflation.

A processing tax was immediately announced on cotton and wheat. The tax on wheat was 30 cents a bushel, and it immediately reduced the market price of wheat from \$1.25 to 90 cents, and it has hovered from 67 to 91 cents on the Chicago Exchange ever since. Unquestionably the farmer pays the processing tax. The Agricultural Department's operations with tobacco have ruined the farmer in my territory, and the processing tax on hogs has practically ruined the hog farmer, so that now he can get less for his hogs in my part of the country than the processing tax comes to.

This bill has not resulted in benefits to the farmer but is making his condition worse than it ever was before.

The operations of the Department with reference to milk, from the standpoint of the milk producer, has been this: Instead of taking the practical men who have had experience in the dairy business, they have taken a lot of professors and theorists who have done everything to destroy the milk industry.

The farmer has been obliged to pay more for what he has bought, and with very few exceptions, he has received less for what he had to sell.

A processing tax of between \$200,000,000 and \$300,000,000 will be levied on the farmer. Only a small portion of this will come back to him.

The devaluation of the dollar has completely demoralized industry, and where it has raised prices it has clogged the channels of trade, because people cannot pay more for articles without more income, and they have not had more income. It has restored confidence nowhere and put no one to work.

The next administration measure was the so-called "National Industrial Recovery Act." The spending part of this program, largely devoted to unproductive public works which provide almost no employment, was bad. On upward of \$600,000,000 allocated to advancements to localities on January 1 last, only 18,300 people were put to work. On the highways, according to the best estimate I can get, it took approximately \$2,000 to put one man to work for a year. In other items, such as the building trades, it took nearly \$5,000.

That it is necessary to provide relief and to feed the people who needed to be fed no one will dispute; but to have recovery go with that kind of an operation, it must be on a basis which will not take so much money as to impede recovery and to interfere with the processes of recovery. That is what was done in the spending program.

The farm-loan agency and the home-loan agency are undoubtedly necessary under the circumstances and undoubtedly helped some.

The other part of the so-called "recovery bill", the so-called "N.R.A.", started in around July 1, at a time when business was improving, when employment was increasing. It required employers to raise the hourly rate of wages and reduce the number of hours. It raised prices. The raising of prices stopped buying. As a result the farmer was paying more than he could pay and business did not move; employment was reduced, and while there were more people on the pay roll, the pay roll was smaller and the people had less work and each individual pay envelope was smaller. This made greater and more acute distress. There never was any excuse for applying the N.R.A. to the small business man and the small manufacturer.

Why is it necessary to fly in the face of economic laws in this way and prevent business recovery? Thousands upon thousands of small businesses have been ruined. The small manufacturers and the individual merchants have suffered tremendously as a result of these operations. Many of them who could otherwise have ridden through the storm and continued in business will be ruined.

The farmer, the laborer, the small business man, the small manufacturer, and the professional classes are the backbone of the Nation. Every move that has been made by the N.R.A. and the A.A.A. has been to tie and fetter them.

It is the announced policy of such leaders of the administration as Secretary Wallace, Professor Frankfurter, Professor Tugwell, Professor Moley, Professor Mordecai Ezekiel, and that group which seems to have control of the administration, to have a planned state, where the professors tell the manufacturer what he must do, what products he can turn out, and what wages he must pay. Where they likewise tell the farmer what crops he can raise, just how much of them he can produce, and even go so far as to provide that the farmer should go to jail if he should happen to have a good crop.

These things can result in but one thing, a completely planned state where there is no liberty of action on the part of any man. Outright communism!

At the present time, those who would destroy the liberty of the American people are in the ascendency. They tell us that a part of their program is the redistribution of wealth. The policies they have so far brought out have resulted not in the redistribution of wealth, but in the destruction of wealth, so that no man, rich or poor, will have anything left, so that everyone will be a ward of the State, dependent for his daily bread upon the operations of the Government and the will of the Government.

America became great not in that way but because individuals went out into the wilderness and carved a mighty farming empire, because individuals went into factories and built up America industrially. Not by the destruction of capital are we going to restore prosperity. Not by taking away the liberties of the people, not by destroying the possibility of the farmer to raise a crop and make a living, but by giving him a chance in the operation of natural economic laws to come back.

I want to see America cast off the fetters that are binding her, that have enslaved the people, that have created more distress this last winter than we have ever known before, that have created a relief roll where we are spending more in one month by \$60,000,000 than England is spending in one year on the dole.

General business is reported up for January about 16 percent in dollars and for February about 14 percent in dollars. The retail price index is up from 52 percent of the 1926 figure to 74 percent, or about 40-percent increase, indicating that the volume of merchandise handled is below a year ago by over 20 percent. Automobile sales for January in 41 States in 1933 were 67,000 cars; in 1934 they were 51,000 cars, a decrease of 25 percent. A. & P. sales for February were up in dollars 5.2 percent. They were down in volume of merchandise 7.9 percent, indicating that the higher prices have made business worse.

I want to see the fetters broken, and a free America rise triumphant. With an abandonment of those policies which are destroying us, America will recover. Pray God that that day may be sped.

Let us have an end to the time when an answer to suggestions for sound legislation, for sound economic policies which will bring recovery, is that we are trying to play politics. Let us have the courage to adopt those sound policies which will bring recovery. Other countries, in the face of a situation as bad as ours, have brought about recovery by raising taxes enough to support the government and by cutting out unnecessary expenditures. We have gone in for expenditures, which have not provided employment, and because of the unbalanced state of our Budget and the general lack of confidence we have reduced employment. We brought in a tax bill to raise \$250,000,000 at a time when we needed to raise close to \$5,000,000,000.

It is a hard road to recovery. It takes courage, but I believe that the American people have the courage, and I look longingly for that day when they will rise up in their power and reestablish that liberty and that prosperity which their forefathers have given them.

#### AGAINST "MARCH ON WASHINGTON", IN FAVOR PAYMENT OF ADJUSTED-SERVICE CERTIFICATES—"BONUS" A MISNOMER

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks, and include therein a telegram that I received on the so-called "bonus march" and my reply thereto.

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

There was no objection.

Mr. PATMAN. Mr. Speaker, the word "bonus" is a misnomer. An adjusted-service certificate is not a bonus certificate and does not represent a bonus. It represents an honest debt that has heretofore been confessed by Congress to a veteran of the World War for services rendered. No one should refer to such a certificate as a "bonus certificate." One favoring the payment of these certificates condemns his own cause and makes the accomplishment of his object less likely every time he says "bonus certificate" instead of "adjusted-service certificate."

#### AGAINST MARCH

The following telegram and answer are self-explanatory:

EAST BARRE, VT., March 20, 1934.  
Congressman WRIGHT PATMAN,

Washington, D.C.:

Kindly advise me in the behalf of 1,000 veterans whether or not a bonus march would do good to influence the Senate at the present time as one is about to start? Wire at my expense via Western Union.

GEO. KORGSKI,  
Camp Wilson, Company 1352, East Barre.

WASHINGTON, D.C., March 20, 1934.

GEORGE KORGSKI,

Camp Wilson, Company 1352, East Barre, Vt.:

In regard to proposed bonus march will state that my opinion is such a march will be very detrimental to the veterans' cause. I think it would be a grievous mistake for which all veterans would eventually pay in one way or another. Do not believe that it would be helpful at all but on the other hand to be very harmful. Appreciate your good intentions and desire to be of service, also appreciate fact that B.E.F. of 1932 behaved themselves in commendable manner and are entitled to plaudits of the people for good conduct, but that march was injurious to the cause notwithstanding good intentions and good conduct. I urge you to seriously consider the effect of such an undertaking not only on rights of veterans participating but on rights of veterans who do not participate and dependents of those who are dead.

WRIGHT PATMAN,  
Member of Congress.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that all Members who have spoken in general debate on the legislative appropriation bill have 5 legislative days in which to extend their own remarks.

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

There was no objection.

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made and insert the industrial chart that I had permission to insert, having received the permission of the Committee on Printing, and also to insert certain statistical matter.

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

There was no objection.

#### ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found

truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 2743. An act for the relief of William M. Stoddard;  
 H.R. 3072. An act for the relief of Seth B. Simmons;  
 H.R. 3554. An act for the relief of Pinkie Osborne;  
 H.R. 3908. An act for the relief of Joanna A. Sheehan.  
 H.R. 5163. An act for the relief of Calvin M. Head;  
 H.R. 5228. An act to authorize the payment of hospital and other expenses arising from an injury to Florence Glass.  
 H.R. 5631. An act to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes, and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him;

H.R. 5745. An act granting abandoned public buildings and grounds at Sitka, Alaska, to the Territory of Alaska, 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; and

H.R. 7229. An act for the relief of the estate of Victor L. Berger, deceased.

#### BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 3908. An act for the relief of Joanna A. Sheehan.

#### ADJOURNMENT

Mr. LUDLOW. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 53 minutes p.m.) the House adjourned until tomorrow, Thursday, March 22, 1934, at 12 o'clock noon.

#### COMMITTEE HEARINGS

##### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, Mar. 22, 10 a.m.)

Continuation of the stock exchange hearings.

##### COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Thursday, Mar. 22, 10 a.m.)

Hearings on H.R. 6964.

##### SUBCOMMITTEE OF APPROPRIATIONS COMMITTEE ON PERMANENT APPROPRIATIONS

(Thursday, Mar. 22, 10:30 a.m.)

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

##### Under clause 2 of rule XIII,

Mr. CHAVEZ: Committee on the Public Lands. H.R. 5369. A bill providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928; with amendment (Rept. No. 1030). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLACK: Committee on the District of Columbia. H.R. 7906. A bill to license race tracks in the District of Columbia and provide for their regulation; with amendment (Rept. No. 1031). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H.J.Res. 295. Joint resolution authorizing appropriation for expenses of representatives of United States to meet at Istanbul, Turkey, with representatives of Turkish Republic for purpose of examining claims of either Government against the other and for expense of proceedings before an

umpire, if necessary; without amendment (Rept. No. 1033). Referred to the Committee of the Whole House on the state of the Union.

#### CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 7124) granting a pension to Kathryn Sellers; Committee on Pensions discharged, and referred to the Committee on the Judiciary.

A bill (H.R. 8547) for the relief of Florence Byvank; Committee on Claims discharged, and referred to the Committee on War Claims.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McDUFFIE: A bill (H.R. 8749) to provide a government for American Samoa; to the Committee on Insular Affairs.

By Mrs. NORTON: A bill (H.R. 8750) to change the designation of Four and One Half Street SW. to Fourth Street; to the Committee on the District of Columbia.

By Mr. DUNN: A bill (H.R. 8751) to provide employment for the blind citizens in the United States and its possessions; to the Committee on Labor.

By Mr. GREEN: A bill (H.R. 8752) to provide for the payment of one half the amount of losses sustained on account of the campaign for the eradication of the Mediterranean fruit fly in Florida, and for other purposes; to the Committee on Agriculture.

By Mr. JENKINS of Ohio: A bill (H.R. 8753) to reduce the rate of interest on loans secured from the Government on Government life-insurance policies; to the Committee on World War Veterans' Legislation.

By Mr. SNYDER: A bill (H.R. 8754) to provide for the construction of a post-office building at Brownsville, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. MONAGHAN of Montana: A bill (H.R. 8755) to amend sections 3 and 4 of the act of July 3, 1930, entitled "An act for the rehabilitation of the Bitter Root irrigation project, Montana"; to the Committee on Irrigation and Reclamation.

By Mr. ALLGOOD: A bill (H.R. 8756) to amend the Post Office Department Appropriation Act for the fiscal year ended June 30, 1922, as amended (U.S.C., Supp. VI, title 39, sec. 39); to the Committee on the Post Office and Post Roads.

By Mr. SUMNERS of Texas: A bill (H.R. 8757) for the protection of agents of the Division of Investigations of the Department of the Interior; to the Committee on the Judiciary.

By Mr. SWEENEY: A bill (H.R. 8758) to discontinue administrative furloughs in the Postal Service; to the Committee on the Post Office and Post Roads.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H.R. 8759) for the relief of A. Bruce Bielaski; to the Committee on Claims.

Also, a bill (H.R. 8760) for the relief of Charles H. Holtzman, former collector of customs, Baltimore, Md.; George D. Hubbard, former collector of customs, Seattle, Wash.; and William L. Thibadeau, former customs agent; to the Committee on Claims.

Also, a bill (H.R. 8761) for the relief of Matthew E. Hanna; to the Committee on Claims.

By Mr. DELANEY: A bill (H.R. 8762) to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claims of the Italian Star Line, Inc., against the United States; to the Committee on Claims.

By Mr. DIMOND: A bill (H.R. 8763) for the relief of Arthur H. Miller; to the Committee on Claims.

Also, a bill (H.R. 8764) for the relief of John E. Click; to the Committee on Claims.

By Mr. GRISWOLD: A bill (H.R. 8765) for the relief of Earl E. Troutwine; to the Committee on Military Affairs.

By Mr. HENNEY: A bill (H.R. 8766) granting a pension to Hallie V. Weeks; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8767) for the relief of George Colstead, alias Charles Smith; to the Committee on Naval Affairs.

By Mr. HOIDALE: A bill (H.R. 8768) granting an increase of pension to Bjarne Birkeland; to the Committee on Pensions.

Also, a bill (H.R. 8769) for the relief of the Pokegama Sanatorium; to the Committee on Claims.

By Mr. KOCLALKOWSKI: A bill (H.R. 8770) for the relief of Lapiro Notare; to the Committee on Claims.

By Mr. MEAD: A bill (H.R. 8771) for the relief of Joseph George Fimbel; to the Committee on Naval Affairs.

By Mr. McCORMACK: A bill (H.R. 8772) to charter the National Society of Women Descendants of the Ancient and Honorable Artillery Company; to the Committee on the District of Columbia.

By Mr. McSWAIN: A bill (H.R. 8773) to pay an annuity to Frances Agramonte, the widow of Dr. Aristides Agramonte, member of the Yellow Fever Commission; to the Committee on Military Affairs.

By Mrs. NORTON: A bill (H.R. 8774) for the relief of Patrick Rice; to the Committee on Naval Affairs.

By Mr. OLIVER of New York: A bill (H.R. 8775) granting an increase of pension to Ellen McMunn; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8776) for the relief of the estate of N. Lansing Zabriskie; to the Committee on Claims.

By Mr. WILCOX: A bill (H.R. 8777) granting a pension to Susie McCoy Faus; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

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

3132. By Mr. ANDREW of Massachusetts: Resolution adopted by general court of Massachusetts, urging that steps be taken to limit importation of refined sugar; to the Committee on Ways and Means.

3133. By Mr. ARENS: Petition of the Woman's Christian Temperance Union, opposing the Celler bill (H.R. 7129); to the Committee on the Judiciary.

3134. Also, petition urging that the construction of United States cruisers be awarded to the Puget Sound Navy Yard; to the Committee on Naval Affairs.

3135. Also, petition for early hearings and favorable action on the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3136. Also, petition for an appropriation of \$5,000,000,000 for the continuation of Public Works Administration projects; to the Committee on Appropriations.

3137. Also, petition in opposition to the Prince plan for the consolidation of railroads; to the Committee on Interstate and Foreign Commerce.

3138. Also, petition of the Farmers Educational and Cooperative Union of America, Big Stone County, Minnesota division, favoring the investigation of salaries of corporations and holding companies; to the Committee on the Judiciary.

3139. Also, petition of the Farmers Educational and Cooperative Union of America, Big Stone County, Minnesota division, favoring an excise tax of 5 cents per pound to be placed on foreign oils and products; to the Committee on Ways and Means.

3140. By Mr. BACON: Petition of the New York State Legislature, requesting that Congress provide Federal funds to supplement appropriations by New York State for proper river regulation and flood control; to the Committee on Rivers and Harbors.

3141. Also, petition of sundry citizens of New Jersey, protesting the admission of any aliens outside the quota provisions; to the Committee on Immigration and Naturalization.

3142. By Mr. DONDERO: Resolution of the commission of the city of Royal Oak, Mich., protesting the discontinuance of the present appraisal system of the Home Owners' Loan Corporation in Michigan until a new method is worked out, for the reason that it will inflict untold hardship through evictions now pending in the local courts of Michigan, operate against the awarding of contracts for repairs, and the beginning of work thereon, etc.; to the Committee on Banking and Currency.

3143. By Mr. ELTSE of California: Petition of the Oakland District of the California Council of Dad's Clubs, requesting the permanent preservation of the United States frigate *Constitution*; to the Committee on Naval Affairs.

3144. By Mr. FIESINGER: Petition of Charles Burr and 4,500 others, asking Congress to safeguard the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

3145. By Mr. FULMER: Resolution of officers and representatives of the Woman's Christian Temperance Union, of Sumter, S.C., petitioning for early hearings and favorable action on the Patman motion picture bill (H.R. 6097), providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3146. Also, resolution of the Mothers Club, Sumter, S.C., petitioning for early hearings and favorable action on the Patman motion picture bill (H.R. 6097), providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3147. Also, resolution of the Woman's Christian Temperance Union, of Johnston, S.C., petitioning for early hearings and favorable action on the Patman motion-picture bill (H.R. 6097), providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3148. By Mr. GAVAGAN: Petition of the Civil Service Forum of the State of New York, in reference to allocation or failure to allocate Public Works funds to the city of New York; to the Committee on Banking and Currency.

3149. By Mr. GUEVARA: Resolution No. 12, of the Municipal government of Jaro, Iloilo, P.I., supporting the move to revive the Hare-Hawes-Cutting Act, which earnestly requests the honorable Congress of the United States to extend the term within which the Filipino people may act upon said law in order to justify the 13,000,000 inhabitants of the islands who have been deprived of their right to voice pro or against same (the above resolution was approved by the municipal council of Jaro upon motion by Gil Jardonil, seconded by Benjamin Jalandoni, both members of the council, on Jan. 28, 1934); to the Committee on Insular Affairs.

3150. Also, Resolution No. 15, of Janiway, Iloilo, P.I., respectfully requesting the honorable President and Congress of the United States of America, through his excellency, the Governor General of the Philippine Islands, to approve the bill extending the time for the acceptance of the Hare-Hawes-Cutting Act for 9 months in order to give the Filipino people an opportunity to express its true sentiment in the coming elections regarding independence generously offered by the American people in said Hare-Hawes-Cutting Act (the above resolution was unanimously approved by the municipal council upon motion by Dr. Pedro B. Margarico and seconded by D. Simeon A. Barranco, members of the council); to the Committee on Insular Affairs.

3151. Also, Resolution No. 117, of the Provincial Board of Misamis Occidental, P.I., protesting, as it does hereby protest against the action of the House levying an excise tax on Philippine coconut oil and copra; it being the sense of the members of the board and of the people they represent, that as long as the Filipinos are under the American flag they should be treated for trade purposes, not as aliens

against whom an excise tax should be levied to their detriment and to the ruin of their major industries, but as people living under the American flag to whom American constitutional guarantees should be extended and all just and fair treatment unhesitatingly given (the above resolution was approved by the provincial board on motion of Acting Provincial Governor Paulino A. Conol, on Feb. 5, 1934); to the Committee on Ways and Means.

3152. By Mr. HOIDALE: Petition of Farmers Elevator Association of Minnesota, regarding grain futures, etc.; to the Committee on Agriculture.

3153. Also, petition of City Council of St. Paul, for continuation of Public Works Administration projects; to the Committee on Appropriations.

3154. By Mr. JOHNSON of Texas: Petition of L. D. Oliver, Oliver Chevrolet Co., Groesbeck, Tex.; Fred J. Doering, Mexia Motor Car Co., Mexia, Tex.; Cole Bates, Cole Bates Chevrolet Co., Wortham, Tex., opposing Wagner bill (S. 2926); to the Committee on Labor.

3155. Also, petition of Calkins & Dublin, Inc., Corsicana, Tex.; E. W. Ellis & Co., Jackson Bros., Drane & McKee, Beaton Motor Co., R. A. Purifoy, and J. S. Murchison, Corsicana, Tex.; Teague Motor Co., Riley Boyd Motor Co., York Motor Co., and Quality Motor Co., Teague, Tex.; and Brazos Valley Automobile Dealers Association, Bryan, Tex., opposing Wagner bill (S. 2926); to the Committee on Labor.

3156. By Mr. LAMNECK: Petition of Mrs. C. C. Gross, director motion-picture study class, Columbus Woman's Club, Columbus, Ohio, requesting early hearings and favorable action on the Patman motion-picture bill (H.R. 6097), providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3157. By Mr. LEHR: Petition of the Ypsilanti branch of the Michigan Child Study Club, of Ypsilanti, Mich., urging passage of the proposed amendment to the Pure Food and Drug Act, known as the "Tugwell bill"; to the Committee on Interstate and Foreign Commerce.

3158. By Mr. LINDSAY: Petition of the Association of Highway Officials of North Atlantic States, urging appropriations for road construction similar to that granted last year; to the Committee on Roads.

3159. Also, petition of Eagle Packet Co., St. Louis, Mo., opposing the passage of House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3160. Also, petition of Gray MacW. Bryan, New York City, urging amendment of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3161. Also, petition of Association of Employees, Long Lines Department, American Telephone & Telegraph Co., New York City, opposing portions of the labor disputes act; to the Committee on Labor.

3162. Also, telegram from representatives of iron and steel companies of New England, New York, Pennsylvania, New Jersey, Delaware, and Maryland, opposing the passage of the Wagner-Connery labor bills; to the Committee on Labor.

3163. By Mrs. ROGERS of Massachusetts: Petition of citizens of the Fifth Massachusetts Congressional District, asking for an adequate issuance of currency, restoration of silver, and that some of the new currency be used to cancel interest-bearing war bonds; to the Committee on Coinage, Weights, and Measures.

3164. By Mr. RUDD: Petition of New York Federation of Post Office Clerks, protesting against furloughs and favoring the full restoration of the 15-percent pay cut; to the Committee on Appropriations.

3165. Also, petition of representatives of iron and steel companies of New England, New York, Pennsylvania, New Jersey, Delaware, and Maryland, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3166. By Mr. TREADWAY: Resolution of Woman's Christian Temperance Union of Westfield, Mass., urging early hearings and favorable action on House bill 6097, providing higher moral standards for films entering interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

## SENATE

THURSDAY, MARCH 22, 1934

(*Legislative day of Tuesday, Mar. 20, 1934*)

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

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, returned to the Senate, in compliance with its request, the bill (S. 2153) for the relief of Pinkie Osborne.

### ENROLLED BILLS SIGNED

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

H.R. 2743. An act for the relief of William M. Stoddard; H.R. 3072. An act for the relief of Seth B. Simmons;

H.R. 3554. An act for the relief of Pinkie Osborne;

H.R. 5163. An act for the relief of Calvin M. Head;

H.R. 5228. An act to authorize the payment of hospital and other expenses arising from an injury to Florence Glass;

H.R. 5631. An act to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him;

H.R. 5745. An act granting abandoned public buildings and grounds at Sitka, Alaska, to the Territory of Alaska, and for other purposes;

H.R. 5862. An act to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction;

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. 7229. An act for the relief of the estate of Victor L. Berger, deceased; and

H.R. 8134. An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes.

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

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. LEWIS], and the Senator from Montana

[Mr. WHEELER] are necessarily detained from the Senate on official business.

Mr. HEBERT. I wish to announce that the Senator from Pennsylvania [Mr. REED], the senior Senator from Maine [Mr. HALE], the junior Senator from Maine [Mr. WHITE], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent, and that the Senator from West Virginia [Mr. HATFIELD] is detained on account of illness.

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

#### REPORT OF FEDERAL EMERGENCY RELIEF ADMINISTRATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Federal Emergency Relief Administration transmitting pursuant to law the report of that Administration covering the period from December 1 to December 31, 1933, inclusive, which, with the accompanying report, was ordered to lie on the table.

#### PETITIONS

Mr. DICKINSON presented petitions numerously signed of sundry citizens of Iowa, Minnesota, Nebraska, North Dakota, and South Dakota, praying for the prompt passage of legislation providing for a 5-cent-per-pound excise tax on importations of all coconut and sesame oils, which were referred to the Committee on Finance.

#### REPORTS OF COMMITTEES

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (S. 1214) for the relief of Zinsser & Co., reported it without amendment and submitted a report (No. 524) thereon.

Mr. BACHMAN, from the Committee on Military Affairs, submitted a report (No. 530) to accompany the bill (S. 754) for the relief of Fred M. Munn, heretofore reported by him from that committee without amendment.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 1544) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department, reported it with an amendment and submitted a report (No. 525) thereon.

Mr. COOLIDGE, from the Committee on Claims, to which was referred the bill (S. 2584) for the relief of Elmer Kettering, reported it with an amendment and submitted a report (No. 526) thereon.

He also, from the same committee, to which was referred the bill (S. 2672) for the relief of Mabel Parker, reported it with amendments and submitted a report (No. 527) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 3085) relating to the operations of the Reconstruction Finance Corporation, and for other purposes, reported it with amendments and submitted a report (No. 528) thereon.

Mr. BULOW, from the Committee on Civil Service, to which was referred the bill (S. 2527) to amend the act of May 29, 1930, for the retirement of employees in the classified civil service, reported it without amendment and submitted a report (No. 531) thereon.

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

S. 2248. An act to protect trade and commerce against interference by violence, threats, coercion, or intimidation (Rept. No. 532);

S. 2249. An act applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise (Rept. No. 533);

S. 2252. An act to amend the act forbidding the transportation of kidnaped persons in interstate commerce (Rept. No. 534); and

S. 2575. An act to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor (Rept. No. 536).

Mr. STEPHENS also, from the Committee on the Judiciary, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 2841. An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System (Rept. No. 537); and

S. 2845. An act to extend the provisions of the National Motor Vehicle Theft Act to other stolen property (Rept. No. 538).

Mr. STEPHENS also, from the Committee on the Judiciary, to which was referred the bill (S. 2080) to provide punishment for killing or assaulting Federal officers, reported it with an amendment and submitted a report (No. 535) thereon.

#### PROCEEDINGS IN CASE OF THE UNITED STATES *v.* WILLIAM P. M'CRACKEN, JR., ET AL. (S.DOC. NO. 162)

Mr. HAYDEN, from the Committee on Printing, to which was referred the manuscript of the proceedings in the Senate on air-mail contracts, reported favorably thereon with the recommendation that it be printed as a document; and

On motion by Mr. HAYDEN, it was

*Ordered*, That the extracts from the CONGRESSIONAL RECORD containing the proceedings and order in the case of the United States *v.* William P. MacCracken, Jr., et al., alleging that respondents in contempt of the Senate of the United States in connection with a subpoena to produce certain papers before a special committee appointed to investigate the awarding of air- and ocean-mail contracts, be printed as a Senate document.

#### BILLS INTRODUCED

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

By Mr. CLARK:

A bill (S. 3132) granting jurisdiction to the Court of Claims to reopen and readjudicate the case of Carrie Howard Steedman and Eugenia Howard Edmunds; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 3133) amending the postal laws to include as second-class matter religious periodicals publishing parish information; to the Committee on Post Offices and Post Roads.

(Mr. WALSH also introduced Senate bill 3134, which appears under a separate heading.)

By Mr. McGILL:

A bill (S. 3135) for the relief of Fred R. Cuddy (with accompanying papers); to the Committee on Military Affairs.

By Mr. FLETCHER:

A bill (S. 3136) granting a pension to Elise M. Lum; to the Committee on Pensions.

A bill (S. 3137) authorizing the Reconstruction Finance Corporation to make loans to industry; and

A bill (S. 3138) authorizing the Reconstruction Finance Corporation to aid in financing exports and imports; to the Committee on Banking and Currency.

By Mr. VAN NUYS:

A bill (S. 3139) for the relief of Arthur Smith; to the Committee on Claims.

A bill (S. 3140) granting a pension to Emma M. Webb; to the Committee on Pensions.

By Mr. BARKLEY:

A bill (S. 3141) for the relief of Larkin B. Walker; to the Committee on Claims.

By Mr. SHIPSTEAD:

A bill (S. 3142) for the relief of John A. Jumer; and

A bill (S. 3143) for the relief of Robert W. Krieger; to the Committee on Claims.

A bill (S. 3144) to legalize a bridge across the St. Louis River at or near Cloquet, Minn.; to the Committee on Commerce.

A bill (S. 3145) authorizing the establishment of a filing and indexing service for useful Government publications; to the Committee on Education and Labor.

A bill (S. 3146) granting an increase of pension to Bjarne Birkeland; to the Committee on Finance.

By Mr. SCHALL:

A bill (S. 3147) to amend the act approved June 28, 1932 (47 Stat.L. 337);

A bill (S. 3148) to amend an act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", approved May 14, 1926 (44 Stat.L. 555); and

A bill (S. 3149) to compensate the Chippewa Indians of Minnesota for lands set aside by treaties for their future homes and later patented to the State of Minnesota under the Swamp Land Act; to the Committee on Indian Affairs.

By Mr. KEAN:

A bill (S. 3150) for the relief of Maurice Samuel Hirshorn; to the Committee on Naval Affairs.

#### AMENDMENT OF AFFILIATE PROVISIONS OF BANKING ACT

Mr. WALSH. Mr. President, I ask leave to introduce a bill to amend the Banking Act of 1933. In explanation thereof I request that a letter be printed in the RECORD.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred and the letter referred to will be printed in the RECORD.

The bill (S. 3134) to amend the Banking Act of 1933 was read twice by its title and referred to the Committee on Banking and Currency.

The letter presented by Mr. WALSH to accompany the bill is as follows:

BOSTON, March 5, 1934.

AMENDMENT OF AFFILIATE PROVISIONS OF BANKING ACT OF 1933  
Senator DAVID I. WALSH,

*Senate Office Building, Washington, D.C.*

My DEAR SENATOR: In accordance with our conversation of last week, I am enclosing a draft of suggested amendment to the banking act designed to afford banks which have been making proper effort to dispose of affiliated corporations, such further time as will avoid liquidations, which in some cases may be against public interest.

I will recall briefly the situation in reference to The First of Boston Corporation, the affiliate of my client, the First National Bank of Boston.

This corporation has offices in 22 American cities located from coast to coast. Its employees number nearly 700. Mr. Pope, executive head of the corporation, tells me that to the best of his knowledge the corporation is the largest private distributor of United States Government securities, its customers being principally banks, insurance companies, and other large investors. The character of the business done during the year 1933 and for January 1934 is evidenced by the following summary of transactions of the corporation furnished to me by Mr. Pope:

#### *The First of Boston Corporation*

	Year 1933	January 1934
Municipals.....	\$88,217,262.93	\$10,285,800.00
Town notes.....	56,409,000.00	8,827,000.00
Governments.....	2,811,847,945.35	278,840,000.00
General bonds.....	258,167,013.64	38,066,000.00
Stocks.....	16,647,312.77	2,062,803.00
Joint accounts.....	24,366,533.67	2,280,000.00
Syndicate bonds.....	12,306,794.28	
Foreign-currency bonds.....	890,732.41	86,000.00
Acceptance.....	268,292,233.45	59,519,898.05
	3,537,144,835.50	399,967,500.05

A complete winding up of the corporation will involve throwing all personnel out of work, a cancellation of all leases, and an estimated loss of several hundred thousand dollars to the bank, as compared to the results if the control of the corporation can be sold to others who will continue to operate.

Since last summer the bank officers have been engaged in trying to put through a plan by which, without underwriting, commission, or selling profit to anyone, not in excess of 45 percent of the stock might be taken over by the stockholders of the First National Bank of Boston, and the other 55 percent sold to a few of the executive officers of the corporation—not officers or stockholders of the bank—and to a group of outsiders who have the financial means to make a purchase of the majority interest. There has been a strong interest evidenced by prospective purchasers. The present difficulty is that with uncertainties as to all security operations for the future purchasers are not ready to commit themselves.

I do not know what other bank affiliates may be in the same position, but it does seem to me that where every reasonable effort is being made to comply with the spirit and letter of the law and a consummation of a complete divorce has not been effected because the banks' officers have felt unwilling to wreck an admirable business and throw a large number of people out of work that some legislative relief should be possible.

The enclosed suggestion for an amendment may not be the right wording, but if you agree as to the propriety of some amendment please make changes in the wording you think desirable. I should say that so far as the special interest of my own client is involved it is probably going to be necessary to make some

decision within the next month as to whether or not it is to wind up and put The First of Boston Corporation out of business. It would not seem quite decent to wait until June before advising the very large number of employees that they will have to look elsewhere for work.

Very truly yours,

NORMAN W. BINGHAM, JR.

#### FINANCING OF EXPORTS AND IMPORTS

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 3138) authorizing the Reconstruction Finance Corporation to aid in financing exports and imports, reported it without amendment and submitted a report (No. 529) thereon.

#### CHANGE OF REFERENCE

On motion of Mr. DILL, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 3061) for the relief of Joseph W. Atkinson, and it was referred to the Committee on Naval Affairs.

#### PROFITS OF MUNITIONS MAKERS—AMENDMENT TO REVENUE BILL

Mr. NYE. Mr. President, each day comes with its additional word of the danger of more war. We are told almost daily that, no matter how much we may dislike it here in America, we are going to find it very difficult to avoid getting into that war wherever it may arise. It seems to me that there are just two things to be accomplished to guard ourselves against being drawn into a controversy like that of 12 or 15 years ago. In the first place, there ought to be the accomplishment of legislation which would necessitate other nations, looking to America for supplies, carrying their own supplies from our shores; every nation that wants to buy munitions of war from us should be required to carry them away from our shores in their own bottoms; in other words, we ought, in the event of war, to go upon a strictly cash-and-carry basis.

The second step which should be taken is that of preventing a repetition of the ungodly profits such as were enjoyed by some few Americans as a result of the last war.

I know of no better way to stop that profiteering, I know of no better way to prevent our being drawn into future wars, than to write into the revenue bill, which is to be reported to the Senate within the next few days, a provision which will provide for the taxing, almost to the extent of complete confiscation, of profits that might be derived by reason of the existence of a state of war.

With that end in mind I am sending to the desk an amendment intended to be proposed by me to the revenue bill. I ask that it may be printed and lie on the table, to be called up and offered when the revenue bill shall be before the Senate. I ask that the amendment may be read at this time.

The VICE PRESIDENT. Without objection, it is so ordered. The clerk will read, as requested.

The Chief Clerk read as follows:

Amendment intended to be proposed by Mr. NYE to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, viz: On page 13, between lines 13 and 14, to insert the following new section:

"Sec. 14. Tax in the event of war: (a) Whenever Congress shall declare that a state of war exists, the income-tax rates then in force shall be increased by 100 percent: *Provided, however,* That in no case shall the tax so imposed, together with all other Federal, State, local, and foreign taxes imposed upon the same taxpayer, exceed 98 percent of his entire net income: *Provided further,* That in no case shall the total of such taxes be less than 98 percent of each taxpayer's net income in excess of \$10,000 a year. The 100 percent increase shall be further increased or diminished in order to come within these maximum and minimum limits.

"(b) The tax imposed by this section shall be applicable to every year (whether calendar or fiscal) during any part of which the state of war shall exist, and to 1 year prior and 1 year subsequent to such period. The President shall, by proclamation, declare the date of termination of the war.

"(c) The Secretary of the Treasury shall have power to prescribe regulations for the administration of the provisions of this section, which shall be construed as a part of the general income tax law."

#### ADDITIONAL CLERICAL ASSISTANCE FOR SENATORS

Mr. BYRNES submitted the following resolution (S.Res. 213), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That whenever, during the remainder of the present session of Congress, a Senator, having no more than four employees in his clerical force, or in that of the committee of which he is chairman, shall file with the Chairman of the Committee to Audit and Control the Contingent Expenses of the Senate a statement showing the necessity for an additional clerical assistant to enable him to discharge the duties of his office, such Senator may appoint one assistant clerk to be paid from the contingent fund of the Senate at \$1,800 per annum until the end of the present session of Congress.

Subsequently Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which the foregoing resolution was referred, reported it without amendment.

PINKIE OSBORNE—RECONSIDERATION AND INDEFINITE POSTPONEMENT OF A BILL

Mr. BARKLEY. Mr. President, a day or two ago the Senate asked the House of Representatives to return the papers in connection with Senate bill 2153, for the relief of Pinkie Osborne, the Senate having on the same day passed a House bill of the same character. The papers have now been returned, and I ask that the votes by which the Senate bill was ordered to a third reading and passed be reconsidered, and that the bill be indefinitely postponed.

The VICE PRESIDENT. Without objection, it is so ordered, and the Senate bill 2153 will be indefinitely postponed.

MEMORANDA ON SUBSIDIES AND AIDS TO SHIPPING (S.DOC. NO. 161)

Mr. MCKELLAR. Mr. President, I ask unanimous consent for publication as a Senate document of several compilations relating to ocean mails and other forms of Government aid to shipping. These papers were prepared by Mr. John Nicolson, formerly director of several bureaus of the United States Shipping Board, charged with promotional work in aid of private lines; also counsel to its committee on legislation. I am not to be understood as concurring in any of the views expressed in all these documents; I am opposed absolutely to subsidies to shipping. I differ with Mr. Nicolson on these matters. However, these documents are very relevant to important problems now pending, and they should be made available in convenient form for examination, and Mr. Nicolson is thoroughly informed and equipped in shipping matters, and I take pleasure in asking that this article may be made a Senate document. I am unalterably opposed to giving subsidies to shipping or other companies, as everyone knows, both as a temporary and as a permanent policy. I am utterly opposed to our present system.

The VICE PRESIDENT. Without objection, the matter referred to will be printed as a document.

PRICE FIXING UNDER STEEL CODE

Mr. BORAH. Mr. President, I ask permission to have inserted in the RECORD a telegram from Harold S. Hobson, of Cleveland, Ohio, in regard to the steel report of the Federal Trade Commission.

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

CLEVELAND, OHIO, March 21, 1934.

Hon. WILLIAM E. BORAH,

United States Senate, Washington, D.C.:

People Ohio greatly interested in report of Federal Trade Commission on code for steel industry made in response to your resolution. United States Steel Corporation and Bethlehem Steel are dominated by same financial group. Dominating influence in United States Steel Corporation is J. P. Morgan & Co. and dominating influence in Bethlehem is Guaranty Trust Co. Largest stockholder in Guaranty Trust is Myron Taylor, chairman of board of United States Steel. Morgan & Co. dominate Guaranty Trust and are represented on trust company's executive committee by Lamont and Whitney. Lamont is a director and member of executive committee of United States Steel. Four directors of Guaranty Trust Co. are directors of Bethlehem Steel Corporation. Testimony before Senate Banking Committee disclosed that principal Morgan partners had large participations in underwriting of Bethlehem Steel common stock headed by Guaranty Trust. Country at large would be immensely interested in disclosure of plans for control of steel industry of United States that have secretly been worked out by Taylor, of United States Steel; Grace, of Bethlehem; Lamont, of Morgan; and Potter, president of Guaranty.

HAROLD S. HOBSON,  
1496 Holmden Road.

TAX ON CIGARETTES AND TOBACCO

Mr. LOGAN. Mr. President, I ask unanimous consent to have printed in the RECORD three editorials from the Lexington Herald, one appearing on March 8, entitled "The Tax on Cigarettes"; the second on March 12, entitled "The Major Parties in Interest in the Tax on Cigarettes"; and the third on March 15, 1934, entitled "The Tax on Tobacco."

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

[From the Lexington Herald, Mar. 8, 1934]

THE TAX ON CIGARETTES

Some days since there was a special telegram from Washington published in the Herald telling that the subcommittee of the House Ways and Means Committee would have a hearing in regard to taxes on tobacco.

The Honorable FRED VINSON, Representative from Kentucky, chairman of the subcommittee, is recognized as one of the ablest members of the Ways and Means Committee and an authority on questions involved in the taxation of tobacco. In an interview published in that article in the Herald Mr. VINSON said that it was the purpose of the hearing to reveal the real tobacco-tax picture, so that the full membership of the committee and the Members of the House of Representatives could come to a realization of the actual facts.

Mr. VINSON pointed out a fact of which we and, we believe a great majority of others, were ignorant. We had assumed that the present tax on cigarettes was a war tax. We have seen many statements and have ourselves reiterated the statement that the tax on cigarettes is the only one of the war taxes that has not been reduced. Mr. VINSON in his interview pointed out for the first time, so far as we are aware, that the tax on cigarettes is not a war tax but was imposed after the war as a method of making up some of the loss to the Government due to the coming of prohibition.

In 1910 the tax on cigarettes was fixed at \$1.25 a thousand. It remained at that figure until 1917 when, as a war measure, it was increased to \$2.05 a thousand. The prohibition amendment was ratified January 28, 1919, after the war had closed. Previous to that time the Government had collected, as we recall, three fourths of its revenue by the taxes on liquors and tobacco. The ratification of the prohibition amendment in January of 1919 made it certain that the Government could no longer collect revenue from the tax on spirituous and malt liquors. To make up part of the loss occasioned by reason of the prohibition amendment, on February 25, 1919, the tax on cigarettes was increased from \$2.05 a thousand to \$3 a thousand. The facts are, therefore, that the tax was increased from \$1.25 a thousand to \$2.05 a thousand as a war measure, and then again increased from \$2.05 a thousand to \$3 a thousand as a prohibition tax. The present tax of \$3 therefore includes not only the increase of 80 cents imposed because of the war but the increase of 95 cents because of the purpose of the Government to obtain from tobacco some of the revenue loss because of prohibition.

So far as we know the tax increases on tobacco because of the war are the only tax increases that have not been reduced. With the repeal of the eighteenth amendment there has been a general repeal of taxes imposed because of the adoption of that amendment. It would seem therefore that the tax on cigarettes should be reduced most certainly to that tax charged before the coming of prohibition—in fairness it would seem that it should be reduced to the tax imposed before the war—\$1.25 a thousand.

There is no commodity that is so heavily taxed as is tobacco. The mere statement of the facts seems an irrefutable argument in favor of a reduction of the present taxes.

We have heard it stated that the grower of tobacco in the Burley Belt receives approximately \$100 an acre as payment for the interest on his land, depreciation on his tobacco barn, and recompense for risk and toil; that the manufacturer receives from tobacco grown on an acre approximately \$300 and the Government collects in taxes on that tobacco approximately \$800.

The tax of 6 cents on every package of cigarettes imposes on the user of a package of cigarettes a day an annual tax of \$21.90 a year. A man and his wife without children who have an income of \$4,000 a year pay an income tax of \$5.63, but a man and wife who together smoke 1 package of cigarettes a day pay an annual tax of \$21.90. If perchance both members of the family smoke an average of a package a day each, they pay \$42.80 as tax on tobacco for which the grower receives approximately \$5.

There is such dire need for aid to tobacco growers, and to all producers of agricultural products that the chief purpose of the administration has been to aid the farmers. A reduction of the tax on cigarettes, even to the figure imposed during the war, would inevitably increase the use of cigarettes so as to probably bring to the Government as large a revenue as it now obtains for a higher tax and create far greater demand for tobacco. If, as seems just, both the increase imposed because of prohibition and the increase imposed because of the war should be taken from the cigarette tax, and it made \$1.25 a thousand as it was before the war, it is only reasonable to believe that the use of cigarettes would more than double, with inevitable benefit to the growers of tobacco, to the manufacturers and to the Government.

Representative VINSON, who has taken the lead in the movement to have taxes on tobacco reduced, through the public hearings

that the subcommittee of which he is chairman will hold in Washington, will draw attention to a method by which most material benefit may be rendered to the farmers without loss of revenue to the Government.

[From the Lexington Herald, Mar. 12, 1934]

#### THE MAJOR PARTIES IN INTEREST IN THE TAX ON CIGARETTES

In the question of a reduction of the taxes on cigarettes consideration must be given to the four parties of major interest.

The first to be considered is the grower who produces the tobacco. Few, if any, not actually engaged in the growing of tobacco have an adequate realization of the amount of labor required for its production. It has been said, and truly, that it takes 13 months' work to grow, cure, and market a crop of tobacco. There is no crop that requires greater labor, no crop that takes from the soil so much as does tobacco. It cannot be grown continuously nor repeatedly on the same land. It requires either virgin soil or heavy fertilizer. It is requisite that there shall be a barn in which to cure the crop, costing from \$150 to \$200 for each acre of tobacco grown. For labor, depletion of his soil, depreciation of his barn, the tobacco grower of the Burley Belt receives approximately \$100 per acre, of which, according to custom, half goes to the landlord and half to the tenant.

The second party in interest is the manufacturer who buys the tobacco from the grower, either on the braces or through a middleman. The warehousemen, who have large amounts involved in their property and devote intensive labor to the sale of tobacco, are, of course, vitally interested, but in the consideration of the effect of the reduction of the taxes are not as much concerned as are the other four parties of major interest. The manufacturer buys the crop from the grower at a price that returns the grower an average of \$100 per acre for the land that is actually in tobacco, without any return for his other land and the buildings used by the tenant. According to figures that seem to be authoritative, the manufacturers receive \$300 for that tobacco for which they pay approximately \$100.

It has been but a comparatively short time since the use of cigarettes was so frowned upon as to be restricted. In 1910 there were approximately 10,000,000,000 cigarettes sold. Due primarily to the campaign of advertising inaugurated by the manufacturers, the use of cigarettes increased by leaps and bounds, growing in 18 years from 10,000,000,000 to 122,000,000,000.

The third party in interest is the Government. In 1910 the tax on cigarettes was \$1.25 per thousand. As a war measure that tax was increased in 1917 to \$2.05 per thousand, and as a result of prohibition was increased again in 1919 to \$3 per thousand. Under this tax the Government collects approximately \$800 in taxes on the tobacco for which the manufacturer receives \$300 and the grower \$100.

The fourth party in interest is the public, the consumers of cigarettes. Under the present taxes the man who smokes a package of cigarettes a day pays to the Government \$21.90 a year, four times as much as the married man who has an income of \$4,000 pays in income tax. It matters not how rich nor how poor the user of cigarettes may be, each time he purchases a package of cigarettes he pays in taxes to the Government 6 cents. There is no other commodity, whether it be called necessity or luxury, on which there is levied so heavy a tax as on cigarettes.

Since 1929 there has been a decrease in the use of cigarettes. According to the best ascertainable figures, there were approximately 90,000,000,000 cigarette papers sold in 1933 for the use of those who roll their own cigarettes from tobacco on which the tax is 18 cents per pound instead of \$1 per pound, as it is on the tobacco that goes into the manufactured cigarettes.

What would be the effect of the removal of the prohibition tax of 95 cents put on in 1919 and of the war tax of 80 cents put on in 1917, putting the tax back to the figure of \$1.25 imposed until 1917. This is the question that Congress must decide.

It seems clear to us that the effect would be most beneficial to the farmer, to the manufacturer, to the consumer, and in time to the Government. As we are informed and believe, the reduction of the tax from \$3 per thousand to \$1.25 per thousand would enable the manufacturers who make cigarettes that now sell for 15 cents a package to reduce the price of their cigarettes to 10 cents, and the manufacturers who now make cigarettes to sell for 10 cents to reduce their price to 8 cents or 2 packages for 15 cents.

These reductions would, we believe, so increase the use of cigarettes that the Government would collect nearly as much revenue from the reduced taxes as it now collects from the higher taxes. The increased use would mean an increased use of good tobacco with resultant benefit to the grower and also to the manufacturer and the users of cigarettes, the consuming public, instead of paying 6 cents for taxes on each package would pay only 2½ cents.

Under the present plan there will be a reduction of 50 percent in the land devoted to the growing of tobacco and in the poundage grown. This reduction works a material hardship on many growers. The man who has grown 10 acres, the maximum one man with his family can care for, will be reduced to 5 acres from the growing of which the tenant cannot make a livelihood at any price that has been paid in the last 10 years. We know of no movement that would insure more to the benefit of the agricultural sections of the tobacco-growing States than the reduction of the taxes on cigarettes, with ultimate benefit to the Government.

[From the Lexington Herald, Mar. 15, 1934]

#### THE TAX ON TOBACCO

There is published in another column of this issue a brief editorial from the Mount Sterling Sentinel-Democrat, commenting upon a bill introduced in the Kentucky Legislature to levy a tax of 10 percent on all retail sales of tobacco and of 2 cents on every package of cigarettes sold. There is now no danger—in fact, we do not believe there has ever been any danger—of any such tax being imposed by the Legislature of Kentucky. We therefore re-publish the editorial from the Sentinel-Democrat not for the purpose of defeating that particular proposition but to have the facts stated in it become more widely known. The question of taxes on tobacco is of so great importance to Kentucky that it is well all the facts shall be known, that full consideration may be given to the course that should be pursued by the Congress of the United States.

As stated by the Sentinel-Democrat, the tax on the tobacco that is used in cigarettes is \$1.04 a pound. Through this tax the Government collects approximately \$13,000 in taxes for tobacco for which the grower receives approximately \$1,000. There is no other commodity that is taxed in anything like the proportion to its cost price as is tobacco.

There has been some discussion of the bill to make a graduated tax on cigarettes, a tax of \$2.70 a thousand on cigarettes selling under 10 cents for a package of 20 and \$3 a thousand on all cigarettes selling over 15 cents for a package of 20. We cannot believe that serious consideration would ever be given to such a proposition. It would inevitably lead to the reduction of the price of all cigarettes to 10 cents, with the equally inevitable effect that there would be a material reduction in the price of tobacco even from the low levels at which tobacco has sold for the last several years.

It seems to us so advantageous, so beneficial to each party in major interest, the grower of tobacco, the manufacturer of cigarettes, the consuming public, and the Government that there shall be a horizontal reduction in the tax on cigarettes that the suggestion that there be a graduated tax has seemed unworthy of consideration, in fact, preposterous.

#### C.C.C. PROGRAM—ARTICLE BY ED PAXTON

**MR. BARKLEY.** Mr. President, I ask unanimous consent to have printed in the RECORD an article by Mr. Ed Paxton, of Paducah, Ky., which appeared in the Sun-Democrat of that city, on the work of the Civilian Conservation Corps.

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

[From the Paducah (Ky.) Sun-Democrat, Mar. 18, 1934]

#### HALF-BILLION-DOLLAR C.C.C. PROGRAM WORKING WONDERS FOR FARMERS OF AMERICA—ENTERPRISE IS PIONEERING IN ALL PHASES; WILL BUILD UP SOIL PRODUCTIVITY, RECLAIM WASTE AREAS AND FORESTS

By Ed Paxton

The Civilian Conservation Corps is a \$500,000,000 demonstration now being staged by the National Government to show the farmers what they can do to increase and preserve the productivity of their lands; the States, how they can extend and preserve their forests; and the forgotten men, how they can "come back."

The Civilian Conservation Corps program is basically pioneering in all its phases. All the men who are directly concerned with it display the natural enthusiasm of the pioneer; the military men who command, the forestry and engineering men who supervise, and the enlisted men who carry it through.

This correspondent took advantage of an opportunity to study the work at first hand. He was amazed to find that the layman, after observation of the various divisions of the working plan, is wholly converted to the enthusiasm of the men who are carrying it through.

Marion camp of the Civilian Conservation Corps was selected for study as a representative encampment, on advice of the Paducah district commandant. Seven hours in and about the camp revealed more about the epic program than a hundred thousand words could tell.

#### LAND CONSERVATION

On last July 14, a Friday, Lt. D. L. Trautman, United States Navy, arrived at Marion from Fort Knox with 114 enlisted men, who promptly set up a temporary camp. On the following Tuesday field work began.

Thirty badly eroded farms were selected as sites for the first work. They are scattered over Livingston, Crittenden, and parts of Union and Caldwell Counties. Realizing the exhibition nature of the first year's work, field superintendents were careful to spread the operations so that no single community benefited too much. Farms remote from highways were chosen with those near to them.

The men of Civilian Conservation Corps Company 1542, camp E-59, Marion, worked swiftly, under the leadership of W. J. Ashbrook, camp work superintendent. Yesterday they finished work on the last and largest of the selected farms. A new group of labor sites has already been selected for subsequent endeavor.

#### NATURE OF THE WORK

The fundamental theory of land conservation is the prevention of erosion. Almost as important is the repair of land already washed and gullied. The C.C.C. men tackled no easy projects.

for the greater the task, the better the demonstration. Most of the work done by the men of Marion has been of the second type, the repair of washed lands. From the exhibition afforded, wise farmers in the district are learning how to prevent primary erosion on their own lands, eliminating the necessity for the second type of work.

Much of the land of western Kentucky is good for farming. For that reason they were long ago denuded of their trees to permit cultivation. The land of this section is also rolling, in many places quite hilly. With the destruction of the trees the rich, loose soil began to wash away, and now about a billion tons of it helps to make up the Mississippi River Delta. This is the sort of thing the C.C.C. has set itself to stop.

A working force is ordered to a hillside farm, almost useless for any purpose whatsoever. Its waffled fields are unfit for cultivation, afford no pasture, will not support trees nor even weeds. And, year by year, it is getting worse. It is joining the bad lands.

The men start constructing small dams, seldom more than 3 or 4 feet high and 15 to 20 feet long. Four men build the average dam in a short working day. The dams, placed up and down the length of each gully, do not impound rain waters, but they do stop drifting soil.

Small diversion ditches are dug across the top of each hill on the project, above the gullies. Often these ditches are placed, too, below the washes. The gullies henceforth will carry only such water as falls on the hillside itself.

#### GULLIES LEVELED

Abrupt sides of the smaller gullies are shoveled, plowed, or scraped to a gentle slant, and much of the loosened dirt thrown into the wash itself. In the larger gullies whose banks are often cliffs 15 to 20 feet high, dynamite is used. Banks of the gullies become lower, the bottoms higher.

The dams placed at the foot and the head of each wash are always built of native stone, for they must bear the greatest loads. Intermediate dams are constructed of logs, poles, brush, or wire-mesh backed by turf; in bad spots stone is used again.

After this base work is completed, black locust and black walnut seedlings are planted in the loosened, leveled soil behind the dams and over the entire extent of the project. Almost all rain water will now either sink into the ground where it falls or be carried off by the diversion ditches. The trees will grow. The hollows behind the dams will gradually fill up with dislodged soil.

Owners of the farms where the work is carried on have agreed not to attempt to cultivate the land or to turn stock on it for a period of 5 years. At the end of that time each will be the owner of a fine stretch of recovered land, level, unmarked by weather, and bearing a good growth of young trees. The field will furnish fine pasture, a good orchard may be planted, or staple crops may be sown.

#### WORK IS SPEEDY

Since the extent of the work to be done is so great, supervisors of the C.C.C. work follow a policy diametrically opposite that usually pursued by C.W.A. foremen. No effort is made to do machine or team work with hand labor as under C.W.A. In many instances a few cents' worth of explosive will do the work a hundred men could not accomplish in a week. Explosives are used. Similarly, teams can often do in an hour what the entire working force could not do by hand in a day. Then teams are used.

Because of that policy, residents of the counties in which C.C.C. is at work estimate that the conservationists, with their comparatively small forces, have accomplished more really valuable work than all the C.W.A. labor employed.

Supervisors of the work point out another reason for requiring speed. The men usually work only a 6-hour day in the field, 5 days each week. An 8-hour maximum day is mandatory, with the lunch hour counted as working time. Then 10-minute rest periods are permitted each hour, although during colder weather the men themselves do not take advantage of these, preferring to keep at work. Working time is figured from the time a group leaves the camp for the scene of labor to the time it returns.

The enrollees themselves contribute to the speed of their work. After months of experience they know their jobs. There is no lost motion, no useless effort. Each assignment is carried out with dispatch.

#### REFORESTATION

Little need be said of the reforestation angle of the C.C.C. program. Its benefits are obvious. Although forestry is not the prime purpose of the plan, States in which the work is carried on must necessarily benefit much in that way. The millions of trees planted by the campers are an integral part of the anti-erosion work. They are needed to hold the regained soil in place. Unless they are planted and preserved, the work would some day have to be done all over again.

Marion camp will plant 120,000 black locusts and 63 bushels of black walnut seedlings on the farms where work is already completed. More than half the plantings are expected to survive. The seedlings are set out under the supervision of trained State forestry men, who are in sole charge of that angle of the work.

Different varieties of trees are planted by the men in the different sections, dependent upon the type of growth most suited to the particular section. Many of the camps maintain their own tree nurseries.

#### REHABILITATION

The mass benefits from the Civilian Conservation program will be cumulative and will increase with the years. The land recla-

mation and reforestation programs will benefit a tremendous number of people. But the greatest individual good will accrue to the enlisted men themselves.

Marion camp is made up entirely of World War veterans. The total enrollment of 180 (to be stepped up to 200) averages 40 or above in age. That they themselves realize the good they are reaping from the work is proved by the fact that, in a recent camp poll, only 30 of the total signified that they would not reenroll when the next period begins.

While military men command the camp, no military discipline is enforced. After the day's work is finished and certain personal housekeeping duties discharged, the men are free to leave the camp if they wish. So long as they report at reveille at 6 o'clock the following morning, and are not reported for drunkenness or misconduct, the officers do not interfere.

Every effort is made by the officers to furnish adequate entertainment and recreation during leisure periods, however, in order to keep the enrollees satisfied with camp life. A large recreation hall offers everything a man could wish in the way of indoor entertainment; games, magazines, newspapers, a circulating library. Regular lecture programs are arranged. The building includes a canteen which keeps in stock a complete line of smoking supplies, candy, shaving, and other personal articles.

Out of doors the men have built a softball diamond, basketball and tennis courts, horseshoe courts, and a fine stone amphitheater for outdoor spectator programs. Football and other seasonal sports are encouraged. Dances are given in the recreation building once each month attended by as many as 500 persons.

The watchword of the camp is cleanliness. Food is properly refrigerated and protected; cooking and eating utensils are regularly steamed; garbage is incinerated; clothing and bedding must be regularly washed and aired. Care is used in sanitation, which few civil organizations exercise; for instance, all tables in the mess hall are topped with three wide, smooth planks, the center one of which can be lifted from its place for cleaning. Thus, table cracks are kept cleansed of food particles which might drop through.

#### ADULT EDUCATION

One of the most amazing aspects of the human side of the C.C.C. is the new adult-education plan, a pioneer project as much as the other phases of the work. C. O. Mattingly, of Lexington, an educator for the past 15 years, is in charge of such work at Marion. He is assisted by members of the technical service on the forestry angle of his work.

Marion's educational program is a strong departure from conventional methods and conventional subject matter. An effort has been made to get away from the old, schoolroom lecture methods. Discussion groups are encouraged. And, as for study subjects—the director finds out what the men want and then tries to supply it.

About 50 percent of the enrollees are already studying one or more subjects in their spare time, although the program is but 2 weeks old. Over 40 are enrolled in the poultry-raising class, 25 in forestry, 25 in English, 25 in mathematics. The classes are growing nightly. They are conducted on a regular schedule 4 evenings each week from 6 to 9 o'clock.

Arrangements have been made to open a stenographic course. Other subjects are already popular, such as civil engineering, electrical wiring, and current events. One evening each week is reserved for visiting lecturers.

The men themselves do much of the instructing. A number of college graduates in the camp are in charge of classes, and teachers from the Marion city schools do their bit.

#### CAMP PERSONALITY

Each C.C.C. camp, although constructed on lines common to all others in the country, has its own distinctive personality which is governed by the type of enrolee, commanding officer, and the environment in which it is located. Marion camp, being an encampment for war veterans, has a more mature aspect than the various junior camps in this area. And the influence of its commanding officer is everywhere evident.

Lieutenant Trautman is a Navy man, formerly commanding the U.S.S. *Eagle*, fourth naval district training vessel. So the big kitchen at Marion camp is labelled "galley"; the officers' mess is termed the "ward room"; the spotless white hospital wards constitute the "sick bay"; and the company showers are for the use of the "crew."

A large ship's bell hangs in the company street. Although it is not rung every half hour, it chimes the hours exactly as do bells on shipboard. At noon the bell sounds eight times. The flag ceremonies are held at the camp, as in the Navy, at 8 a.m. and at sunset.

Lieutenant Trautman's office resembles the bridge of a ship. Its broad windows look on every part of the geometrically arranged camp at the same time. And embossed in the glass of one window is a marine thermometer. On the wall hangs a ship's chronometer.

#### INSPECTION INVITED

The work being done and the manner of doing it cannot be told accurately or completely in words. One must visit one of these camps, ask questions, and be conducted to the scene of the field works to comprehend it. A visit of that nature is well worth while.

Any layman will enjoy such a visit. He will find out many things about his country that he does not know. And he will find that he is welcome.

## THE UNITED STATES SUPREME COURT ROOM

Mr. ROBINSON of Arkansas. Mr. President, I ask to have printed in the RECORD a letter addressed to myself by Mr. Charles Warren, of Washington, D.C., together with certain excerpts from his publication entitled "The Supreme Court in United States History." The correspondence and excerpts relate to the room in this building occupied by the Supreme Court of the United States.

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

WASHINGTON, D.C., March 13, 1934.

MY DEAR SENATOR: Mr. Frederic A. Delano has sent me a copy of his letter to you of February 26, 1934, and of your reply to him of March 5, 1934, as to the old Supreme Court room. He has further asked if I would send to you direct any data that I may have as to the old room in which the Supreme Court sat.

I am enclosing herewith pages 170-171 and pages 456-463 of my book *The Supreme Court in United States History*, volume I, which gives all the facts as to the early court rooms of which I am aware.

(1) The Court originally sat from 1801-08 in the room which is now occupied by the marshal of the Court, to the south of the present court room. (I understand that some persons question this statement, but I believe that it is accurate.)

(2) In 1808-09 the Court sat in the rooms now occupied by the clerk of the Court, while the Senate Chamber was being reconstructed.

(3) In 1810-14 the Court sat in the room now occupied by the law library on the basement floor underneath the then Senate Chamber, that basement room having been formed when the then Senate room was floored over at the level of the first floor of the Capitol.

(4) In 1815, after the destruction of the Capitol by the British, the Court sat at 204-206 Pennsylvania Avenue SE, in a house occupied by its clerk, Elias B. Caldwell.

(5) In 1817-18 the Court sat in a small temporary room in the north wing of the restored Capitol.

In 1819 the Court moved back into the room on the basement floor, in which is the present law library, and it remained in that room from 1819 to 1859-60, when it moved into its present quarters (the old Senate Chamber).

It was in this basement room that the great cases of the Court were decided—the *Dartmouth College case*, *McCulloch v. Maryland*, *Cohens v. Virginia*, *Gibbons v. Ogden*, the *Cherokee Indian cases*, the *Dred Scott case*, and many other famous historical cases; and in that basement room there appeared and argued all the great lawyers of the American bar prior to 1860.

This room has not been changed structurally at all; and now, if the bookcases, etc., should be removed, the room would appear just as it did in those 41 historical years from 1819 to 1860. If the law library is to be moved from its present location when the new Supreme Court Building is completed, it is to be hoped that the Senate will preserve this room structurally unchanged as a historical reminder of the Supreme Court room as it was from 1819 to 1860. If the resolution introduced by you is not sufficiently broad to cover this situation, Mr. Delano and I hope that it may be amended as to be applicable.

I trust that the above gives you the additional information which you desire.

Very sincerely yours,

CHARLES WARREN.

Hon. JOSEPH T. ROBINSON,  
United States Senate, Washington, D.C.

## CHAPTER 4—MARSHALL, JEFFERSON, AND THE JUDICIARY, 1800-1802

When, in 1800, the Government was removed to Washington, the "Federal City", buildings had been erected for the use of the executive and legislative branches of such size and elaboration as to have given rise to criticism in Congress that the White House and Capitol were "much too extravagant, more so than any palace in Europe"; that they were built in "extravagant style"; and that "gentlemen blushed on account of the magnificence displayed." For the third and coordinate branch of the Government, however, the judiciary, no arrangement whatever had been made; and it was not until 2 weeks before the Court opened its first term in Washington that Congress even provided a place in which its session could be held. The first official suggestion of a building for the Court in Washington seems to have been in 1796, when a committee of the House of Representatives stated that "a building for the judiciary" was among the objects yet to be accomplished in establishing the permanent seat of government.<sup>1</sup> A

<sup>1</sup> 4th Cong., 1st sess., Feb. 24, 1796. See speech of John Williams, of New York, 366; speech of W. B. Giles, of Virginia, 367; speech of Sylvanus Bourne, of Massachusetts, 373; speech of Jeremiah Crabb, of Maryland, 371.

<sup>2</sup> Amer. State Papers, Misc., I, Nos. 70, 78, Jan. 26, 1796; 9th Cong., 2d sess., 497. A note to a debate in Congress, Feb. 13, 1807, says: "In the original plan of the Capitol no room was provided for the courts of the United States." Claypoole's American Daily Advertiser, Aug. 10, 1798.

report in 1798 made by Alexander White, one of the Commissioners for the Federal City, stated that: "No plan having been agreed upon or even proposed for a judiciary (building), the sum of \$100,000 is suggested, merely for consideration; and the immediate erection of that edifice is not considered so essential as houses for the accommodation of Congress, of the President, and the executive offices." It was not until January 20, 1801, that any steps were actually taken to provide the Court with a place for its approaching session. "As no house has been provided for the judiciary of the United States, we hope the Supreme Court may be accommodated with a room in the Capitol to hold its sessions until further provisions shall be made, an arrangement, however, which we would not presume to make without the approbation of Congress", was the mild suggestion of the District Commissioners to Congress; and on the next day, January 21, the Senate resolved that: "The Secretary be directed to inform the Commissioners of the city of Washington that the Senate consent to the accommodation of the Supreme Court in one of the committee rooms, as proposed in their letter." On January 23 a resolution was reported and passed: "That leave be given to the Commissioners of the city of Washington to use one of the rooms on the first floor of the Capitol for holding the present session of the Supreme Court of the United States."<sup>2</sup>

It has been generally stated hitherto that the room assigned to the Court in 1801, and in which it sat throughout its early years, was the present law library room underneath the present courtroom.<sup>3</sup> Such, however, is not the case.<sup>4</sup> The north wing, which was the only part of the Capitol then finished, consisted of a basement floor containing, on the east side, the east entrance hall and the Senate Chamber (the latter being a room 48 by 86 feet and 41 feet high, its gallery being on the same level with the present first floor of the Capitol); in the center of the basement floor was a grand stairway hall, and a Senate antechamber; and on the west side, four committee rooms. On the first floor, on the east side and over the east entrance hall, there was an office designated for the Senate clerk; and on the west side, a House Clerk's office, and a large room (35 by 86 feet) devoted in the early years to the House of Representatives, and later to the Library of Congress. Over the Senate antechamber was the House antechamber (the hallway of the present Supreme Court), which to the west opened into the House and to the east opened into the Senate gallery. The room which was assigned to the Court in 1801, and occupied by it until 1808, was that known as the Senate clerk's office (now occupied by the Marshal of the Court) located on the main or first floor, over the basement east entrance hall. In this small and undignified chamber, only 24 feet wide, 30 feet long, and 21 feet high, and rounded at the south end, the Chief Justice of the United States and his associates sat for 8 years.

## CHAPTER 10—THE JUDGES AND THE COURTRoomS, 1800-1816

The close of the 1816 term marked a very distinct period in the history of the Court and of American law. For with the end of the war came the turning of the attention of the American people from agriculture and shipping to manufactures; manufacturing corporations came into being; inventions increased, accompanied by the growth of the patent system and patent laws; turnpikes, canals, and railroads developed the means of communication through the country. All these important economic changes produced novel legal problems, and especially in the cases presenting great constitutional questions which arose out of the new financial and business conditions. During the 15 years, however, from 1800 to 1816, the subjects of litigation with which the Court had been called to deal had been very limited. Of the 400 cases decided by it, one quarter had involved questions of war, neutrality, prize, embargo and nonintercourse; nearly another quarter had involved mere questions of practice or procedure; 11 presented questions of slavery; 10, of citizenship, and only a scant half dozen presented any constitutional question.

With the close of the 1816 term, there also came to an end the series of reports published unofficially by William Cranch (then judge of the Circuit Court of the District of Columbia); and for the first time an official reporter, Henry Wheaton, of New York,

<sup>3</sup> Documentary History of the Construction and Development of the United States Capitol Building and Grounds (1904), 58th Cong., 2d sess., H.Rept. No. 646.

<sup>4</sup> A further resolution was laid on the table and directed to be printed: "Resolved, That a suitable apartment or apartments in that part of the Capitol already finished ought to be fitted up for the temporary accommodation of the courts of the United States, appointed or hereafter appointed to be held in such city, and of such court, as may hereafter be appointed to be held therein for the Territory of Columbia, and in completing the Capitol permanent accommodation for the said courts ought to be provided therein." Senate Proc., Jan. 21, 1801, Senate Jour., 116; House Proc. Jan. 23, 1801, House Jour., 771; 6th Cong., 1st sess.

<sup>5</sup> See this misstatement in "The Supreme Court Room" in Case and Comment (1890), II, 97; in Woolworth's speech before the Omaha Bar Ass'n., Feb. 4, 1901; in Marshall's Life, Character and Judicial Service, III, 32; in The National Capitol (1897), by G. C. Hazelton, Jr., 186; in History of the Supreme Court (1891), by Hampton L. Carson, 241; and in Marshall, III, 121, note.

<sup>6</sup> History of the Capitol (1900), by Glenn Brown, I, 24, 25, 28.

was appointed by the Court, under a new law enacted in 1816.<sup>11</sup> In considering the effect of the decisions of the Court during this early period, it must be constantly borne in mind that, except so far as the opinions were published in the newspapers, little was known of them by the general public or even by the bar. The newspaper publications and comments, therefore, were the great factor in forming public sentiment regarding the Court.<sup>12</sup> Many years elapsed before the Supreme Court reports obtained any wide sale or circulation among lawyers. Even as late as 1830 the reporter, Richard Peters, stated that "few copies were found in many large districts of the country. In some of these districts not a single copy of the reports are in the possession of anyone", and he urged a greater circulation, in order to disseminate "knowledge of the labors and usefulness of this tribunal", and to produce "a corresponding increase with the people of the United States of their attachment and veneration for this department of their Government. Few of our citizens know what this Court has done for them."<sup>13</sup>

A new era for the Court with respect to its place of session began also with the end of the 1816 term; for, owing to the burning of the Capitol in the previous year, it became necessary to reconstruct the court room. As early as 1805, the small room originally occupied by it on the first floor of the Capitol had become wholly insufficient. "The crowd of citizens that sometimes attend the Court and necessarily fill the passages and vestibules disturb the legislative proceedings as well",<sup>14</sup> reported Latrobe, the Architect and Surveyor of Public Buildings; and in 1806 he proposed a plan to appropriate the whole basement story to the use of the judiciary and to raise the floor of the Senate Chamber to the level of the first or principal story.

By 1808 the north wing of the Capitol, especially the Senate Chamber itself, had fallen into great disrepair; and Latrobe reported that "The accommodations of the Senate and of the Court are very far from being convenient for the dispatch of public business. \* \* \* The present Chamber of the Senate cannot be considered as altogether safe, either as to the plastering, of which the columns and entablature consist, or as to the floors and ceiling." President Jefferson suggested an entire reconstruction of the Senate Chamber, by laying a new floor at the level of the Senate gallery, removing the ceiling so as to give additional elevation to the new Chamber, replacing with stone and brick the columns and arches which were then of wood and stucco, and by devoting the room thus formed below in the basement to the use of the Court.<sup>15</sup> This work was begun in 1808-9, and during its progress the Court sat in the room on the west side of the main floor, which had previously been occupied by the House of Representatives and later by the Library of Congress. It appears thus that the second courtroom was the quarters now occupied by the clerk of the Court. At the close of the 1809 term the Court vacated this room, and it was turned over to the Senate for its May special session.<sup>16</sup> During the February term of 1810 the repairs had been

<sup>11</sup> By act of March 22, 1816, provision was made for the first time for an official publication of the decisions of the Court, but with no provision for a salary to the reporter. By act of March 3, 1817, to remain in force 3 years, provision was made for a reporter with a salary of \$1,000. This measure was warmly supported by Chief Justice Marshall, who wrote a letter to the Senate Feb. 7, 1817. (*Amer. State Papers, Misc., II, No. 426.*)

<sup>12</sup> In 1816, according to Webster's argument in *Wheaton v. Peters*, 8 Peters, 651, Mr. Cranch's reports had been published as far as the sixth volume; the rest of the matter which afterward formed the remaining volumes was in manuscript.

Not until March 14, 1834, was there any order that all opinions of the Court must be filed with the clerk. (See 8 Peters, vii.) Under this rule, the MSS record of opinions begins with the January term, 1835. The printed record does not begin until the December term, 1857. The practice of delivering opinions in writing was exceptional at first, but by the time of Cranch had become the rule. There is no means of knowing whether in the time of Dallas and Cranch, the Court delivered any written opinions which the reporter failed to report. It is certain from Wheaton's own preface that he used his discretion in omitting some cases from which no important question or general rule could be extracted. Peters probably reported nearly everything (131 U.S. Appendix, xvi, xvii).

<sup>13</sup> Daniel Webster, reviewing volume 3 of Wheaton in 1818, said: "The sale is not very rapid. The number of law libraries which contain a complete set is comparatively small." (*North Amer. Rev.* (1818), VIII; *Amer. Quart. Rev.* (1830), VII.)

<sup>14</sup> Report of Surveyor of Public Buildings, transmitted by the President to Congress, Dec. 27, 1805.

<sup>15</sup> Letter of Jefferson to Latrobe, July 25, 1808, quoted in History of the Capitol (1900), by Glenn Brown, 25, 44; see also 10th Cong., 1st sess., 27, 49 et seq.

<sup>16</sup> During the construction of the new courtroom the vault fell in, killing the superintendent of the work. See *Connecticut Courant*, Sept. 28, 1808. A report on the Capitol made to the Senate in 1809 stated: "I therefore propose to you to remove the rough seats, benches, and enclosures erected for the accommodation of the Supreme Court \* \* \* and thus, at a moderate expense, to provide a chamber which will unite every requisite of convenience and comfort, and will enable the Senate to await, without being in the smallest degree incommoded by the delay, the

so far completed that the Court again moved its quarters<sup>17</sup> and sat in the new, and third, courtroom on the basement floor underneath the new Senate Chamber, a vivid description of which was written by the noted Philadelphia lawyer, Charles J. Ingersoll: "Under the Senate Chamber is the Hall of Justice, the ceiling of which is not unfancifully formed by the arches that support the former. The judges in their robes of solemn black are raised on seats of grave mahogany; and below them is the bar; and behind that an arcade, still higher, so contrived as to afford auditors double rows of terrace seats thrown in segments round the transverse arch under which the judges sit. \* \* \* When I went into the Court of Justice yesterday, one side of the fine forensic colonnade was occupied by a party of ladies, who, after loitering some time in the gallery of the Representatives, had sauntered into the hall, and were, with their attendants sacrificing some impatient moments to the inscrutable mysteries of pleading. On the opposite side was a group of Indians, who are here on a visit to the President (papa of the savages) in their native costume, their straight black hair hanging in plait down their tawny shoulders, with moccasins on their feet, rings in their ears and noses, and large plates of silver on their arms and breasts."<sup>18</sup> Above this courtroom was the Senate Chamber, on whose walls there hung, from 1800 to 1814, the portraits of Louis XVI and Marie Antoinette, which had been presented to the Continental Congress in 1784. That the walls of the room which has now become the home of the Court were, in former days, thus embellished adds a touch of romance to that severe and impressive sanctuary.<sup>19</sup>

On August 24, 1814, the Capitol was burned by the British troops, being set on fire by means of rockets, tar barrels found in the neighborhood, broken furniture, and heaps of books from the library. "Great efforts were made to destroy the courtroom, which was built with uncommon solidity, by collecting into it and setting fire to the furniture of the adjacent rooms. By this means the columns were cracked exceedingly, but it still stood and the vault was uninjured. It was, however, very slenderly supported and its condition dangerous", reported Latrobe, the Architect, later.<sup>20</sup> Although the Thirteenth Congress met in special session on September 19, 1814, in a building used for a hotel on the corner of Eighth and E Streets NW., and although it later occupied a building especially erected for its use at the corner of A and First Streets NE. (known as the "Brick Capitol"), it neglected to make any provision for the judicial branch of the Government. Hence, during the 1815 term, the Court was forced to seek temporary quarters in a large double house on the site of 204-206 Pennsylvania Avenue SE., then occupied by its clerk, Elias Boudinot Caldwell, and located east of the present Capitol and south of the "Brick Capitol".<sup>21</sup> In the 1817 and 1818 terms the Court sat in an office temporarily prepared for its use in the less ruined portion of the north wing of the Capitol—a room variously described as "a mean apartment of moderate size", "a mean and dingy building", "little better than a dungeon".<sup>22</sup> These were thus its fourth and fifth courtrooms. By 1819 the rebuilding of the Capitol was complete enough to allow the Court to move back

completion of the permanent chamber." Documentary History of the Capitol (1904), 154, 162.

It is probable that during part of 1809 or 1810 the Court may have sat for a part of the time in one of the Washington hotels; for in a letter from Latrobe on Jan. 3, 1811, there occurs the following reference: "The expense of fitting up and furnishing the courtroom, having never been estimated by me or contemplated by the words of any law making appropriation for the public buildings, I took no steps whatever to fit up and furnish the room until the propriety of so doing was urged by the judges of the courts, who had been obliged to hold their sittings at a tavern. I then understood that the contingent fund of the judiciary was liable to this expense; \* \* \* under these impressions the courtroom was fitted up and furnished. \* \* \*." This would appear to be a positive statement that the judges of the courts had held their sittings at a tavern.

<sup>11</sup> Latrobe, in his report, Dec. 11, 1809, says: "The courtroom, the office of the clerk of the Supreme Court, and the office and library of the judges have also been completed and may be occupied the approaching session of the Court."

<sup>12</sup> Inchiquin, the Jesuit's Letters (1810), by Charles J. Ingersoll.

<sup>13</sup> For references to these portraits see History of the National Capitol (1914), by J. W. Bryan; Diary of Mr. William Thornton, in Columbia Hist. Soc. Proc. (1907), X; (1911), XIV; Sketches of Debate in the First Senate of the United States, by William Maclay, entry of Feb. 26, 1791; 13th Cong., 1st sess., July 19, 1813, resolve introduced by Mr. Bledsoe; Aug. 1, 1813, resolve of the Senate. The latest reference to the portraits is in a letter of June 20, 1842, stating that they had been removed from the rotunda; see Col. Hist. Soc. Rec. (1914), XVII.

<sup>14</sup> History of the Capitol (1900), by Glenn Brown, 48, report of Latrobe to Congress, Nov. 28, 1816.

<sup>15</sup> Jeremiah Mason wrote to Rufus King, Dec. 15, 1816: "Bailey, a reformed gambler from Virginia, has taken and fitted for a tavern the house south of the Old Capitol where the Supreme Court held their session last winter, together with the house adjoining." Correspondence of Jeremiah Mason (1873), by George A. Hillard.

<sup>16</sup> Works of Rufus Choate (1862), I, 514, giving Chauncey Goodrich's description; Congressional Reminiscences (1882), by John Wentworth, giving Webster's description; see also History of Washington (1914), by W. B. Bryan, II, 37, 38.

into the room below the Senate, of which a contemporary newspaper wrote as follows: "We are highly pleased to find that the courtroom in the Capitol is in a state fit for the reception of the Supreme Court. We shall not pretend to describe in the terms of art the structure and decoration of this apartment, though we will endeavor to prevail on some qualified person to do it for us. It is such as to have an effect on the beholder considerably more agreeable than that which was produced on entering the same apartment previous to the remodification of it made necessary by the conflagration of the interior of the Capitol."<sup>19</sup>

A less complimentary, but more vivid, picture of the new courtroom was given by a New York newspaper correspondent 5 years later, in 1824, at the time of the argument of the noted case of *Gibbons v. Ogden*.<sup>20</sup> "The apartment is not in a style which comports with the dignity of that body, or which wears a comparison with the other halls of the Capitol. In the first place it is like going down cellar to reach it. The room is on the basement story in an obscure part of the north wing. In arriving at it you pass a labyrinth, and almost need the clue of Ariadne to guide you to the sanctuary of the blind goddess. A stranger might traverse the dark avenues of the Capitol for a week without finding the remote corner in which justice is administered to the American Republic. \* \* \* a room which is hardly capacious enough for a ward justice. The apartment is well finished, but the experience of this day has shown that in size it is wholly insufficient for the accommodation of the bar and the spectators who wish to attend. Many of the members were obliged to leave their seats to make room for the ladies, some of whom were sworn in, and with much difficulty found places within the bar. It is a triangular, semi-circular, odd-shaped apartment, with three windows, and a profusion of arches in the ceiling, diverging like the radii of a circle from a point over the bench to the circumference. \* \* \* Owning to the smallness of the room the judges are compelled to put on their robes in the presence of the spectators, which is an awkward ceremony, and destroys the effect intended to be produced by assuming the gown. The appurtenances of the Court are in no wise superior to the apartment itself. Two brown stone pitchers with a few glasses to furnish the speakers with water are the only movables in the room; and the fixtures are not very remarkable for conveniences or elegance." The judges sat on a long seat at the east end of the room on a raised platform. The floor of the bar, 3 feet lower, was carpeted, and on it was a long table in front of the judges with cushioned roller armchairs for the lawyers. The Attorney General sat at the right of the judges, the clerk at the left, the marshall at the platform on the left. In front of the judges on the opposite wall was a marble bas-relief depicting Fame crowned with the rising sun and pointing to the Constitution, and Justice holding the scales evenly balanced."<sup>21</sup>

<sup>19</sup> National Intelligencer, Feb. 2, 1819.

<sup>20</sup> New York Statesmen, Feb. 7, 1824; see also description in 1827 by Oliver Hampton Smith, Senator from Indiana, in Early Indiana Trials and Sketches (1858). "The judgment hall with its low-browed roof and short columns modeled after the prison of Constance in Marmion." Travels in Canada and the United States (1818), by Lt. Francis Hall. "By no means a large or handsome apartment, and the lowness of the ceiling and the circumstances of its being under ground, give it a certain cellar-like aspect, which is not pleasant. This is perhaps unfortunate because it tends to create in the spectator the impression of justice being done in a corner." Men and Manners in America (1833), by Thomas Hamilton; see also Travels Through West of the United States and Canada in 1818 and 1819 (1823), by John M. Duncan.

<sup>21</sup> In Sketches of Public Characters (1830), by Ignatius Loyola Robertson (Samuel L. Knapp), an amusing description of this bas-relief by Franzoni, reproduction of which now appears on the engraved certificates of admission to practice before the Supreme Court, is given as follows: "The ornaments of the courtroom are not numerous. The only one worthy of particular attention is a group opposite the bench of justice. On the left, as seen from the bench, is a figure too lank and lean for a cupid or an angel; but it is probably intended for one or the other of these supernatural beings, or perhaps for the Genius of the Constitution. The figure has wings and holds the Constitution of the United States in its hand. On the head of this figure, whatever it may be, is a glory or a Shekinah. This is in bad taste. It is attempting too much and therefore produces a failure. All the other parts of the design are classical. This is from sacred history. The middle figure is Justice sitting on a chair (Phidias or Praxiteles knew nothing of such a seat for the goddess) with her right arm leaning on her sword, and holding the equal scales in her left. The face of this figure is excellent, and the drapery flowing and easy. Her proportions are rather more delicate than those in which the ancients exhibited the inflexible goddess. Before her sits the bird of wisdom, perched near some volumes of law; but the owl is formed in the modern school, and the Capitol to a gnat. Minerva would not know her bird if she should see him so beaked, so feathered, so trim and dovelike, unless she should guess it out by recognizing her sister Justice, in the form of this belle, or resort to her divinity to discover the whole group in their transformation." And in the New York Statesman, February 7, 1824, another picturesque comment was made as to this bas-relief: "It is a remarkable circumstance in this allegorical representation that the bandage is removed from the eyes of Justice, and her hand, instead of delicately holding the scales of justice, firmly grasps the beam in such a way as to prevent the balance from vibrating, whatever may be the weight thrown into either

The following description of the room was made in 1842: "The light is admitted from the east and falls too full upon the attorney who is addressing the Court. This has been somewhat softened by transparent curtains and venetian blinds. On the wall in a recess in front of the bench is sculptured in bold relief, the figure of Justice holding the scales in front, and that of Fame, crowned with the rising sun, pointing to the Constitution of the United States. On a stone bracket attached to the pier of one of the arches on the left of the fireplace is a fine bust in marble of Chief Justice Ellsworth, and on a similar bracket on the right is a marble bust of Chief Justice Marshall. The members of the bar are accommodated with mahogany desks and arched chairs within the bar, which is about 2 feet below the level of the floor of the loggia and lobby, and the audience with sofas, settees, and chairs. The judges have each a mahogany desk and chair."<sup>22</sup>

And just a few years before the Court, in 1860, moved to its present courtroom (the Senate Chamber from 1808 to 1860), a Boston lawyer wrote this impression of its surroundings, in which the interesting statement was made that the judges did not sit on a substantially elevated bench, as at present:<sup>23</sup> "The part where the judges sit is divided from the bar by a neat railing; within the bar are 4 tables, in 2 rows, for the use of the profession; outside the bar enclosure are the seats for the visitors and spectators; beyond the railing are the judges' seats upon pretty nearly a level with the floor of the room, not elevated as are our judges' seats. By the side of the railing are nine neat desks, and behind them as many comfortable high-backed chairs for the use of the judges. \* \* \* In an alcove back of the seat of the Chief Justice and nearly up to the ceiling is a small portrait of Chief Justice Marshall."

#### HAIG COCKMAN, HERO OF THE WORLD WAR

Mr. REYNOLDS. Mr. President, I ask unanimous consent to have published in the RECORD an article appearing on Thursday, March 1, 1934, in the Moore County News, ably edited by Hon. John Beasley, and published in Carthage, N.C., regarding a soldier of the World War whose exploits are considered to have paralleled those of Sgt. Alvin C. York, of the State of Tennessee, by some said to be the greatest hero of the late conflict.

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

[From the Moore County News, Carthage, N.C., Mar. 1, 1934]  
GOVERNMENT REFUSES HOSPITAL TREATMENT FOR LOCAL WAR HERO  
TOTALLY DISABLED—HAIG COCKMAN, WHO CAPTURED 18 GERMANS  
SINGLE-HANDED, GETS BUT \$30 A MONTH—HE HAD A NARROW  
ESCAPE

A tattered, badly worn piece of paper, a copy of the original citation he received for bravery when the Americans smashed the Hindenburg line in 1918, is the most prized possession of Haig Cockman, Moore County man, even though the Government denies him hospital treatment for rheumatism and kindred ailments, much of which he believes is attributable to his war service. The Distinguished Service Medal, which he won by capturing 18 Germans single-handed, was stolen from him several years ago.

Rated 100 percent disabled, the Government pays this comparatively unknown North Carolina war hero a pension of \$30 a month. However, Haig is not complaining. "I can live on \$30 a month," he said here this week, "but I can't pay hospital and doctor bills." He thinks treatment at Hot Springs, Ark., will make him a well man. But he admits Charlotte Veterans' Bureau physicians think differently.

Haig was a member of Company I, One Hundred and Nineteenth Infantry, Thirtieth Division. Dolph Blue, of Carthage, and Marvin Ritter, of Hemp, served with him in this outfit.

While Haig harbors no illusions on this score, there are some who hold he was a greater hero than Sergeant York. He kept his finger on the firing lever of a hand grenade, ready to die if his captives, who were bunched about him after he had marched them out of a cement dugout, made a false move. "I was determined not to be taken a prisoner", Haig modestly explained, "and although it meant instant death for me if I released the grenade firing lever, I would have had the satisfaction

scale. This grotesque device gave rise to the following jeu d'esprit, which appeared in the Intelligencer:

"A naked nondescript upon whose head  
The sun is pouring his unsparing rays,  
Whose two huge wings in vain he strives to spread  
For shelter from so bold and broad a blaze.  
'Graved by the lithographic art on stone  
The statesman's plaything, dandled on his arm,  
Obliterate all but the bare name alone  
In which exists its all-sufficient charm.  
Next him sits Justice, ever broad awake,  
(For here they have not thought fit to blind her).  
Who, with an arm too large for weight to break,  
Thrusts the scales forward while she looks behind her.  
Next her, the Nation's eagle lifts its claws  
And boldly tramples on the prostrate laws."  
<sup>24</sup> Memories of Washington (1842), by George Watterston.  
<sup>25</sup> American Law Register (Oct. 1854), II, 706.

tion of killing several of those Germans and maiming most of the rest. They realized I was in earnest or they would have "ganged' me."

Haig's exploit was a lone affair from the start to finish and was not successfully culminated until after a German officer had emptied the contents of his Luger pistol in the direction of his face. Poor visibility, due to the early morning fog and dense smoke from barrages and counter barrages laid down before the advance of the one hundred and nineteenth, accounted for the atrocious marksmanship.

#### CALLS IT LUCK AND FRIGHT

"They gave me a medal for bravery, but it was all due to sheer luck and fright," said Cockman, "and I doubt if I would be alive today were it not for the fact that the German officer I captured spoke perfect English. His knowledge of our language enabled me to control his 17 compatriots."

Pressed to tell the story of the capture, Haig reluctantly proceeded:

"As I stated, visibility was poor when we started over the top early that morning. One could hardly see more than a few feet ahead, and then only with the greatest difficulty. We were following what is known as a 'split trench', and I had proceeded some distance when I missed my buddies. I was alone in that particular stretch of no man's land, close to the German lines.

"A machine gun started whining away. From the flash of the gun I realized I was right upon the death-dealing instrument. I thought my time had come. My eyes piercing the smoke and fog, I saw the outline of a man's figure, the lone operator of the gun, it later developed, a short distance away. Taking quick aim, I started firing with my rifle.

"The gunner slumped in my direction, screaming 'Kamerad.' I rushed to his side and bayoneted him before he could make another outcry.

"Stumbling forward, my knees struck the curbing to the entrance of a dugout. This cement obstruction was my first 'break', as I would otherwise have fallen into the gaping hole.

"As I reared back to regain my footing, an officer's head protruded from the dugout. Sighting me, he held up his right hand and shouted 'Kamerad!' Having but one bullet in my rifle, and realizing that there were likely to be a score or more men with the officer, I lowered my gun slightly to reach for a hand grenade. The movement nearly cost me my life, as the officer quickly brought up his left hand and started emptying his pistol. He shot nine times before I got my gun back to firing position. I was not scratched, but terribly frightened. I was shaking so badly that my last bullet, fired point-blank at the officer's heart, struck him in the right shoulder. This time, his gun empty, both of his hands went up in the air as he begged, 'Kamerad!'

#### ONE CHANCE IN A MILLION

"How many of you down there?" I asked, finally pulling out the hand grenade from my canvas bag and jerking off the pin. To my surprise he answered in perfect English: '18.'

"Don't, don't" he implored, as he saw I was getting ready to throw the grenade into the dugout, 'my men will surrender.'

"Tell them to throw down their guns and side arms and come out one at the time", I instructed.

A few shouts in German were exchanged. The men started climbing out of the dugout, one at a time, each with both of his hands raised.

"Brandishing the hand grenade threateningly, my finger toying with the firing lever, the release of which would have meant instant death to me and many of the Germans, I commanded the officer to have his men follow me. I had a small pocket compass, and knowing that I started due south in the jump-off, I headed back north. Pretty soon we were back to the American lines.

"That German officer, who said he had lived in New York City for 6 years, told my captain not another man in a million would have been so fortunate as I was in escaping death and effecting the capture of 18 men."

#### EXPANSION OF CREDIT AND CURRENCY—COMMUNICATION FROM HON. ROBERT L. OWEN

**Mr. FLETCHER.** Mr. President, I ask unanimous consent to have printed in the RECORD a communication from Robert L. Owen on the subject of the Present Need of Expanding Credit and Currency. Senator Owen was formerly a distinguished Member of this body and Chairman of the Senate Committee on Banking and Currency, and is a well-informed student and master of this subject.

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

SOUTHERN BUILDING,

Washington, D.C., March 20, 1934.

Subject: The present need of expanding credit and currency.  
The Honorable DUNCAN U. FLETCHER,  
Chairman Committee on Banking and Currency,

United States Senate, Washington, D.C.

My DEAR SENATOR FLETCHER: In my very humble judgment, the restoration of property values, real estate, equities, stocks, bonds, and profit in business, the success of the N.R.A. and other organizations intended to restore prosperity, all depend on the substantial expansion of credit and currency.

This expansion is needed to overcome the contraction of credit and check money which has taken place in the last 4½ years. This contraction is the most colossal and unprecedented in human history. It has been a contraction of money and a contraction of the means of getting money.

Money consists not only of United States currency (amounting to 5½ billions) but of checks drawn against bank deposits. Such checks actively function as money as much as does currency. Such check money in 1929 equaled in volume 1,200 billions of checks cashed in bank that year against commercial deposits (excluding savings account) of about 46 billions.

These deposits of 46 billions had a turn-over of about 26 times—probably the same turn-over as the United States currency had. So that we had, in effect, about 5½ billions of United States currency and about 46 millions of check-money currency. This check-money currency, based on deposits, had a contraction up to 1933 of a total turn-over of less than 500 millions or a total contraction of about 700 billions and a shrinkage in the volume of such commercial deposits from 46 billions to 28 billions.

In other words, we had a shrinkage of the volume of deposits and of check money of 18 billions. The contraction of the 18 billions of deposits was a contraction of the money supply of the United States of 18 billions.

Even since Mr. Roosevelt came in, in March 1933, there has been the most important further contraction of credit and of currency as disclosed by the Federal Reserve Bulletin of March 15, 1934. By this bulletin the Federal Reserve banks in the last year have contracted bills discounted and bills bought by \$1,544,000,000. They have contracted their total Reserve bank credit by 994 millions. They have contracted money in circulation by 1,637 millions. The other banks have contracted loans also.

The enormous contraction of deposits—as bank credits and as check money—has not been remedied by the banks under this administration but has been made worse, as stated; and the banks, moved by fear and the desire to be immediately liquid, are not creating deposits by loans and are not expanding check money or the means by which check money can be obtained.

This shrinkage of check money of 18 billions is by no means the whole story, because there has been a shrinkage in potential money of a still larger amount. For example, the market value of stocks and bonds listed on the New York Stock Exchange in September 1929 was 89 billions, any part of which, held by business men and investors, could normally be converted into bank deposits and into check money by the simple process of selling such stocks within 24 hours on the stock exchange.

By June 1932 this volume of potential money had been contracted in market value from 89 billions to 15 billions—a shrinkage of potential money in such stocks of 74 billions. Thus, the potential supply of money was diminished on a vast national scale.

Moreover, in 1929 other forms of property had a potential money value of 100 million dollars more than they had in March 1933.

This colossal shrinkage of money (that is, credit and currency and the means of obtaining credit and currency) remains largely uncorrected except in small part, and the need for expanding credit and currency and the means of obtaining credit and currency is the most urgent national problem and the most important administration responsibility.

By the Thomas amendment a year ago the President of the United States was authorized to expand credit three billions but so far has not yet employed this power.

Some men have thought that the Government was expanding credit by selling its bonds and disbursing the proceeds. I very humbly submit that selling Government bonds for deposits and transferring such deposits to other people for material and services is not an expansion of deposits or of credit—but an exchange of credits with no increase in deposits and no increase in potential check money.

Congress authorized the President to issue three billions of new currency, but this means of relief has not been employed, and the present counselors of the President are resisting the issue of such new currency on the ground that it would be inflationary, would set a bad precedent of inflation, the repetition of which the Government would not have the will power to resist in future.

The German inflation of 1923 is cited as an example of uncontrollable inflation. The German inflation was a deliberate war measure due to the demands of France for impossible war reparations. But every nation in Europe, with one or two exceptions, inflated its currency and controlled it, and they finally stabilized their currencies. France increased her franc issue fivefold and cut the gold content to one fifth, and has stabilized her currency on that basis. Italy expanded its paper money fourfold and cut the gold content of the lira to one fourth, and stabilized on that basis. Belgium followed the same principle, as did other nations.

It is the lessons of Europe that have taught the world how to control the purchasing power of money, the story of which is brilliantly told by Gustav Cassell in his post-war monetary stabilization lectures before the University of Columbia and the University of Chicago, issued by the Columbia University Press.

I humbly submit that no intelligent man can read these lectures of Gustav Cassell and controvert the sound doctrines he lays down with regard to the stabilization of money. He sets forth the axiom that the purchasing power of money depends upon its available supply in relation to the demand, but he does not fail to point out what money is—that money is the means of payment and consists of check money and bank deposits and property instantly convertible into bank deposits. He says:

"The value of a currency is essentially determined by the scarcity in the supply of means of payment" (p. 64).

"It took many years of hard work to get people to understand that the only thing that has real importance for the value of a currency is the total supply of the means of payment" (p. 3).

"The gold standard is nothing else than a paper standard, the value of which is entirely dependent upon the way in which the supply of the means of payment is regulated" (p. 4).

"The purchasing power of money is exclusively dependent on the scarcity in the supply of means of payment" (pp. 42, 64).

"The value of money cannot possibly be dependent on anything but the supply of money in relation to the demand for money" (pp. 91-92).

As Gustav Cassell is the greatest monetary authority in the world, as the stabilization of the money of Sweden is based on his advice, as he is chiefly responsible for the modern gold-standard principle of ceasing the coinage of gold for currency purposes and using it as gold bars as a means of settling international trade balances, and as we have followed his doctrines in our own recent legislation, I venture to quote him as above set forth in the hope of making this subject clear and more easily understood.

The purchasing power of money is controlled by the available supply of money in relation to the demand for money and the supply and demand for the thing bought, so that these four factors enter into each transaction of purchase and sale.

The Congress authorized cutting the gold content of the dollar and taking over by the Government all gold, which has thus expanded the Government-owned gold by several billion dollars. The United States, therefore, has nearly \$9,000,000,000 of gold on the new basis, against which it could issue two and one half times that amount of money, if necessary, on a 40-percent reserve basis as a means of restoring to the American people the shrinkage of check money to which I have above referred.

No such expansion will be necessary, for the reason that if the Government should declare the policy to promptly make good the pledges of the administration to restore the commodity index to normal and to reduce the purchasing power of money to what it was when the debts were created the country would immediately respond to this proposal and property of all kinds would immediately rise, giving a profit to those who would invest in property. It will require concrete acts of expanding currency and of expanding credit to give the stimulus necessary to restore confidence. There has been a shrinkage in the value of property in the United States of two hundred billions, while the debts of two hundred billions, interest, taxes, and fixed charges remain, demanding liquidation.

I enclose for your information exhibits A, B, and C, which give an ocular demonstration and proof that the value of property depends directly on the supply of money available for the purpose of purchase of such property. Exhibit A represents brokers' loans from 1921 to date. Exhibit B represents the quotations on the New York Stock Exchange for like periods. Exhibit C represents the value of stocks listed on the New York Stock Exchange from 1921 to date. Only intervals are given in these to prevent unnecessary detail.

You will observe that the quotations and the value of the stocks rose and fell in proportion as the brokers' loans rose and fell. The quotations of the stocks, for example, rose from 55 in 1921 to 225 in September 1929, and fell to 35.9 in July 1932. This is a rise of 400 percent and a fall of 60 percent of the original quotation.

The value of stocks listed on the New York Stock Exchange was about 16 billions in 1921, rose to 89 billions (over 400 percent) in September 1929, and fell to 15 billions in July 1932, less than the original amount; while brokers' loans increased over 400 percent from 1921 to September 1929, and fell in July 1932 to a negligible amount. In other words, the value of the stocks listed on the New York Stock Exchange and the quotations of such stocks rose 400 percent when the brokers' loans rose 400 percent, and with the collapse of such brokers' loans stock-market quotations and stock-market values contracted accordingly.

It is of great importance to observe that during this period, from 1921-29 the commodity index of 1926 at 100 varied very little from the normal standard and stood at 98 in July 1929. There was no credit inflation in the commodity markets but only in the security markets.

When Mr. Roosevelt's administration began and in his inaugural address and subsequent addresses he gave assurance to the country he would restore the commodity index to normal and bring down the purchasing power of money to what it was when the debts were contracted, the value of the stocks and the quotation of the stocks demonstrated the immediate response of the country to this leadership.

Stock-market values rose from 19.9 in April to 36.3 billions in July. The index of stock-market quotations rose from 47.5 in April 1929 to 80.4; but immediately that it was announced from the White House, and uncontradicted by the President, that he would not use the powers of expanding credit and currency given him by Congress at that time, but would rely on the N.R.A., etc., for relief, the index of prices at once fell off and the value of securities fell from 32.8 in August to 30.4 in October. The commodity index, which had gone from 60 up to 71 immediately ceased to advance, and up to date has advanced less than 3 points.

When the policy of expanding credit and currency was declared by Mr. Roosevelt's administration there was, therefore, an increase

in the value of the listed securities on the New York Stock Exchange of over 16 billions; and, when he deferred the execution of this policy, the market value of such property fell off and they have made no substantial increase since.

It should be obvious, my dear Senator FLETCHER, that what the country needs is to correct the enormous contraction of money supply by expanding the money supply sufficiently to give the people a new spirit of confidence in the value of property and to furnish the people with a sufficient quantity of money and new credit to correct the terrible menace which threatens every debtor in the United States.

While the purchasing power of money in terms of commodities is only about 40 percent above normal, the purchasing power of money in terms of stocks and bonds is 200 percent or 300 percent above normal and, in some cases, 1,000 percent above normal.

I call your special attention to the fact that the estimated value of securities listed on the New York Stock Exchange of \$16,000,000,000 was expanded by the sale to the American people of new stocks at a cost of \$50,000,000,000—so that these stocks were actually marketed, up to 1929, at a value deemed fair when the marketing took place of a total of about \$66,000,000,000. The peak valuation of September 1929 of 89.7 billions showed an inflation of approximately 23.7 billions. When the collapse took place in October 1929, these inflated values were wiped out, but the contraction which followed in 1930-34 further destroyed the value of such securities by contracting the supply of money with which they were bought and sold.

In the Wilson administration, the expansion of credit and currency for war purposes increased the commodity index to 166 and decreased the dollar index to 60. During this period bank failures ceased and the country was commercially and financially prosperous. In 1920 President Harding's campaign demanded cutting down the commodity prices and raising the purchasing power of money, and in pursuance of this declared policy of the campaign of 1920 bank credit was contracted \$6,000,000,000 and United States currency 1,500 millions. The dollar index by June 1921 immediately rose to 107 and the commodity index fell at the same time from 166 to 93. When the contraction took place under the Hoover administration, the dollar rose to 166 in terms of commodities and commodities fell to 60.

I venture to urge upon your attention the fact that the commodity index—based upon commodities which are the necessities of life—suffers less change than other forms of property values because of the urgent daily demand for such commodities. But stocks and bonds and real estate suffer terrifying losses because the debtors are compelled to sell such property at a time when other people are not compelled to buy.

The considerations which I have set forth above, it seems to me, clearly demonstrate the wisdom of Congress in authorizing the expansion of credit and currency and the wisdom of the administration's primary policy of expanding credit and currency, and that such policy ought to be carried into effect without further delay.

There is no sentiment in the United States for real inflation—for inflation means unjustified expansion, and the expansion to which the administration committed itself was justified expansion.

In my humble judgment, the people of the United States are overwhelmingly in favor of justice to the taxpayer and debtor as well as to the creditor, and they know it is not fair to the debtor to allow him to be ruined by the sale of the property at a fraction of its normal value to meet his debt.

The expansion of credit and currency would have the effect not only of immediately increasing the value of property, but would stimulate manufacturers and merchants to make and distribute goods on a rising market. It would stimulate the banks to lend money for such purposes when they knew that the policy of the Government was to restore conditions to normal.

The Constitution requires Congress to coin money and regulate the value thereof, and that constitutional provision rests with equal force upon the Executive department. There should be, it seems to me, active cooperation between the Executive department and the Legislative department in restoring the value of money to normal, the value of property to normal, and stabilizing the dollar so that for all future time the debtor would pay what he borrowed with interest, and no more; the creditor would receive what he loaned with interest, and no less.

A failure to expand credit and currency means that the march of the debtor class through the gates of bankruptcy will go on to the vast injury of this country. It will be a further injury to the creditor class as well, and it might mean that the agencies which the President has set up with such high and patriotic purposes may prove disappointing.

Expanding the credit and currency, in my judgment, is absolutely necessary to provide profit in industry. Without this profit industry cannot flourish and without it the 450,000 corporations in the United States cannot pay the income tax so necessary to balance the Budget and enable the Government of the United States to retire the enormous bonded indebtedness which is now being built up by attempting, through other means, to end the depression.

I hope that those who are the loyal friends and counsellors of the President and those who wish success for the administration may be willing to consider the facts which I am presenting to you.

Yours very respectfully,

ROBERT L. OWEN.

Three exhibits.

EXHIBIT A.—*Brokers' Loans, New York Stock Exchange*

1921, January	\$1,790,000,000
1922, January	1,192,000,000
1926, February	3,513,000,000
1927, January	3,293,000,000
1928, January	4,433,000,000
1929, January	6,440,000,000
1929, September	8,549,000,000
1930, January	3,990,000,000
1931, January	1,894,000,000
1932, January	587,000,000
1932, July	242,000,000
1933, January	347,000,000
1934, January	845,000,000

EXHIBIT B.—*Common-stock prices*<sup>1</sup>

(Index numbers of the Standard Statistics Co.; 1926=100)

1921	55.2
1922	67.7
1923	69.0
1924	72.8
1925	89.7
1926	100.0
1927	118.3
1928	149.9

	1929	1930	1931	1932	1933	1934
January	185.2	156.3	112.3	58.0	49.1	75.6
February	186.5	163.5	119.8	56.5	44.9	
March	189.1	172.4	121.6	56.8	43.2	
April	186.6	181.0	102.2	43.9	47.5	
May	187.8	170.5	98.0	39.8	62.9	
June	190.7	152.8	95.1	34.0	74.9	
July	207.3	149.3	98.2	35.9	80.4	
August	218.1	147.6	95.5	53.3	75.1	
September	225.2	148.8	81.7	58.2	74.8	
October	201.7	127.6	69.7	49.9	69.5	
November	151.1	116.7	71.7	47.5	69.1	
December	153.8	109.4	57.7	47.4	70.4	

EXHIBIT C.—*Total market values; all stocks listed on New York Stock Exchange*

[Billions of dollars]

Estimated 60 percent of 1925.

January:	
1921	16.2
1925	27.1
1926	34.5
1927	38.4
1928	49.7

	1929	1930	1931	1932	1933	1934
January	67.5	64.7	49.0	26.7	22.8	33.1
February	71.1	69.0	52.1	26.4	23.1	37.4
March	71.9	70.8	57.1	27.6	19.7	
April	69.8	76.1	53.3	24.5	19.9	
May	73.7	75.3	48.6	20.3	26.8	
June	70.9	75.0	42.5	16.1	32.5	
July	77.3	63.9	47.4	15.6	36.3	
August	81.6	67.2	44.4	20.5	32.8	
September	89.7	67.7	44.6	27.8	36.7	
October	87.1	60.1	32.3	26.7	32.7	
November	71.8	55.0	34.2	23.4	30.1	
December	63.6	53.3	31.1	22.3	32.5	

## FIRST YEAR OF DEMOCRATIC ADMINISTRATION

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "At End of Year Roosevelt Leads March to Moscow", by Myron H. Bent, which appeared in the Brooklyn Times-Union of March 4, 1934.

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

[From the Brooklyn Times-Union, Mar. 4, 1934]

AT END OF YEAR ROOSEVELT LEADS MARCH TO MOSCOW

By Myron H. Bent

WASHINGTON, March 3.—Tomorrow at noon the Roosevelt administration will be 1 year old. Newspaper and magazine writers all over the country will be appraising its achievements and shortcomings and making predictions as to its future according to their various points of view. The President's partisans will be painting the year's accomplishments in glowing colors, calling it the most eventful page in American history.

Charlie Michaelson, of the Democratic National Committee publicity bureau, released a few days ago for publication on March 4 a long statement of the year's achievements and then withdrew it the next day, on the ground that it might cause partisan debate when national recovery was the work of all of the people. The

<sup>1</sup>About 421 issues.

withdrawal has occasioned much speculation as to the real motive behind it. It was no more glowing than would be expected from a partisan source. It is the writer's opinion that it left too many openings for attack upon its claims.

What a year it has been. We all have been confused, bewildered, and amazed as the program of the new deal has been unfolded, and have often been left gasping for breath because of the revolutionary and unconstitutional measures proposed and actually taken. Like Alice in Wonderland, we have been held in wonder at the fantastic steps that have followed in quick succession.

Where did this program for the new deal come from? It certainly came from no mandate of the people, who would have been frightened to death at its portent. They certainly would not have voted for it knowingly. There were vague references to the forgotten man, a new deal, etc., but most people construed them as the usual campaign aphorisms, not to be taken too seriously after election.

Many people would like to know if Candidate Roosevelt actually had in mind what President Roosevelt has proposed, and if so, was he afraid to take the people into his confidence? Or has it been developed by the "brain trust" and sold to the President? Candidate Roosevelt became very angry whenever anyone questioned the soundness of his views upon money. Yet everything suggested or implied has come to pass, and more. Only one specific measure advocated in his reelection campaign has come to pass—the repeal of prohibition, and the repeal resolution was passed before he was inaugurated.

## SOME VERY GOOD MEASURES

Undiscriminating critics may condemn the whole works in the new deal. We do not, because some of its measures have been unquestionably good and we have not hesitated to commend them. Therefore, in our appraisal of the year's record we shall dwell more upon its portent and the direction it is leading us and its ultimate destination rather than upon specific acts, and it is vastly more important to do this. We can retrace any specific step, but it will be exceedingly difficult to reverse the general direction unless we do so quickly.

"There is no question now that we are directly headed for collectivism in government; with regimentation and regulation of finance, industry, agriculture, and commerce. We are going fast into State socialism and are abandoning what we have been pleased to call the American system of individual initiative and effort, which is the greatest success in self-government that the world has ever seen.

We say this in the face of the depression, in which we are enveloped with the rest of the world, in the face of all the clamor for fundamental changes. As "Uncle Joe" Cannon once remarked, "this country is a hell of a success", and we can look any new dealer or brain trust in the eye as we say it. Nowhere on earth are the comforts, luxuries, and necessities of life in so great abundance or so widely distributed as in America.

We do not apologize for the Constitution; we glory in it and will defend it. We have had all of our prosperity under it, as well as this depression, and we will get out of it in spite of the new dealers if not on account of them, if we retain it. Few realize how far we have departed from the Constitution, which has not been repealed but abandoned.

Under the guise of an emergency its powers have been sought by the President to an extent that would have subjected him to impeachment on a dozen counts at any other time. We are adopting the Soviet system so gradually that we do not know it. The Russian idea is being imposed upon us, not from Moscow but by ourselves, because of our proneness to go with the crowd or swim with the current.

## FOR THE EMERGENCY ONLY

No one was disposed to object to giving the President any reasonable emergency power desired, with the distinct understanding that it was for the emergency only. One after another such powers were given, and now that he has them the emergency idea is boldly abandoned with the open intention of making them permanent.

This is true particularly of the N.R.A. The announcement is calmly made that they will seek to make it one permanent industrial policy. President Roosevelt will speak upon the N.R.A. Monday at a meeting of code directors, which will be broadcast at 11 a.m. The reader will do well to listen in.

The whole plan for the past year has been to centralize power in the Federal Government, which in this instance is the President. The gold has been taken from the people and the banks and placed in the Treasury. By means of loans and Government investment in the preferred stock of national banks the Federal Government has obtained absolute control over finance. Through the N.R.A. it has complete control of industry. Through the A.A.A. it has absolute control of agriculture.

The latest trick in Pandora's box was brought out yesterday in President Roosevelt's message to Congress seeking tariff-making powers, especially reserved to Congress by the Constitution. If Congress grants this power, there will remain little need for its existence. Another general grant of power might be given to cover what remains and save the expense. The alphabetical agencies now have usurped most of the functions of government. A few more alphabetical combinations could take over the balance.

Perhaps the most serious aspect of the situation is President Roosevelt's attitude toward the judiciary, when he recently said that it should work with the Executive and legislative branches of the Government for a common purpose. The common pur-

pose in this instance would be the President's purposes, for he would unquestionably dominate both the judiciary and legislative branches. Our Government was founded upon an entirely different theory, upon the theory of three coordinate branches acting as a restraint upon each other. Are the American people ready to abandon this theory for the doubtful benefits of collectivism?

#### PRESIDENTIAL USURPATION

We do not harbor the idea that the people have no right to modify or change the Constitution. They have a perfect right to adopt communism if they do so in an orderly manner under the Constitution. They have no right to abrogate or abandon it by legislative act or by Presidential usurpation. They should do so by repeal of the Bill of Rights and other guarantees of individual liberty and freedom of action. They should not repeal the Constitution by legislative subterfuge. Let the people vote upon it and see if they are ready to follow the professors into sovietism.

The recent request for a Communications Commission to control the radio, telegraph, and telephone lines is highly significant of the trend of events. Such a commission could actually establish censorship over the press and the radio, when a free press and free speech would no longer remain one of the greatest guarantees of liberty under the Constitution. The reader should get that bill and ponder it.

The whole theory is to centralize power in the Executive. No man is great enough or good enough to possess such power. When he gets it democracy will remain in name only. We will be under a dictatorship.

The Supreme Court could save democracy if all of these tremendous grants of power were tested as to constitutionality. Or would the highest court go along with the crowd? We dislike to think so. Perhaps the march to Moscow will be halted there.

It is highly significant that whenever any change is made in the personnel of the administration it is always the conservative that goes out, as witness Sprague, Woodin, Acheson, and Peck. The dominating force in the administration is unquestionably Professor Tugwell. He is a radical without doubt, of the pink variety. Russian Ideology permeates his thought and acts. He has written a book upon Russia and is apparently impressed with the communistic idea.

Those who desire to follow his leadership and travel his road should have the right to do so in a legal way, but they should do so under no delusion as to their destination. The real friends of President Roosevelt will hope that he will now abandon his left trend and turn to the right in his second year.

If he does not there will be a great opportunity for patriotic leadership in this country in order to save America for democracy and restore it to its moorings.

#### THE NEW DEAL—ADDRESS BY POSTMASTER GENERAL

**Mr. HARRISON.** Mr. President, I ask unanimous consent to have inserted in the RECORD a very able and eloquent address on the new deal, delivered by the Postmaster General at the annual Delaware Jacksonian Day dinner, at Wilmington, Del., on March 20, 1934.

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

As a Democrat I welcome the opportunity to address a Delaware audience, because in no State has our party had more ups and downs than in this fine old Commonwealth. You always have a fighting organization here, which is, no doubt, due to the deep interest you take in public affairs.

I believe that this is the healthiest sort of organization and of more value to a party than a dominating machine, which too often develops into a selfish vehicle devoted more to individual interest than to the public welfare.

Party control is as much a public trust as is public office, and permanent success in politics more and more tends to be based on what we can do for our State and our Nation than what we can do for ourselves.

The new deal involves party management no less than it promises honesty, justice, and efficiency in the direction of public affairs. Our sweeping victory in 1932 was the direct result of the Republican Party's failure to live up to this cardinal tenet of political faith and its effort to continue a policy of favoritism to special interests, which, while it brought vast profit to those special interests, ignored the general public interest and so finally brought about a collapse of the whole economic structure of our country. You cannot have prosperity on top and poverty at the bottom without insuring ultimate disaster.

I know, as all of you know, that winning elections is an intensely practical enterprise; that organization is the basis of success, and I likewise know that such success can only be continued by showing the people that campaign promises must be kept; that no party has a perpetual mortgage on the Government and that while under our two-party system the voters will turn to one organization if the other proves untrustworthy or incompetent. There are voters on whom the partisan bonds rest lightly who will discard them if the organization in power does not make good enough voters to upset the apple cart whenever it needs upsetting for the welfare of the whole people.

I have, as you know, been spending a lot of time recently before congressional committees in reference to the cancellation of air-mail contracts. I do not intend to go into a lengthy discussion of this subject now.

The simple fact is that from records taken from the files of the Post Office Department, from the files of air-mail contractors themselves and from evidence produced before the Senate investigating committee, it was clearly shown that these contracts were given and obtained through collusion and fraud; that through them a few favored companies obtained many millions of dollars out of the public treasury; that great monopolies were being built up by Government subsidy and that it was my duty, under the law, to annul these contracts.

If this administration was going to keep faith with the people, these fraudulent contracts had to be wiped out. We had promised economy in government; we had promised an honest departure from the practice of giving illegal or improper advantage to special interests.

There was no thought or suggestion of politics in connection with the cancellation of contracts. Notwithstanding, some of the spokesmen for the opposition party are diligently endeavoring to make it appear that there was.

I did not know when I annulled the contracts, and I do not know now, whether the men most involved are Republicans or Democrats, and I am not concerned as to that.

The cancellation of the air-mail contracts was just as much a part of the new deal as any other action taken with a view to eliminating waste and extravagance in public expenditures. Certainly fraud and collusion in the letting and obtaining of Government contracts could not, under the new deal, be condoned.

Representatives of a number of the companies have testified before the Senate investigating committee and by their own admission have made it clear that the air-mail contracts were obtained by collusion and fraud and that the law requiring competitive bidding was evaded and violated.

Naturally men are not disposed to submit without complaint when special privileges and illegal advantages are taken away from them. Something of this sort is at the bottom of much of the criticism that has recently been directed at the new deal.

The country has been brought to desperate straits by exploitation; by centering all processes on the increase of profits, legitimate or illegitimate, until production had sped far beyond the limits of consumption, and with little or no regard to the primary necessity for keeping the purchasing power of the country at large up to the point where it could obtain what it would have bought if it had been possible to pay for it.

This course was continued until about 30 percent of the wage-earning portion of our population was out of work, with the inevitable collapse of numerous industries, complicated and multiplied by the huge losses consequent on the foisting upon the public of vast bond issues, sharp practices with stocks, and a speculation orgy which, when it crashed, brought us all to bankruptcy or to the verge of it.

Everybody recognized that something had to be done. The men now foremost in their strictures on the course that was taken are the very men who clamored most loudly for the Government to take them out of the predicament into which their own greed had plunged them. These people, now that business seems to be coming back, want to get all the benefits for themselves, and let the rest of us revert to the misery of a year ago. I do not have to cite statistics to an industrial Commonwealth like this to show the contrast between today and the early part of 1932.

This difference—the exchange of hopelessness for confidence—is due to one man, Franklin D. Roosevelt.

Of course, the process of recovery is by no means complete. You cannot repair in a few months the damage of such an industrial hurricane as flattened us out over a period of years. What has been done is to turn the tide and start us on the up grade, which course will continue unless the selfishness of a few short-sighted interests is able to put blocks in the way, and so delay our ultimate return to normal conditions. Incidentally, I do not mean conditions that piled up enormous fortunes on the one hand and on the other produced poverty to the bulk of our people.

The country was fortunate that the election of 1932 brought to the Presidency a man who not only had a long-thought-out and comprehensive plan to solve our problems but who had the courage to carry out his plan instead of letting us drift to still greater depths and then blaming world conditions for that continuance.

I want to pay tribute to the Democrats of Delaware for their not inconsiderable part in making this possible.

It was no great task to elect Roosevelt, but before that election he had to be nominated, and in the field for that nomination were some of the greatest men ever offered before a national convention. They were Democrats eminent in accomplishment and in their party standing. I have no doubt that their supporters thought as highly of their candidates as we thought of ours.

It was in the preconvention period that support of Franklin D. Roosevelt was of the greatest consequence and you of Delaware did your part. Happily, there are no longer factions in our party.

We are all Roosevelt Democrats, and while officially and practically we should not differentiate between those who were for us and those who were against us in the spring of 1932, I cannot but feel a personal warmth for those who, by their early faith in Roosevelt, made the great culmination possible.

You were among the pioneers of the Roosevelt movement. For that not only the party but the Nation owes you a debt of gratitude.

You have not had and you never will have anything but pride in the effort you made then. From the day of his inauguration, when he took the banking bull by the horns, he has justified your faith.

I do not believe that in our whole history there has been such a manifestation of confidence in the Chief Executive as that exemplified by the manner in which the people of the Nation accepted the startling banking expedient.

They took it with a smile. Every inconvenience of that period—and you will well remember how awkward that situation was for a lot of us—was taken with good humor and we even joked each other over our troubles.

Nobody understood more clearly that President Roosevelt that, by his daring departure from the timid policies of his predecessor in the White House, he was taking his political life in his hands.

It came out all right as he felt it would. But it was only the people's perfect reliance on his honest intentions and the soundness of his logic that insured against its being a colossal failure.

He had as much faith in the people as they had in him, for you will recall that when he addressed the Nation over the radio in one of the simplest as well as one of the most impressive speeches that has ever emanated from the White House he said:

"We have provided the machinery to insure our financial system. It is up to you to support and make it work. It is your problem no less than it is mine. Together we cannot fail."

And they did support it and made it work with the minimum of individual loss and the maximum of public gain. To emphasize this I have merely to bring to your attention the circumstance that in the 3 years preceding last inauguration day we had three or four thousand bank failures and if there has been an important bank failure since that day it has escaped my attention.

There is not time, even if it were necessary, to review in detail the Nation's experience in the first year of this Democratic administration, but I can tell you that there has been nothing done on impulse or because of fright or because of political purposes.

Every move has been in accordance with the program conceived and worked out before the President took up his immense responsibilities.

If you read over the Democratic platform, to which he subscribed at Chicago, you will see it foreshadowed there. If you will review the campaign speeches in the light of what has happened since, you will understand that we have witnessed no series of opportunist or random performances, but that the President has carried out and is carrying out the promises he made when he was asking for your suffrage.

It did look for awhile as if politics had been adjourned. The President asked for and obtained from Congress almost unanimous cooperation in his program. He required additional authority to put into effect some of the emergency measures and these were accorded him ungrudgingly. And he has paid full tribute to this patriotic submersion of politics to patriotism.

Now, however, when things are looking a little brighter, politics is again being brought into the picture, not by the rank and file of the opposition party but by a few of its leaders or would-be leaders who are attempting to pick flaws in the program, to deprecate and minimize the gains that have come to the country under the leadership of President Roosevelt and to seek to fan the flames of partisanship in the interest of their backers.

There is nothing new about this combination. These men have, during their whole period of public life, been engaged in cooking the broth on which their patrons have grown fat.

If you look deep enough you will find behind every attack on the President and his policies a special interest which seeks to reestablish the advantage it held so long by controlling the Government.

The pending senatorial investigation has shown some of the rotten spots. Sons of once-influential Republican Members of the National Legislature, with no special qualifications of their own, have been drawing fat salaries and fees for alleged service that even their employers have been unable to define.

There has been disclosed the creation of multimillionaires, whose total investment would not pay the rent of this hall for tonight.

Is it any wonder that these men find fault with the President's program?

Let it not be forgotten that these disclosures appertain to the favoritism in the past of only a single branch of the Government service, and that the Black committee has hardly more than begun its work.

Part of the procedure of this political-profligate assault on the new deal is to break down public confidence. They know there is no hope for them if the progress already made toward national recovery continues.

Hence they seek to stir up dissatisfaction and to re-instill fear of the future. They offer no substitute program, but by innuendo, if not by direct statement, seek to plant the notion that purging our Government system of graft is a bolshevistic assault on legitimate business and that separating the profiteers from their fat opportunities is an assault on business generally.

For a moment let us go back and get a clear perspective of the problems which faced the Roosevelt administration at the outset:

First. It was necessary to reestablish order in the financial situation; to put an end to the epidemic of bank failures and reestablish confidence in the depositories of the people's money, thereby ending runs that even the soundest banks could not endure.

Second. It was necessary to get the unemployed back to work and to buttress business so that it could survive and function.

To accomplish these objectives it was necessary to recreate purchasing power, particularly the vanishing purchasing power of the farm population and that of the great mass of employees who

had either lost all of their resources or were so stricken by panic that they would not make even the purchases they could afford.

Just how the President and his administration have applied themselves to the solution of these problems and to the accomplishments of these tasks is well known to everyone. There is multiplying evidence that the problems are being solved. From every section of the country there come reports of rapidly improving conditions. Business is being revived everywhere. Agriculture is emerging from gloom and despair. In increasing numbers men and women who have long been idle are finding work. The Government is being operated honestly and in the interest of the people generally.

With such a satisfactory improvement and with prospects for the return of normal prosperity so bright, it is nothing short of reprehensible for politicians, with only a political purpose in mind, to undertake to break down the harmonious cooperation which the people have given and are giving to the President in his efforts to bring about our national recovery. If this national recovery is to be achieved without costly delay, then the President must continue to receive the wholehearted support of the people. Otherwise, what has been accomplished will be jeopardized and the processes of recovery will be slowed up if not destroyed.

It will all come out all right. The memory of what we were brought to by the system of privilege is too acute for either politicians or their beneficiaries to induce our country to return to the old practices.

We are going ahead decreasing unemployment, increasing business, taking care of our unemployed, and holding the regular expenses of the Government down to a point unheard of for a dozen years.

There is plenty yet to be done, and with Roosevelt in the White House you may be sure it is going to be done, uninfluenced by special interests.

Before I close let me acknowledge the splendid service rendered to the Democratic Party by one of the former citizens of this State, Mr. John J. Raskob, who preceded me as chairman of the Democratic National Committee.

You in Delaware have been a minority party. I doubt very much if you are a minority party today. I have already pointed out one great service that you rendered, and the opportunity for further service is in your hands in the coming election. I know that, whether you succeed or whether you fail, you will do your best and that ultimately you will effect the cleaning up at home that is going on in every section of the country and that, with returned national prosperity, we will have decent and permanent political regeneration as well.

#### POSTMASTER GENERAL FARLEY

Mr. FESS. Mr. President, I ask unanimous consent to have printed in the RECORD immediately after the address of the Postmaster General, an article appearing in the Baltimore Sun of this morning by Frank R. Kent.

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

#### THE GREAT GAME OF POLITICS—UNBALANCED NOBILITY

By Frank R. Kent

WASHINGTON, March 21.—Among officials of the Roosevelt administration none excels Mr. James A. Farley, Postmaster General, in the quantity of his public outpourings. From certain angles—that of self-complacency, for example—the quality holds up pretty well, too.

Since his elevation to the Cabinet, Mr. Farley has become the most loquacious and ubiquitous of Postmasters General. Hardly a week passes but he speaks in some part of the country at least once. He attends more banquets than any other, exudes more new-deal eulogies and dishes out more happy prophecies to the citizens.

Mr. Farley's speeches these days fairly reek with righteousness. He denounces selfishness and greed; he is against sin and sordidness. He is for the true and the pure and the beautiful. His addresses are more like lectures or sermons than mere administration propaganda. The impression one gets from reading or listening to Mr. Farley is that he is the personal representative of a holy cause; that all the really good people are either members of the Administration or supporters of it; that those who criticize are inspired by sinister purposes and should be ignored. Such was the general purport of his speech in Wilmington last night.

Now, aside from the fact it seems hardly possible for any politician to be quite as noble as Mr. Farley appears from his public utterances or for any administration to have quite as complete a monopoly on virtue and wisdom—aside from these things, this is a rather inappropriate time for Mr. Farley to be prating about purity in politics, advocating good government and reform. The reason is, or should be, well understood. There happens to be pending at Albany a measure, the passage of which is conceded essential if the city of New York is to be saved from bankruptcy. Only through its enactment can the city be pulled out of the terrible hole into which the Tammany machine, of which Mr. Farley for years was a cog, has plunged it.

This bill is supported by the Fusion mayor, LaGuardia, and the Democratic Governor, Lehman. It is unanimously endorsed by the press and all civic organizations. Everybody agrees it is vital. Yet, three times it has been beaten in the assembly by a group of Democratic leaders closer to Mr. Farley than anyone else. Decried for failure to swing his friends into line behind an

emergency measure clearly in the interests of every citizen, Mr. Farley has protested that he was doing the best he could, that he had no influence with these friends of his, that he really wanted the bill to pass.

A few days ago Mayor LaGuardia, in the presence of a hundred or more men, publicly accused Mr. Farley to his face of being responsible for the defeat of the bill. Mr. Farley, much embarrassed, quite red in the face, responded feebly. Now the bill comes up for a fourth effort. In the New York Times today the situation is reported unchanged, and the bill, it is said, will probably fail again unless pressure is brought upon the recalcitrant Democrats by the Roosevelt administration. By that, of course, is meant Mr. Farley. He is the political agent of the administration. He is not only Postmaster General, sole dispenser of the Federal patronage and chairman of the national committee, but State chairman as well.

Yet Mr. Farley insists he has not sufficient influence to bring into line for a measure of vast importance to the city in which he lives a select group of his most intimate personal and political friends. No wonder Mr. LaGuardia scornfully sweeps aside his denials. No wonder friends of Mr. Roosevelt in New York are sore about Mr. Farley and puzzled about the White House attitude. In face of this situation, it takes either great audacity or great obtuseness for Mr. Farley to continue his sermons on the duty of decent citizens. To those who see the wide gap between what he does and what he says, it is painful to read him. There is some speculation as to how long before the country as a whole gets on to Mr. Farley. The trouble is that his stock of nobility is out of balance. If he could shift half the amount he uses for his words over to his deeds, he would have more than enough for both.

#### ST. PATRICK'S DAY ADDRESS BY SENATOR O'MAHONEY

**MR. BULKLEY.** Mr. President, I ask unanimous consent to have printed in the RECORD an able address delivered by the Junior Senator from Wyoming [Mr. O'MAHONEY] before the Irish-American Civic Club, of Cleveland, Ohio, on March 17, 1934.

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

Of all the common interests which prompt poor humans to forgather in social intercourse, few have a stronger appeal than the ties of national allegiance and racial origin. Those of us who are gathered around this board tonight are united, first, by a common American citizenship and, second, by descent from that race which through many centuries has made Ireland known throughout the world not only as the island of saints and of scholars but as the island of joyful fighters as well. There is no city of any size in the United States in which the sons and daughters of Ireland have not assembled today to take renewed courage from the contemplation of what the men and women of their blood have done and have been in the past. The spirit of the Irish race broods over this gathering and over a thousand like it throughout this land.

Probably there never was a time when there was greater need than there is today for the revivification of those qualities which we like to think have made both the American and the Irish people great. Not alone America but all the world is confronted by one of the most solemn crises in the history of civilization. Upon what we do in the next few years will in large measure depend the future happiness of mankind. It seems altogether fitting, therefore, that at a time like this we should seek the inspiration of all the best that lies behind us in order that the future may be improved through the fullest possible exercise of all the virtues of which we may be capable.

This is the Irish-American Civic Club. It is, therefore, primarily interested in things that are Irish, in things that are American, and in things that have to do with the civic welfare of this land to which we owe our allegiance. It is not my intention tonight to enter upon any extended discussion of the achievements of individual Irishmen; nor, indeed, to trace the spread of the Irish race in this country. That story is familiar to all of us. It may, however, be worth while just as a preliminary to recall the fact that men and women of Irish lineage began coming to this continent and to the Colonies, which became the United States of America, long before the American Revolution. When the proud descendants of the Colonial settlers of Massachusetts Bay speak of the *Mayflower*, Americans of Irish descent may, with equal pride, speak of the *Flying Harte*, which, in 1621, with a complement of passengers from the County Cork, landed at Newport News, Va. The local records of every one of the principal Colonies reveal the names of thousands of Irishmen who long before the Revolution were members of the Colonial militia and the owners of Colonial property. In the regiment which George Washington commanded as early as 1754 were more than a dozen officers bearing good old Gaelic names. His mother's second cousin, the daughter of her uncle, Colonel William Ball, was married in Virginia in 1724 to Dennis McCarthy, the son of Daniel, who had emigrated from Ireland to settle in Virginia in 1690.

The records of the port of Boston, early in the eighteenth century, tell the story of vessel after vessel which landed there with countless passengers from Erin. As early as June 25, 1716, we find in the official minutes of the city of Boston notation of the arrival from Ireland of the vessel *The Globe* with Irish passengers. Year by year the emigrant ships from Ireland reached these shores under the command of Carrolls and Finneys and Mc-

Carthys. Capt. Daniel McCarthy made report to the selectmen of Boston in May 1763 of the passengers whom he brought to Massachusetts from Kinsale, Ireland, in that year.

Thus early was the strain of Irish blood introduced into the Colonies; and when the Revolution came, the Kellys and Burkes and Sheas were found in every fighting regiment that engaged in the struggle for independence. There is scarcely a familiar Irish name that it is not to be found on the regimental rosters of the Revolution. Small wonder that this was true, because throughout the seventeenth century, as throughout the eighteenth and the nineteenth, a steady stream of Irish emigrants poured into this country. The laws which oppressed the Irish Catholics and the Irish Presbyterians alike drove thousands of them to the Colonies, and all of them became patriotic Americans from the moment of their landing.

The Marquis de Chastellux who came to America in 1782 writing about conditions as he found them, said:

"An Irishman, the instant he sets foot on American soil, becomes ipso facto an American. This was uniformly the case during the whole of the late war. While Englishmen and Scotchmen were treated with jealousy and distrust, even with the best recommendations of zeal and attachment to the cause, the native of Ireland stood in need of no other certificate than his dialect. Indeed, their conduct in the late war amply justified their favorable opinion, for whilst the Irish emigrant was fighting the battles of America by sea and land, the Irish merchants, principally of Charleston, Baltimore, and Philadelphia, labored with indefatigable zeal at all hazards to promote the spirit of enterprise, and increase the wealth and maintain the credit of the country. Their purses always were opened, and their persons devoted to the country's cause, and on more than one imminent occasion Congress itself, and the very existence of America probably, owed its preservation to the fidelity and firmness of the Irish."

No descendant of Irish parents has not thrilled with pride at the stories of the exploits of the Wild Geese, those patriotic exiles who formed the Irish brigades in the French, Spanish, and Italian armies. Few perhaps realize that a very large element of the forces sent to the colonies from France to aid Washington were composed of these same Irish exiles. No fewer than four Irish regiments commanded by Dillon, Walsh, Burwick, and Roche-Fermoy fought with Lafayette and the other French leaders during the Revolution.

These facts I cite merely to emphasize the ties which from the earliest days have united men of the Irish race to the United States. The Irish-American heritage is as long and as proud a heritage as that of any other national group which can claim a part in the building of this Nation.

With that knowledge our sense of obligation for the maintenance here of a Nation dedicated to the principles of liberty can only be the more profound. What, then, is the greatest contribution that men and women of Irish blood can make to the preservation of this great country in the making of which they have played so important a part? The obvious answer is, of course, the fullest possible exercise of those qualities which have made the Irish great. Irishmen are proverbially courageous. They are proverbially good-humored. They have always had a high degree of moral and personal integrity, but the quality of all qualities of which our race can be proudest is its dauntless devotion to liberty.

For more than a thousand years the people of Ireland have been fighting for freedom. Driven from their native land they continued that fight wherever fate led their footsteps. Those who have not understood the story of Ireland have thought and often said that Irishmen fight merely for the love of the conflict, but that sentiment is entertained only because British commentators who settled in Ireland could never quite comprehend why an Irishman preferred to struggle for his independence against whatever odds rather than to submit to what he knew to be an alien yoke.

It is an interesting though perhaps unprofitable pursuit to speculate on what the course of history might have been if some critical event had turned out otherwise than it actually did. Historians often wondered what might have happened if Carthage rather than Rome had triumphed. Sometimes I think that the fate of Ireland, of England, and perhaps of Europe itself, turned on the chance of battle more than a thousand years ago near the city of Dublin. In the tenth century, years before William the Norman had landed in England, an ancient Irish king had compelled the recognition of his sovereignty through the length and breadth of Ireland except among the Danish invaders. At the battle of Clontarf he engaged them in a decisive conflict and forever broke their power in Ireland. At the time of that battle Brian Boru was over 80 years of age. With him in the struggle on that eventful day were his son and his grandson. By a strange mischance of fate, all three were slain. The reigning king and his dynasty were destroyed in the battle which the Irish won. Had any one of the three survived it would in all probability have been an Irish sovereignty rather than a British which was to gain sway over the British Isles. Before another powerful successor to Brian Boru could develop in Ireland, the Norman invasion of England had turned the tide of history.

I realize, of course, that this is just a fantasy—a vain vision of the things that might have been, and I recite the story without the slightest racial pang of regret that things turned out as they did. The nation that William the Norman founded is not now the power that once it was, but the race that suffered at Clontarf, that lost the opportunity then presented of taking the leadership in European affairs, still retains all its vitality, all its courage, all its character.

From the date of the Battle of Clontarf down to our own time it has struggled without cessation for the principle of freedom. It has endured everything rather than surrender its determination to be free, everything but principle. Irishmen were willing to surrender every scrap of property rather than submit. They endured privation; they lost their learning; they saw their women and their children suffer; they saw their homes devastated and their farms laid bare; they made every sacrifice but the one thing they would not sacrifice was their passion for liberty.

This, then, is the background of the Irish love of liberty. This is the explanation of that spirit which would never yield. This is why through all the centuries of oppression the Irish soul could not be conquered. In a vivid and eloquent phrase Terrence MacSweeney, who immolated himself for the Irish cause, less than 20 years ago, defined the inborn conviction which, above all others, is the explanation of the Irish character. "Not all the armies of the earth", he wrote, "can conquer one true man."

What greater tribute can we pay to the memory of those heroic men and women of Erin, who through 10 centuries kept the fires of liberty burning, than to exercise the opportunity that is ours to carry on.

Some of the historians of ancient Ireland give us an interesting account of the customs of that early race. The kingship was not hereditary.

True, it was held narrowly, perhaps within a ruling family or class, but within those bounds it went to the man who could hold it—not to the man who could claim it merely because he was his father's son. Frequently a brother succeeded brother, or a cousin a cousin, because the son could not exercise the power himself. That, after all, is the principle of democracy.

More interesting, perhaps, than that, is the fact that in ancient Ireland, the essential ownership of land belonged not so much to him whose father acquired it, but to him who could actually use it to the best advantage. Within certain limits the land belonged to the clan—and no member of the clan except he who through extraordinary prowess was in his own proper person entitled to extraordinary consideration could claim the fruits of any land which he could not himself use. The system was not very different from that which has been followed from the early days in the arid regions of the West with respect to water.

In Wyoming, water belongs not to him who can first claim and hold it, but to him who can use it. If the holder of a water right fails to use it beneficially, he loses it to his neighbor who can and will use it.

Why do I cite this ancient Irish system which has its modern American counterpart? Because it teaches us the lesson which we must learn or perish. This world of ours does not belong to the dead. It belongs to the living.

The dead can and should exert no power except that which they bequeath to us in character and in spirit. And if we cannot measure up to the spiritual standards of our fathers, then the sooner we cease to encumber the earth the better for ourselves and for our successors.

Only a few days ago I had occasion to walk through the anteroom of the office of a member of the President's Cabinet. There on the wall I saw the photographs of 4 Presidents and of 4 Cabinets, and it all seemed to me like the fleeting scenes of a motion picture. For a few short years a few of us put on the trappings of power and authority. If we lose our perspective, we imagine that it is because of some powerful inherent virtue in ourselves; but if we retain our common touch, we know that we are useful only so long as we represent some necessary urge of the people for whom we speak. It is the right of use which controlled the land in ancient Ireland and which now controls the water in the arid West that controls the present. It is the right of use for all the people which should and which will dominate the future of this Nation.

An industrial civilization the result of the development of science and invention has utterly changed the unit of social existence.

In the days of old, every nation or state, if not indeed every city, was to all intents and purposes a self-supporting unit. When our forefathers first began coming to this country, almost everything that the family needed was produced on the farm—clothing as well as food. It had to be so, because isolated communities had to depend on themselves. The present complex industrial system, with the means of communication and transportation making the whole world smaller than Europe alone was in the seventeenth century, has called into existence new economic units which in many instances are larger and more influential than many of our political units.

Consider just a few—the American Telephone & Telegraph, the Standard Oil Cos., the power companies, some of the railroads. The lives and happiness of millions of our people are more intimately associated with the activities of these economic units than they are with those of any city or most States.

Now, the control of these huge units is, for the most part, closely held by a comparatively few individuals, while the great mass of those who are dependent upon them have nothing to say about the direction of their policies.

This is the condition which, willy-nilly, has resulted in the erection of a huge bureaucracy at Washington during the last 25 years. Our people have been trying to solve the problems of a new age with the instrumentalities of the old one.

In that fact all of us who have the good fortune to be alive today have an opportunity as great as that which was ever presented to any generation in history.

Ours is the task of achieving economic liberty. In this crisis of all crises America needs all the character and all the strength which has been the genius of the Irish race. Now, of all times, the spirit of our fathers calls us. And on St. Patrick's Day, 1934, we say to America and to the world, the sons and daughters of Ireland will not fail!

#### NOMINATION OF DANIEL D. MOORE

Mr. LONG. Mr. President, I desire to make an announcement in connection with the nomination of Mr. Daniel D. Moore to be internal-revenue collector for the district of Louisiana. The American Federation of Labor has asked that the nomination be recommitted, and that representatives of the Federation be permitted to be heard before the committee. Tomorrow, when the question comes up, I am going to move to recommit the nomination in order that the representatives of the American Federation of Labor may be heard.

Mr. BARKLEY. Mr. President, in that connection I simply desire to say that no such request has been made of the committee or of any member of it.

Mr. LONG. It is in the CONGRESSIONAL RECORD. I put it in yesterday, and I supposed the Senator had received it.

Mr. BARKLEY. There is a way by which any committee can be asked to take action on anything. That way is perfectly plain. No request of that kind has been made.

Mr. LONG. I will see that it is properly communicated to the Senator from Kentucky.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to 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.

#### PHILIPPINE INDEPENDENCE

The Senate resumed the consideration of the bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

Mr. LONG. Mr. President, yesterday, just before adjournment, I undertook to speak on the pending amendment to the Philippine independence bill. As I understand the amendment proposed by the Senator from Iowa [Mr. DICKINSON], he would undertake to shorten the period provided in the bill so that Philippine independence may be accomplished in 5 years instead of 10 years. I am in favor of the amendment so far as it goes. The amendment proposed by the Senator from Iowa would do one good thing in that it would help the bill by shortening the intervening period to 5 years; but, as was disclosed in the question propounded and answer given by the Senator from Maryland [Mr. TYDINGS] yesterday, the bill does not mean the independence of the Philippines unless in the next few years something extraordinary shall happen in that quarter of the world different from anything that ever has happened there.

Mr. President, there have not been any 12 months during the last 5 years when there has not been something happening in the Orient that might have required American intervention. The trouble in Manchuria, as looked upon by the former Secretary of State, Mr. Stimson, would have been sufficient cause for the United States to have remained in the Orient. The Canton episode some years ago could easily have been interpreted as sufficient reason for the United States not leaving the Orient. Any number of other episodes might easily be cited as sufficient ground for the President to have concluded that it was not time for the United States to leave the Orient.

I voted for the Hawes-Cutting bill because it was the only measure we could get at the time. I thought that by its

passage we at least placed ourselves upon record in a declaratory attitude toward Philippine independence. At that time we had been hoping we could get some kind of legislation that might be approved by the Executive, or as to which we could override his veto. That is about all we got out of the bill which was passed in the last Congress.

If we think we are going to give the Filipinos their independence by passing a bill supposed to provide for a 10-year period to enable them to adjust their difficulties, supposed to allow them to arrange their trade so that they will not need the United States market, so that they may adjust their domestic affairs without the danger of internal strife, so that matters in the Orient may be adjusted in such a way that the Philippines will not be confronted by the hazard of a foreign nation taking them over, so that they may be allowed to recoup their finances sufficiently to organize an army and navy and set up a stable government and be enabled to equip themselves with various and sundry other mechanisms necessary to carry on a government, we are badly mistaken. If we pass this bill, providing that in the event all those things shall not be accomplished it will be within the discretion of the President of the United States to intervene and keep the United States in the Philippines indefinitely, then the bill will prove to be absolutely a void and empty gesture in the direction of freeing the Philippine Islands.

The bill does not mean anything at all, except that practically we have postponed acting on Philippine independence for 10 years. We are merely entering into some kind of an agreement with the Philippines which really prevents the United States from seizing the psychological moment to get out of the Orient. That will be the effect of the bill if we shall pass it.

My friend, the Senator from Maryland [Mr. TYDINGS], whose brilliancy I have envied for many years, has made a magnificent research into this question. He understands it thoroughly. He was very honest and very frank yesterday in making sufficient admissions to indicate, as he himself practically stated in his own words, that the bill does not mean Philippine independence. The answer which the Senator very honorably made here was that it is left to the President of the United States, and if the President should be like the ones we have had, we will remain in the Philippines until Gabriel blows his horn. That is the answer he had to make, and that is all we can gather from the bill.

Who has served as President of the United States since I have known anything about government who would ever have gotten out of the Philippine Islands under the provisions of this bill? Would Mr. Hoover have gotten out of the Philippine Islands under the bill? I ask any Senator on this floor if, under the kind of pronouncements made by Mr. Hoover, there would have been 1 chance in 50,000,000 that, under the terms of the Hawes-Cutting bill, he would ever have taken our Government out of the Philippine Islands? Would the present President of the United States get out of the Philippine Islands under the terms of this bill? Most assuredly he would not. Would Mr. Coolidge, his predecessor in the Presidential office, have gotten out under the terms of the bill? We have a thousand utterances to show that as Mr. Coolidge looked on the situation there was not 1 chance in 10,000,000 that he would ever have gotten out of the Philippine Islands under the terms of a measure such as this. Neither would Mr. Harding nor Mr. Wilson, or any other President I have known anything about, have gotten out of the Philippine Islands under the literal terms and provisions that are written into the bill now before us. It is a void gesture. It is a harmful gesture. It not only does not mean independence, Mr. President, but it muddles up the domestic situation. I am talking about America's domestic problems, which I am going to come to in a minute.

This bill muddles up insular affairs. It creates a foreign complication. It is worse than if we did not do anything at all, because it suspends us between heaven and earth for a period of 10 years under some kind of an apparently good-faith agreement with the Philippine Islands, and postpones

for 10 years the day when we can really take sensible action instead of doing it now.

I have come to the conclusion that if I wanted to do something to keep the Philippine Islands from being free, I would pass this bill. Knowing the situation as I know it, if I honestly wanted to postpone Philippine independence for 10 years—and 10 years means that we will be so entangled and interwoven and inextricably messed up with oriental problems that probably we will never get out—if I wanted to do something that would postpone Philippine independence for 10 years, and that means perhaps forever, until some foreign power gets strong enough to take the islands away from us or force us out of the Orient anyway, I would go right ahead and pass the Hawes-Cutting bill.

We do not get out of the Philippine Islands under this bill. I should prefer the amendment of the Senator from Michigan [Mr. VANDENBERG]. The measure that he has proposed would be far preferable to this bill. At least we would give the Filipinos their independence under his bill and extend a helping hand to them. That is far preferable to this gesture. But far beyond the bill of the Senator from Michigan, the only sensible, sane thing to do is to pass a bill here that is short, simple, easy to understand, which in a period of 2½ years means that the Philippine Islands will no longer be a part of American territory and we shall be out of there.

We are talking now about adjusting something in 10 years. What kind of conditions are we going to have there 10 years from now?

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

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

Mr. LONG. I yield to the Senator.

Mr. KING. The Senator from Michigan [Mr. VANDENBERG] clearly demonstrated yesterday that under the most favorable conditions it will be at least 12 years before we can get out of the Philippines, and probably 12 or 15 years; and, as the Senator from Louisiana has said, perhaps we shall be there indefinitely.

Mr. LONG. I take the position that not only is it a matter of 12 or 15 years, but there is not any question but that we are never going to get out of the islands under this bill. There never has been a 10-year period since we have had the Philippine Islands when we could have freed them under the Hawes-Cutting bill. There never has been, in the most tranquil period the world has ever known, any 10-year period that can be picked out when we could have freed them under the terms of the Hawes-Cutting bill; and with Japan developing, taking over Manchuria, and maybe taking another hunk of China every day or so, things never will be quiet enough in that country to enable us to free the Philippine Islands.

This bill is an empty gesture. The best thing we could possibly do, since the Philippine Islands have refused to approve what we passed last year, is to pass a bill that will really free them.

I am coming now to discuss the proposition of the immediate freedom of the Philippine Islands. The term "the Philippine Islands" is a loose one. I am going to discuss the subject from a historical standpoint, as my friend from Maryland [Mr. TYDINGS] did yesterday.

The acquisition of the Philippines, as the Senator from Maryland disclosed yesterday, represents a black mark against the American Government that it never has washed off. In the first place, we went into a war with Spain that we had no business ever going into. Then, after we had gone into a war with Spain, we hailed over toward the Philippine Islands, and we propagated among the Filipinos the idea that they ought to throw off the Spanish yoke and declare themselves free. It was the American envoys and the American admirals and the American generals who encouraged Aguinaldo's forces in the Philippine Islands to throw off the Spanish yoke and declare themselves free and independent. When the Filipinos had won their independence, Spain did not want to surrender to the Filipinos, but wanted to surrender to the United States; and after we had

aroused the Filipinos to throw off the Spanish yoke and had declared war on Spain, we turned around and accepted a surrender of the Philippines from Spain, and paid \$15,000,000 and took over the Philippine Islands ourselves.

If that was not double-crossing both Spain and the Filipinos at the same time, I do not know how a nation could do it. It was a perfect piece of international piracy that was done by the United States Government in encouraging those people in one breath to declare war and throw off the Spanish yoke, and then, when they had declared war and had won their independence in a war that the Americans had encouraged them to make, America went in and accepted the surrender of the islands to keep the Filipinos from having what they had won by force of arms.

Then we took the Philippines. We had a sugar industry in this country. Down in the State of Louisiana we had raised as much as 400,000 tons of sugar in 1 year. The United States has contributed to that experiment, and we have established in the Louisiana State University a school where we have taught the science of sugar raising to the people in the Philippine Islands, and to the people in Cuba, and to the people in Louisiana, and to the people of the West. The greatest institute dealing with the question of sugar to be found in the world today is the Louisiana State University, and the only one of its kind. We have developed various and sundry varieties and assortments of cane. Similar experiments were carried on by the beet-sugar industry until we had raised our native production up to 400,000 tons, and out in the West they had developed the beet-sugar enterprise up to a point where I believe the maximum was something like four or five times as much sugar as we raised in the State of Louisiana from sugarcane.

We are still running that school down there. The beet people in the West are still making their experiments, and America is not making enough cane and enough beets to come anywhere near supplying the needs of America for sugar. With all the claptrap that has been put out about the price of sugar having been kept up by the sugar tariff, the facts are that the people of America purchase their sugar at a much lower price than the people of other countries where they have no such thing as a domestic sugar industry. A domestic sugar industry is just as necessary to America as any other domestic industry of any kind that it has; and if we have any sense in our heads we would not dare tomorrow to think about destroying the domestic sugar industry of the United States.

Someone who has an obsession on the question of free trade—some Senator, I believe, who has become infatuated with this great, all-embracing Mother Hubbard expression of free trade—has made the statement that the United States Government could have bought all the sugar lands of the State of Louisiana and have saved money by not having any sugar tariff. Why, Mr. President, if that Senator had thought a moment he could have said the same thing about the lumber industry. He could have said the same thing about the fur industry. The same thing could be said about practically every other industry, and the same thing can be said about the cotton industry in a few more years. According to that thin-spun idea and prejudicial doctrine, we would not have anything in this country but a bunch of consumers, and they would not be raising anything to buy with. This antitariff craze that sweeps over this country about every 10 years, when something happens and nobody understands what the trouble is, always leads to a barrage against sugar in which the people really do not understand just what the facts are with which they are dealing.

Mr. President, I am going to talk first about taking care of this country, and then I am going to talk about taking care of the Filipinos. Here is an industry that is crying for a chance to expand. Here is an agricultural industry that needs to produce many times what it is now producing, and the public is crying for the product; but because we have Cuba on the one side and the Philippines on the other side we have never been able to settle upon an American policy that means anything like stability to the domestic sugar business.

Why not think about weeping some of these salty tears over the American farmer? Why not think about spending some of this time worrying over our own people? Senators talk about getting out of the Philippine Islands and say that, if this is done, the Filipinos will not have anything to do. Well, we have millions of farmers in the United States today who have not had anything to do for 3 or 4 years. Why have all this talk to the effect that, 10,000 miles away, about a thousand or so miles underneath Japan, and somewhere around the horn of China, a Mongolian race is not going to have all the things to do that it wants to do, when right here in the United States we have three or four million farmers who have not a thing on God's earth to do and are crying for something to do to make a living, while some people are going 10,000 miles to drop their salty tears?

Mr. President, if we could just stop taking a spyglass and looking 10,000 miles every time we take a peek into humanity's problems, and look right underneath the cooking stove and see what is there, we would not have so much trouble settling the Philippine problem and all the rest of them. These international students are what has ruined this country [laughter], making little old loans down there to little old banks.

I went into a bank in Shreveport one day to borrow a hundred dollars, and the cashier of the bank said he would have to call the executive committee together. I went back about an hour later, and he had the executive committee together; and one of the gentlemen sitting in the executive committee, who did not know any more about the foreign situation than I know about astronomy, said he did not think they ought to make a loan of that kind, because the Balkan condition was about to break out again and cause trouble. [Laughter.] International complications keep some people from seeing, right underneath the mouth of the gun, what is affecting the American people today.

We have farmers in America; and instead of having cramped the sugar business, instead of having blighted the sugar business, we ought to have encouraged them to go ahead and raise enough sugar to supply every man, woman, and child in America with all the sugar they need. We do not need to worry about the Filipinos. The Lord put them over there in a country that has a climate where they do not have to have shoes, as we have to have them in this country. They do not have to have clothes there as we have to have them in this country; but we have decided that we must Americanize the Filipinos so that they can live over in the Orient.

We have to bring them up to the American standard of living and then throw them back to living among Chinamen and Japanese. We do not need to extend our helping hand. The Filipinos will be in the Philippines whether we are there or not. They are not going to be hurt one jot or tittle by our getting out of there. As long as the Philippine people can raise all they need to eat and all they need to wear they do not need anybody else there. They can raise everything they need to eat, and they can raise everything they need to wear, and as long as they can raise what they need to put on their backs and what they need for sustenance, the balance is a mere superficial proposition of international entanglements. It is unnecessary for anybody to go to the Philippines and help them.

America has its own problems, and America has its own industries. America had a sugar industry here long before we ever thought of going to the Philippine Islands. What have we done? We hear talk about getting the Filipinos to adjust themselves economically so that they can thrive under their own man power. What have they been doing? They were not raising any substantial amount of sugar when we took the Philippine Islands in 1898. I had the figures as to the sugar production there and put them into the RECORD. It was an inconsequential amount at best, practically nothing. Now they have developed a big sugar industry.

Then they looked over and saw the cotton farmer of the United States. They did not develop the vegetable-oil business. They did not know anything about the vegetable-oil

business, but in the South it was found, through scientific research and discovery, that we could make a vegetable compound out of cottonseed oil that was good for many things. Lo and behold, over in the Philippine Islands the people come along with coconut oil. Every time we develop an industry in the United States, after we have spent millions of dollars in doing it, and years and years of time and talent and experiment in bringing it to fruition, then the Philippine Islands, with more favorable climatic conditions, not having the seasonal disadvantages this country has, come along with some product and wipe our domestic enterprise out of the market.

Mr. President, instead of passing the Bankhead cotton bill, or any other cotton bill, or imposing any kind of a sugar tariff, we ought to take off the lid and say that the United States Government is going to raise everything the United States Government needs. After we have done that we may talk about taking care of foreign countries. To talk about the tariff being so complicated with international questions and problems involving insular possessions, the idea that we have to restrict our own products and put our own farmers out of work, and have three and four and five million of them walking the roads and the highways and the streets, to keep the Philippine Islands in our possession, a people who do not want to be under our sovereignty, who have no business being under our sovereignty, and who ought never to have been taken in the first place—it is a proposition which the Congress itself should not countenance.

Mr. President, let us deal with the Philippine problem just a moment. Let us suppose we get out of the Philippine Islands now. We are told, "Do not get out now. Get out of there in 10 or 12 or 15 years." Let us suppose that America tomorrow morning freed the Philippine Islands, perhaps remaining 10 or 12 months in order to help them get matters adjusted. Who is going to oppose that? The opposition is not in the Philippine Islands. The people there are ready for independence right now. Talk to Mr. Aguinaldo, and Mr. Aguinaldo says they are ready for independence. Talk to the Philippine Legislature, and they say they are ready for independence. Talk to any of the Filipinos who have anything to do with the matter, as Filipinos, and they will tell you they are ready for independence and can take care of their own problems. That is their case.

Our American financier has gone to the Philippine Islands, and he has established an industry over there to compete with the American cotton industry, and he does not want to get out. Our American financier has gone over there and established a sugar business, and he does not want to get out. He is competing with the American sugar financiers. Various and sundry other industries have gone there and invested their money in the Philippine Islands, and they have businesses, which means that they have to discriminate against some domestic enterprise in the United States in everything in which they are making a copper cent. There is hardly one of them making a copper cent over there who is not doing it at the disadvantage of some domestic institution in the United States today. It is the man in business over there who wants some kind of folderol wrapped around the law in a brown package—if this thing happens and this does not happen, and somebody thinks something, then they might accidentally some time get out of the Philippine Islands.

We are never going to get out of the Philippine Islands immediately. We have been promising them immediate independence ever since I was a boy. I remember the first school debate in which I ever participated in my life was on the question of freeing the Philippine Islands. I think it was about the year 1904, perhaps 1908.

I know of my own personal knowledge that there was a plank covering the subject in the Democratic platform in 1908. We have reviewed the Democratic platforms on the question of Philippine independence. We adopted platforms on the Philippine independence question, I think, beginning with 1900. I find on referring to the platforms that we dealt with the question in 1900.

Mr. Bryan was a candidate for President the second time in that year, and I shall read what we said then on the question of Philippine independence and what we ought to continue to say.

We do a lot of talking in these platforms. If the Democratic Party and the Republican Party had lived up to their platforms we would not have had any of the troubles we have experienced with the Philippines or anything else we have had to deal with. We write a great big platform and give it out to the American people and say, "Here is what we are going to do if we get into office." Then, after we get in, we spend 95 percent of the time in trying to find some way to juggle and keep from carrying out the platform. Ninety-five percent of our time is being spent in trying to keep from doing what we told the people we were going to do in the last election. Ninety-five percent of the time is taken up in passing the buck.

In the last campaign we told the people we were going to redistribute wealth in this country. We have not done that, and we are using all kinds of hocus-pocus and blind signs to keep the people from noticing that we are not doing the things we told them we were going to do. There were two things that led to the Democratic Party being put into power—Hoover driving the soldiers out of Washington and the Democratic Party promising to spread the wealth. Then, after Hoover drove the soldiers out, we came along and made Hoover look like a piker by cutting down the compensation of the soldiers and putting them out of the hospitals. Hoover drove out people who were able to walk, but we put people out of the hospitals when they could not walk. [Laughter.]

Ninety-five percent of the time after an election is spent trying to keep from doing what the parties promised the people they were going to do, an absolutely disgusting proposition, to have them resolute and resolute and resolute and parade behind brass bands and say that everything is going to be all right, and then to have the parties get the power, one at one time and the other the next time, and then spend all the time trying to find a way to keep from doing what they told the people they were going to do when they got in.

This is what the Democratic Party said in 1900—and the Democratic Party is no worse than the Republican Party. The Republicans were elected on the ground that the Democrats did not do what they said they were going to do, and then the Democrats beat the Republicans on the ground that the Republicans did not do what they said they were going to do. Then the other one comes in on the ground that the other one did not keep its word. When are the people going to find out that they cannot trust either one of them? I hope the memories of the people will be long enough, sometime, to cause them to say to one party convention, "We took your word 4 years ago and you did not do what you said you were going to do." Then I hope they will say to the other party, "We took your word 4 years ago, and you did not do what you said you were going to do. Now we are going to kick you both out." Whenever the people are able to remember 4 years it is going to mean that these parties will have to keep their word.

This is what the Democratic Party said in 1900, when I was 7 years old. No; I was but 6 years old, because they met in June, and I was 7 in August. [Laughter.]

#### The Philippines.

We condemn and denounce the Philippine policy of the present administration.

That referred to the administration when McKinley was in office. McKinley, as we know, did not want to go to war. They drove him into the war, poor fellow. The Democrats in the House actually set about driving him to take the country into war, and he weakened and went to war. Of course, the Democrats were trying to find something about which to criticize McKinley, and they jumped on him and said he was allowing poor, bleeding Cuba to be imposed upon by the Spaniards.

They sent out a lot of poem writers and a lot of other writers saying that Cuba must be freed. They wrote several songs, and played music throughout the country, and

finally somebody blew up the *Maine*. Probably it was blown up from the inside. Nobody knows who did it. Then the passions of the people were fanned into flame, and America went into the war, and double-crossed the Philippines and the Spaniards, as the Senator from Maryland very aptly pointed out yesterday in his remarks, to which I take no exception. I agree with him absolutely in everything he has said along that line. Then the Democratic Party condemned Mr. McKinley for doing what the Democratic Party tried to make him do. They condemned him, and this is what they said. I will read the remainder of it:

We condemn and denounce the Philippine policy of the present administration. It has involved the Republic in unnecessary war, sacrificed the lives of many of our noblest sons—

Oh, we were talking bravely. We were in a convention. We were in one of those conventions such as I was in in Chicago last summer. We were in a convention resoluting. Lives had been unnecessarily spent. People had been sacrificed upon the alter of greed. Everybody was feeling good; they were going to do better.

Political conventions, Mr. President, remind me of southern camp meetings. The preachers came down to my section and held such meetings, and they converted me every time they held one, and they converted everybody else in the country round-about. Every time they conducted such a meeting they converted the people, but they had to hold another one in a few months to keep the people they had converted in the churches at all, or they would backslide. That is the way it is with political parties. In order to keep in the minds of the people who attend the conventions what they have resoluted about they ought to hold conventions every year. They ought to have revival conventions so that those who resolute and make pledges will remember their pledges and remember their promises.

I read further from the Democratic platform of 1900:

It has involved the Republic in unnecessary war, sacrificed the lives of many of our noblest sons, and placed the United States, previously known and applauded throughout the world as the champion of freedom, in the false and un-American position of crushing with military force the efforts of our former allies to achieve liberty and self-government.

Positively that declaration, made in 1900, was the truth, and if it was the truth then it is the truth now. We had no business whatever to take the Philippines. It was a betrayal of our principles. It was a betrayal of the people who had become our allies against Spain, fighting for their own freedom.

Admiral Dewey went over to the Philippines, took the little Filipino off behind the house, and said, "Now you go off there and declare yourselves free from the Spaniards, and you are going to be a free country", and the Filipino took him at his word and went back and whipped Spain and had a free country, and then the Spaniards came back and we took them behind the house and we said to them "You hold out and surrender to us and we will take the Philippine Islands over." Talk about international piracy. If a man did that in the pursuits of private business he would not be respected among his fellow citizens for a moment.

The platform goes on to say:

The Filipinos cannot be citizens without endangering our civilization; they cannot be subjects without imperiling our form of government—

And that was true. The Supreme Court of the United States had to take the Constitution and bend it into a double knot in order to hold that the Philippines could be acquired.

There was not anything in the Constitution allowing it to be done. But we did it. Then the platform goes on to say: and as we are not willing to surrender our civilization nor to convert the Republic into an empire we favor an immediate declaration of the Nation's purpose to give the Filipinos, first, a stable form of government; second, independence; and, third, protection from outside interference such as has been given for nearly a century to the Republics of Central and South America.

The greedy commercialism which dictated the Philippine policy of the Republican administration attempted to justify it with the plea that it would pay, but even this sordid and

unworthy plea fails when brought to the test of facts. The war of criminal aggression against the Filipinos, entailing an annual expense of many millions, has already cost more than any possible profit that could accrue from the entire Philippine trade for years to come. Furthermore, when trade is extended at the expense of liberty the price is always too high.

That was the Democratic platform in 1900. Well, we did not get into office that time; the Republicans got in. So we went back in 1904 and resolute again. Here is what the Democratic Party said in 1904:

We insist that we ought to do for the Filipinos what we have done already for the Cubans.

It is our duty to do this, that, and the other; and they promised to get out of there.

The Republicans woke up about that time. Let us see what they did. I think they got themselves up a Philippine platform about that time. Perhaps they did not. I have forgotten just when the Republicans began to resolve about it. I do not find it in the 1904 platform, and I pass to 1908.

The Democratic Party again resolute in 1908, and at page 149 of this little book I find the following:

We condemn the experiment in imperialism as an inexcusable blunder which has involved us in enormous expenses, brought us weakness instead of strength, and laid our Nation open to the charge of abandoning a fundamental doctrine of self-government. We favor an immediate declaration of the Nation's purpose to recognize the independence of the Philippine Islands as soon as a stable government can be established.

That was in 1908. I do not think the Republicans had anything in their platform about the Philippines in 1908. That was when Mr. Bryan was running the third time for President. Oh, they did have a Philippine plank, but the Republicans declared for free trade between the Philippine Islands and the United States. That is all they had in their platform.

In 1912 we had another declaration in our platform for Philippine independence.

In 1916 the Democratic Party had another declaration in favor of Philippine independence in their platform. We said that we had no business being over there, and practically condemned ourselves for going over there.

We come back year after year, Mr. President, year after year, with our promise to the people of the United States and to the Filipinos, right down to the present time, and our promise is that we are going to free the Philippine Islands. So much for the platforms.

Now, when we are discussing the subject in the Congress we say that we have to take time to get out of the Philippines. How long do we think it is going to take to establish a stable government? We began in the year 1900 and we said that we were going to establish a stable government and get out of there. For 34 years we have been at this experiment of having a stable government in the Philippine Islands, and we still have not achieved a stable government. We have not established such a stable government as that we can even declare when we may get out of there. We say, after experimenting for 34 years, that as soon as we can get a stable government in the Philippines, we are going to get out of there.

Mr. President, we had the Philippine Islands under the Republicans from 1898 to 1912, and then we had them under the Democrats in 1912, and from that time to 1920, and then the Republicans took them and kept them until 1933, and now the Democrats have them back again, and after 36 years of American ownership, and undertaking to establish a stable government, we now have a bill which provides that if things get all right we will get out of there in 12 or 15 years.

If we are to say that we are imperialists and want to keep the American financiers in the Philippines shipping to America products from the Philippines which can be raised under more favorable climatic conditions than they can be raised in this country, then let us quit the business and let us have nothing more to do about it. If we are afraid to

free the Philippine Islands in 34 months, then we might just as well be afraid to free them in 12 years.

Mr. President, I want to read from the pending Philippine bill. It is provided in section 1 that the Philippine Legislature is authorized to elect delegates and to formulate a constitution not later than October 1, 1934. It is provided in section 2, in several subsections, just what that constitution must contain and some of the things it may not contain. It can take care of the public debt. The bill proceeds at considerable length to provide the specifications of what they may do and what they may not do.

Then we come to section 3, under which they have to submit their constitution to the President of the United States, and he has to be satisfied that the constitution complies with the terms and conditions of the act. We have to have a President who thinks it is a good thing to free the Philippine Islands before he is going to go very far in thinking they have complied with all the sundry terms and conditions contained in the bill. That is loophole no. 1, if any loophole is wanted.

Then, and after the constitution shall have been presented it will have to be submitted to the Philippine people and let them have another vote on it. They will have to meet and elect delegates; then the delegates will have to frame a constitution that suits the American people, and then the American Government will have to submit it back to the Philippine people, and the Philippine people will have to vote on it at that time. Even then they are just getting started.

After all that is done, and while American financiers are over there in the meantime meddling around with the Filipinos in an effort to keep them in some kind of an embroilment, with all the American investments they are trying to keep profitable over there, so that they may continue to ship their coconut oil to this country, which hurts the cotton farmer and puts him out of business, and while they are trying to continue shipping Philippine sugar to this country and destroy the American sugar producers—all the time they are out there messing around, the Philippine people are writing a constitution, sending it over here, having an election over there, and then holding another election or something, until finally they get started, and when all that is done, then a period of 10 years must elapse, for which period we have made provision in the bill, to determine just what kind of relations are to be maintained between America and the Philippine people.

We are going to have some kind of a government over the Filipinos all the time, but gradually we are supposed to be letting loose the reins, until finally something works out, and a good time arrives when there is no need for intervention—and we say, according to the provisions of this bill, that there must not be any intervention, except by the President, and that is all the provision we need in the bill in order to have all the interventions we want—and after so long a time then we are going to free the Philippine Islands. I make the statement that there has never been a country freed in that manner since the days of Adam; there has never been such a thing as that ever done; there has never been known a country that was freed over a period of 10 years and there never will be one.

We did not treat Cuba in that way. We enacted a law, we gave Cuba our protection, and then we got out of Cuba; that is, the Government got out of there, but the American financier went back into Cuba. That brings up something that is an incident, but I will have to discuss the Cuban problem sooner or later and I might as well discuss it here and now, and show how the Cuban picture has been juggedled into the Philippine picture.

Mr. President, we freed Cuba and turned her loose. Cuba was free; she could run herself and get along the best she could; but the American capitalists had to get their hands on Cuba, and they got their hands on Cuba for two reasons. First, in order to try their luck there themselves, and then to put themselves in such a position that they could mulct the American people in an amount of money that would be more than they had spent, and get hold of 51 or 55 percent

of it anyway. They filched, Mr. President, the American people; one banking house alone, I am told, to an extent of flotations amounting to nearly \$700,000,000. These American banking enterprises interested in Cuba loaded hundreds of millions of bonds on the American people, and got the money of the American people, until they finally began to take over practically all the property the poor Cubans had, so that today Cuba, supposed to be nominally a free country, is owned, lock, stock, and barrel by American financial interests, and there is hardly enough land there to put your foot down on that the American capitalists have not tangled up in such a way that there is no such thing as native ownership in Cuba.

We are talking about Cuban problems and about trying to keep Cuba safe for the Cubans. We are not trying to do any such dad-gummed thing. We are trying to keep Cuba for the American investors who went there and sold that country and took the money of the American people to do it. That is the trouble with the Cuban question. They are talking now about how they want to give the Cubans a fair break, particularly Cuban sugar. It is not Cuban sugar they want to get a fair break for; it is the sugar that the capitalists of America have in Cuba and which they have used the money of the American people to take over and that the Cubans do not own. That is what they have been trying to do, and the reason we are in Cuba now is that we are trying to save this foreign investment in Cuba.

Mr. President, the representatives of these financial interests are down here today pleading for the right of Cuba to sell sugar in America. The only reason they are down here doing that is because they own it and the Cubans do not own anything. We are trying to choke Cuba down to the ground so that the natives can never repudiate the bloated bonds that have been put on that country by the most fraudulent schemes that were ever known.

When Machado was running that country the Chase National Bank sent an investigator to look over the books and records and see what kind of a government Machado was operating. The investigator sent a report back to the Chase National Bank that Machado was running the government in defiance of law and order and proper civil government; and yet, on the heels of that kind of a report that came from their own investigator, they made an enormous loan to that Cuban Government. Then, when the investigator reported that the conditions in Cuba were such that they were liable never to get their money back, what did the Chase National Bank do? It went out and floated a bond issue for some twenty or thirty million dollars and sold those fraudulent bonds to the American people.

After they found out from their own investigation, as the report shows, what the conditions were, this Rockefeller syndicate that I am talking about, headed by the great philanthropist who had to hire publicity agents and ministers of the gospel to wipe out of the memory of the American people the crimes and sins that he had committed here in this country—after they had the report of their own investigator showing that Machado could not pay those loans, that he was embezzling and squandering that money, and when they had twenty or thirty million dollars of the bonds in their own vaults, they got up another bond issue and floated the bonds out to the American people.

We have done a whole lot of investigating and we have done a whole lot of resolving here; we have condemned this and we have condemned that; we have gone out to make the American people believe that we were just raising Cain with these American financiers, but all we were doing was hitting them on the wrist.

I heard my friend from Arkansas [Mr. ROBINSON] say the other day that we had exposed their damnable practices to such an extent that they would not dare to indulge in them again, but, lo and behold, the day after he made that speech they loaded off on the American public the airplane stocks 24 hours before the air-mail contracts were canceled. Right on the heels of the splendid speech of my friend from Arkansas, in which he said that we had exposed the stock gamblers and manipulators to such an extent that they would not dare

ever try a thing like this again; lo and behold, airplane stocks were dumped into the lap of the American people 24 hours before the air-mail contracts were canceled. Nothing has ever stopped them.

There is only one way on the topside face of the earth to deal with the Cuban problem or the Philippine problem, either—and the problem in one case is practically the same as the problem in the other—and that is to keep out of entangling alliances, let the American financial interests segregate themselves, let the Cubans take over the country that belongs to the Cubans, let American capital get out of there, let Cuba run Cuba, and let America run America. It is not up to us to try to protect swindling investments they have made to the extent of crippling the beet-sugar industry of the farmers of the West and the cane farmers of Louisiana and of Florida.

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

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

Mr. LONG. I yield.

Mr. VANDENBERG. If there is any responsibility upon our part for stabilizing Cuba's economics it certainly is a national responsibility and should not be charged to a few sugar sectors of the United States and to the American farmer.

Mr. LONG. That is right; that is my view about it. If we do have any responsibility, it is a national one and should be supported by the National Government, but every time they want to do something for Cuba they take it out of the hide of the sugar farmer. The American sugar farmer is a human being. One might think, judging by certain statements which are made, that he was some kind of a queer animal. Millions of people just as good as live under the American flag in the Middle West, in the State of Louisiana, and in the State of Florida are depending upon the production of sugar for a living. They have been doing as patriotic a thing as anybody has ever done, because America has an undersupply of sugar; America has not nearly enough sugar to satisfy its domestic wants. We have from time to time had the Government make appropriations to develop varieties of cane and varieties of beets, and to teach processes of refining, and then, about every 5 or 6 years, we come here and slap the whole thing into a cocked hat on the ground that we have got to do something to take care of Cuba.

We ought to have something settled in this country some day about this question instead of coming back with suggestions of reciprocal agreements by which we are going to put the American farmer further into the hole. We hear it said—I was not present, but I understand that one of these professors connected with the Government said he had decided we did not need the domestic sugar industry. I think he said substantially that before a committee of the House of Representatives—that he had made up his mind that we did not need a domestic sugar industry.

Mr. VANDENBERG. Mr. President—

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

Mr. LONG. I yield.

Mr. VANDENBERG. The representative to whom the Senator refers assented to the proposition that the pending sugar program is intended to give the domestic industry a shot in the arm, and then slide it out of business before it wakes up. That is the picturesque definition of what is intended.

Mr. LONG. I have not any doubt in my mind but what they have had that idea in the back of their heads all along. Why? Because the financial center around Wall Street owns the sugar industry in Cuba, and owns it in the Philippines, too, but in the United States the sugar industry is comprised of millions of small farmers, free men. The capitalists owning the sugar lands want to operate through a slave system in Cuba; they want to operate through a slave system in the Philippine Islands; they own the whole thing; but the small farmer is the man they are aiming at. They are not aiming at the big man, oh, no; they are the men

who own Cuba; they are the men who own the Philippine Islands. They are aiming at the men in Louisiana who are draining the bayous for crawfish in order to get something to eat. They are going to drive them into some other line when every other line is overcrowded, and sugar is today the only industry of any consequence that offers an outlet for millions of farmers in the United States.

If we are looking for a place to put our farmers, we have got a place right here to put them; but we will not put them there because we are letting the bankers of Wall Street keep us complicated with Cuba and the Philippine Islands all the time. We have a place here to take care of 3,000,000 farming families. We need them, because America needs sugar; a self-contained America needs to expand its sugar industry. Yet we are crying and weeping salty tears over the fate of people 10,000 miles away that we had to double-cross to put under the American flag, although they never had any business being under the American flag to start with. We are making a gigantic pretext that we have got, in 10, 12, or 15 years, to get out of the Philippine Islands for fear we are liable to shake a bush and some Japanese will run over there some day. Do not do anything that will wake up the baby; it has got to be cared for very quietly and very sweetly; we have got to give it every care and attention and comfort; this little infant that whipped Spain 36 years ago has got to be carefully nursed and comforted, and soothing sirup given, and the daily bath given for 35 more years. Then we will take a look at it and see how it has grown, and if we are satisfied that it has grown big enough to be worth anything to us, we will keep it for 15 years more, and if it is big enough, we will keep it, anyway. That is what this whole policy means.

It means we are going to keep the Philippines in one way or another. First, if they are not worth anything, we are going to keep them because they do not know how to help themselves. Second, if they are worth anything, we are going to keep them for what we can get out of them. We can turn them loose 12 or 15 years from now. They are to hold one election over here, and then they are to have another election. They write a constitution, and the President writes a constitution. Then they have to go out and start all over again. If anything comes up in the meantime, the President takes them over again. Then we will have to start all over again and pass another bill. We will start all over again. We will be passing laws until the day of judgment has come unless some foreign power, as I said, wrests them from us when the time comes.

General Washington said we should adopt an American policy that the United States should stay out of Europe. He never thought about us going three times farther than Europe, but he said we should have a policy that the United States should stay out of Europe. When Europe tried to come back to the South American countries the United States held up the Monroe Doctrine and told them to stay out of America. Now we have gone to the Orient, and we cannot turn the Philippine Islands loose.

What is there to be done over there in 21 months, as the Senator from Idaho [Mr. BORAH] said? Will somebody tell me how in the realm of his fancied imagination things can be made any better in 10 years than they can be made in 2½ years? I want to see the smart man in the Senate—and we have 95 real smart ones here—who can, from the viewpoint of the most imaginary scheme that he can propose, figure out that it is going to be any easier to get out of the Philippines 10 years from now than it will be 2½ years from now? If we start out on the theory that we may get out in 12 years, that means we are not going to do anything to get out of there, or that will help us to get out of there in 10 years. If we start to get out in 2½ years, then we are on our way out. We will have freed them and declared that we are to be out in 30 months. Then the United States would start getting ready to move right out of there. There never has been any country ever freed by any process like that since Abraham pitched the first tent he ever made. There has never been a country turned loose in that way, and there never will be one turned loose in that way.

If we really intend to free the Philippines, if we insist on taking the 12-year period or the 10-year period, then let us not say we are going to keep them 12 years and then they will be free. Let us take the Vandenberg substitute and declare them absolutely excommunicated, and then give them the help of the American people for such time as may be necessary. But better than that is the substitute of the Senator from Utah [Mr. KING]. His substitute authorizes the Philippine Legislature to provide for an election of delegates not earlier than 8 months and not later than a year for the purpose of proposing a constitution.

In section 1 of the substitute of the Senator from Utah there are provided some few things that the constitution shall contain. It does not have in it all the various and sundry complications which are contained in the bill we are now debating. The Governor General may issue a proclamation within 6 months evidencing the adoption of that constitution. According to the substitute of the Senator from Utah, very simply and very quickly, and without any folderol, at a time not to exceed 31 months from the beginning, the Philippine Islands shall pass from the custody and control of the United States altogether. That is one sensible way to get out of the Philippine Islands.

The amendment which the Senator from Iowa [Mr. DICKINSON] has offered is to a very good purpose. What he proposes is that instead of there being a 10-year period we shall make it 5 years, which would mean in reality about 8 years. That is good. I should say, if we adopt his amendment and everything is carried out according to its terms and there is no intervention, we would get out of the Philippines in between 12 and 15 years. I cannot figure how we can ever possibly get out of there earlier than 12 years. I would estimate that it would take us 12 or 13 years to get out of there under the very best conditions.

Thirteen years! Think what has happened during the last 13 years. Look back to the year 1921 and think what changes this country has undergone since then. Talk about 13 years from now, with things changing as they have been. During the period of 13 years from 1908 to 1921 there was invented a gun to shoot 25 times as far as any gun had ever shot before. The Lord only knows what will be the condition in the world 13 years from now. We have the travel in the air that is being developed, the changes in mechanics, the changes in government, revolutions in one country, aggressions by another, and in a period of 13 years there is no way to tell under the living sun what the condition is going to be.

I know that the Senate wants to get rid of the Philippine Islands. If we want to get rid of the Philippines, let us not pass a bill that means we are going to fiddle around for 13 years and have custody of them all that time. We will never get out of the Philippine Islands under that kind of a plan. I would rather pass nothing than to pass that kind of a measure. We had to yield to Mr. Hoover and we made a mistake in doing it. I now realize that. We ought not to have paid any attention to Mr. Hoover. We ought to have passed the kind of a bill we wanted, and let him veto it, and then we ought to have passed it over his veto if we had the votes to do it. If it had not been for Mr. Hoover's veto and for the fact that we had to compromise with a lot of Republican Senators to get them to vote for Philippine independence at all, we never would have written any such bill as we did; but on account of the weight of Mr. Hoover and his administration, we had to complicate ourselves and compromise in order to get the votes to pass the kind of bill that finally was passed, and even then Mr. Hoover vetoed it.

I had an amendment which I proposed to that bill dealing with the sugar question. The sugar amendment was finally adopted. It was either on my motion or the motion of someone else that we reformed the provision for a plebiscite. I think we struck it out. We first voted down an amendment to do that and later on we agreed to an amendment of some kind that was proposed, I believe, by one of the authors of the bill. I think that is the way it finally came out. We eventually got the bill after we had enough in it to cause

us to know that there was only one chance in a thousand that the Philippines might some day be free, and then Mr. Hoover vetoed it after all.

I wonder if many Senators now here remember the time Mr. Hoover published his veto message? He went out and published in the big newspapers in the country an opinion by the War Department, an opinion by the State Department, and I do not remember how many other departments there were whose statements he published. If anyone read at all any of the statements published at that time by the Chief Executive, he would have known that there was not a way under the living sun that the United States could get out of the Philippine Islands.

As I read, coming back on the train from New York on a Sunday morning, that message of Mr. Hoover and of all his Cabinet members, I thought, "This bill would not be worth the paper it is written on if Hoover were the President who had to enforce it, because, according to what he says here, he would be intervening and intermixing with the Philippine situation from day to night; whereas, according to this bill, he would not have to go there more than one time."

Why, according to the message that Mr. Hoover pronounced at that time—and all of us know what it was—there is not a way in which we could free the Philippines under this bill. Who is going to be President during the next 10 years? Who is going to be Governor General over there during the next 10 or 12 years? I do not believe anybody in the Senate, if he will think a minute, believes we are going to get rid of the Philippine Islands under this bill. I do not believe it. I do not impugn the motives or the honor of anybody; but if Senators will just think deep down and use the reasoning powers that God gave them, I do not believe there is anybody in the Senate who thinks we are going to start getting rid of the Philippines under this bill. I do not believe any man can think so. There is no way at all of getting rid of the Philippine Islands under this bill; and if we pass a law that stipulates an interval of more than 2 or 3 years, we are not going to get rid of them either.

Another election will come along, and it will be said that the Philippine matter is all settled. Then we will elect another House and another Senate, and we will have forgotten all about the Philippine Islands. In the meantime these financial pirates of the United States—there may be worse ones somewhere else, but I should like to make a swap of them—will have been out over all this country, putting their hands into the politics of the United States to try to get a House and a Senate and a President and a Cabinet here that will leave them complicated with the Philippine situation and the Cuban situation, and we will wind up here with such a state of affairs that we will never get rid of the Philippines, if we wait 4 years, and I know we will not get rid of them if we wait 8 years, and I will bet all I ever will have that we will not get rid of them if we wait 12 years; and we will give these people 12 years to mess around with a situation like that. Never on the topside face of the earth will we get rid of the Philippines under a bill of this kind.

We never had any business in the Philippines anyway. How were they getting along over there before we took them? Was the Government of Spain taking care of the Philippines before we took them in 1898? Is anybody going to stand up in the Senate and tell me that the Government of Spain helped the Filipinos any better than they would have been helped before 1898?

I am here to tell you that the Philippines were just as able to govern themselves in 1898 as Spain was able to govern them in 1898. They were in just as good shape to have gone free in 1898 as they had been to remain under the yoke of Spain up to 1898; and if we had let them alone and stayed out of there and never messed with them, we never would have heard topside or bottom of the Philippine situation. They would not be the only islands that are independent of this country. That would not be the only little string of islands that has not anybody else on

them. There are plenty more of them. Now and then they are involved in a war, but nations do not need them to have a war. They are going to have a war anyway. Islands do not cause war. That is not what is going to bring on the next war, and that is not what brought on the last war. The financial masters of this country brought on the last war, and they helped to bring on the War with Spain, and they will be the ones that will control the next war if one is ever fought, and nations have little enough sense to be drawn into it.

Talk about the Philippine Islands causing a war. The Philippine Islands will not cause any such thing. If we are going to have a war over the Philippine Islands, why did we not have a war over Manchuria? People talk about Japan being liable to take something they cannot take now. They took China, did they not? They will go in there and take another hunk of China whenever they get ready. We will stay here and we will not go to war about it, either. Is there any more reason to go to war because they take the Filipinos than because they took Chinamen? Not a bit of it.

In the first place, Japan will not think about bothering the Filipinos. That would raise an issue and would break their golden plum right now. They would not think about taking them. The minute America announces to the whole civilized and uncivilized world that the Monroe Doctrine, or something similar to it, applies to the Philippine Islands, just as long as America remains a power that is going to be just as good as though America were right there. What we have there now would not keep anybody from taking the Philippine Islands. We have not enough Army and Navy in them, or enough fortifications there, to keep Japan from going down and taking the Philippines tomorrow morning. If we were going to offer any defense for the Philippines, we would have to go there right now to do it, and we probably would have to fight the Filipinos to do it. Probably Japan would tell the Filipinos what we told them. We are not the only nation that could double-cross somebody. Japan could take a leaf out of our book.

We took the Filipinos around the house and told them in 1898 to go out and get their freedom; glory be, we would stand by them; and they went out and whipped Spain and got it. Then, when Spain saw they were bottled up and could not go another step, they sent word over to the United States that they wanted to surrender to America and not to the Filipinos; and then we went around and double-crossed the Filipinos and let Spain surrender to us, and gave them \$15,000,000 for a people that we told to throw off the yoke of Spain. Very likely the Japs could take a leaf out of our book.

When we are talking about Japanese international piracy, we can talk about some of our own Americans. We do not have to go to Japan to find double-crossers in national and international politics. We have them right here, and have had them ever since 1898, according to the knowledge I gained from the remarks of the Senator from Maryland [Mr. TYDINGS]. We had them here in 1898; and suppose we did.

If we tried to defend our ownership of the Philippine Islands today, they would be able to say to the Philippine Islands, "You have a right to be free right now", and that means they would have the Filipinos with them; whereas if we should pass the King bill and free the Philippine Islands, the day that Japan went in there they would have to fight the Filipinos and America together, because the Filipinos would be free and they would be fighting for their own freedom, and they would have America backing up the 30,000,000 people in the Philippine Islands to do it. Today, on the other hand, if Japan wanted to make an aggression against the Filipinos, they would say, "Asia for the Asiatics", and they would have the Filipinos and the Japanese fighting for the sovereignty of Asia, just as we have proclaimed the Monroe Doctrine for the sovereignty of America.

Sensible? There is not one grain of sense in talking about trying to stay in the Philippines 12 years and promising them all the time that they may be turned loose provided conditions are such that we can do it.

Mr. President, do you want to know how to bring on a war? If we should promise the Filipinos that we were going to free them under the Hawes bill, and then we should go back to intervene there one time, we would have an uprising in the Philippines, and we would have the other orientals fighting with them. The best thing that could happen would be not to write such a provision into the Hawes bill if we are going to pass it, because we are almost absolutely certain to have a war if we try to go back in the Philippine Islands and maintain that kind of a custody or control.

The time has come when we shall have to do something for the American farmer. I am willing to let Asia take care of the Asiatics, and God bless them in their undertaking. I am willing to extend every helping hand that I can. Their climate is a climate that is fitted for the people living there. They live there with the products that they are capable of raising, sometimes with only a limited amount of effort, with certain advantages that the Lord gives to that kind of a country and to that kind of a climate. We are here under entirely different conditions, in a different latitude.

I am willing to extend every helping hand, but I want Asia for the Asiatics and America for the Americans. There is not any more reason to promulgate the Monroe Doctrine and say that America is going to hold a protectorate over the little countries of Central and South America than there is to say that we are going to let the Asiatics hold a little kind of protecting hand over one another. We would be just as fair and just as reasonable if we should do that, and I am not so sure but that they would be just about as capable of doing it as we are. I am not so sure that if they were to take the advice of some of the Asiatics they would not get along just about as well as we did.

We have not done so very well with our protectorate over the South and Central American countries—not so well as to brag about. We have held them under our supervision; but when we begin to talk about the benevolent influences that we have, sometimes it makes me cry to think about it. Right here under the dome of this Capitol we have honored and wined and dined and banqueted men in this country, and placed them on boards and commissions, and extolled them for their splendid virtues, at the very time when their pictures were paraded in the big magazines of this country as having been revolutionary pirates who stole hundreds of acres of ground from the people living in Central and South America.

It almost makes a good honest American patriot weep; it almost makes a man want to go back and take a back seat and never show his face again and claim that he is an American patriot, when publications have the brazen audacity and effrontery to parade the visages of these monstrous American financial pirates to the men and women and children of this country even under their own statements that they have accumulated their fortunes by the piracy and revolutionary robbery that they perpetrated upon the people in Central and South America; and do they live? Why, they not only live but they come here and are appointed on boards and commissions and help write codes for the regulation of honest businesses. Those pirates, those vandals, and those rascals who practice their rascality on this continent, and have practiced it on every other continent that they can, are brought in here and set up as big business managers and financial magnates of power and decision, and are allowed to prescribe codes for the domestic operations of various and sundry businesses throughout this country.

When we are saying that the Philippine Islands are liable to be subjected to the calamity of some other Asiatic province dictating some of their personal affairs or some of their business affairs, I do not know whether they would not get along better with them than they would with the financial magnates that we have set over our insular possessions. The way Cuba is being treated today I feel sorry for the Cubans. If there ever was a people on the living face of the globe for whose deliverance every American ought to kneel and pray to his Lord, it is the poor Cubans. We have gone over there and we have pitied the poor Cuban

as though he were the man who is menacing the sugar business of this country. He is not the man who is doing it. It is the financial pirates of this country who have taken every acre of ground that Cuba has in it through bloated speculation, most of which they have palmed off on the innocent investors of America; and now, in order to rescue what they have in the island of Cuba, they have to bring here from Cuba their sugar, that the native Cuban will never get very much out of at the very best, and crucify the American sugar farmer in order to do it.

If I had the affairs of Cuba in my hands, I would say to Cuba, "You have just as much right to shape your domestic policy as anyone else has." I would let the Cuban people, and the government that the Cuban people have set up, preempt every acre of ground in Cuba and distribute it among those people just as they pleased.

I would say to the American financier, "You went into Cuba to deal with the Cuban people under such a form of government as the Cuban people wanted to set up." It is not possible for a financial circle to acquire the entire ownership of Cuba, the land, without enslaving the people with it.

Mr. President, that is the trouble with the insular problem today. We are not trying to take care of Cuba, and we are not trying to take care of the Philippines. Under this pretense of charity, and under this pretense of philanthropy for the Filipinos and the Cubans, we become so patriotic for their welfare that we just slide in there and take every acre of ground they have. It is like being rescued by a burglar. Under this patriotic feeling of ours, we go into Cuba and turn the people out. And how we help them! We just take everything they have, so that the Cuban does not own the sand of the desert; he does not own the land of the farm; he does not own the cabin; he does not own a thing on the whole island. Yet we are over there to help take care of him.

When we get through taking care of him, what is left of him can take care of itself. These benevolent financial magnates of America are over taking care of the Philippine Islands now. They will soon have this country pretty well taken care of. They have about got it taken care of now. There is not much left of this country. It is taken care of by this great race of financial masters, business magnates, philanthropists of commerce, the creators of the new religion, "Do to other lest you be done." [Laughter.]

They have taken this country, and have done to it about as much as they have done to Cuba. They have 130,000,000 people, with blood going through their veins, whom they can offer up as cannon fodder whenever they need them in order to take something else.

What have they done to America, the same men who have the Philippine Islands, the same men who have Cuba? They have America, too. They do not intend that we shall be much better off than the Cubans, and if you can talk with one of them in a moment when he will let his heart of hearts speak, it will be found that they do not intend to have anything happen to America except to be ground down to peasantry. They intend that, outside of a few of the select circle, there will be nothing but a feudal system here, and peasants and slaves to serve them. That is all they intend. They will pay just as low wages as they have to pay. They will allow just as little of the outside world as they dare allow, and that is all they will do.

America stands today piddling around with one little old thing on one side and another thing on the other side, always sending for the brains and the talents supposed to exist in the heads of these masters of finance. We have never had an administration yet that I have seen or known anything about which, regardless of the kind of a speedy reform we found it necessary to adopt, did not call upon the superior talents and brains of these masters of finance and business who brought about the wreckage to start with.

It used to be, in old times, I have understood, that when the captain of a ship ran it on the rocks, they would get another captain. It used to be that when the leader of an army was about to destroy it, they would get another leader.

It used to be that when some man running something had just about put it out of business altogether, they would get another manager. But now it is a little different. Just about the time this gang of financial pirates wrecks America altogether, we pass a law to put them in complete control of it to see what they could do, just to see what could be done. [Laughter.]

Some of us went out and denounced poor old Hoover. If I ever felt sorry for a man, it was Hoover. If I ever see that man, he is the one man I shall apologize to. [Laughter.] He is one man who has been shown one of the greatest discourtesies ever shown to an American citizen. Throughout the length and breadth of this country I went and denounced that poor fellow for having taken the advice of the financial masters of Wall Street, the men who own Cuba and own the Philippines and own this country. Throughout the length and breadth of this country I denounced the invisible influence of those financial magnates; and I charged what I thought I could prove by circumstantial evidence, that these financial magnates were the advisers of our Government. Lo and behold, 12 months later we were writing a law in the Congress, and the only difference between that and what had gone before was that, instead of the influence of those men being invisible, we called them in and put them in charge of the codes. The only difference was that I was charging that Hoover was influenced, and the next thing I knew I was sitting in the United States Senate with those birds writing out a code telling me how to run a stave mill.

N.R.A. S.A.P. J.U.G. G.I.N. [Laughter.] Every kind of combination of letters was thought up to represent some activity. Talk about regulating. Regulating; yes; and here they are regulating the regulator. [Laughter.] That is how they are being regulated; fixing up the clock with which they have to keep step. They come around and wind it every morning, put whatever pendulum they want on it, slow it down, or make it fast; anything they want to do.

Foreign policy? That is theirs to start with. Domestic policy? They now own that, too. A million dollars of their money in an island, and the people of the United States lose all control of the policy. A little handful of them have control of the Philippine Islands. They have the businesses over there which pay money, one little handful of those financial masters. We poor people down in Louisiana, millions of us, and the farmers out in the Middle West, millions of them—what do we amount to? Something has to be done to preserve and to protect the rights of the foreign sugar owners, as though the foreign countries could not take care of themselves.

Mr. President, there is more in this platform we could talk about if we wanted to. But before getting to the platform we ought to think about how we formed this Government. What was the promise to the people to begin with? The very day we declared our own independence we promised them there should not be this kind of aggression. We declared against American aggression when we wrote the document in 1776, and against the aggression of anybody else, and stated that a people should form a government suitable to the governed.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BONE in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Byrd	Dill	Hayden
Ashurst	Byrnes	Duffy	Hebert
Austin	Capper	Erickson	Johnson
Bachman	Caraway	Fess	Kean
Bailey	Carey	Fletcher	Keyes
Bankhead	Clark	Frazier	King
Barbour	Connally	George	La Follette
Barkley	Coolidge	Gibson	Logan
Black	Costigan	Glass	Lonergan
Bone	Couzens	Goldsborough	Long
Borah	Cutting	Gore	McAdoo
Brown	Davis	Harrison	McCarran
Bulkeley	Dickinson	Hastings	McGill
Bulow	Dicterich	Hatch	McKellar

McNary	Patterson	Sheppard	Townsend
Metcalf	Pittman	Shipstead	Trammell
Murphy	Pope	Smith	Tydings
Neely	Reynolds	Steiner	Vandenberg
Norris	Robinson, Ark.	Stephens	Van Nuys
Nye	Robinson, Ind.	Thomas, Okla.	Wagner
O'Mahoney	Russell	Thomas, Utah	Walcott
Overton	Schall	Thompson	Walsh

The PRESIDING OFFICER (Mr. CLARK in the chair). Eighty-eight Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Iowa [Mr. DICKINSON].

NAVAL CONSTRUCTION—CONFERENCE REPORT

Mr. TRAMMELL. Mr. President.—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Florida?

Mr. LONG. I yield.

Mr. TRAMMELL. I ask unanimous consent for the present consideration of the conference report on the naval construction bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report? The Chair hears none.

The Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to 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. KING. Mr. President, what is the report?

The PRESIDING OFFICER. The conference report on the naval construction bill.

Mr. KING. Mr. President, I ask that that may be postponed.

Mr. TRAMMELL. I move the adoption of the conference report.

The PRESIDING OFFICER. The Senator from Florida moves the adoption of the conference report.

Mr. KING. Mr. President, I ask that the report be read.

The PRESIDING OFFICER. The clerk will read the report.

Mr. McNARY. A parliamentary inquiry. Has the report gone over for a day?

The PRESIDING OFFICER. The conference report, the Chair is informed, was presented yesterday. The Senator from Louisiana has the floor, and yielded to the Senator from Florida for the purpose of asking unanimous consent for the present consideration of the conference report. No objection was heard.

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. Some of us came into the Chamber immediately after that action was taken. I did not know that a request had been submitted. Is it now too late to object to consideration?

The PRESIDING OFFICER. The Chair is of the opinion that it is too late at this time. Unanimous consent was requested and given for the present consideration of the report.

Mr. KING. Let the report be read, Mr. President.

Mr. LONG. Mr. President, may I ask the Senator from Florida if he will let the Senator from Utah have an opportunity to look over the report? We might save time by so doing.

Mr. TRAMMELL. Mr. President, the report is the same as that printed in the RECORD yesterday, except that in the House the amount that may be included in restrictions on contracts was changed from \$50,000 to \$10,000, which, in my opinion, improved the bill. The conference committee made that change yesterday. It also was agreed that certain provisions shall not be effective before June 30, 1934, which I think is an improvement of the bill. The House took the Senate position on those matters. With those exceptions, the entire conference report has been printed in the RECORD since day before yesterday.

Mr. KING. Mr. President, the Senator knows that in these rushing hours, with committees constantly in session, some Senators being required to attend two or three committee meetings each day, it is impossible to keep track of all reports that are submitted by committees.

I frankly say to the Senator that I do not intend, because I know it to be futile, to attempt to prevent the adoption of this report. The vote in the Senate when the so-called "Vinson bill", naval bill, was under consideration, demonstrates the futility of any attempt to secure economy in the matter of expenditures for military and naval purposes. The vote demonstrated that we are navalistic and militaristic and that we are willing to spend \$800,000,000 or \$900,000,000 annually for the maintenance of the Army and Navy, and commit ourselves, as this report does, to the expenditure of substantially \$1,000,000,000, and perhaps more, for new naval construction, notwithstanding we are protesting that we are seeking a formula under which there may be a restriction in armaments.

This bill projects us into the future and embarks this Republic upon a tempestuous sea whose destructive force may sweep over the earth. In my opinion this measure is in contravention of the Washington Treaty of 1922 and commits us, indirectly if not directly, to the construction of naval craft that we are forbidden to construct until the expiration of such treaty. And it must be remembered that the treaty provides for an extension of 2 years, during which negotiations may be conducted for further naval disarmament. My memory may be inaccurate concerning its terms, but as I recall, the treaty may be extended beyond the 1936 limit.

Were we in good faith seeking limitation of armaments and international peace and cooperation, such as would be brought about or contributed to by the reduction of military expenditures, we would not provide for the construction of battleships and battle cruisers during the life of the treaty. Indeed, we would assume that the 2 years extension would be employed in efforts to promote world peace and to relieve the nations of the frightful burdens imposed by war preparations.

I hope the Senator will not press consideration of the conference report this time, because I do not wish to interrupt the Senator from Louisiana, nor do I desire to postpone final action upon the Philippine bill, which is pending.

Mr. TRAMMELL. Mr. President, this is a privileged matter. It was reported by the conferees and has already been adopted by the House. I have no desire to enter into a lengthy discussion of the subject. The report is now pending as a matter of preference, which has been agreed to. Of course, I do not mean to take the Senator from Louisiana off the floor. He yielded to me for the purpose of calling up the conference report for consideration. The Senator from Louisiana has the floor if we are not going to take a vote on the conference report now.

Mr. KING. Mr. President, may I say to the Senator from Florida that as soon as the Philippine bill is out of the way I will join with him in asking for a vote on the naval construction bill.

Mr. TRAMMELL. Of course, the conference report is privileged, so that it may be called up at any time. However, I appreciate the Senator's courtesy.

Mr. KING. Of course, it may be called up, as the Senator suggests.

Mr. TRAMMELL. I wish to dispose of the measure. It has been before the Congress for 6 weeks or 2 months. I feel confident that a substantial majority favor the bill and will adopt the conference report. It has already been adopted by the House, and I want to try to avoid having it prolonged indefinitely, with no accomplishment on the part of anyone. I will inquire of the Senator from Maryland when he expects to get through with the Philippine bill?

Mr. TYDINGS. I hope we may be able to conclude its consideration this afternoon.

Mr. KING. I think that may be done.

Mr. BONE. Mr. President, may I ask the Senator from Florida if it is his purpose to seek a vote on the conference report at this time?

Mr. TRAMMELL. I asked that the conference report be laid before the Senate, and the request was unanimously agreed to; so that the report is now before the Senate.

Mr. President, I will make this request for unanimous consent, that immediately upon the completion of the Philippine bill now pending the conference report be made the unfinished business or that it be called up—

The PRESIDING OFFICER. The Senator from Florida asks unanimous consent that upon the conclusion of the pending Philippine bill the conference report on the naval construction bill be made the unfinished business.

Mr. BARKLEY. Mr. President, reserving the right to object—

Mr. McNARY. Mr. President, I should like to ask that the request of the Senator from Florida be again stated.

The PRESIDING OFFICER. The Senator from Florida asked unanimous consent that, upon the conclusion of the pending Philippine bill, the conference report on the naval construction bill be made the unfinished business. The Chair thinks it is not necessary to make it the unfinished business, since it is now a privileged matter and may be taken up on motion.

Mr. TRAMMELL. I withdraw request, for the report is entitled to be taken up as a privileged matter at any time, and it is the usual procedure in the Senate that a conference report be called up at any time as a privileged matter. Then, if the Philippine measure occupies too much time, I will call up the report again as a privileged matter.

Mr. McNARY. The Senator might request unanimous consent to defer the further consideration of the report until after the final vote on the Philippine bill; then, in natural order, the report could be taken up at that time.

Mr. TRAMMELL. Mr. President, the Philippine bill may occupy 3 weeks or 3 months—and I cannot tell how long it is going to occupy; from the procedure that is taking place and the speeches that are being made, I am satisfied it will occupy 2 or 3 weeks, so I prefer to take an opportunity to call up the conference report as a privileged matter.

The PRESIDING OFFICER. The Senator from Florida asks unanimous consent temporarily to lay aside the conference report on the naval construction bill.

Mr. LONG. Mr. President, I object. I agreed to the unanimous consent request to take up the conference report. The Senator from Washington [Mr. BONE] is prepared to speak, and I had arranged to stay here to listen to him today. I want the report to be taken up now. I object to the unanimous consent to defer its consideration.

Mr. TRAMMELL. If the Senator objects, the conference report is before the Senate.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. BONE. Mr. President, at the time the so-called "Vinson naval bill" was before the Senate and in the Naval Affairs Committee and on the floor of the Senate certain of my amendments were adopted to the measure which I believed then and believe now reflect the real desires of the mass of people in this country with respect to the manner in which the Navy should build ships and planes in the years to come. I desire to discuss those amendments before the vote on the conferees' report, for I am most anxious that the people of America should know what has happened in conference, where practically all of these amendments have been stricken from the bill. I send to the desk a copy of the bill as it passed the Senate, and ask that, in connection with what I am saying and as preliminary to it, the amendments marked "1", "2", "3", and "4" in red pencil shall be included in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments referred to are as follows:

(1) That not less than half the tonnage (and such tonnage in addition thereto as the Government is now or may hereafter be equipped to manufacture or construct) the construction and/or manufacture of which is authorized by this act (except the 15,000-ton aircraft carrier under construction and except such materials or parts as the Government was not customarily manufacturing on Feb. 13, 1929, and is not at the time of construction

equipped to manufacture or construct) shall be constructed and/or manufactured in the Government navy yards, naval stations, naval gun factories, naval ordnance plants, arsenals, and/or plants or factories of the United States now or hereafter equipped for the manufacture or construction of naval vessels and/or the equipment therefor: \* \* \*

(2) *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.

(3) *Provided*, That any profit resulting from any contract, or subcontract, 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 (4): *And provided further*, That every such contract shall provide that the books, records, accounts, contracts, memoranda, documents, papers, and correspondence of the contractor and of its affiliates and subsidiaries and of each and every subcontractor shall, during the usual hours of business, be subject to examination by the Bureau of the Budget or by any duly authorized representative of either House of the Congress. As used in this section the word "subsidiary" means any person over whom or which such contractor has actual or legal control, whether by stock ownership or otherwise; and the term "affiliate" means any person who has actual or legal control over such contractor whether by stock ownership or otherwise.

Mr. BONE. Mr. President, the amendments which I have marked are the amendments I supported and which were adopted in the Naval Affairs Committee and on the floor of the Senate. It were well for the people of this country to be familiar with the scope and effect of those amendments. I fully believe that they reflect the desire of the people of this country to have a new deal in connection with the business of preparing for war.

Preliminary to what I am going to say, I wish to call attention to a few statements that have appeared in the press during the last few days respecting the naval construction bill. One of the stricken Senate provisions provided that 50 percent of the tonnage of new ships, and as much more of the tonnage as can be built therein, shall be constructed in Government navy yards. I thought that that provision reflected the sentiment of the people of this country. In a milder form, it has been retained in the bill as agreed upon by the conferees, but with restrictions that are not found in the amendment adopted by the Naval Affairs Committee and by the Senate. The Senate amendment provided for as much more than 50 percent as could be built in expanded Government navy yards. There is objection to that, it seems, from the last source one would suspect. I read from an Associated Press dispatch of March 8, which quotes Admiral Standley, who said:

He was not in favor of the purchase by the Navy of additional yards on the Pacific coast, nor did he favor the construction of a large or fixed percentage of Navy ships in the Government-owned shipyards.

A requirement that 50 percent of new construction must be done in Government yards, Admiral Standley said, would not meet the approval of the Navy, because it wished to be able to pursue a more flexible policy with reference to the use of its yards.

We have an example of this flexible policy, so called, in the purchase of airplanes by the Government. Under the act of 1926, as almost everyone thought, the defensive arms of the Government were required to call for bids in the open market, but, instead of that, we found these agencies buying airplanes by negotiated contracts, which permitted officials of the Department to do practically anything they pleased with the vast amount of money which the Government, through Congress, had placed at their disposal. Is that sort of thing the flexibility they seek? This new program is going to involve the building of probably more than a thousand airplanes and replacements, at an estimated cost of \$95,000,000. There was a clause inserted in the bill by the Senate requiring not less than 25 percent of these airplanes to be built in Government factories. That salutary requirement is all stricken out; all of that now goes by the board, and in its place there is a provision filled with "weazel" words. I shall refer to this queer provision at greater length later on.

Let me quote from a news item in the Washington News referring to the Federal Trade Commission's criticism of the steel code:

The Commission found that the code places powerful manufacturers or groups of manufacturers in a position to compel the industry to discriminate in their favor. It also shows that the United States Steel Corporation, its subsidiaries, and Bethlehem Steel have somewhat more than a majority of the voting power in the Steel Code Authority.

What chance has this Government in dealing with such a cold-blooded trust? Part of this crowd are now licking their chops in anticipation of the killing they are going to make in shipbuilding when we turn loose this great flood of money. There will be a lot of bids so similar in amounts that they would excite the suspicion of a child. But the Government will be helpless.

The changes in the ship-construction provisions place us still further at the mercy of that gigantic combine. Independent organizations of the country that might otherwise be a competitive factor are being handcuffed. These fellows will use their code to skin the Government in excessive charges.

I quote from another Associated Press dispatch of March 19:

New evidence to show that the Navy has continued to buy airplanes through a method held illegal by its own Judge Advocate General was presented yesterday to congressional investigators, who had known that such a situation existed in the Army, but they had no documentary proof of a similar condition in the Navy.

Seventy-five percent of these contracts were negotiated.

Negotiated—a nice word meaning that officials evaded what was conceded to be a requirement of the statute, or, at least, what Members of Congress thought was a requirement of the statute. But that 1926 law doubtless contains some of these weazel words I complain of here, and which gave public officials with a great love for certain private airplane companies, a chance to throw all the vast business to favored companies, competition was stifled. Seventy-five percent of planes were purchased by negotiated contracts. It was great sport for the insiders.

I want to quote from another article because it has to do with one of the things mentioned in speeches on the floor of the Senate. The Senator from Idaho [Mr. BORAH], the Senator from North Dakota [Mr. NYE], and others, have adverted to the fact that private munitions makers and builders of instrumentalities of war are the men primarily interested in this type of legislation, and their influence, for some obscure reason, has been magnified here until it terrified and should terrify loyal Americans.

I quote from a story referring to Mr. Henry Ford's statement, in which it is said:

Charging that a small group of men were responsible for war through manufacture of munitions and by fostering international distrust, Henry Ford thinks Senator BORAH has the right idea in his attack on the half-billion-dollar Navy program and other Army and Navy construction. Ford said:

"The people in general don't want war. Outlawing war depends upon the people. In the past they have followed the war makers. If we could get rid of the approximately 100 men responsible for wars in this world the people would enjoy peace."

Mr. President, I voted for the Vinson naval bill when it passed this body, and I voted for it because it contained some provisions to protect in some slight measure—not sufficiently, God knows, but in some slight measure—the American people from what I believe to be one of the most arrogant group of profiteers this country has developed in many a year.

I now call attention to the provisions brought back to us by the conferees. In the first provision, which allocated ships alternately in categories to public and private yards as it came over from the House, the conferees have made some change; the House provision was retained with some slight modification and the requirement as to alternating the building of these ships to public and private yards now contains this queer little provision. Look it over carefully and guess why it is now in the bill. It is designed to strangle expansion of Government navy yards. This is how it reads:

Except such material or parts as were not customarily manufactured in such Government plants prior to February 13, 1929.

In other words, we are setting up gates and barriers which will not allow this Government to go beyond certain facilities which the Government owned in 1929; a cold, deliberate, studied effort to prevent the Government from extending its own manufacturing facilities. No regard whatever is given to the somber picture of the past, the gouging of this Government by private combines. All we do is to erect a barrier beyond which the Government may not go to protect itself, and we are asked to vote "yea" on this provision which puts manacles and gyves on the wrists of our Government itself.

Here is another one of these private shipyard "handcuffs" now slipped into the bill to stifle activity in public yards. Read it:

*Provided further,* That if inconsistent with the public interest in any year to have a vessel or vessels constructed as required above—

Imagine it being inconsistent to have the Government do something for itself. But it is provided that if it is inconsistent with the public interests to have a vessel constructed as required thereinbefore, the President may have such vessel built in a private yard. Sure, in a private yard. That is all the profiteer wants—exceptions, whereases, and a lot of other words to tone down the bill.

Then let us come down to the airplane provision that is brought back to us by the conferees. Instead of the requirement that 25 percent or more of airplanes shall be built in Government factories or in factories to be acquired by the Government, if the Government when it expands its facilities in that field, the conferees bring back this provision:

That not less than 10 percent of the aircraft, including the engines therefor, 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 or operated by the United States Government.

What is the distinction between that provision and the one the Senate adopted? The Senate provision provided in effect that the Government should not only keep its present facilities but that it should expand them and acquire new facilities in order to enable it to carry out its program of not less than 25-percent construction. But here we have the words implying the policy that present facilities should not be expanded. We deliberately strike the words calling for expansion of plant facilities; the handcuffs go on our Government if we pass the bill. Will some good lawyer rise and tell me why the provision in the bill was stricken out which authorized the Government to go outside and acquire new facilities in order to meet the program?

To go further in the provision about the building of airplanes, there is inserted the following language:

Except that it shall be discretionary with the President as to the percent constructed and/or manufactured in Government plants if he should find it impracticable for the Government to undertake the construction and/or manufacture of not less than 10 percent of its naval aircraft therein.

More weasel words; look coldly at this effort to put manacles on the Government at a time when the investigations which are being conducted show that the Government has been victimized in this particular field, paying up to \$11,000 for an airplane engine. When it is said that is too much, some one will rise and inquire, "How do you know it is too much?" There is only one way to know it, and that is for the Government to build its own aircraft and set up a yardstick by which it may determine what are accurate, fair, and just costs.

There was a provision in the bill as it passed the Senate that any contract over \$10,000 should be subjected to the provisions of the bill. That provision seems to have been stricken out and in its place a \$50,000 limitation placed. Why this tender solicitude for private corporations?

Mr. TRAMMELL. Mr. President—

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

Mr. BONE. Certainly.

Mr. TRAMMELL. I agree with the Senator from Washington in regard to the \$10,000 limitation. On that particular point, when the provision went before the House, a point of order was made against the provision increasing the limitation to \$50,000, and the limitation was retained at \$10,000. All contracts over \$10,000 are covered.

Mr. BONE. I am happy to learn that is the case. I want to say that I have felt all along that the very able Senator from Florida, who is Chairman of the Committee on Naval Affairs, has been in sympathy with the idea of the Government's throwing off this yoke of slavery that has been imposed upon it in the years past—this servile worshiping of private interests which have had the Government in thrall for so many years. I believe that he would like to see the Government get its worshipful lips off the boots of this outfit and stand up like a free government should and have this Congress utter a declaration of independence from these fellows who "took us to the cleaner", to use a popular expression, so thoroughly and completely during the last war; who wrote a chapter of greed so unspeakably vile that it will rise forever to damn private interests that furnish war munitions. They looted and robbed the Government, and as they stand now at the bar of public opinion there is not a man or a woman or a child in the country who will rise to defend them.

I note that the House conferees very generously concurred in Senate amendments 5, 6, and 7. We seem to have won a very great victory in that respect, though none of those amendments amount to anything. They are not of importance in this matter.

Mr. President, I now want to discuss for a while the problem of war in its relationship to government, because it is one of the most vital and important problems the American people have to confront. Every mother in the country has to realize the meaning of war and know that her flesh and blood may have to pay a sad price. Every mother must know and ought to know, and every intelligent mother in this country does know, that when her boy answers the call and goes out to war, somebody under the present set-up is going to make money out of that boy's life. Therein lies one of the most sordid and horrible aspects of this whole sad business of war.

Making war is a public function. While this is obviously true, I am sometimes inclined to believe that the "private efficiency" boys, who yell so loudly about the Government being in business, would like to have the Government call for bids on a good war and let it out to contractors who could get a "cost-plus" contract—1917 style—on the killing. All the preparations for war should likewise be a public function. It is an outrage on humanity that men

should be permitted to coin the human sacrifices of war into private profits. But this whole matter rests upon a more substantial foundation than mere dollars and cents. It is a great moral issue that goes to the very roots of our civilization. War is unutterably sordid; it is the supreme folly of the race. We are calmly assured by our war chiefs that the next war will be one against civilian populations, a merciless war of extermination. The financial aspects of preparation take on a more somber and ominous hue of moral decay and national death, when such activities are prostituted to private gain. It becomes absolutely ghoulish. The men who went down into the bloody shambles of death on the battlefield and saw their comrades blown to bits, who heard men pray for death that they might be relieved from unbearable pain, these and millions more have denounced war profits in language so lurid that the Record would have to be printed on asbestos paper to carry the indictment.

The mothers of America are compelled to join in the supreme sacrifice. We cannot disregard them in the effort to place war on a somewhat higher ethical plane, if any aspect of war can, by the wildest stretch of the imagination, be even distantly related to anything except jungle ethics.

I believe, I hope, that the millions of mothers in this country whose little boys are safe just now but are to be the cannon fodder of tomorrow, will join with me in this sincere protest against the coining of widows' sighs and orphans' tears into war profits. I hope they will join with me in rejecting as intolerable and unsound the idea that a nation which boasts itself heir of all the ages, and foremost in the files of time, must continue to rely on the same greedy agencies that wrote the sordid and treasonable record of spoliation in the last war.

We can be made self-sufficient. Look again at these agencies of greed and plunder. Remember, all you veterans, all you mothers, that in the darkest hour for the Nation, in our supreme struggle to win, these private agencies took shameless advantage of this Government brutally and brazenly, and apparently with as little compunction of conscience as old "Harry" Morgan showed when he ravished the helpless city of Panama. If the Congress of the United States now decides that this mighty Government must rely on these forces, that we are helpless now, that private profits come first, I, for one, shall try patiently to abide by that decision. If that is to be our solemn verdict in the face of all that has transpired, if the sordid chapters of profiteering that marred the fair pages of our national history are to be translated, by the alchemy of politics, into glowing deeds of patriotism, then, of course, my protest here will be futile. If we cannot make war or prepare for war without the aid of private greed, then we should be brutally frank with the American people and tell them so now, and get ready for the growth of a spirit of cynicism that will dangerously threaten the spiritual foundations of American life.

How can we expect a great outpouring of sentiment, a great exaltation of spirit in the matter of national defense, when lurking in the background in this Banquo's ghost of human greed that shakes its gory locks at us from every page of history? Patriotism, the innate love of country, excite the noblest impulses that stir in the human breast. There should be no dross, no base alloy in this beautiful compound which cements us together in the bonds of a common brotherhood and devotion to national unity.

No one claims that profiteering is patriotic, or even decent. It is an outlaw. It stands condemned at the bar of an enlightened public opinion. Then why do we in the Senate hesitate to adopt a policy that shall solemnly and positively declare that private profits in war shall be no more, so far as legislation can effect that end?

There is not a man in this Chamber who does not recall the unconscionable profits exacted from the American people during the last war by private munition makers and private profiteers. Have we any reason to believe that these same grasping instincts will not run riot again if the chance offers? All the war profiteer asks, all he wants, is that the day of accounting be pushed off. If he can stifle

and stamp out the demand for public preparedness, another plunge into the hideous abyss of war will place us at his mercy and enthrone another era of extortion.

When the dread alarm of war comes to the Nation again, and the very blood stream of every mother is frozen with stark fears for her boys, the profiteer will again boldly stalk the boards in that hideous drama, and offer his 290,000-percent brand of preparedness to a bewildered nation that needs must accept because it itself is unprepared; and who would then dare to protest? Prison awaits the man who does it. Greed would again be elevated to the rank of patriotism, looting dignified by the very agony of a people. Hell could not spawn such a program if the archangels of the evil one devised it.

When we offer a program of public preparedness, we are forced to do battle with selfish agencies that stand in position to profit most out of our national life if war should come. They are not unbiased witnesses. Private profiteers had their hands into the Public Treasury up the very arm-pits during the last war. How can such agencies impartially decide or be an impressive factor in the decision involving such momentous policies as national defense?

Am I asking too much in demanding that we cut loose entirely from them while we have time, while safety is still ours? We might at least begin to make America self-sufficient in war by the mild provisions I suggested in the amendments to the naval bill, and which have been rejected by the conferees. Even if these mild provisions were adopted, we would still be at the mercy of profiteers to a degree that is absolutely disgraceful.

To try to stop the gouging of the Government with the provisions now in the bill were like spitting into Vesuvius to put out the fire. Had we adopted the amendments I suggested, the American people would have known that we at least tried to do something for them. Now we default. They would have known that we tried to take out of this picture one of the great motivating forces for evil—the greed of men who promote war scares in order to get contracts to make war instruments and munitions.

The great mass of people want legislation that will, as much as possible, still the raucous voice of the god of war, that will make it just a little more difficult to incite war. They want all aspects of war removed as far as possible from the realm of private profit and activity.

Dull is the man who thinks that private interests are not fomenters of war. President Wilson denounced the last war as one of commerce. I have heard able and brilliant men in this body say the same thing. Then why question efforts to get to the roots of this hellish thing?

There is a queer reaction in the minds of some good folks about this matter of private profits in war and war preparation. These profits seem to be regarded as sacrosanct. To lay profane hands on them were equivalent to tearing down the temple of liberty and defiling the Constitution itself. There has been a subtle hint thrown out that such a program might endanger the morals of our people; but I say to the American people that they need not take such propaganda too seriously. We shall manage to survive even if we shake off this fungus growth, although in so doing the profiteers may think the world is coming to an end. They may even conclude that so awful is the offense that the sun might continue to rise in the east and the tides ebb and flow, but that they would do it in a languid and perfunctory manner, as though they knew that something terrible had happened; that somehow the Ulyssean hand of the Master had been removed from the helm.

Mr. President, any nation that can survive the awful trimming these fellows gave us in the last war can stand almost anything. It certainly can stand building a few ships and airplanes in Government yards without destroying the Republic. Having plumbed the dark and devious depths of financial rascality in 1917 and 1918, we shall be able to weather the storm of public building. We ought to be wholly immune to shocks by this time.

What a glorious experience to try just once to do something to protect the average citizen against war grafters!

What a thrill it would give us to consider him for a while! It might prove to be such a novel experience that we would come to enjoy it in time.

We have ever been a people familiar with sorrow and acquainted with grief, but having to tolerate war profiteers in addition to all our other troubles is too grievous a burden to be borne with patience and fortitude. The cup of misery held to the lips of a people in such an hour of war agony should not be filled to overflowing with the gall and wormwood of private profiteering by men whose very souls are so seared by greed and whose consciences are so dulled by opportunity for sudden wealth that they cannot resist the chance to coin the blood of boys into dollars.

I believe that the Senate stands at the bar of public opinion on one question, and we must answer it: Is war making a public business? If not, then we should farm out the job to private agencies. I have no doubt, after listening to some of the bright subsidy chaps, that they would claim ability to do a much better job of killing the enemy than could the Government. They would put their famous "private initiative" into the job, and probably wind up by organizing a holding company and capitalizing on the casualties.

If it be wrong for the Government to protect its own people, then we should abdicate and get out. If war-making is a public function, then my amendments should have remained in the naval bill. We cannot carelessly juggle the financial and physical welfare of 123,000,000 people in such a dreadful business as war.

I know full well, and frankly admit, that all phases of war cannot be removed from the realm of private profit, nor have I tried to do that in the amendments I offered. To assume this to be the case is deliberately to misconstrue the express wording of the amendments. I did try to get at some of the worst evils. We hear charges from biased private subsidy quarters that the Government cannot do things private companies can do. If that is the case, which I do not admit, we had better ask ourselves why, with all this prodigal outpouring of taxpayers' money, we, as a Government, cannot do things as they should be done.

Too many powerful forces are trying with might and main to keep their own Government helpless, inept, groping in the dark. There is a bad odor about this whole business. There seems to be a cold, willful, studied, and ruthless determination to keep the Government impotent, to keep it naked and defenseless in the face of its actual and potential enemies, so that in case of war it will find itself without facilities for the production of defensive weapons, and must rely on the profiteer to secure the instruments wherewith to defend its people. This smacks of sabotage. It strikes straight at the heart of the Nation.

The contractual relationships of private individuals with their government in war and in peace should be governed by the greatest good faith on the part of the individual. Contrary to the opinion that prevails in some quarters, the government, in seeking to protect itself, is not guilty of bad faith. Private interests seeking special privileges have succeeded by specious arguments and high-pressure propaganda in having laws passed for their special benefit.

Take mail subsidies as an outstanding example of this idea. If these had been confined, as most people thought they would be, to aiding the essential operation of a new type of business so that it could ride through the trying period of pioneering operations, there probably would have been no Black committee and no national scandal growing out of this supersize Teapot Dome graft and gouge. But the men who sought and got subsidies did not content themselves with asking for enough money merely to aid a new business. They wanted huge fortunes for themselves over and above all normal and reasonable requirements of a new business. They wanted, and they got, not only operating costs, material costs, almost the whole of the capital of their business, wages, and salaries—salaries for clever "insiders" so large as to be staggering—but they grabbed so much money out of the United States Treasury in addition to all these items that it made them into multimillionaires, all at the expense of the bedeviled taxpayer.

The poor taxpayer thought he was aiding an infant industry. Instead of that he was levied on through the taxing power of Government for the one purpose of enriching some individual who was shouting from the housetops that he needed this Government pap to keep his business going. These taxpayers did not dream that they were kicked into the subsidy business to make multimillionaires out of the "velvet" in the subsidies over and above operating costs and losses, if any.

I do not believe that any friend of subsidies ever originally asserted that they should be used for any purpose other than to make up losses. No one claims that they were given with the understanding, express or implied, that they would be so huge that they would not only cover operating costs but would also make possible the payment of stupendous dividends to the owners of the business.

It was bad enough virtually to provide the entire capital of a business—a shipping business, for instance—by selling the operators ships for one seventieth of their cost to the Government; but the picture became intolerable when we sweated the taxpayers to insure dividends on top of operating costs, and finally to create huge private fortunes. By virtue of law these men, like another Caesar Augustus, were able to send forth the edict, "Let the whole nation be taxed" to support them, to make them millionaires.

I commend this to the attention of the American people as a specimen of effrontery and gall that must amaze the very gods. If there be wrong here, a grave invasion of the simplest rights of taxpayers, then it must be conceded that the thing is infamous in strict accord with the letter of the statute, always within the law. These men can say that "it is so nominated in the bond" when they exact their pound of flesh from the poor devil of a taxpayer, and it is to the eternal discomfiture of the American people who pay these frightful bills. I can be sure that I am right in asserting that the same men are, with few exceptions, enemies of the principle of the income tax that would recapture some small fraction of their treasure trove.

The same principle of taxing the people for the enrichment of individuals is all part of the fast and furious game of which war is so prominent a part. We are now to enter upon a program of naval construction in the interest of "preparedness." This policy means that the huge sum of more than a half billion of dollars is to be spent for the building of ships and armament and airplanes and ammunition. That being true, let me ask this question: Just what is it that the private manufacturer can do that the Government itself cannot do? Will he pay out more in wages to the workers? You know he will not; you know he will pay less. Will he build any better ships? You know he will not; rather he will build, since he is actuated only by the desire for profits, less worthily. Will he put back into the channels of trade all the money which the taxpayers of the Nation will be compelled to pay to carry out this tremendous program of naval "preparedness"? You know he will not; rather he will withhold every dollar that he possibly can to add to his own personal fortune or to the dividends of stockholders of the company which he represents. It is this private profit that should go as speedily as possible into wages and be translated into an increasing measure of prosperity for the many instead of the few. If that theory is wrong, our whole new-deal theory is wrong. Putting it into plain, blunt English, what I am suggesting is that we eliminate this unholy rake-off to private profiteers; that the money be spent, every dollar of it, so far as possible, for wages and for materials, the payment for which should again be translated to the ultimate degree, into wages. Wages, more wages. That is the only route to prosperity, through increasing the purchasing power of the workers.

Mr. President, national defense is the duty, the special function of the National Government. It cannot abdicate that duty. It cannot continue to farm out special privileges in this exclusive domain of government without inviting corruption such as we see on every hand in the present subsidy racket. Men in this body who are familiar with French history will recall that some of the most somber

chapters of that Nation's history deal with the farming-out of the taxing privilege—regarded in the great perspective of history as an outrageous violation of every rule of decent government. It was simply one of these flagrant examples of private individuals being permitted to exercise governmental functions. Most folks thought that the old feudal system was shot to death in the French Revolution. How queer to see some of the practices of the ancient regime of the Bourbons snuggle themselves into our system of laws, with the sanction of those who should know what a mighty social explosion they caused when they had worked out to their logical conclusion in France.

I find much consolation in the fact that war profiteers regard such proposals as I have suggested with distaste and aversion. If this group is ever really happy over anything, the American people should be in a wild panic of fear, for there will be something terribly rotten in Denmark.

I have listened as patiently as I can to the arguments for private ownership of war preparations. I have tried to follow these arguments as a sacred duty to myself, for I agree with Byron that "he who will not reason is a bigot, and he who dares not is a slave." I guess that I arrived on this scene of earthly troubles too late to understand the deep workings of the master mind that fashioned the argument that it is good and holy to allow men to make profits out of the blood of the clean young sons of American mothers who are compelled to lay their bodies on the altar of their country. I cannot understand why men cling to this almost sadistic creed in the face of the utter disillusionment and financial despair brought on not only by the horrors of war but by the frightful expense of keeping prepared in anticipation of another. Yet good men, honorable men, men whose motives I would not challenge and whose good will I covet, hug this great delusion to their breasts as though it were more sacred than the doctrine of the Holy Trinity. To question the infinitude of their wisdom or the impeccability of their views on private profit in war and war preparations, is, in their eyes, a grievous fault.

I know that war veterans all over this Nation are now demanding universal conscription of wealth in war time. But why wait for another war to put an end to the vice they assail? That vice is profits. Why wait for another war that may find us facing the same situation we confronted in 1917? To do away with war profits is the hope that springs in the breasts of millions of the cleanest people that ever graced God's footstool. Short-sighted men will blast with their foolish curse this, the noblest national aspiration that war experience has given to us.

I know that it will be too late to protest this monstrous crime against the people when the clash of arms comes. I recall all too well the price paid by some noble and distinguished men in this very body who had the courage to stand up and be counted against war profits in time of war. We forget that fact at our peril.

The thing we are now about to do is not a new deal; it is the old deal all over again. It does not even try to wear a mask; it apparently does not have to dissimulate to deceive; it tells the Nation to "go to."

In this game the people are being dealt dirty deuces and still dirtier treys, whilst the munition makers and war gougers are dealt a royal flush. I say to the American veterans, to the churches, the friends of home and peace, that the munition ring is not seriously checked by this bill in the form in which the conferees return it to us. Private profits still ride the waves of popularity here in Washington. I had hoped to vote for this bill in its final form. I had faith to believe that we were to give the American people a new deal in this matter, not one that carries all the essential evils of the old thing that brought us so near the abyss. Are the people to be disillusioned always, continually? It has been this mad race for profits, huge, unconscionable profits, that crushed our financial edifice. Are we to continue this blind and slavish subservience to the same forces that carried us to our national undoing?

On the one hand stands a small group of men who will swell already dangerously bloated fortunes if this bill becomes

law. On the other side is arrayed the American people, they who pay the supreme price in war. They will pay all the bills and yield all the flesh and blood, for the profiteer as a class gives neither. He shines most brightly as a dollar-a-year man, safe at home, where poison gas and shrapnel cannot interfere with 10,000-percent profit out of a war-wracked government. Later he becomes a leader in economy movements, and comes to Washington to try to undo the horrible financial effects of war caused by his own greed, by proposing slashes in wages and pensions. Such logic is topsy-turvy; it rapes reason and stands logic on her head.

I will not become a party to a transaction that I believe outrages all the standards of what we hope is a real "new deal." This is the "old deal", so brazen, so raw, and impudent that it despairs to put on even a thin disguise. It is the "old deal", with all of its threat against the homes, the childhood of America. We might as well be frank now. I tell the mothers of America that when the next war comes and their boys troop to the colors, behind all this dread panoply of war will lurk the sinister figure of the profiteer busy at the ghoulish task of translating their blood into dollars.

I wanted to help free my country from this degrading servitude, and tried to do it by offering the amendments which would, in a measure, and, unhappily, a very small measure at that, have made such a catastrophe impossible. I do not quarrel with compromises, since the pathway of human progress is marked by compromises that have not been wholly unproductive of good results but have contributed to advancement. But we have not compromised on this matter of really trying to become self-sufficient; we have been guilty of an abject surrender to private interests. We have thrown away the opportunity to free ourselves from the domination of the profiteer.

Poor old Uncle Sam—another Samson delivered into the hands of the Philistines—another brawny Gulliver snared by Lilliputians. The giant bows his neck to the yoke.

Mr. KING obtained the floor.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. BONE. Mr. President, at this time I move that the conference report be recommitted.

The PRESIDING OFFICER. The Chair will state to the Senator from Washington that the Chair is informed that the House has already agreed to the conference report, and, therefore, the only thing for the Senate to do is to vote the conference report up or vote it down.

Mr. KING. Mr. President, I hope the Senate will adopt the suggestion just made by the Chair and vote the pending conference report down.

When the bill before us now in the form of a conference report was under consideration I opposed it because it seemed to me unwise for our Government, proclaiming, as it has proclaimed, that it is the apostle of peace and good will and is seeking the reduction of armaments, to take the lead in navalistic expenditures for the coming year, the effect of which will provoke other nations to increase their military expenditures and increase the burdens of taxation, which even now is oppressive.

It seems to me that Senators are oblivious to the enormous expenditures we are making, which obviously mean increasing the great deficit that has been created for this fiscal year into a larger one for the next fiscal year. I wonder if Senators understand the difficulty that the Ways and Means Committee of the House and the Finance Committee of the Senate are experiencing in attempting to find sources from which they may obtain sufficient revenue to meet current expenses, to say nothing of the extraordinary expenses incident to meeting the conditions resulting from the great depression in which the country has struggled for several years.

Mr. President, a year or two ago, if anyone had suggested a deficit of \$7,000,000,000 upon the part of our Government, he would have been regarded as a false prophet and a person unacquainted with fiscal affairs or with the policies and

functions of the Government. But we do have a deficit for this fiscal year of seven billions of dollars. There will be a deficit for the next fiscal year, if we continue this profigate method of expenditure, of at least seven billions and probably eight billions of dollars.

I wonder if Senators and the country appreciate the fact that in order to obtain money to meet these enormous expenses of the Government resort must be had not only to very heavy taxation but to the sale of enormous quantities of Government securities. Do Senators and the country appreciate the fact that the Government has no money except that which it extracts from the people by the strong arm of the law and by the taxgatherers who find their way into every nook and cranny of our land?

How are we to meet these expenses, Mr. President? The annual interest charges upon our indebtedness, which aggregates today approximately \$31,000,000,000, will exceed \$1,000,000,000. Then, we are compelled, under the law, to make provisions to meet the requirements of the sinking fund. That fund will approximate \$1,000,000,000 per annum.

We start out then, Mr. President, with interest charges and sinking-fund charges amounting to approximately \$2,000,000,000 annually. If we can extract from the people by taxation \$4,000,000,000 we will be accomplishing a miracle, and of course the \$4,000,000,000 will be an enormous burden upon the country, particularly as it is endeavoring to extricate itself from this depression.

It is manifest to any thinking person that with this enormous deficit, without ample provision being made to meet these growing expenditures and our ordinary governmental expenditures, Government securities sooner or later will find restricted markets; and when the credit of the Government is impaired, our governmental and industrial structure will be impaired, thus menacing our social, financial, economic, and in the end, our political structure.

I conjure Senators upon this side of the aisle to adopt policies of economy and to cease making appropriations so enormous as to stagger the very imagination of even those who have no emotions or sense of proportion.

I cannot conceive of anything but disaster to the credit of the country, with repercussions in every industrial activity, if we continue piling up these mountains of debt as we are doing day by day. I have not heard more than one or two voices raised in this Chamber during this session of Congress in opposition to the stupendous appropriations that we are making. We passed through without debate appropriation bills calling for hundreds of millions of dollars. The other day we passed two large appropriation bills within 10 minutes, without a suggestion as to the extent of the appropriations, the purposes for which they were to be employed, or a word of commendation or of condemnation.

Mr. NYE. Mr. President—

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Utah yield to the Senator from North Dakota?

Mr. KING. I yield.

Mr. NYE. In connection with the argument the Senator from Utah is making, I hope he will not forget that the Congress can find time to devote days to whittling nickels from the payments made to the men who have made the greatest possible sacrifice for their country in time of war.

Mr. KING. Mr. President, I shall leave that task to my distinguished friend from North Dakota, whose knowledge of that question is doubtless superior to mine. I do challenge attention, however, to the fact that we do not always differentiate in appropriations.

We are generous, overgenerous where there should be economy, and we are sometimes niggardly where there should be generosity. We do not draw the line justly and fairly between legitimate and imperative appropriations and those that are tainted with profligacy. The result is, Mr. President, that we are piling up, as I have indicated, debts mountain high, that press down upon the bowed backs of labor and industry to such a degree that they are deterrents to recovery, and I fear in the end will make more oppressive the depression through which we are passing.

A great deal has been said about spending more money and still more money as a means of recovery. Mr. President, the wise course to pursue is to encourage industry to expand and to employ additional labor. We cannot forever maintain this stream of appropriations for relief and for so-called "recovery" with a hope of success unless industry is revived. Industry must be developed and thus furnish employment; money must be expended in private enterprise and the channels of trade and commerce be opened. The Government may not forever pour out funds, hoping by spending public money which we do not have, and which we must get by taxation, that we will bring about recovery. Recovery is a plant of slow growth. It must come from economies in the public administration. It must come from the development of private industry, from the expansion of the business activities of the country which will increase employment and the consuming power of the people.

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Missouri?

Mr. KING. I yield.

Mr. CLARK. I think the Senator will agree with me that there can be no question that expenditures in preparation for war can have no part or place whatever in the recovery program, because they are expenditures for purposes of destruction, and necessarily involve, to the extent of every penny expended, an absolute economic waste.

Mr. KING. I agree with the Senator.

Mr. President, statisticians in this and other countries have demonstrated beyond peradventure of a doubt that more than \$400,000,000,000 of capital were wasted in the recent world conflict. In addition to this destruction of capital, more than 10,000,000 of lives were lost, and more than 20,000,000 of men received wounds from which many will never recover.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. KING. I yield.

Mr. LONG. I have noticed enough statements to convince me that when we get through with this program the other nations will be building just about as fast as we are building. It is merely the matter of a race, as I see it. It is not going to change our status much.

Mr. KING. Mr. President, the Senator is right. When we appropriate or authorize, as this bill does, the appropriation of a billion dollars for new naval construction; when we passed just a few days ago a bill calling for \$350,000,000 for the Navy for the next year; and we will pass in a short time, if we have not already done so, a bill carrying more than \$350,000,000 for the Army—when the nations appreciate the fact that we are expending this year or authorizing the expenditure of \$2,000,000,000 for the Army and the Navy, what effect will it have upon other nations?

Recently, when it was announced that the so-called "Vinson bill" had passed through the House, the Japanese Diet met, and there were interpellations of those in authority as to what it meant, and the reply was made that Japan would have to increase her naval appropriations in order to meet the almost unparalleled appropriations in peace times by the United States for the augmentation of its Navy.

In Great Britain, where there has been a determination to make reductions in the naval budget for the next year, immediately when we passed this bill authorizing over a billion dollars for new naval construction those in authority were constrained to readjust their budget, and to increase the amount which was allocated for naval expenditures for the next fiscal year.

Mr. CLARK. Mr. President, will the Senator further yield?

Mr. KING. I yield.

Mr. CLARK. Does not the Senator believe that by the passage of this bill the United States has taken upon itself the responsibility for being the aggressor in a new naval race and competition in naval arms in all ways comparable

to the naval race or naval competition between England and Germany which laid the foundation for the last war?

Mr. KING. I assent, Mr. President, to the implications arising from the interrogatory submitted by my friend from Missouri. When we passed the Vinson bill through the House and Senate a few days ago, the press carried statements that a new naval competitive race had been entered upon. Who is to blame? Who is responsible? Obviously, as indicated by the Senator from Missouri, the United States is not free from blame. Why? We are the most powerful nation in the world—materially and otherwise. We are the freest from any possible menace from aggressive nations—if any there should be. And yet with all those assets, which should be a great resource for peace, we discard them and become a strong expositor of the policies of war.

There is no little hypocrisy upon the part of many who profess that we are for peace and yet advocate policies that lead to war. Every Sabbath our preachers eloquently declaim against war and announce that the United States is the harbinger of peace and the standard bearer in the movement for world peace, but when they are making their eloquent appeals in many parts of the land there are organizations demanding larger appropriations for armaments. Some of the patriotic organizations of which we hear so much spend much of their time in advocating larger appropriations for the Army and Navy, and denouncing as pacifists those who lift their voices for world peace.

The Senator referred to the naval competition between Germany and Great Britain. Great Britain started with her small war vessels of about ten or eleven thousand tons. Then Germany said, "We must build larger ships." Then came the superdreadnaught; then came the great leviathans of war, the great battleships of from 25,000 to 32,500 tons. When Great Britain was engaged in that naval construction, Germany said that she, too, must increase her navy. So the race continued, finally culminating in the World War.

I said a moment ago that when it was announced that the Vinson bill had passed the House and Senate other nations took cognizance of that fact, and increased their naval appropriations, or readjusted their budgets in order to devote larger sums to the building of naval craft.

Why do we now need to authorize the expenditure of nearly a billion dollars for new naval craft? Who is the foe? Whom do we fear? Obviously no one. It is more than a gesture; it is a threat to the peace of the world; and I protest, Mr. President, against the passage of this bill; I protest against the adoption of this conference report. I think that this administration would do much to promote world peace by defeating this bill or by withdrawing it.

Recently the President of the United States made an eloquent appeal for world peace, and, in effect, denounced war and its futility in settling international controversies. Our Nation led the way in formulating a world treaty, called the "Briand-Kellogg Pact", under which as a national policy we renounced resort to war and pledged ourselves to settle all controversies or disputes by pacific means; yet, in the face of that, we passed this measure without debate, without consideration, without objection except upon the part of a few of us, the effect of which will be to stimulate the spirit of war not only in the United States but throughout the world.

Already we are talking about the most powerful navy in the world and the necessity of the United States having a navy of that proportion. The more we talk of war, the more we talk of military preparations, the stronger becomes the spirit for war, for international controversy, and the nearer we approach to the precipice over which nations have been plunged, and in the future will be plunged, if this policy shall be pursued, into the great chasm of war.

I know, Mr. President, it is futile to pursue this discussion. This bill passed with but little opposition, this conference report will be approved; nothing that can be said by Senators here will prevent it. We will continue spending enormous sums and increasing the burdens of taxation; overburdening our country with further debts; sooner or later, Mr. President, the Democratic party now in power—and I belong

to that party—will be called upon to make an accounting. The people will judge whether we acted wisely or unwisely. We shall be judged and condemned if we have betrayed the faith and confidence of the people.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LONG. Mr. President, I ask unanimous consent that the Senate may now vote on the Vandenberg amendment and the Dickinson amendment to the Philippine bill, and then proceed, after that, with the conference report on the naval construction bill.

The PRESIDING OFFICER. Is there objection?

Mr. TRAMMELL. Mr. President, we are, I think, ready to vote on the conference report now.

Mr. LONG. It will take but a moment to act on the two amendments I have mentioned.

Mr. TRAMMELL. Mr. President, I think we might vote now on the conference report.

Mr. McNARY. Mr. President, is the Senator from Louisiana requesting that the Senate recur to the Philippine bill while we have the conference report under consideration?

Mr. LONG. That is what I was asking.

Mr. McNARY. Mr. President, may the request be stated? I think that it is rather incomprehensible.

The PRESIDING OFFICER. The Senator from Louisiana requests unanimous consent that the Senate take a vote on the Vandenberg and Dickinson amendments to the Philippine bill at this time.

Mr. McNARY. Mr. President, there are several objections to the request. First, there is a parliamentary one. A proposal of that kind always presumes, as a condition precedent, a roll call. While it is not a limitation of debate, if agreed to, it would, in reality, limit debate. Certainly I should not want to enter into any agreement of that kind in the absence of a large number of Senators, and I shall object.

The PRESIDING OFFICER. Objection is made.

Mr. TRAMMELL. I ask that the question be put on agreeing to the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report to House bill 6604.

Mr. FRAZIER obtained the floor.

Mr. LONG. Mr. President, will the Senator from North Dakota yield to me?

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

Mr. FRAZIER. Yes.

Mr. LONG. I was afraid there would be more speeches on the naval bill, and I was trying to accommodate my friend from Maryland [Mr. TYDINGS]. We had practically finished the debate on the Vandenberg and Dickinson amendments, and it was just as an accommodation to the Senator from Maryland that I made the suggestion to take a vote on the two amendments. Doing that would not interfere with the status of the naval bill at all but would get the amendments out of the way. Then we would have nothing on the Philippine bill but the King amendment in the nature of a substitute. I wonder if my friend from Oregon will not let us go ahead, if there shall be no objection, and vote on the two amendments referred to and then let us proceed with the naval construction bill? It will not hurt anything.

Mr. McNARY. Mr. President, I am only speaking because of a concern for the orderly procedure of the Senate. The Senator does not conform himself in his request to the practice of the Senate under the rules. He does not propose a legitimate unanimous-consent agreement. We are now operating under one unanimous-consent agreement, and we cannot pile one on top of another. Such an agreement as the Senator proposes cannot well be entertained unless there shall be a roll call prior to its being submitted; and, of course, I continue my objection.

Mr. TYDINGS. Mr. President, will the Senator from North Dakota yield?

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

Mr. FRAZIER. I yield.

Mr. TYDINGS. I should like to suggest the absence of a quorum, after which the Senator from North Dakota may resume the floor.

The PRESIDING OFFICER. Does the Senator from North Dakota yield for that purpose?

Mr. FRAZIER. Yes.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. LEWIS], and the Senator from Montana [Mr. WHEELER] are necessarily detained from the Senate.

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present.

Mr. FRAZIER. Mr. President, I have been very much disappointed in the report which came back from the conferees on the so-called "Vinson bill." I had hoped that at least the amendments adopted by the Senate would be retained in the bill, but the important amendments apparently have been stricken from the measure.

I have here an article by an officer in the Bureau of Aeronautics which explains partly the reasons for the claimed necessity for the present naval construction bill including airplanes. The article is entitled, as usual, "The Navy builds for defense. Expansion of air force and equipment to keep pace with ship-building program proposed to make shores of Nation safe from attack." It is by Rear Admiral Ernest J. King, Chief, Bureau of Aeronautics, Department of the Navy. Admiral King goes on to state some of the reasons for the ship-building program, of course from the Navy viewpoint. The article appeared in the December-January number of the magazine called "Speed." I quote:

The Navy has recently placed an order for \$238,000,000 worth of ships, including aircraft carriers and light heavy cruisers. In addition, one aircraft carrier, the *Ranger*, is about to be commissioned.

Here is the reason he gives for the necessity for the airships included in the bill:

Because these vessels were not contemplated at the time the 1,000-plane program was announced, the United States is faced with having three aircraft carriers and several cruisers for which there are no planes.

At this juncture the Navy Department has requested planes for three new carriers, planes for the new cruisers, and additional planes for long-range patrol and scouting to round out the fleet.

We have heard a good deal about rounding out the fleet. Year after year in the naval construction bill the Navy Department has consistently advocated rounding out the fleet and the Navy. That apparently is what we have been doing for years and years. In fact, ever since the World War we have been rounding out the fleet. It is always said that it is for defense.

I wish to read another paragraph from this magazine article:

By procuring these planes we shall have a naval aviation which will be, then, sufficient to take care of the needs of our fleet. Though it may not be the largest in the world we have every confidence that it will be by far the best and most rounded out of any in existence.

The Nation has a tendency to look at expenditures for Navy and naval-aviation armament in the light of a futile expenditure. Actually it is the Navy's job to be ready to fight at the drop of a hat.

That is what Admiral King said, that "it is the Navy's job to be ready to fight at the drop of a hat." I cannot of course blame the members of the Navy, especially the officials, for advocating the building program which has been advocated and is being carried out to the limit under the terms of the pending bill upon which the conference report has just been made.

It seems that the big Navy men think they should be well prepared, should have their fleet rounded out, so that they may, figuratively speaking, carry a chip on their shoulders and be ready to fight at the drop of a hat. That seems to be the whole sentiment of the big-navy crowd, to have the Navy rounded out so they may be ready to fight at the drop of a hat.

Admiral King makes the further argument as follows:

Looked at in this manner the Navy and the Navy aviation should be classed as insurance.

That is some of the same old bunk that has been put out by the Army and the Navy for years, that the Army and the Navy are for insurance, for defense. Mr. President, the Army and Navy are for war and not for defense. There is no assurance of any adequate defense even with our rounded out Navy and our rounded out Army, because conditions have changed materially since the World War. Many of the methods that we used in the World War are now considered to be obsolete, just the same as many of the ships authorized in this bill will be obsolete when war comes after they shall have been finished, no matter how soon that war may come after the completion of the battleships authorized to be constructed.

I have here an article printed in the September 6, 1933, issue of the New Republic, entitled "Preparedness for What?" The author is William T. Stone. I desire to read a paragraph or two from this article, as I think it expresses the situation very well:

The ease with which the Navy has sold its new building program to the American people affords another example of the state of public confusion which invariably surrounds questions of national defense. As a result of the naval program the American taxpayer is now faced with the certain prospect of a national-defense budget which in the course of the next few years will run up to nearly three quarters of a billion dollars.

This article was written back in last September, before the Vinson bill was proposed. The Vinson bill will bring the expense of the building program for the purpose of rounding out the Navy to well over a billion dollars—probably a billion and a half.

The pleasant assurance that the new ships are to be built from Public Works funds does not, unfortunately, take into account the fact that ships, once built, must be maintained and operated—at a cost of several hundred millions a year.

The author speaks of those that were authorized during the summer to the extent of some \$238,000,000, I think, out of Public Works money. Of course, he is correct when he says that these ships must be maintained and operated at a cost of several hundred million dollars a year.

The annual recurring charges of a treaty navy, it is estimated, will be approximately \$439,000,000. Add to this the cost of an army which is spending another \$300,000,000 on its present curtailed budget and you have some idea of what lies ahead.

The author of this article tells only a small part of the story in this statement, because it was written before the present building plan was openly under consideration.

He goes on to say:

The truth is that the National Defense Act does not lay down a military policy of any kind. It is primarily concerned with preparation for war, which may, for all the Army knows, endanger American interests tomorrow in Europe or Asia or even Siberia. And the particular kind of war which the National Defense Act contemplates and for which the General Staff is preparing, is another World War, fought on the scale of the last war and waged with the same obsolete tactics. Immediate mobilization of the man power and industrial resources of the Nation is the first

objective, with the peace-time Army as the nucleus for a fighting force of three or four million men, to be raised by conscription during the first year of a major conflict.

I think that statement is undoubtedly correct, and expresses the policy of those in charge of our naval and Army forces. They are preparing for war. They go on the theory that we must be well equipped for war and ready to fight at the drop of the hat; that we must, as a Nation, carry a chip on our shoulders, daring any other nation on earth, or any combination of nations, to knock that chip off our shoulders.

So this conference report will be adopted, authorizing the continuation of the building up of the Navy. I think it was demonstrated very conclusively during the debate when the Vinson bill was before the Senate that this additional appropriation is absolutely unnecessary at this time, because every ship that is built under the Vinson bill will be to take the place of one that is scrapped that is now in service and being used by the United States Navy. That ship will be scrapped and a new one built in its place. That is all that this bill does. It authorizes the spending of a billion dollars to scrap old ships and build new ones in their place.

I do not know what things are coming to. If the United States Congress will continue to appropriate money by the billion for war purposes, what does it mean? In my opinion it has only one meaning, only one possible effect. Only one possible thing can result from it, and that is that we shall get into the next war that comes along just as soon as that war is started.

That, I believe, has been the experience of every great nation throughout history that has been well prepared, that has been training and training and building up and getting a better army and a bigger navy until it thinks it can lick anything on the face of the earth. Then it is ready for war at the drop of the hat, and it goes into it just as soon as an opportunity is afforded.

I realize that it is practically useless to make any fight against the adoption of this conference report, and I am not going to take any particular time in connection with it, because there seems to be no use in doing so; but I do desire to express my protest, as I feel that this money will be absolutely wasted, that there is no need of expending it. The regular appropriation bill for the Navy that we have already passed carried a shipbuilding program to bring our Navy up to treaty strength during the coming fiscal year. There is no need of this further authorization at the present time. Another Congress will be in session before there is any need of the appropriation authorized in this bill; yet it is said that we must round out our Navy and be ready to fight at the drop of the hat, and therefore appropriate another billion dollars to round out our Navy, to make it the largest navy on earth, just a little larger than that of Great Britain.

That is all the military and the naval crowd ask—to have the United States Navy just a little larger than that of Great Britain. I hope they will be satisfied after this bill is passed and its provisions carried out, and our Navy is larger than that of Great Britain; but the trouble is, as was stated on the floor of the Senate the other day by the senior Senator from Utah [Mr. KING], that according to information we have, as soon as the Vinson bill was passed by the Senate Japan made preparations to build a larger navy. Great Britain also started preparations to build a larger navy. Why? Because we were going to round out our Navy. Therefore they felt in duty bound to round out theirs—oh, not for war, of course, but for protection, for defense.

I do not know why Great Britain or Japan, either one, thinks the United States is liable to attack her; but they have the excuse, at least, that because we are spending a billion dollars to round out our Navy they have to do the same thing. I do not know, either, why anyone here in the United States thinks Great Britain is likely to attack us, or that Japan is, either; but that was offered as an excuse for passing this bill appropriating another billion dollars for

rounding out our Navy for defense, as we are told, but of course it means not for defense but for offense, for war.

So, Mr. President, I hope we can get a record vote on the adoption of this conference report, for I believe the people throughout this Nation are entitled to know how every Member of Congress stands on a measure of this kind, authorizing the appropriation of a billion dollars for the additional building of naval ships after present ships are destroyed and scrapped, building new ones to take their place. Remember that so-called "experts"—and they must be experts, because they have been in the Navy for years—have stated before committees that the present ships are serviceable, and can go on for several years, at least, and do just as well as the proposed new ones, and that in all probability it would take no more bombs to sink a new ship than it would to sink an old one in the event of a world war. But we must have these new ships in order to round out our Navy and be ready to fight at the drop of a hat.

Mr. NYE. Mr. President, I have no desire to delay a vote upon the conference report.

I listened to a most eloquent address here this afternoon by the junior Senator from Washington [Mr. BONE]. Quite seriously, he looked upon the conference report on the pending naval bill as being rather definite proof that we had come to a point here in America where we were about ready to surrender completely to the munition makers and industry in the matter of preparing for war and in the conduct of war.

The Senator's thought provokes a great deal of reflection. I am moved to make inquiry of him—and he is free to answer it—if he thinks the time is probably ripe to be making suggestions to industry as to who might be available to them to take charge of the naval forces and the land forces when we are prepared to turn that function over to private industry.

If the Senator is willing, I have some suggestions to make. I might suggest, if the junior Senator from Washington is at all successful in furthering his proposal, that Al Capone would be a very good man for industry to pick to conduct their land forces; and, if I might be permitted a further suggestion, I wonder if the Senator would not second the motion if we were to recommend Mr. Samuel Insull to take care of the naval forces for them, in view of his experience upon the high seas in the last few days.

Mr. BONE. Mr. President—

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

Mr. NYE. I shall be delighted to yield to the Senator.

Mr. BONE. Really, I should like very much to dally with the idea that the Senator suggests. It might be a very happy idea to have Sam Insull at the head of the Navy as a sort of a grand panjandrum of the Navy, lord high chief gyascutus of some sort, because he is so thoroughly familiar with water, and he would keep the American people at sea all the time. [Laughter.]

There is this further thought, too, if the Senator will permit me:

If we should farm out the function of making war as some folks seem to think we ought to do, because they crucify every bill that has for its purpose getting war-making out of the hands of these fellows—I wonder if the Senator has considered the terrible possibilities that lie in his suggestion. For instance, if we should turn over war making to the General Electric Co. or the Electric Bond & Share Co., which I assume would suit the Senator, or perhaps to the Dollar Steamship Line out West, or to the Mellon banking interests of Pittsburgh, which seem to be so popular in certain quarters, they would be down at Washington getting a subsidy with which to run the Navy, and we would be no better off than we now are.

Mr. NYE. Mr. President, the Senator would not object to their being subsidized, would he?

Mr. BONE. Well, it seems that is the way we do business; just open the Treasury and let the boys come down with a steam shovel, or, if they cannot get the money out fast

enough with a steam shovel, to lay a siphon and siphon it out. I assume that would be the proper technique.

Mr. NYE. I warn the Senator that if he is going to let the mere matter of subsidies stand in the way, he is putting himself in the light of being very unpatriotic, because when it comes to preparing for war, we certainly should not stop for a little matter of that kind.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The conference report was agreed to.

#### PHILIPPINE INDEPENDENCE

The Senate resumed the consideration of the bill (H.R. 8573) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Iowa [Mr. DICKINSON].

Mr. DICKINSON. Mr. President, last evening before the Senate took a recess the Senator from Maryland [Mr. TYDINGS] gave some statistics with reference to importations from the Philippine Islands.

I desire to suggest that under existing tariff arrangements with Cuba sugar imported from the Philippine Islands has an advantage over the Cuban sugar of 0.23 of a cent per pound on the basis of an average price of 2.80 cents per pound in the American market.

This advantage of the Philippine over the Cuban sugar would be completely wiped out after the sixth year of the government provided in the bill due to the export tax that would be levied on all sugars coming from the Philippines to the United States.

Under such circumstances the additional 5-year transition period provided in the bill would answer no purpose.

In view of this, I simply desire to make this further suggestion, that I believe under the pending bill the Philippines would be under exactly the same disadvantage when the time arrived for them to assume their independence as they would be if this amendment were agreed to.

I made a statement with reference to the amendment last night, and I do not care to pursue the matter further. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I do not know how that Senator would vote upon this question if he were present, and therefore I must withhold my vote. If I were permitted to vote, I would vote "yea."

Mr. VAN NUYS (when his name was called). I have a general pair with the junior Senator from Maine [Mr. WHITE]. Not knowing how that Senator would vote if present, I withhold my vote. If I were permitted to vote, I would vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO]. I understand that if the Senator from California were present he would vote as I expect to vote, and therefore I am at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER];

The Senator from West Virginia [Mr. HATFIELD] with the Senator from Florida [Mr. FLETCHER]; and

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS].

Mr. CUTTING. The senior Senator from Wisconsin [Mr. LA FOLLETTE] is unavoidably absent from the city. I ask that this announcement stand for the day.

Mr. ROBINSON of Arkansas (after having voted in the negative). I have a general pair with the senior Senator from Pennsylvania [Mr. REED]. I transfer that pair to the Senator from California [Mr. McADOO], and let my vote stand.

Mr. ROBINSON of Indiana (after having voted in the affirmative). I have just learned that the junior Senator from Mississippi [Mr. STEPHENS], with whom I have a general pair, has not voted, so I am forced to withdraw my vote.

Mr. MCKELLAR (after having voted in the negative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the junior Senator from Massachusetts [Mr. COOLIDGE], and allow my vote to stand.

Mr. ROBINSON of Arkansas. I desire to announce that the junior Senator from Alabama [Mr. BANKHEAD], the senior Senator from Alabama [Mr. BLACK], the Senator from Washington [Mr. BONE], the Senator from Texas [Mr. CONNALLY], the Senator from Massachusetts [Mr. COOLIDGE], the senior Senator from New York [Mr. COPELAND], the junior Senator from New York [Mr. WAGNER], the senior Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. McADOO], the Senator from Mississippi [Mr. STEPHENS], the junior Senator from Florida [Mr. TRAMMELL], and the Senator from Montana [Mr. WHEELER] are necessarily detained from the Senate on official business.

The result was announced—yeas 21, nays 49, as follows:

YEAS—21

Austin	Frazier	Murphy	Schall
Barbour	Goldsborough	Norris	Shipstead
Borah	Kean	Nye	Vandenberg
Carey	King	Overton	
Dickinson	Long	Reynolds	
Dill	McNary	Russell	

NAYS—49

Adams	Costigan	Hayden	Robinson, Ark.
Ashurst	Couzens	Johnson	Sheppard
Bachman	Cutting	Keyes	Smith
Bailey	Davis	Logan	Steilwer
Barkley	Deterich	Lonergan	Thomas, Okla.
Brown	Duffy	McCarran	Thomas, Utah
Bulkley	Erickson	McGill	Thompson
Bulow	George	McKellar	Tydings
Byrd	Gibson	Metcalf	Walcott
Byrnes	Gore	Neely	Walsh
Capper	Harrison	O'Mahoney	
Caraway	Hastings	Pittman	
Clark	Hatch	Pope	

NOT VOTING—26

Bankhead	Fletcher	McAdoo	Trammell
Black	Glass	Norbeck	Van Nuys
Bone	Hale	Patterson	Wagner
Connally	Hatfield	Reed	Wheeler
Coolidge	Hebert	Robinson, Ind.	White
Copeland	La Follette	Stephens	
Fess	Lewis	Townsend	

So Mr. DICKINSON's amendment was rejected.

Mr. TYDINGS. Mr. President, I send to the desk a letter dated March 22, 1934, signed by Mr. Manuel L. Quezon, president of the Philippine Senate and chairman of the Philippine Independence Delegation, which I ask to have read in my time.

The VICE PRESIDENT. Without objection, the letter will be read.

The legislative clerk read as follows:

WASHINGTON, D.C., March 22, 1934.

Hon. MILLARD E. TYDINGS,

Chairman Committee on Territories and

Insular Affairs, United States Senate.

MY DEAR SENATOR TYDINGS: Senator KING, in the course of his splendid speech on the floor of the Senate yesterday, expressed surprise that I, together with other Filipino leaders, such as Senator Quirino, a member of my delegation; Speaker Paredes, of the house of representatives; Senator Recto, the acting floor leader of the senate; General Aguinaldo; and Judge Sumulong, should endorse the McDuffie-Tydings bill, and that a majority of the senators and representatives of the present Philippine Legislature should be ready to accept said bill if passed by Congress, when we all have disapproved of the Hare-Hawes-Cutting bill which, in most of its provisions, is similar to the McDuffie-Tydings bill. Allow me to say that our main objection to the Hare-Hawes-Cutting law was in regard to the military and naval reservations that the United States, at the discretion of the President,

could retain after independence shall have been granted. We looked upon such provision as actually denying independence, for we could not see how the independence of a country could be harmonized with the possession by another power of military establishments in that country. This provision regarding military and naval establishments was inserted in the old Hare-Hawes-Cutting law against the better judgment and the wishes of its authors and sponsors. The military reservations, having been eliminated from the McDuffie-Tydings bill and the question of naval reservations being left to future negotiations between the Government of the United States and the Philippine Republic, we feel that it really grants complete independence to the Philippine Islands, and, therefore, we could, as we did, give it our endorsement.

There are, of course, other provisions of the bill to which we object, but we are willing to take it as it is now, and we have given up any attempt at this time to have it in any way amended, because we are relying upon the statement made by the President in his message to Congress, March 2, 1934, which says, in part, as follows:

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

Furthermore, we have seen the attitude of the chairman of both committees of Congress toward the Filipino people's freedom and welfare, and we have no doubt that upon further investigation, when they shall have found that independence can be granted in a much shorter time and that other provisions of the bill need improvement, they will so recommend to the Congress. And, needless to say, we have an abiding faith in the United States Congress, so that we feel confident that even after this law shall have been enacted, the Congress will be ready and willing to make such changes in the law as may be necessary to grant the islands independence more speedily and under better conditions than those provided under the present bill.

I therefore reiterate my hope that the McDuffie-Tydings bill will be promptly enacted by Congress.

Sincerely yours,

MANUEL L. QUEZON,  
President Philippine Senate and  
Chairman Philippine Independence Delegation.

Mr. PITMAN and Mr. SHIPSTEAD addressed the Chair.

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

Mr. TYDINGS. I yield to the Senator from Minnesota.

Mr. PITTMAN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. PITTMAN. What is the present parliamentary situation?

The VICE PRESIDENT. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG] in the nature of a substitute for the Tydings bill. The Senator from Minnesota has been seeking recognition for quite a while. The Senator from Minnesota is recognized.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. What has become of the bonus bill?

The VICE PRESIDENT. The bonus bill is not before the Senate, and the present occupant of the Chair does not know anything about it.

Mr. LONG subsequently said: Mr. President, I have inquired at the clerk's desk, and I desire to make an inquiry of the Senator from Arkansas [Mr. ROBINSON], if I may have his attention.

The bonus bill that came over from the House is still at the clerk's desk, and has not been referred. I wondered if there was some intention, perhaps, of voting on the bill without referring it to a committee at all. It would seem that the bill either should have gone to a committee or that it should be here to be voted on.

Mr. ROBINSON of Arkansas. Mr. President, the bill was held on the desk at the suggestion of the chairman of the committee, the Senator from Mississippi [Mr. HARRISON]. I do not know what decision he has reached about the matter. I will take advice with him, and move to have some action taken in reference to the bill.

Mr. ROBINSON of Indiana. Mr. President, I assume, of course, the Senate will be given an opportunity to vote on the measure at some time or other.

Mr. ROBINSON of Arkansas. I cannot at this moment say what action the Senate will take. Of course, the Senator remembers that we have already voted twice on the subject during the present session. My impression is that the bill should go to the committee for consideration by it.

Mr. ROBINSON of Indiana. We voted on that subject, but each time as an amendment to another bill.

Mr. ROBINSON of Arkansas. Yes; that is entirely true, but the amendments were in substantially the same form as this bill.

The VICE PRESIDENT. The Chair recognizes the Senator from Minnesota [Mr. SHIPSTEAD].

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

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 12, beginning in line 8, it is proposed to strike out all of subdivision (e) of section 6, and to insert in lieu thereof the following:

(e) The quantities of sugar and coconut oil mentioned in paragraphs (a) and (b) of this section shall be reduced by 20 percent every year from the second to the fifth years, inclusive, after the date of inauguration of the government of the Commonwealth of the Philippine Islands.

Mr. SHIPSTEAD. Mr. President, the amendment which I propose is very simple and very plain.

The subject of importation of coconut oil from the Philippines and its effect upon the dairy industry has been debated in the Senate for years; so it is not necessary for me to go into a repetition of the arguments advanced in favor of reducing the importations of those oils in competition with American butter.

The effect of the amendment will be that from the second to the fifth year, inclusive, there will be a gradual reduction of 20 percent in the importations of the two articles mentioned, and at the end of the fifth year there will be no importations into the United States from the Philippines of either sugar or coconut oil.

I ask for the yeas and nays on the amendment.

The VICE PRESIDENT. The yeas and nays are demanded. Is the demand seconded?

The yeas and nays were not ordered.

Mr. TYDINGS. Mr. President, I do not want to take up much time, but I desire to state that the Philippines are one of the greatest users of our dairy products, and we had better be very careful about what we do with respect to cutting down the trade from the Philippines, because we may be cutting the dairy farmer out of a market we are trying to save.

Mr. CUTTING. Mr. President—

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

The amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Michigan [Mr. VANDENBERG].

Mr. CUTTING. Mr. President, I ask for recognition. I have been trying for sometime to get recognition from the Chair.

The VICE PRESIDENT. The Senator from Nevada [Mr. PITTMAN] and the Senator from Minnesota [Mr. SHIPSTEAD] asked recognition. The Chair recognized the Senator from Minnesota. The Chair now recognizes the Senator from Nevada.

Mr. PITTMAN. Mr. President, I shall be very happy to desist if a vote on the pending amendment may be taken immediately; but if the Senator from New Mexico desires to speak on the subject generally before a vote is taken, I shall ask him to wait for about 5 minutes, when I shall yield the floor.

Mr. CUTTING. Mr. President, I am perfectly willing to wait until the Senator from Nevada shall have concluded his remarks.

Mr. PITTMAN. Mr. President, I am very glad Senator Quezon wrote to the Chairman of the Committee on Territories and Insular Affairs the letter which has just been read at the desk. From the debate that occurred in the Philippine Islands on the Hawes-Cutting bill, I was inclined to believe that Senator Quezon would oppose the approval of that bill in the Philippine Islands, as he had found many objections to the Hawes-Cutting bill. I now ascertain from this letter that the only real objection they found to the

bill was that it retains the naval and military reservations of the United States in the islands after independence shall have been achieved. The bill has now been changed so that upon the fulfillment of independence under the bill the military reservations are to be surrendered to the new independent Philippine government.

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

Mr. PITTMAN. I yield.

Mr. KING. In the remarks made by me yesterday on this bill I referred to a speech by Mr. Quezon which he made immediately after the Hawes-Cutting bill was passed. That speech will be printed in the Record. It discloses that there were many other objections entertained by General Aguinaldo and others than the one to which the Senator has just referred.

Mr. PITTMAN. That carries out the impression I had of the debates in the Philippine Islands at that time, but as one of those who helped to frame that bill during a period of 18 months, I am very happy that Senator Quezon and those who opposed that bill have come to the conclusion that the only thing wrong with it was that our Government retained jurisdiction over the military reservations after independence should become an accomplished fact.

I wish to say that the bill as originally drafted did not contain a provision providing for the retention of the military reservations after the achievement of independence, but surrendered them to the Philippine people at that time. The provision allowing the Government, in its discretion, to retain the military reservations or such portions of them as it might see fit at the time independence was accomplished was a compromise agreed to in the committee, as many other questions were compromised. I think I speak correctly when I say that two thirds, if not more, of the committee were at all times in favor of surrendering to the Philippine people on the date of independence the military reservations in the islands.

Mr. BORAH. Mr. President—

Mr. PITTMAN. I yield to the Senator from Idaho.

Mr. BORAH. If I understood correctly the reading of the letter from Hon. Manuel Quezon, he expects that there will be some changes made in this bill after its enactment by a subsequent Congress.

Mr. PITTMAN. The Senator will have to interpret Mr. Quezon's language. I do not like to interpret it. I will say, however, that individual members of the committee who reported the Hawes-Cutting bill at the time very frankly said if there were provisions in that bill which subsequent developments indicated were working hardships which were not anticipated at the time of the passage of the bill, that, speaking for themselves, as they now speak for themselves, so far as they may—for none of us can speak for Congress or even for a future committee—undoubtedly they would very sympathetically consider an amendment to relieve that condition.

Mr. BORAH. I can understand that if subsequent developments, due to new conditions which Congress had not anticipated, should demonstrate that fact, then the Congress would consider the question of changes; but, as I understand the letter, it implies that, taking the bill as it now stands, some of its provisions are objectionable, and that the writer anticipates that in the future they will be eliminated.

Mr. PITTMAN. That may be the construction the Senator from Idaho puts on the letter, but the construction that is put upon the letter by me is that when I vote, as I intend to vote, for the reenactment of the Hawes-Cutting bill, under the new name of the Tydings-McDuffie bill, I am doing it without any commitment whatsoever. A general expression such as appears in the letter read, quoting from the President's statement along the lines that if it shall transpire that clauses in the bill have worked a hardship, contrary to the purposes of the act, no doubt our Government will look with sympathy upon suggestions to change it—such an indefinite statement as that does not commit me nor can I conceive that it can commit any other Member of Congress to the proposition that any suggestion hereafter

as to a change in the effect of the act must in duty bound be considered by the Congress. I do not think so.

Mr. BORAH. The letter says:

There are, of course, other provisions of the bill to which we object, but we are willing to take it as it is now, and we have given up any attempt at this time to have it in any way amended.

Then it proceeds to quote the President.

As I understand, the letter is a clear statement upon the part of the writer that there are objectionable features to the bill which he anticipates will be changed in the future.

Mr. TYDINGS. Mr. President, if I may interrupt the Senator from Nevada, that is not the understanding at all. I have talked with Senator Quezon. He does not expect to have made in the future any changes he advocates. What he does say and what he means—and I think I state it correctly—is that he has faith in the fairness of Congress, when the Filipinos present a state of facts which show that the bill is working a hardship or unfairness to undertake to eliminate that condition; and, further than that, if at a later date we find that independence may be obtained for them without serious difficulty within a time limit shorter than the period provided for in the bill, we will, perhaps, agree to cut down the time limit, if events shall prove that to be the wise thing to do.

Mr. BORAH. Mr. President, just one word, and I will not further interrupt the Senator from Nevada.

Mr. PITTMAN. I yield.

Mr. BORAH. I understand perfectly the conditions of which the Senator from Maryland is speaking and to which the Senator from Nevada has referred. All those conditions might call for action upon the part of Congress according as subsequent events might develop; but what the writer of the letter says is that there are objections to this bill.

Mr. TYDINGS. Of course there are. We have, for instance, cut down the allotment of Philippine sugar.

Mr. BORAH. That is what I want to know. Is it understood that there is going to be a change in the sugar provision?

Mr. TYDINGS. No; it is not understood that there is going to be any change. The writer of the letter says that the bill is not satisfactory to him in all respects, but that he will accept the bill and consent to have it made a law in the Philippines in the hope that if there are provisions he does not like we will meet him half-way and eliminate any injustices.

I want to say before I leave the floor, if I may, that I have not, in any conversation I have had with any of the Filipinos, committed anybody except myself. I have made that plain at all times. I have merely told them what my course of action as an individual would be.

Mr. PITTMAN. Mr. President, I invite a careful reading of this letter, in which the writer lays down his chief objection to the bill, the original bill which the Filipinos refused to ratify.

Allow me to say that our main objection to the Hare-Hawes-Cutting law was in regard to the military and naval reservations that the United States, at the discretion of the President, could retain after independence shall have been granted.

That is the only objection of which the Senate has knowledge. It is the only objection of which the writer has given notice in his letter. He has not seen fit to set out other objections to the bill. The only notice that he has put us on at all is that the chief objection that moved the legislature in refusing to ratify the Hawes-Cutting bill was, as he states, the holding of the military reservations by the United States after independence shall be an accomplished fact. He says that, to them, seemed to deny the full sovereignty of the islands. What the other objections are, if any, I do not know. That is all he has presented to us.

I say now that I would not have been committed in any sense of the word to any changes in this bill by anything Mr. Quezon had said except to be bound morally; as I stated on the floor of the Senate when the Hawes-Cutting bill was under consideration, of course, I, as, no doubt, other Members of Congress, would consider with great sympathy the workings of any provisions of the Hawes-Cutting Act which brought suffering upon the Philippine people

which could not and was not anticipated at the time of the passage of the act. That is as far as I commit myself in this matter.

The statement of the chief objection to the bill which the Filipinos refused to ratify was such as I have read, and, without a specific statement of any other objections whatsoever, I feel that we cannot, in voting for this measure, be committed to changing it as Mr. Quezon hereafter may advise us he thinks it necessary to change it.

We worked 18 months on this legislation—and I say "this legislation" because the parliamentary situation indicated it was advisable to reintroduce the whole bill. It was regarded in the first place as an extension of the time in which to ratify the act because the Philippine people had failed to ratify it within the time provided. The parliamentary situation which seemed to exist indicated that it was better to bring in an entirely new bill, particularly as it was the desire of the committee, instead of leaving it to the discretion of the President to turn over the military reservations to the new Philippine government on the accomplishment of independence, that we should state very frankly that upon independence occurring ipso facto there would be a surrender of the military reservations.

As that extra provision was to be put in the bill, it was thought well to redraft the whole bill. We spent 18 months in attempting to get the legislation in a condition in which the majority of Congress would support it. There were many conflicts from the very start. There were a number of questions that had to be compromised, and, after 18 months, we reached this compromise. The Philippine people did not ratify the act within the statutory time provided. Now they have come back to us unanimously and asked us to pass the bill again, which is the same as the one they refused to ratify, except that it has the provision which I have already mentioned and another provision with regard to naval and fuel reserves which they will negotiate upon independence. In view of that fact, I do not think we need fear voting for the pending bill.

Mr. President, at this time I ask permission to place in the RECORD as a part of my speech the report of the Philippine Independence Commission submitted to the Philippine Legislature. It is published in one of the papers of Manila under date of July 30, 1933. The report is signed by the delegation from the Philippine Islands; Sergio Osmeña, who was at that time president pro tempore of the senate; Manuel Roxas, who was speaker of the house of representatives; Ruperto Montinola, who was leader of the majority; Pedro Sabido, who was leader of the minority; Emilio Tirano, Pedro Guevara, and Camilo Osias, the latter two being Delegates from the Philippine Islands to the Congress of the United States. The report is the most complete analysis of the Hawes-Cutting bill that has ever been written. It is more complete than any report we have ever prepared. It analyzes the bill line for line and shows how, in the opinion of those who submitted the report, being the delegation from the Philippine Islands here at the time the bill was prepared, the benefits of the bill to the people of the Philippine Islands. I respectfully suggest that anyone who doubts the effect of the bill in the opinion of the representatives of the people of the Philippine Islands should read it. I ask that the report may be incorporated in the RECORD as a part of my speech.

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

[From the Sunday Tribune, Manila, P.I., July 30, 1933]  
REPORT OF THE PHILIPPINE INDEPENDENCE COMMISSION TO THE  
PHILIPPINE LEGISLATURE

TABLE OF CONTENTS

Chapter:

- I. The Independence Commission—its creation and membership.
- II. Situation in the United States in regard to independence legislation upon mission's arrival in Washington:
  - I. State of confusion regarding Filipino aspirations.
  - II. The attitude of the administration.
  - III. The attitudes of Congress.
  - IV. The attitude of labor organizations.
  - V. The attitude of farm organizations.
  - VI. The attitude of the press.

**Chapter—Continued**

- III. Formulation of independence bill:**
  - House hearings and committee action.
  - Senate hearings.
  - Letter of the Secretary of State in executive session.
  - Hawes-Cutting bill approved in principle.
- IV. Passage of Hare bill by the House of Representatives.**
- V. First debates by the Senate:**
  - The Forbes amendments.
  - Debates on the bill in June and July.
- VI. The Republican and Democratic convention and incidental questions:**
  - 1. Philippine Scouts.
  - 2. National party conventions:
    - (a) Republican National Convention.
    - (b) Democratic National Convention.
- VII. Congress in recess and Presidential and congressional elections.**
  - 1. Commission continues its campaign in Washington.
  - 2. The Presidential elections.
  - 3. After the Presidential elections.
- VIII. Arrival of Senator Aquino.**
- IX. Passage of bill by the Senate.**
- X. The bill in conference.**
- XI. Approval of conference report by the Senate and the House.**
- XII. Important developments while bill awaited Presidential action.**
- XIII. The veto message:**
  - 1. Economic and social consequences.
  - 2. Responsibility without authority.
  - 3. Inability to provide military forces of preservation of internal order or external defense.
  - 4. Present external dangers to independence.
  - 5. Conclusions.
- XIV. Passage of bill over President's veto:**
  - 1. In the House.
  - 2. In the Senate.
- XV. The Independence Act:**
  - 1. Basic philosophy.
  - 2. Fixed date for independence.
  - 3. The institutional process.
  - 4. Status of the Commonwealth of the Philippine Islands.
  - 5. The mandatory provisions.
  - 6. The right of intervention.
  - 7. The transition period.
  - 8. The 10-year period.
  - 9. Trade limitations during transition period.
  - 10. The export tax.
  - 11. American products imported to the Philippine Islands.
  - 12. Philippine autonomy under the Commonwealth government.
  - 13. The high commissioner.
  - 14. Filipino immigration to the United States.
  - 15. United States reservations in the Philippines after independence.
  - 16. Transfer of United States property and rights in the Philippine Islands to Philippine Commonwealth.
  - 17. The payment of public debt.
  - 18. The acceptance clause.
  - 19. Origin and purpose of this provision.
  - 20. Effect of acceptance.
  - 21. The vote on independence.
- XVI. The stand of the Philippine Commission on important issues and the attitude of the leaders of the legislature in Manila:**
  - 1. The Filipino appeal.
  - 2. Amendments to the Hare bill.
  - 3. The House bill.
  - 4. Approval of Hare bill.
  - 5. The Senate bill.
  - 6. Sugar limitation.
  - 7. Senate bill reported by committee.
  - 8. Military and naval reservations.
  - 9. The Forbes amendments.
  - 10. Immigration.
  - 11. Plebiscite.
  - 12. The period of transition.
- XVII. Newspaper opinion in the United States.**
- XVIII. Prospects of independence if Independence Act were rejected.**
- XIX. Acknowledgments.**
- XX. Recommendations.**

The undersigned, members of the Philippine Independence Commission, created by concurrent resolution of the Philippine Legislature dated November 9, 1931, composed of members of the legislature and the Resident Commissioners of the Philippine Islands in the United States, have the honor to submit the following report:

*Chapter I. The independence commission—its creation and membership*

The creation of the present independence commission was prompted by a series of important events which occurred in rapid

succession since the year 1928. These events were manifestations of potent political, economic, and social forces formulating in the United States and in the Philippines, which had a bearing on the Philippine problem. Their cumulative effect tended to bring to an issue the many questions involved in that problem, thus compelling a rational and realistic view of the whole subject of American-Philippine relationship, by the Filipino people on the one hand, and, on the other, by those Members of Congress who had assumed the task of securing legislation looking to its solution.

These events were described in detail in the reports submitted to the legislature by the last two missions which were sent to the United States. In the report submitted to the legislature on August 25, 1930, by the legislative commission, created by the resolution of the legislature of October 29, 1929, these events were carefully analyzed and appraised. The report submitted by the Honorable Manuel L. Quezon on November 9, 1931, also called attention to these significant facts. Both reports showed that there was a growing movement in the United States against unrestricted free entry of Philippine laborers and products.

This movement rapidly gained momentum. It was carried to the Congress, where it gradually mustered support. Soon many bills were introduced seeking the curtailment of Filipino immigration to America and proposing either a limitation of free importations of Philippine products, notably sugar and coconut oil, from the islands, or an outright tariff levy on those products. Filipino representatives in America, with the aid of many Senators and Congressmen who realized the injustice of such proposals, successfully forestalled these attempts to discriminate against the Philippines. But those who followed the course of events and dared to read the clear sign of the times, knew that the defeat of the discriminatory measures was a mere temporary set-back and did not mean that the struggle was ended.

The attitude of the Filipinos at the time in relation to these discriminatory proposals was, namely, that, while the Philippine Islands remained under the American flag by the will and purpose of the United States, and while their people were seeking independence, it would be unjust to levy a duty on their products or to deny to Filipinos the right freely to enter American territory. As a consequence, American farmers and laborers having been in sympathy with the independence movement for many years on purely moral and political grounds decided that the most effective means of attaining their objective was actively to cooperate with those who were exerting efforts to achieve independence for the Philippines. Thus there was offered to the Filipinos a rare opportunity to make the Philippine problem a live issue of practical and urgent importance in the United States, and to muster the additional support for independence of important elements.

One incident in the course of the spirited controversy which took place in relation to proposals to limit or tax Philippine sugar imports to the United States merits specific mention. Soon after President Hoover was inducted into office, Congress was convened in special session to revise the tariff in order to relieve agriculture. Proposals to limit free imports of sugar and coconut oil from the Philippine Islands were introduced. The proposed limitation for sugar was 500,000 long tons. Hearings were held before committees of Congress on these measures. There were also hearings on the bills providing restriction of Philippine immigration. All these proposals were rejected by the respective committees, but only after great efforts by official representatives and friends of the Filipinos. When the Hawley-Smoot tariff bill reached the Senate, and during the debate on that bill, Senators King and Brouard submitted amendments, the former to grant independence to the Philippines, and the latter to levy duty on Philippine imports to America even before independence. During the discussion on these amendments, Senator Bingham, Chairman of the Committee on Territories and Insular Affairs of the Senate, stated on the floor of the Senate that it was his purpose as soon as possible to hold hearings on the independence bill pending before his committee and to submit a report to Congress without unnecessary delay.

This was a turning point. The Senate readily voted down both amendments, but all were advised that the Senate would soon have an opportunity to take up the Philippine independence question, together with the incidental problems of tariff and immigration. This, too, was official notice to the Philippine people. Forthwith, a mission was sent to the United States in October 1929. The report of this mission relates the occurrences relative to the independence question during the regular session of Congress which commenced in December of that year. Chief among these was the introduction of the first Hawes-Cutting bill on January 6, 1930, and its favorable report by the Senate committee on May 24, of the same year. Grave national questions in relation to the economic depression, with all its growing acuteness and consequent suffering and distress, engaged the attention of the Congress continuously during that session. The Hawes-Cutting bill remained unacted upon in the Senate Calendar. Neither was the bill considered during the short session following; and the Seventy-first Congress adjourned leaving the Philippine problem without decision.

Concurrently with all these events, close observers of social and political trends in America were noticing daily clearer indications of a growing nationalistic attitude among the American people. This was the result of economic maladies over all the world which were precipitating a tariff war among nations hurtful to international trade and further aggravating the economic situation. Nations persistently turned their efforts in the direction of economic nationalism, endeavoring to maintain the home markets

for the benefit of domestic producers. This nationalistic trend was partly a natural reaction against internationalism, which, it was alleged, had brought to the different nations many of their ailments. Under such conditions, the organized voice of farmers and wage earners, representing as they do the bulk of the people and of political constituencies, gained in strength.

Logically, the thought and the attitude of public men in the United States was that America should devote herself primarily to the cure of her own social and economic maladies, leaving the other nations to take care of themselves as best they could. It was not long before this view gained ground and gripped the mind of the whole American Nation. Tariff schedules, already high, were increased, effectively checking imports. Other nations retaliated, and American exports fell 60 percent. With falling prices and increasing surpluses, unemployment became more acute. This fact gave plausibility to the pleas of anti-immigrationists with the result that immigration was reduced by 70 percent.

This state of popular psychology affected the attitude of the American people toward the Philippine problem. The Filipinos had been constantly demanding independence, saying that they would be happy to achieve it so that for all practical purposes the Philippines would become a territory foreign to the United States. This aspiration of the Filipinos was in accord with the promises of independence given by the United States. No valid reason existed for the continued postponement of the settlement of the Philippine problem. Moreover, the United States was unable to relieve distress among its own population. Many believed that there was no justification to continue promoting the economic development of the Philippines to the injury of American farmers and laborers. No specific solution was advanced but there was manifested a wide-spread desire for an early settlement of the problem.

This psychology favored the view that should the time not be considered propitious for the erection of a Philippine independent state this fact should neither delay nor prevent the protection of American agriculture and labor against Philippine competition. Therefore, many urged an immediate curtailment of Filipino immigration and a progressive tariff levy on Philippine free imports to the United States. Regarding sugar, it was proposed that imports from the Philippines be limited to 500,000 long tons annually.

It was at about this time that Senator Harry B. Hawes and Senator Key Pittman visited the Philippine Islands in July 1931, shortly after Congress adjourned. Senator PITTMAN, ranking Democrat in the Committee on Territories and Insular Affairs, and prominent in the counsels of his party, had been in China studying the silver question. A statesman of long experience and great prestige in America, his interest in the Philippine problem proved a valuable asset to the cause of independence. Sensing that the independence question was being rapidly drawn to an issue which had to be settled, he, like Senator Hawes, visited the Philippine Islands in order to gather first-hand information about conditions here.

Senator Hawes undertook his trip to the Philippines as an essential part of his program to secure passage of independence legislation. Having been designated by his Democratic colleagues in the Committee on Territories and Insular Affairs to take charge of the Philippine independence bill, he considered it his duty personally to investigate certain vital facts. Chief among these was the genuineness of Filipino desire for independence. In the hearings before the committees of Congress and in many newspaper articles assertions had been made that independence was the clamor of self-seeking politicians for purely political effect in the islands and did not represent the informed and sincere aspiration of the Filipino people. Hence, upon his arrival in Manila Senator Hawes issued a statement challenging the Filipino nation to give its answer to the question, "Do you want independence?" The answer that he and Senator PITTMAN received from the memorable popular demonstrations at Manila, in Mindanao, in Cebu, Panay, and other parts of the country, from Christian, Moslem, and Pagan Filipinos was, in the language of Senator Hawes himself, "unanimous, nation-wide, truthful, decisive, and determined"—the Filipino people wanted their independence at the earliest date possible. Both Senators Pittman and Hawes informed the Filipino people of conditions obtaining in the United States and of the opportunity that was to present itself in the next regular session of Congress to attempt a consideration of the independence question. While no political party had a working majority in the Congress, there was clear evidence, they intimated, that liberal views would predominate in its deliberations. Comprehending the anxiety of the Filipino people for a settlement of the Philippine problem, they urged, in statements made before joint sessions of the Philippine Legislature, that a representative mission be sent to the United States to submit the petitions of the Philippine people and to work for the approval of independence legislation.

Soon after the departure of Senators Pittman and Hawes from Manila news was received in the Philippines that Secretary of War Patrick J. Hurley would also visit the islands. The immediate reaction to this announcement was that Secretary Hurley's trip was intended to offset the effects of the visit of Senators Pittman and Hawes, both in the Philippines and in the United States. The visit of these Senators would give them the authority to speak on Philippine conditions from personal knowledge of the facts; this could only be successfully met by statements from someone equally qualified.

Secretary Hurley reached the islands early the following September. He was greeted everywhere with signs of friendliness and respect, coupled with popular demonstrations for independence. There being indications that suggestions were being made to induce the Philippine people, temporarily at least, to suspend agitation for independence in exchange for concessions in the line of greater participation in the conduct of their government, the Filipino leaders in the islands promptly and frankly expressed disapproval of such plan, and the Philippine Legislature on September 24, 1931, unanimously passed a memorial clearly outlining the stand of the Filipino people in relation to their independence. The memorial was formally presented to the Secretary of War.

At the time of the departure of Secretary Hurley, sentiment in the Philippines in favor of decisive efforts to achieve independence legislation at the next session of Congress was strong. Members of the legislature were becoming impatient at the delay of action by the legislature authorizing a mission to the United States. The reason for postponement of such action, however, was the fact that the Honorable Manuel L. Quezon, president of the senate and leader of the majority party, was then on his way from the United States to Manila bearing with him the latest information concerning conditions in the United States. It was but natural that the legislature should await his arrival before taking action.

On November 9, 1931, President Quezon submitted his report to the legislature. The report analyzed the political situation in the United States in relation to the issue of Philippine independence, and described the different economic and political influences at work in America which deserved consideration in any plan to secure independence legislation. The report was in no sense optimistic as to the certainty of obtaining such legislation. In fact, it candidly admitted the possibility that no independence legislation might be enacted, but instead a curtailment of Philippine free imports to America and of Filipino immigration to the United States. However, Mr. Quezon's report recognized the probability that the Philippine question would be taken up by Congress and for this reason urged the sending of an independence mission to the United States. Concurring in the suggestion of Senators Pittman and Hawes, he recommended that the mission be headed by responsible leaders of the Filipino people. The report also stated:

"The mission, in my opinion, should formulate and submit its own plan, which should cover in detail all the aspects of the Philippine question—political, economic, and international. This does not mean that the Philippine Legislature should give specific instructions to the mission; on the contrary, I believe that the mission should be given a vote of confidence in order to be able to act with entire freedom and to get the best out of any situation that may arise. In this way, if the plan submitted by the mission should not meet with support in Congress, the mission would be in a position to endorse that bill which would be most beneficial to us."

Acting on the recommendation of President Quezon, concurred in by the other legislative leaders, the Philippine Legislature, on the same day, passed the following concurrent resolution creating the present independence commission:

(Ninth Philippine Legislature, 1st sess. H.Con.Res. 14)

"Concurrent resolution creating a committee of the legislature composed of 3 members of the senate and 3 of the house of representatives to petition the Government and Congress of the United States for the early concession of independence to the Philippines

"Resolved by the house of representatives (the Philippine Senate concurring), That a committee of the Philippine Legislature composed of the president of the senate; the speaker of the house of representatives; the president pro tempore of the senate; the floor leader of the majority in the house, Hon. Pedro Sabido; the floor leader of the minority in the senate, Hon. Ruperto Montinola; and the floor leader of the minority in the house, Hon. Emilio T. Tirona, be, and the same hereby is, created to petition, jointly with the Resident Commissioners, the Government and Congress of the United States for the early concession of independence to the Philippine Islands, and to submit to them from time to time the views of the legislature on any matter concerning the Philippines under consideration by Washington Government."

Adopted November 9, 1931.

Pursuant to this resolution the following members of the legislature became members of the commission:

For the senate:

Hon. Manuel L. Quezon, president of the senate.

Hon. Sergio Osmeña, president pro tempore of the senate.

Hon. Ruperto Montinola, minority floor leader of the senate.

For the house of representatives:

Hon. Manuel Roxas, speaker of the house.

Hon. Pedro Sabido, majority floor leader of the house.

Hon. Emilio T. Tirona, minority floor leader of the house.

Hon. Pedro Guevara, Philippine Resident Commissioner.

Hon. Camilo Osias, Philippine Resident Commissioner, members ex officio.

Attached to the commission were Messrs. Maximo M. Kalaw, Marcial P. Lichauco, and Jose Fernandez. Dean Kalaw left the United States for the Philippines after a few months' stay in Washington.

After completing the work of the legislative session and effecting the necessary arrangements and preparations for the campaign in America, the legislative members of the commission, on December 5, 1931, departed for the United States. President Quezon was not able to accompany the mission.

*Chapter II. Situation in the United States in regard to independence legislation upon mission's arrival in Washington*

Before leaving Manila the joint chairmen of the mission cabled the Resident Commissioners requesting them to forward to the mission en route to America advance information concerning the independence situation in Washington, particularly as to the latest developments resulting from the political complexion of the new Congress that was then about to convene. This request was readily complied with in a communication which the mission received by mail on its arrival at Honolulu, depicting the situation in the United States. This communication, signed by the Resident Commissioners, is appended to this report as confidential document A.

The mission arrived in San Francisco on December 29, 1931, and proceeded to Washington on the same day. They reached Washington on January 2, 1932.

In conformity with the resolution of the legislature (Res. No. 12, Nov. 9, 1931), the mission and the Resident Commissioners resolved to act jointly and as a single unit under the name of "The Philippine Independence Commission."

Shortly after their arrival the commission had an audience with President Hoover. They also held a series of conferences with the Secretary of War. Simultaneously, the commission conferred with proponents of independence legislation in Congress and with leaders of the Republican and Democratic parties. They also conferred with representatives of agricultural organizations, and with the officials of the American Federation of Labor, and other similar organizations. Newspaper opinion was examined and analyzed and the whole situation affecting independence legislation carefully studied and scrutinized.

The findings of the commission may be summarized as follows:

I. STATE OF CONFUSION REGARDING FILIPINO ASPIRATIONS

In press publications, in the minds of prominent officials of the administration, among many Members of Congress, and in the United States at large, there prevailed a state of confusion regarding the true aspirations of the Filipino people. Through a whispering campaign of subtle misrepresentation of the view of Filipino leaders and the continuous propaganda of a powerful anti-independence press, the American people were being gradually led to believe that the Filipinos did not really want independence; that what they expected and desired was mere autonomy, and that even the most rabid independence advocates in the Philippines had changed front and were then favoring a status similar to that of Canada.

This confusion was difficult to dissipate. It engendered suspicion and doubt as to the sincerity of the Philippine independence movement even in the minds of some of its most devoted supporters in America. It created misgivings and discouragement among many friends of independence. To say the least, it obscured the independence movement by depriving it of that element of patriotic vehemence, chivalry, and passionate earnestness so essential to compel respect and sympathy.

To combat this state of confusion and the effective propaganda conducted by opponents of independence, the commission realized the imperative need of adequate publicity through the press, by personal communications and circulars to newspaper editors, writers, Members of Congress, universities, State officials, public libraries, and other entities. Hence a publicity office was immediately organized with an experienced American newspaperman as a member of the staff. As a first step toward clearing up the situation and presenting Filipino aspirations in a true light, the commission on January 2, 1932 issued to the press the following statement:

"Our mission has come to the United States to represent the Philippine Legislature and our political parties for the purpose of once again presenting to the Government and people of the United States our plea for the definite settlement of the Philippine problem through an early grant of independence. While we realize the advantages which we enjoy as a result of the relationship with the United States, we are convinced that our better interest and permanent welfare lie not in the continuation of this relationship but in a separate political existence. The movement which is becoming more persistent in the United States to exclude our products from the American market and our nationals from the continental United States brings home to us the inescapable fact that our present situation lacks stability and can never be the basis for true national progress and contentment. These are the reasons, besides others, which have urged the legislature earnestly to petition the Government and people of the United States to delay no further the settlement of the Philippine problem. Philippine independence has always been the goal of American policy in the Philippines. Its fulfillment will not only satisfy Filipino aspirations but will be a happy culmination of America's generous labors in the guidance and liberation of 13,000,000 Filipinos.

II. THE ATTITUDE OF THE ADMINISTRATION

Conferences with the Secretary of War and other officials of the administration early in January revealed their definite opposition to legislation fixing a date for independence or a grant of independence conditioned upon a favorable vote by the Filipino people at a plebiscite to be held after a prescribed period of time. The reasons alleged by these officials were the unsettled conditions in the Far East, the economic unpreparedness of the Philippines, the inability to provide adequate external defense, and the unfinished discharge by the United States of commitments and obligations to Filipinos, particularly the non-Christians. At

a point during these conferences, an official of the administration suggested approval of independence for the Philippines but with the exception of Mindanao which was to be retained by the United States. Needless to say this suggestion was readily rejected by the commission.

In brief, the administration did not consider the time propitious for the settlement of the independence question. It did not agree to set any date for the recognition of Philippine independence. Administration officials alleged that capacity for independence was not a matter of time but of accomplishment and that no one could with any degree of definiteness determine a priori that certain conditions would be brought about after the lapse of a fixed period of time.

Administration officials, however, realized that the uncertainty of the status of the Philippines required clarification, but the proposal of these officials was not to fix a date for the grant of independence but to determine a period of time—about 25 or 30 years—during which all independence agitation should cease, so that the whole attention and the efforts of the Filipino people could be devoted to economic and social preparation; at the end of the stated period the question of independence could then be submitted to the American Congress. This plan likewise was opposed by the Philippine Commission.

The officials of the administration showed keen appreciation of the strength and, to a certain degree, the justification of the movement to curtail Philippine free imports to America and Filipino immigration to the United States. They intimated that such restriction was essential to permit a sound and statesmanlike solution of the Philippine question. Secretary of War Hurley expressed himself in favor of a plan which would increase Philippine autonomy through administrative action under the Jones Act. In exchange for this concession, the Philippine Legislature, of its own accord, would limit production of Philippine sugar, restrict Filipino immigration to America, and balance Philippine-American trade benefits by a revision of the Philippine tariff, increasing duties on certain products coming from foreign countries such as textiles and dairy products, which were then underselling American products in the Philippines. At first, the Secretary of War impressed the commission as being in favor of the election of the Chief Executive of the Philippine Islands. Later, however, he clearly expressed himself as opposed to this plan.

It was evident, therefore, that the independence movement could find but little encouragement from the administration. The commission, however, did not consider its negotiations with the administration as closed, and subsequently thereto they held conferences with the Secretary of War and other officials of the administration in an effort to avoid a determined and definite opposition to an independence bill.

III. THE ATTITUDE OF CONGRESS

The political complexion of Congress at this time was a peculiar one. The Democratic Party succeeded in electing the Speaker of the House of Representatives and in organizing that body; but its majority, gained not as the result of the regular elections in 1930 but because of new Democratic Members elected in special elections to fill vacancies occurring during the period intervening between the elections and the convening of the new Congress, was very small, varying at times from 2 to 10 Members. This could hardly be considered as a working majority in normal times, and very often the certainty of Democratic control depended on fortuitous circumstances. Actually, however, congressional history records but few instances that could equal the coherence, unity, and effectiveness of a congressional majority than that exhibited by the Democratic Members of the Seventy-second Congress under the able leadership of Speaker Garner majority leader RAINY.

Independence sentiment among Members of the Congress appeared favorable. Our supporters in that body were ready for action. It was admitted by all those who had canvassed opinion in the House of Representatives that an independence bill would receive the support of a majority of the Members.

This situation was most encouraging to the independence cause as an ideal, as an objective, to be accomplished by legislation. The number of those whose support was enlisted in favor of independence had become considerably increased. There were, of course, those who favored independence on grounds of pure principle, that all nations are entitled to self-government; others wished to fulfill the promise of America to grant independence to the Philippines graciously, in good faith, and with generosity; a few favored independence either solely or, in addition to one of the reasons mentioned above, as a means to free American agriculture or labor from Philippine competition; and, lastly, there were those who believed that the United States was gaining no benefits from the possession of the Philippines, that such possession continuously exposed the United States to the danger of war with other nations, that it weakened America's system of national defense, and that freeing the islands was a means of effecting much-needed economy in the Government expenditures.

A large number of the Members of Congress realized that a sudden cessation of free trade between the United States and the Philippines would bring ruin to Philippine industry and trade. For this reason they insisted on provisions which would guard against such a result.

An analysis of the various types of supporters and their varying views makes it easy to understand the difficulties that had to be encountered when the time came for consideration of concrete legislative proposals. There was the danger that conflicting views as to the details of the bill might offer insuperable obstacles. It was, therefore, necessary that very early in the parliamentary

procedure efforts be made to harmonize these divergent opinions as much as possible and formulate a bill which, to a certain degree, might meet the views of a majority of the House.

It was fortunate for the Philippines that the Committee on Insular Affairs, then newly organized, counted among its members some of the ablest, most conscientious and high-minded men of both parties in the House of Representatives. Its chairman was a man of long experience in the committee, familiar with Philippine conditions, of recognized ability and character, and could command the confidence and support of the House Democratic leaders. With such a committee, the commission was confident that a Philippine independence bill would receive careful, thorough, and conscientious consideration.

In the Senate the situation was practically the same as that of the House, but in a sense more complicated and confused. The Senate was nominally Republican by 2 votes, but everyone conceded that the progressive Republicans, while voting with the regular Republicans in the organization of the Senate, could not be depended upon regularly to support the Republican leadership. Fortunately, liberalism was dominant in the Senate. It was, therefore, generally considered that a bill granting independence to the Philippines would receive strong support in that body if it could be brought to a vote. Notwithstanding this fact there were very few political observers who believed that, in view of the rules and practices in the Senate, that body would find the necessary time to discuss the Philippine question, engaged as its attention was at the time in grave domestic and world problems. Everyone knows that a small group of willful Senators can defeat controversial legislation. Likewise it is well known that if the chairman of a committee decides to stall and prevent action on a bill pending in his committee, that chairman is able to prevent a report or discussion by the Senate of such measure unless it is a measure which finds Nation-wide support and is of such direct importance to the country at large that there actually exists a demand by the public opinion for its passage. This fact proved the stumbling block in past efforts in the Senate to pass an independence measure. At this time, however, Senator Bingham, Chairman of the Committee on Territories and Insular Affairs, a man of proven integrity and of high character, had assured the Senate a few months before that his committee would act on the Philippine independence bill, and everybody knew that he would comply with this commitment. That he would do so at the earliest possible opportunity was the added assurance he gave the members of the commission.

Senators Hawes and Cutting, whose unselfish devotion to Philippine independence is well known to the Filipino people, were ever ready to bend every effort to obtain approval of their first bill. However, they informed the commission that a more detailed consideration of the subject, and as a result of Senator Hawes' observations during his visit to the Philippines, certain amendments to the bill would be introduced to safeguard more adequately the interests and the liberties of the Philippine nation. Senator KEY PITTMAN was disposed to take a more active part in the fight for an independence bill. Senator KING assured the commission of his sustained interest. From leaders of both sides of the Senate the commission also received assurances of abiding sympathy, which gave the members of the commission much reason for hope and confidence. Other members of the Committee on Territories and Insular Affairs had already voted in favor of the original Hawes-Cutting Act during the previous session; there was every reason to expect that they would adopt the same attitude when the question of Philippine independence was again submitted to the committee. But, as in the House, there existed conflicting views as to the time and process of granting independence, which had to be harmonized.

On the whole the situation in the Senate was encouraging to Filipino aspirations. A sympathetic interest was shown by many Senators in the subject. Equally important was the fact that, realizing that the Philippine independence question would soon be discussed by the Senate, many Members took time to acquaint themselves with the history of the independence movement, Philippine conditions, and the problems incident to independence. For these reasons the commission believed the Senate would consider the Philippine independence bill intelligently, with a high purpose, and with justice to both American and Philippine interests.

#### IV. THE ATTITUDE OF LABOR ORGANIZATIONS

Labor organizations in the United States favored Philippine independence. Agitation for Filipino exclusion from the Pacific coast and in other parts of the country persisted with undiminished vigor. The unemployment situation provided the exclusionists with an added argument on which to base their demand. They claimed not only that it was unjust to American workingmen to compel them to compete with Filipino laborers, who accepted lower wages at a time when there was not enough work for American laborers supporting families, but that it would also be helpful to Filipinos themselves to prevent them from going to the United States at a time when a large number of Filipinos residing there were undergoing great suffering and privations because of inability to find work. With the number of unemployed mounting higher and higher every day, the appeal of these exclusion agitators gained considerable support.

It is not to be understood, however, that the support of Philippine independence by labor groups was actuated solely by their desire to exclude Filipino laborers from the United States. In justice to them it should be stated that American labor has con-

sistently favored Philippine independence since the early days of American occupation. In truth, the American Federation of Labor actively opposed the retention of the Philippine Islands at the close of the War with Spain.

The commission conferred with officials of the Federation of Labor and other labor organizations in Washington soon after their arrival. These officials expressed sympathy and readiness to join in the effort to enact independence legislation. While they favored independence in 5 years or at the earliest possible date possible, they realized the necessity of an adjustment period to permit a gradual accommodation of conditions in the Philippines to the changes that would result from independence.

#### V. THE ATTITUDE OF FARM ORGANIZATIONS

The attitude of farm organizations was found to be the same as that expressed by their representatives at the hearings before the House and Senate committees on the Philippines and in connection with the tariff during the previous session of Congress. They favored independence in 5 years or as soon as possible. While eager to free American agriculture from Philippine competition, their representatives admitted the necessity of prescribing what one of them termed as a "moratorium" in American-Philippine trade relations for a limited period so as to permit a gradual adjustment of such relationship. These organizations favored the process outlined in the first Hawes-Cutting bill, namely, progressive imposition of tariff duties on Philippine imports to the United States.

Agriculture in the United States was prostrate and facing ruin. For this reason there was in evidence an almost feverish desire to come to the rescue of American agriculture, to help place it on an equal footing with American industry, and to give it adequate protection from foreign competition, so as to preserve the home market for the benefit of American farmers. With these facts in mind, the Philippine commission eagerly sought to enlist the support of the representatives of farm organizations in Washington. These they found to be men with an unusual grasp of economic facts and were of high character and ability. While, of course, eager to promote what they candidly admitted to be their selfish interests, they, nevertheless, exhibited commendable willingness to avoid unnecessary injury to Philippine industries and trade.

#### VI. THE ATTITUDE OF THE PRESS

The Philippine Commission found the American press preponderantly opposed to independence, especially at that particular time. Most of the great metropolitan dailies and periodicals adopted the view of Secretary Stimson and of Secretary Hurley expressed by them during the preceding session of Congress in opposition to the enactment of legislation looking to independence under any terms or conditions. A few liberal publications in the South and in the West favored independence. By and large, however, it can be truthfully said that practically 90 percent of the American press was opposed to independence legislation. This included each and every one of the newspapers published in the city of Washington, the great Republican papers—the New York Herald Tribune, the Chicago Tribune, the Chicago Daily News, and the Philadelphia Public Ledger, and the influential Democratic newspapers—the Baltimore Sun and the New York Times. Small-town papers ordinarily echoed opinions similar to those expressed in the large and influential papers. The power and influence of these publications offered one of the greatest obstacles with which the commission had to contend. Ordinarily, a uniform stand taken by these important newspapers on any controversial issue would have had decisive influence in Congress. The commission discovered very soon that it should do little or nothing to change their attitude. There was only one thing to do: to fight the views of the papers in Congress by furnishing true information regarding Philippine conditions and Filipino aspirations among Congressmen and Senators, by placing before them the true significance and motivating influence behind the independence movement, and by circulating newspaper editorial offices all over the country with facts and figures showing Filipino preparedness for independence and the desirability of an instant settlement of the whole Philippine problem for the benefit of both the Philippine Islands and the United States.

The Philippine Commission transmitted by cable this survey of the situation in the United States to the legislative leaders at Manila. The cables bearing this information are attached to this report as confidential document B.

#### *Chapter III. Formulation of independence bill*

Immediately upon their arrival, the members of the Philippine Mission and the Resident Commissioners held numerous conferences with leaders of the Senate and the House of Representatives, more particularly with Congressman Hare, Chairman of the House Committee on Insular Affairs, and with Senators Hawes, Cutting, Bingham, and Pittman. The purpose of these conferences was to outline a program of activities looking to the formulation of a satisfactory measure and the procedure to be followed to insure its consideration and favorable report by the committees of both Houses and its final enactment by Congress. In these conferences, the commission informed the Members of Congress of the instructions of the legislature, and of the resolutions passed by the legislature urging the early grant of independence. The outcome of these conferences was the adoption by the sponsors of independence legislation in Congress of the following program:

First. To immediately reintroduce the original Hawes-Cutting bill both in the House and in the Senate. The alleged advances of this plan were, (1) because it would avoid delay in the prep-

aration of another bill; (2) because it was very valuable to capitalize the publicity already gained in the previous session of Congress by the Hawes-Cutting bill and the support it had received all over the country from labor and agricultural groups; (3) because the bill contained appropriate machinery for the institution of a Philippine independent state and the regulation of commerce and other relations during the transition period, and any modification of its provisions that might be desired would be more readily accomplished through amendments that might be proposed in the course of consideration of the bill.

There was general acceptance of the fact that the original Hawes-Cutting bill contained certain provisions which had to be modified, particularly those referring to trade provisions which everyone admitted would work undue hardship on the Philippines. Moreover, the conclusions which Senator Hawes reached from his observations in the Philippines inclined him to the belief that the transition period had to be slightly increased but not to exceed 10 years. In this respect Senator Hawes was strongly supported by Senator CUTTING who insisted that a period of 10 years would be more reasonable and offered better opportunities to the Filipino people to work out their economic preparation for independence. As regards trade provisions, there was practically an agreement that a limitation of the amount of sugar, coconut oil, and cordage which might be imported free of duty to the United States from the Philippine Islands during the transition period, was more satisfactory for the Philippines than a progressive imposition of tariff duties on such imports.

These conclusions as to time and trade arrangement were considered to be in agreement with the views expressed by Senate President Quezon in his latest report to the legislature. In addition to this fact, Senator Hawes called attention to a letter received by him from Mr. Quezon expressing approval of the original Hawes-Cutting bill, with only two amendments, namely, that the period of transition should be extended to 10 years, and a system of the volume of Philippine imports to the United States should be substituted for a progressive imposition of tariff duties. That part of President Quezon's letter referred to is as follows:

"I beg to call your attention to the report enclosed herewith, which I submitted to the Philippine Legislature upon my arrival, with particular reference to pages 12 and 13, paragraphs first, second, and third. You will see that the first plan I advocate is immediate independence with limited free trade for 10 years. The second, independence under the form proposed in your bill with two amendments, namely, that, instead of imposing gradual tariff from the second to the fifth year, I suggest that the trade relations between America and the Philippines be left as it is today, but that the free importation of sugar and oil be limited; and that the time be extended to 10 years."

The full text of the letter is attached to this report as appendix 1.

Second. That hearings should be held at the earliest date possible, simultaneously before the House committee and the Senate committee, to expedite the presentation of evidence and testimonies, and, as soon as possible, obtain a favorable report by both committees.

Third. That while it was not essential to determine beforehand which committee should first submit a report or which branch of Congress should first act on the bill, it was deemed more expedient, having in mind the peculiar circumstances existing in the Senate in relation to the amount of urgent measures already included in its calendar, to attempt passage of the measure by the House of Representatives first.

Fourth. That Congressman Hare would introduce the bill in the House, and Senators Hawes and Cutting would introduce it in the Senate.

Fifth. That the hearings to be held before both the Senate and the House committees should be conducted with the Hare-Hawes-Cutting bill as a basis, and all testimony and evidence should refer to such bill as well as amendments which might be proposed.

Sixth. That the Philippine Commission should have opportunity to propose amendments to the bill during the hearings so as to make its provisions conform as closely as possible to the desires and aspirations of the Filipino people. It was the unanimous opinion of the leaders of Congress who participated in these conferences that it would be futile to insist on an independence bill too radically at variance with the bill used as a basis for the hearings and, besides, that it would be most unwise, for it would prevent effective coordination of efforts, might confuse issues, divide supporters of independence, and necessarily delay or impede action on an independence bill. Moreover, it was urged upon the Commission, confirming observations which the members themselves had made, that an immediate independence measure was considered impractical by a consensus of opinion in Congress and impossible of enactment.

Seventh. That in the obvious necessity of expediting action by the committees so as to be in readiness to take advantage of the earliest opportunity offered in either House in the regular disposition of its legislative business to obtain consideration and passage of the bill, it was deemed important that the sponsors of the bill should bear in mind the necessity, as much as possible, consistent with basic principles underlying the measure, to harmonize the divergent views of its supporters and to avoid as many controversial questions as might be feasible. The theory to be followed was to try to pass through the House of Representatives the best possible measure from the viewpoint of Filipino aspirations and Filipino interests, taking into consideration the views of the members of the committee and the whole Membership of the House of Representatives. As to the Senate, the same rule

of expediency was to be observed for the purpose of meeting the views of many of its Members. It was understood that after passage of the bill by both Houses of Congress, and while the bill was in conference, there would be ample opportunity to improve its provisions to meet the views of the Filipino Commission.

Eighth. That while there was not much hope of obtaining approval of the Philippine bill by both Houses during that first session of Congress, nevertheless an earnest attempt should be made looking to its passage in that session, and in case of failure so to do, to work out a parliamentary situation which would insure a continuation of consideration and final vote on the measure during the succeeding short session.

In conformity with this program of action, the original Hawes-Cutting bill was introduced in the House of Representatives by Congressman Hare on January 8, 1932. Copy of this bill is attached to this report as appendix 2. In the Senate the original Hawes-Cutting bill was introduced by Senators Hawes and Cutting on January 6, 1932, and copy of this bill is attached to this report as appendix 3.

#### HOUSE HEARINGS AND COMMITTEE ACTION

When the House Committee on Insular Affairs first met on January 22, 1932, the chairman, Representative Hare, formally announced that the committee would take H.R. 7233 (the Hare bill) as a basis for the hearings, but that in executive session all the Philippine bills that had been introduced would be taken up and considered, and that any amendments to any of the bills or the bill agreed upon would be in order at any time.

The hearings continued on January 22, 23, 25, 26, 29, 30, February 1, 2, 5, 6, 9, 10, and 12, 1932, or a total of 13 days. All witnesses interested in the solution of the Philippine problem were granted a hearing, and the evidence presented by them was thorough and exhaustive. Besides the members of the commission and several Congressmen who testified in favor of independence there were representatives from the National Beet Growers Association, the National Grange, the National Cooperative Milk Producers Federation, the National Farmers Union, the National Dairy Union, the Spencer Kellogg & Sons Corporation of Buffalo, the American Federation of Labor, the Hawaiian Sugar Planters Association, the Chambers of Commerce of San Francisco, Portland, and Tacoma, and the Manila Electric and Philippine Railway Cos. Senator Hawes, Senator Broussard, and the Secretary of War, Mr. Hurley, also appeared before the committee.

The Philippine Commission submitted the case for independence at great length. Their combined testimony covers 187 pages in the record of the House hearings. Every phase of the Filipinos' demand for early independence and the readiness and capacity of the Filipino people to maintain a free and stable government was discussed. The stand of the commission and the Filipino people was made plain by Senator Osmeña in his statement, in the course of which he quoted the independence memorial unanimously approved by the Philippine Legislature on September 24, 1931, on the occasion of the visit of the Secretary of War to the Philippine Islands.

For reasons already explained, the commission at first did not commit themselves either in favor of or against the Hare bill, satisfying themselves instead with submitting as convincing a case as possible in favor of the earliest grant of independence. On the fourth day of the hearing the committee requested the commission to submit such amendments to the Hare bill as they might desire to propose.

Consequently, on January 29, when the committee again met, Senator Osmeña submitted, on behalf of the commission, a list of amendments, explaining at the same time, that the commission, in preparing these amendments, had taken into consideration not only the views of the Filipinos but also of those different elements in the United States who are interested in the solution of the Philippine problem. Briefly, these amendments were as follows:

(1) The elimination of the plebiscite following the 5-year period of transition, and instead making the 4th of July following the 5-year period provided in the bill as the date when independence of the Philippines shall be recognized and American sovereignty withdrawn. The commission stated to the committee that in case an economic adjustment was not to be provided, 2 years would be a sufficient time within which the steps leading to the organization of an independent Philippine Government could be undertaken.

(2) Philippine immigration to the United States to be on the same basis as immigration coming from nonquota countries, but limiting said nonquota immigrants to 100 a year, and excluding Hawaii from the provisions of this section.

(3) The maintenance of the present free-trade reciprocity between the United States and the Philippines until final withdrawal of American sovereignty, except that during the period of transition under the Commonwealth government, the free importations of Philippine raw sugar to the United States would be limited to 20 percent of the total sugar imports into the continental United States; refined sugar to 30,000 tons annually; coconut oil to the content of copra that is imported into the United States annually at the ratio of 63 percent of oil to 100 of copra; and cordage to 7,500,000 pounds.

Detailed explanation of these amendments appear on pages 145-148 of the House hearings.

The foregoing amendments were submitted on January 29, 1932, and on February 2, Representative Hare reintroduced his bill as H.R. 8758 substantially embodying the suggestions of the commission.

The views of the farm and labor interests as presented before the House committee may be stated substantially as follows:

(1) The farm organizations favored independence after a 5-year period of transition precisely as provided in the Hare bill with an immediate application of the American tariff on Philippine imports gradually increasing from 20 to 100 percent of the tariff rate.

(2) The labor organizations urged that the doors to the United States, including Hawaii, be closed to Filipino immigration within 60 days of the passage of the Hare bill.

(3) The representatives of the Hawaiian Sugar Planters Association in turn argued that if it should be deemed to be in the interest of the United States to prohibit the entrance of citizens of the Philippine Islands to the United States, a provision be made applying to Hawaii whereby they (the Filipinos) may be admitted thereto in numbers sufficient to meet the agricultural labor requirements of that Territory.

Representatives of American investments in the Philippines called attention to the fact that American investments in the Philippines, particularly in sugar and coconut oil, have been to a large extent encouraged by the American and Philippine Governments, and that it would, consequently, be most unreasonable to cut these products off immediately from the American market without giving them a sufficient time within which to permit the investors to liquidate their investments in those industries without loss. A transition period of not less than 20 or 30 years was urged, during which time the annual duty-free Philippine sugar entering the United States could be limited to 25 percent of that which the United States consumed.

Secretary of War Hurley testified before the committee on February 10. He stated that it was unwise to consider the subject of Philippine independence at the time owing to the unsettled conditions in the Far East. He opposed the fixing of any definite date for independence because of alleged economic unpreparedness of the Filipinos, inability to defend themselves from external aggression, and because America had not yet fully discharged her obligations to the Filipinos, particularly the non-Christians. The Secretary of War favored the idea of restricting Philippine free imports and Filipino immigration to the United States without fixing a date for independence and the revision of the tariff of the Philippines by the legislature for the purpose of balancing what he termed "reciprocal trade advantages" between the two countries.

On March 4 the House committee tentatively came to an agreement regarding the provisions of the Hare bill as they would report it. The bill would grant independence after a transition period of 5 years. During the first year of this transition period raw sugar importations to the United States would be limited to 800,000 tons and refined sugar to 40,000 tons; cordage to 5,000,000 pounds, and coconut oil to 300,000 tons. Beginning with the second year of the transition period there would be a 10-percent yearly reduction in the above quantities. Filipino immigration would be restricted to a quota of 50 annually, this provision becoming effective immediately upon the passage of the act, and no exception being made with Hawaii. Furthermore, the withdrawal of sovereignty by the United States was to be conditioned on the previous agreement on the part of the Philippine government to sell or lease to the United States lands necessary for coaling or naval stations at specified points to be agreed upon with the President of the United States not later than 2 years after his proclamation recognizing the independence of the Philippines.

No sooner had the majority of the committee tentatively come to such an agreement, however, when some of the Members who did not approve of the transition period and the terms of the trade provisions immediately tried to obtain changes through committee amendments. The problem confronting the friends of independence in this committee was to find some formula which would reduce as much as possible the differences existing between the various shades of opinion represented in the committee so as to insure the passage of the measure in the House without prolonged debate and its acceptance by the Senate. These friends felt, and they so informed the commission, that a point had been reached where the preferences of the Filipinos as to the time when independence was to be granted should be subordinated to the exigencies of the situation in Congress if the difference did not involve a great length of time.

Finally on March 15 the committee, by a practically unanimous vote, agreed upon the final form of the bill. The annual duty-free raw-sugar importations from the Philippines to the United States was set at 800,000 tons, refined sugar at 50,000 tons, coconut oil at 200,000 tons, and cordage at 3,000,000 pounds. The 10-percent annual reduction of these amounts previously agreed upon was eliminated, and Hawaii was exempted from the immigration-clause provision. However, the period of transition was increased to 8 years.

#### SENATE HEARINGS

When the Hawes-Cutting bill as approved by the Senate Committee on Territories and Insular Affairs in the Seventy-first Congress was reintroduced in the Seventy-second Congress early in January as S. 2743, every effort was made by the commission to expedite the holding of the hearings on the same. Thus, on January 25, 1932, while Speaker Roxas was testifying before the House Committee on Insular Affairs, Senator Osmeña appeared before an executive session of the Senate committee and defined the Filipino people's position, urging at the same time prompt and speedy action on the pending bill.

In order to save time, the Senate committee thereupon agreed to incorporate into the records of their committee all the evidence that might be submitted to the House committee. The Senate

committee also agreed to invite the Secretary of War, the Secretary of State, and the Secretary of the Navy to submit any statement they desired to make in regard to the Philippine question, particularly with reference to the Hawes-Cutting bill. When the Senate committee commenced its hearings it had before it not only the Hawes-Cutting bill but also the King bill (S. 23) introduced by Senator KING on December 9, 1931. A copy of this bill is attached to this report as appendix 4.

The Secretary of War appeared before the Senate committee on February 11 and 13. It will be recalled that he had testified before the House committee on February 10, and his testimony before the Senate committee was, to a large extent, a repetition of his statement before the committee of the House of Representatives.

Following the statement of the Secretary of War the members of the commission immediately prepared a reply in which they refuted the arguments against independence made by him, and to show that his position was, in the light of uncontested facts, untenable. This reply was submitted not only to the chairman of the Senate and House committees and made a part of the records of the hearings, but copies of it were distributed to every Member of the House and the Senate and to the more influential newspapers throughout the United States. A copy of said reply is attached hereto and marked "appendix 5."

The commission also took occasion to send to the Senate committee a separate answer to Secretary Hurley's charge that the Filipino people have never formulated an economic program in the event of independence. A copy of this statement is attached hereto as appendix 6.

On February 11 other witnesses appeared before the Senate committee. They were Messrs. Clyde H. Tavenner and Charles Edward Russell; James Craig, representing Spencer Kellogg & Sons, of New York; and Mr. Edward Bruce, who officially represented the Chambers of Commerce of San Francisco, Portland, and Tacoma. The first two witnesses urged immediate independence, while the other two opined that a transition period of at least 30 years was necessary to permit Philippine industries dependent upon the American market to readjust themselves to the new conditions which they would have to face under an independent regime.

#### LETTER OF THE SECRETARY OF STATE IN EXECUTIVE SESSION

The Honorable Henry L. Stimson, Secretary of State, unable personally to appear before the Senate committee, on February 15 wrote a letter to the chairman of the committee, Senator Bingham, expressing his views on the Philippine question. This letter was read by Senator Bingham to the members of the committee in executive session only and was not released to the press. However, on April 4, during the debate on the Hare bill in the House, Representative Stafford, who urged disapproval of the bill, made reference to this letter as an argument against the passage of the measure.

Secretary Stimson's letter was as follows:

WASHINGTON, D.C., February 15, 1932.

The Honorable HIRAM BINGHAM,

*United States Senate.*

DEAR SENATOR BINGHAM: I have received your letter of February 9 inviting me to appear before an executive session of the Committee on Territories and Insular Affairs in order to give my views on the subject of the bills now pending before your committee relating to Philippine independence.

The Secretary of War, whose department exercises jurisdiction over the affairs of the Philippine Islands, has already laid his views before your committee and it is unnecessary for me to add to what he has said in many particulars.

I can, however, give you my views on the effect which the present movement for immediate independence in the Philippines, both in and out of Congress, is having upon our foreign relations. That is a matter within my jurisdiction, and as the stress of my other duties makes it very difficult for me to appear before you in person, I will take the liberty of submitting them in this letter.

Undoubtedly the outstanding development, for good or ill, in the foreign relations of the United States during the remainder of this century, will be that of our relations with the countries on the western side of the Pacific Ocean. The opening of the Panama Canal revolutionized the conditions of our trade with them, and during the 10 years succeeding the Great War that trade more than quadrupled, greatly exceeding the rate of the growth of our trade in any other quarter of the world. Whether we yet realize it or not, we are already a great Pacific power and as such will sustain a constantly increasing interest in the affairs of the Pacific.

By a fortunate coincidence with this development the United States had, on the opening of the century, responded to an opportunity and assumed a responsibility in the Far East by our entry into the Philippine Islands. Under enlightened leadership we framed our policy along no selfish lines of colonial domination but from the beginning undertook the courageous experiment of trying to establish among an oriental people the practices of western economic and social development and the principles of political democracy. Thirty years ago the experiment was scoffed at as chimerical by the colonial powers of Europe. Today its success meets with their profound surprise and respect. Under American guidance the Malay population of the archipelago have in 30 years made a progress in achieving a uniform language, a western system of education, a hitherto unknown national feeling, and American methods of government, which is extremely satisfactory. The Philippines today represent an islet of growing western development and thought surrounded by an ocean of orientalism. They

are the interpreters of American idealism to the Far East. They are on the way to become the base of our economic civilization in that hemisphere.

The Philippine Islands have thus become a physical base for American influence—political, economic, and social—in the Far East. There we demonstrate before the eyes of all far-eastern peoples and of all governments which exercise authority, or influence in the Far East, American ideas, ideals, and methods. We show, and they see, how we organize, and maintain, and administer agencies of government, agencies for establishing and preserving order, agencies for the peaceful solution of the problems of human contact, agencies for regulating, for adjusting, for safeguarding, and for promoting the interests and welfare of the individuals, the groups, and the whole people who make up a Commonwealth.

This progress, however, has depended upon two things: First, the American leadership and guidance which has been constantly and intelligently exercised and without which this progress would have been impossible; and, second, the material assistance of a free market with the United States. If these two agencies should be at present withdrawn, it is the practically unanimous consensus of all responsible observers that economic chaos and political-social anarchy would result, followed ultimately by domination of the Philippines by some foreign power, probably either China or Japan.

It needs no imagination to grasp the effect which such a result would have upon the moral prestige and material influence of the United States in the Far East. To every foreign eye it would be a demonstration of selfish cowardice and futility on our part. No matter under what verbal professions the act of withdrawal were clothed, to the realist observers of that part of the world it would inevitably assume the aspect of abandonment of the wards we had undertaken to protect. In the Orient, far more even than in the Occident, prestige is the measuring rod of success. Such a change would be an irreparable blow to American influence.

Again, our presence in the Philippine Islands has already contributed to the development of a new base of political equilibrium throughout the area of the western Pacific and eastern Asia. At present, or within any definite future, withdrawal of American sovereignty from the Philippines and the termination of American responsibility in and for the islands would profoundly disturb that equilibrium. It would inevitably have an unsettling effect in the relations to political thought of the various races, or nations, in the Far East, and in relation to the contacts of those races, or nations, among themselves and with the rest of the world. It would not be in the interest of world peace, but to the contrary. It would not be to the political, economic, social, or moral advantage of the United States or to that of the people of the Philippine Islands, or to that of any other country or people. It would throw additional burdens upon the stability of practically all other governments in that vicinity; and it would render more difficult the safeguarding of our own interests both in the Far East and throughout the world.

Every consideration which I have enumerated in this letter applies with tenfold force at the present moment when the state of affairs in the Far East is chaotic; when every element of stability is threatened, and when out of the Orient may again come one of those historic movements which will disturb the whole earth. Agitation of a change in the status of the Philippine Islands at this moment can only inflame most dangerous possibilities.

Finally, it is proper to say that I am not advocating a repudiation of any pledges which may have been given to the Filipinos as to their ultimate status being dependent on their own free will. For as Governor General, during my residence in the islands, I formed the sincere conviction that given the requisite patient, disinterested, and intelligent effort by the Representatives of this country, a solution of the Philippine problem could ultimately be achieved with the full consent of the Filipino people, which would not only satisfy their aspirations for self-government, but honorably and justly safeguard their interests of the United States both at home and in the Far East.

Very sincerely yours,

(Signed) HENRY L. STIMSON.

HAWES-CUTTING BILL APPROVED IN PRINCIPLE

It soon became apparent that the Senate committee was disposed to adopt the basic philosophy of the Hawes-Cutting bill; that is, to fix a date for independence after the lapse of a transition period permitting the adjustment of economic and other relations between the two countries. Two questions, however, entailed much difficulty in their solution, namely, the length of the transition period and the nature of the trade relations between the United States and the Philippines during that time.

Opinion as to the length of the transition period varied from 5 to 30 years. There was also the suggestion of the Secretary of War to the effect that the period should not be measured in years, but in accomplishments or objectives. In considering this question the committee found that the period of time was intimately related to economic adjustments, the prevailing world depression, and the unsettled conditions in the Far East.

The provisions as to trade relations offered more difficulties. The commission, of course, exerted every effort to obtain the most favorable economic terms with an as early a date as possible for independence. With regard to sugar and coconut oil, all the data received from Manila, including President Quezon's cable of February 17, 1932, and Secretary Alunan's cable of February 25, 1932, were presented to both committees of Congress, and the subject

matter further discussed personally with individual members of said committees.

The manner in which the committee finally agreed upon the length of the transition period was to put the question to a vote. First a vote was taken to a proposed 3-year period. This was defeated. Only 2 votes were cast in its favor. Then a vote was taken on a 5-year and a 10-year period. These also were rejected. Finally, the committee came to an agreement on a 15-year period and this result was formally announced.

On February 20, 1932, the committee made public the main features of the bill. They were as follows: Free-trade limitations were to be by volume instead of by percentage of consumption or total importation into the United States; beginning with the eleventh year of the transition period and until the fifteenth year a progressive tariff imposition was to be levied on Philippine imports into the United States, after which the full tariff rates were to apply; a plebiscite was to be held at the end of the transition period to determine if the Filipino people at that time desired independence; finally, the provisions of the act were not to take effect until accepted by the Philippine Legislature or by a convention called for the purpose. The provisions of the bill relative to the government to be established in the Philippines during the transition period was left by the committee for consideration at a later session.

As to free imports to the United States the committee subsequently decided to adopt the status quo principle, that is, they would permit the Philippines to export to the United States free of duty during the transition period the amounts of sugar, coconut oil, and cordage which it was estimated the Philippine Islands would export to the United States during the year 1932.

The Philippine Commission immediately cabled to the secretary of agriculture in Manila requesting estimated raw and refined sugar exportations to the United States for 1932 and 1933. The reply of the secretary of agriculture of February 25, already alluded to, estimated the 1932 Philippine sugar crop to be 925,000 long tons, of which amount there would be available for export to the United States 800,000 tons of raw sugar and 50,000 of refined, the balance representing local consumption. This estimate, together with the estimate for 1933 and the present milling capacity of Philippine centrals, was duly submitted to the Senate committee. The committee accepted the estimate made by the secretary of agriculture and natural resources of the 1932 sugar exportations to the United States and adopted said estimate as the basis for the limitation prescribed by the act.

After adopting the agreements referred to above, the Senate committee appointed a subcommittee of five of its Members, composed of Senators Metcalf, Pittman, Johnson, Cutting, and Hawes, to redraft the bill. The subcommittee held several meetings and carefully revised the provisions of the bill in order to make said provisions conform with the basic features agreed upon by the full committee. Among the important changes made by the subcommittee was the conversion of the graduated tariff levy from the eleventh to the fifteenth year into a graduated export tax to be levied and collected in the Philippines and to set aside the proceeds of the tax as a special fund to be added to the regular sinking fund for the redemption of the bonded indebtedness of the Philippine government.

On February 26 the committee formally voted to report the bill in the form as it appears on Senate Report No. 354, a copy of which is attached hereto as appendix 7. It will be noted that the Senate committee reported the Hawes-Cutting bill some 2 weeks before the House committee finally acted on the Hare bill, and the considerations which moved the Senate committee to amend the bill were made known to the House committee. The decision of the House committee to adopt the same trade limitations for the Hare bill were undoubtedly motivated by the same reasons. During the consideration of the independence bill by both committees Senators Hawes, Cutting, and Pittman, of the Senate committee, and Representatives Hare, Williams, and Knutson, of the House committee were constantly in touch with each other and with the commission for the purpose of coordinating the work of both committees.

#### Chapter IV. Passage of Hare bill by the House of Representatives

After the House committee had favorably reported the Hare bill on March 15, every effort was exerted by the commission and the friends of independence to obtain a rule which would set a date for the consideration of the bill by the House. The commission first conferred with the leaders of the House and the members of the Rules Committee. Pursuant to a practice followed by the Rules Committee, a hearing was held to determine the relative importance of the different bills awaiting action on the calendar. At this hearing Chairman Hare urged early consideration of the independence bill, and his request was supported by Representative KNUTSON, the ranking Republican, and by Commissioner OSIAS on behalf of the Philippine Commission. As a result of this hearing the commission received assurances that the independence bill would be taken up by the House soon after it had disposed of the tax bill.

Action on the tax bill by the House drew to a close toward the end of March. In the course of one of the conferences held by members of the commission with the leaders of the House, the feasibility of bringing up the Philippine bill immediately after the tax bill was discussed. The plan was to bring up the measure under a unanimous consent agreement, the vote on the bill to be taken after 2½ hours of general debate. If there should be objection to the unanimous consent, a motion to suspend the rules and pass the bill was to be made by Representative Hare. This

latter motion, however, required a two-thirds vote, and debate had to be limited to 40 minutes. There was some doubt expressed at first whether sufficient votes could be mustered to carry the motion. After a canvass of the Members of the House the commission and the Democratic leaders of the House decided to make the attempt. Accordingly, late on Friday afternoon, April 1, 1932, Speaker Garner announced to the House the action that was proposed to be taken on the Philippine independence bill the following Monday. He said:

" \* \* \* The Chair intends to submit on Monday a unanimous-consent request that the Philippine bill be taken up at 1 o'clock, with 2½ hours of debate. If this request is granted, we will have 2½ hours of debate; otherwise, it is the present purpose of the Chair to recognize the gentleman from South Carolina for the purpose of moving to suspend the rules and pass the bill with 40 minutes of debate."

On Monday, April 4, Representative Hare requested unanimous consent to proceed with the consideration of the Philippine bill. Objection was made by Representative BACON, of New York. Thereupon Representative Hare asked unanimous consent that the bill be given a privileged status to be considered under the rules of the House. This request was likewise objected to by Representative Bacon and Representative Chipfield. The Chair then announced that it would recognize the gentleman from South Carolina [Mr. Hare] "not later than 3 o'clock to move to suspend the rules and pass the bill."

At the stated time Chairman Hare moved to suspend the rules and pass the bill. The debate on this motion was, as previously stated, limited to 40 minutes. Thirteen Members of the House participated in the discussion. Representatives Hare, Cross, Hooper, Thurston, Welch, Jenkins, Dyer, Gilbert, and LaGuardia spoke for the bill, and Representatives Knutson, Underhill, Broom, and Stafford against. The two Resident Commissioners also spoke in support of the measure. The final vote was—yeas 308 (of whom 186 were Democrats, 119 Republicans, and 1 Farmer-Laborite) and nays 47 (all of whom were Republicans). And so, two thirds having voted in favor of the motion, the rules of the House were suspended and the bill was passed.

In the morning of April 4, before the House met, a group of Representatives, accompanied by spokesmen of farm organizations in Washington, conferred with Speaker Garner, earnestly requesting him not to carry out his announced program of action in relation to the Hare bill. The farm representatives alleged that the bill did not adequately protect the agricultural interests of the United States, and for this reason they objected to a procedure which would deprive them of the opportunity to amend the measure so as to make its provisions acceptable to the interests which they represented. Their petition was supported, they claimed, by over 140 members of the farm bloc of the House. Speaker Garner, however, informed them that the program had been decided by the House leaders and had to be carried out. This firm attitude of Speaker Garner proved to be a decisive factor not only in insuring consideration of the bill but in avoiding prolonged debate and amendments which would have further restricted Philippine free exports to the United States.

#### *Chapter V. First debates by the Senate*

When the Philippine independence bill was favorably reported by the Senate committee on March 1, 1932, it was placed in the regular calendar. Bills in the regular calendar are called up in their order during the first 2 hours of the Senate's meeting following an adjournment. If a bill is not disposed of within those 2 hours, it goes back to the regular calendar again to await its turn.

In order to insure a continuity of debate on the independence bill every effort was exerted to have the bill placed in the privileged calendar. Although the steering committee of the Senate was composed of five Republicans, of whom the chairman was Senator VANDENBERG, this was accomplished, thanks to the untiring efforts of Senator Hawes and other Senators supporting the bill. But ahead of the Philippine bill in the privileged calendar were the naval construction bill, the special road appropriation bill, the resolution authorizing the President to reorganize the Federal departments, the Glass banking bill, and the Muscle Shoals bill. Later the unemployment relief bill and the emergency loan banking bill, the latter of which originated in the House, were also given preference and placed ahead of the Philippine bill. It, therefore, became apparent to the commission and their friends that the Philippine bill might never reach its turn in the privileged calendar before the adjournment of Congress and that other tactics had to be adopted if any progress in the legislation was to be achieved.

On April 29, the Philippine independence bill reached its turn in the regular calendar. By this time two important amendments in the nature of substitutes to it had been introduced in the Senate. One was the King substitute, fashioned after the original King bill introduced in December 1931 and providing for independence within about 3 years, and the other was the Vandenberg substitute, providing for independence after 20 years, during which period the existing government of the Philippines was to continue together with a gradual application of the American tariff on Philippine exports to the United States. Copies of those two substitute bills are appended to this report as appendices 8 and 9.

As previously explained, only 2 hours of debate is given to the Regular Calendar and, on this occasion, the entire 2-hour period was consumed by Senator COPELAND in an evident filibuster against

the bill. At 2 o'clock the Philippine bill went back to the Regular Calendar. It was evident that many weeks would pass before it could again be discussed.

#### THE FORBES AMENDMENT

In view of the many difficulties encountered in obtaining early consideration of the bill by the Senate mainly due to the opposition of the administration of Republican leaders, Senator Hawes and other friends of the independence bill felt the need of enlisting the support of prominent Republicans who, because of their familiarity with Philippine conditions and the far eastern situation, might in some measure counteract the opposition expressed by spokesmen of the administration. It was at that time that the Honorable W. Cameron Forbes, the former Governor General of the Philippine Islands returned to the United States from his assignment as Ambassador to Japan. Senator Hawes conferred with Governor Forbes early in May and asked him if he had any suggestions concerning the independence bill. Mr. Forbes replied that he would study the bill and that he would submit his recommendations, if any, to Senator WALCOTT, of Connecticut, a Republican and a close personal friend of his. These recommendations Mr. Forbes subsequently sent to Senator Walcott in a letter, copy of which is attached to this report as appendix 10. Senator Walcott communicated the contents of this letter to Senator Hawes, informing him that it was his intention to insert the letter in the CONGRESSIONAL RECORD. Senator Hawes thereupon, with Senator WALCOTT's consent, discussed the suggestions of Mr. Forbes with the Philippine Commission.

After studying the suggestions offered by Governor Forbes, the commission informed Senator Hawes that they were opposed to them. In view of Senator Hawes' insistence, however, of the need of enlisting Governor Forbes' support of the bill, the Commission, acting on the advice of Senator Hawes directed Senator Osmeña to go to Boston to confer with Governor Forbes and submit to him the objections of the commission.

After hearing Senator Osmeña, Governor Forbes agreed to withdraw some of the changes which he had suggested and to modify others. Notwithstanding these changes the proposed amendments were still objectionable to the commission, and they made it plain to Governor Forbes and Senator Hawes that they reserved the right to oppose the amendments. This attitude of the commission was referred to by Governor Forbes in a letter which he addressed to the then Governor General Roosevelt, copy of which is attached to this report as appendix 11. These revised amendments were embodied by Governor Forbes in another letter to Senator Walcott, copy of which is attached to this report as appendix 12, and it was this letter which was finally inserted in the CONGRESSIONAL RECORD of May 23, 1932.

Briefly, the first of the proposed Forbes amendments would add to subsection 2 of section 2 of the committee draft the following sentence:

"The President shall also have authority to take such action as, in his judgment, may be necessary in pursuance of the right of intervention reserved under paragraph N of section 2 of this act."

The second Forbes proposal dealt with the powers of the high commissioner in the Philippines. In defining his duties the original Senate draft provided that "he (the high commissioner) shall perform such additional duties and functions as may be lawfully delegated to him from time to time by the President." The amendment proposed to strike out the word "lawfully."

The third amendment suggested by Mr. Forbes proposed to add to the assistants of the high commissioner—"a financial expert or comptroller, who shall receive for submission to the high commissioner, a duplicate copy of the reports of the insular auditor and to whom appeals from the decision of the insular auditor may be taken." The views of the authors of the bill on the amendments proposed by Governor Forbes were stated by Senator Hawes in a cablegram to the Tribune in Manila, on May 31, as follows:

"ROMULO, Tribune, Manila:

"Manila press dispatches indicate that there is a misapprehension in the Philippines regarding the effect of the Forbes amendments. After considering these amendments carefully and obtaining the views of the Senate legislative counsel I reached the conclusion that they do not materially change the powers of government granted the Filipino people under the Commonwealth provided in the Hawes-Cutting bill.

"The first amendment is intended to determine by whom the power of intervention is to be exercised. The extent and limitations of the right of intervention as are to be provided in the constitution are left unchanged.

"Although this power of intervention defined in the constitution must be found lodged in the president by necessary implication, the proposed amendment will serve to clarify this provision.

"Before this amendment was suggested I had already proposed myself another amendment for a similar purpose regarding the jurisdiction of the United States Supreme Court, whose jurisdiction recognized in the Philippine constitution shall be specifically defined by the act of Congress itself to avoid possible legal controversies.

"The second Forbes amendment eliminates the word "lawfully" in the last sentence of the second paragraph under subsection 4 of section 7. This word did not appear in the first draft of the bill. Its elimination will not change the effect of the provision. It is mere surplusage. It will not permit a delegation by the president to the high commissioner of authority and functions

not conferred upon the president by the law, nor those which by their nature he must exercise personally, and which, therefore, he could under no circumstances delegate. The powers and functions of the high commissioner are not in any way enlarged by this amendment.

"The third Forbes amendment authorizes an appeal from decisions of the Philippine auditor to the comptroller in the office of the high commissioner. The comptroller has no authority over the financial policies of government. The Hawes-Cutting bill does not define the functions of the Philippine auditor. That matter is left entirely to the Commonwealth legislature. It is assumed that the auditor's authority will be limited to passing upon the question whether expenditures are in accordance with law. The authority of the comptroller on appeal will be limited likewise. I am personally not in complete accord with the necessity of this last amendment, but I have yielded to the argument that its adoption may provide a wholesome check during the 5 years, and will stabilize the credit of the Philippine government in the United States essential to maintain the security demanded by holders of Philippine bonds.

"In the face of the active opposition to independence coming from certain quarters close to the administration and from the big newspapers I consider it most fortunate for the cause of Philippine independence to have received the support for the Hawes-Cutting bill of Governor Forbes, admittedly the foremost authority on Philippine affairs and a former opponent of independence. His stand is significant for another reason. Probably better than any other American, Forbes knows far-eastern conditions, having served until recently as American Ambassador to Japan, and his endorsement of an independence bill at this time must be viewed as drawing weight from the argument that this is not the time to grant independence to the Philippines because of unsettled conditions in the Orient. In my desire to achieve independence for the Filipino people at the earliest date possible, knowing as I do the difficulties and the force of the opposition I have been very much gratified at having satisfied Governor Forbes that the Hawes-Cutting bill with his amendments, provides a fair and just solution of the Philippine problem, assuring the Filipinos their independence at a certain definite date and meantime placing in their hands complete self-government under a constitution approved by them, subject only to those restrictions which are essential to safeguard American sovereignty and responsibility.

"The members of the Philippine Mission in reflecting the popular opinion in the Philippines are not in entire accord with the Forbes amendments. They were not consulted before they were proposed. In fact all the provisions of the Hawes-Cutting bill do not meet with their approval. For instance, they consider the transition period too long and the trade restrictions unduly severe. However, I am confident they do realize that in such a controversial matter as the Philippine problem any solution must take the form of a compromise, especially in this case where so much misinformation and prejudice prevails. It is hard for the people in the Philippines, so far away, to grasp this situation with new complications arising almost daily.

"The fight cannot be won unless the Filipinos maintain their faith in their friends here who are earnestly endeavoring to help them attain freedom and independence.

"HAWES."

As will be seen in a subsequent chapter, these Forbes amendments were radically modified or eliminated by the conference committee.

#### DEBATES ON THE BILL IN JUNE AND JULY

As previously stated, the Philippine independence bill reached its turn in the regular calendar on April 29, but owing to Senator COPELAND's dilatory tactics it remained in the calendar to await further action. Attempts were then made to obtain a unanimous agreement for night sessions to discuss the Philippine bill. The Senate was then holding sessions 10 hours daily and hope of securing this agreement was not bright.

Toward the end of May the prevailing sentiment in Congress favored adjournment by June 10 in order to enable its Members to attend the Republican and Democratic Conventions in Chicago. As the days passed and the Senate made little headway in its legislative program, it became apparent that an early adjournment was impossible. However, pressure came from all sides urging adjournment as soon as the appropriation, the economy, and the relief bills were passed, in which case the Glass banking bill, the Muscle Shoals bill, the home-loan bank bill, and the independence bill would remain unacted.

Thus the independence bill reached a most critical situation. Its friends could not press for its consideration ahead of the other bills in the privileged calendar, all of which were of national importance, for fear of causing irritation among the supporters of those measures whose votes were needed to pass the Philippine bill. The only course opened was to continue asking for night sessions for the consideration of the independence bill.

On June 10 Senator Hawes made an impassioned plea on the floor of the Senate urging action on the bill, explaining that it was of prime importance to the Filipinos, who, because of their uncertain economic and political status, were unable to make any progress. He ended by asking unanimous consent of the Senate to set aside 3 or 4 evenings the following week for special sessions for the consideration of the Philippine bill. The request, however, was denied owing to the opposition of Senator DILL, of Washington, who, although in favor of the Philippine bill, did not want to delay adjournment because of the desire of many Senators to attend the national party conventions in Chicago.

On the following day, June 11, Senator Hawes asked for only one night session to be held on the following Monday, June 13, from 7 to 10:30 p.m. This time his request was granted, and the independence bill was given precedence over the other measures pending in the Privileged Calendar.

During the 3½-hour debate on that date, Senators Hawes, Cutting, and Vandenberg addressed the Senate. The first two explained the philosophy and the provisions of their bill, while the latter expounded the provisions of his substitute which he proposed to formally present at the proper time. At 10:27 p.m., the Senate recessed, and the independence bill went back to the Privileged Calendar with no definite date set for the continuation of the debate. The following morning the Senate continued the unfinished business of the day, which was the revenue bill.

On June 18 Senator Hawes made three more attempts to secure unanimous consent for the consideration of the independence bill the following week. First he asked for special night sessions on June 20 and 21. This was objected to by Senator COPELAND. He then asked for a night session on June 20 only. This time the objector was Senator COUZENS, of Michigan. Senator Hawes then asked that the Senate agree to consider the Philippine bill immediately after final vote was taken on the then unfinished business, which happened to be the relief bill, but this was objected to by Senator VANDENBERG. These defeats on June 18 made it clear that no further unanimous-consent agreements could be obtained. The independence bill had again reached an impasse.

Senator Hawes then decided to take the last remaining move, namely, to ask for the consideration of the independence bill immediately following the vote on the unfinished business. Only a majority vote was necessary to carry this motion. But if this plan was to succeed, it was necessary to gain the cooperation of the floor leaders of the two parties in Congress, namely, Senator McNARY and Senator ROBINSON of Arkansas who, although in favor of the passage of the Philippine bill, had in the past been unable to consent to give it precedence over other pressing measures. In this critical stage Senator Hawes succeeded in obtaining the support of both leaders to his proposed motion, and arrangements were made for the Vice President to recognize Senator Hawes as soon as the final vote was taken on the relief bill. This was on Saturday, June 18.

On Thursday, June 23, at 4 p.m., the relief bill was passed. That morning, however, at the suggestion of Senator PITTMAN, it was agreed that instead of having Senator Hawes present the motion, it should be done by Senator ROBINSON, the Democratic floor leader. Accordingly, Senator ROBINSON made the motion to proceed with the consideration of the Philippine bill, and upon approval of this motion, the independence bill became the unfinished business of the Senate.

Although the bill thus became the unfinished business of the Senate, it had to give way temporarily to permit consideration of the conference report on the economy bill and to enable the Senate to pass the independent offices appropriation bill, the Treasury appropriation bill, and the second deficiency bill. It was not until the morning of June 29 that the stage was clear and the bill finally called up. Immediately Senator COPELAND gave indication of his intention to delay action on the measure by insisting that it be read by the clerk, after which he spoke at great length on the constitutional aspects of the pending legislation, insisting that Congress had no authority under the Constitution to grant independence to the Philippine Islands.

In the course of this day's debate however, the three Forbes amendments already mentioned were submitted and agreed to. They were approved by the Senate without much discussion. Senator Hawes also introduced a perfecting amendment suggested by the legislative counsel of the Senate, more properly defining the jurisdiction of the United States Supreme Court over the Philippine appeals, and this was likewise agreed to by the Senate without debate.

Senator Hawes did everything possible to expedite consideration of all amendments in order to pave the way for a final vote to pass the bill at the first convenient opportunity. The strategy that he adopted was not to insist on the elimination of objectionable features of the bill at that stage in order not to delay action but to leave all controversial matters for settlement when the bill reached conference.

On the same day, June 29, Senator Broussard also offered an amendment to reduce the amount of duty-free raw sugar which the Philippines might import to the United States during the transition period, from 800,000 to 600,000 tons, and refined sugar from 50,000 to 30,000. The amendment was received and ordered to be printed.

Finally, Senator VANDENBERG offered two amendments. The first, a perfecting amendment, would identify the peace treaty with Spain mentioned in section 1, by referring to it as that of April 11, 1899 (which was the date when ratifications of the treaty were exchanged) instead of December 10, 1898 (which was the date when the treaty was signed). This amendment was agreed to without debate.

The second Vandenberg amendment would advance the time of the initiation of the export tax on Philippine free exports to the United States from the tenth to the fifth year after the organization of the Commonwealth government. Following a heated discussion, however, participated in by Senators Hawes, Vandenberg, Broussard, and Robinson of Indiana, Senator Vandenberg, at Hawes' suggestion, consented to have the amendment in question printed and laid on the table. The Senate adjourned at 5:40 that afternoon.

During the debate on the following day, June 30, it became apparent that Senators COPELAND and VANDENBERG were determined to block action on the bill before adjournment. Both Senators spoke at great length, and the friends of the measure began to fear that the Senate might decide to displace the Philippine bill in order to give way to other legislation of a less controversial character, such as the home-loan bank bill, which was being pressed for consideration.

On this day action was taken on several amendments offered. The Vandenberg amendment left pending the day previous was rejected, whereupon the Senator in question offered another amendment providing that the bonds and other obligations issued after the enactment of the law and during American sovereignty shall specifically state that there is no obligation, moral or legal, on the part of the United States to meet the interest or principal of such bonds, and, providing further that no such obligations shall be contracted in a foreign country without the prior approval of the President, nor shall the proceeds of such obligations contracted in foreign countries be applied, without the President's approval, to purposes other than the settlement of existing obligations of the Philippine government. At Senator Bingham's suggestion, Senator VANDENBERG struck out the latter part of this proposed amendment and, in its revised form, the amendment was approved.

Finally, Senator VANDENBERG offered another amendment to reserve for the United States such naval and military stations as have already been designated for military and other reservations, and also those which might thereafter be designated by the President for similar purposes. He argued that the United States should not now foreclose the opportunity of acquiring new lands for military and other reservations which she might need in the Far East 17 years hence. During the discussion of this proposed amendment, Senator COPELAND continued his filibuster of the bill yielding only to Senator ROBINSON, who asked for a unanimous consent that after Senator COPELAND had concluded his address no Senator should speak more than once or longer than 10 minutes on the Philippine bill or any of its amendments. Senator COPELAND, however, objected to this request, whereupon Senator McNARY moved for a recess until 10 o'clock of the following morning.

On the third day of the debate, July 1, Senator COPELAND continued to speak at length, refusing to even permit that a vote be taken on the pending Vandenberg amendment. The status of the bill was becoming precarious. Senators interested in passing other measures before adjournment were growing restless. If the independence bill was displaced at this stage of the debate it would lose its status as the unfinished business, and in view of the fact that many important bills then before Senate committees would be ready for debate in December another fight would be necessary to have the independence bill called for consideration during the next session of Congress. The only possible way of bringing the debate to a close was through the application of the cloture rule which required the written petition of 16 Senators and a two-thirds vote to approve it. This rule, however, is very unpopular and it seldom invoked. It has been resorted to only three times during the last 6 years. A careful poll undertaken by the commission and its friends showed that it was impossible to secure the adoption of such a rule in behalf of the independence bill. Many Senators were willing enough to vote for the bill when a vote was reached, but they were unwilling to apply the cloture.

The chances of applying the cloture also became impossible because of the absence of 28 Democratic Senators who were attending the national convention in Chicago. Faced with an evident filibuster and the danger of the Philippine bill losing its privileged status, after a consultation held with the commission, the members of the Senate committee, and the authors and other friends of the bill, Senator ROBINSON, at 12:30 o'clock, interrupted Senator COPELAND and presented a motion asking that the Philippine bill be postponed until December 8 next at 2 p.m. This motion was carried. Its approval was a signal parliamentary victory. Its effect was to insure the continuation of the debate of the Philippine bill early in the second session of the Seventy-second Congress, which time it would again become the unfinished business before the Senate. Because of the parliamentary situation thus created, several Senators predicted the passage of the bill before the following Christmas. But, to insure this result, all agreed that it was necessary for the Commission to continue its publicity work in Washington and its campaign to maintain interest in the Philippine problem, and to win more friends for independence among the Members of the Senate.

#### *Chapter VI. The Republican and Democratic conventions and incidental questions*

While the Congress was in session and after the House of Representatives had passed the Hare bill, some important questions arose which demanded the attention of the Commission. Bills affecting immigration restrictions were considered in the House Committee on Immigration and Naturalization. The Resident Commissioners succeeded in blocking those that were discriminatory to Filipinos, stressing the fact that an independence measure was pending in Congress and these questions should be decided as a part of the settlement of the whole Philippine problem. In the discussion of the revenue measure it was found that several sections of the bill affected Philippine interests. The Resident Commissioners took active part in the debates on these provisions on the floor of Congress.

Two other important questions were: (1) The transfer of the cost of the Philippine Scouts to the Philippine government, and (2) the national party convention.

#### I. PHILIPPINE SCOUTS

Early in the year 1932 the Treasury Department of the United States was confronted with rapidly falling revenues which required frequent revision of estimates of the Government. This situation reached such alarming proportions that both the President and the Members of Congress, irrespective of party affiliations, realized the necessity of cutting down appropriations and exerting every effort to reduce Government expenditures in order to make feasible what was admittedly the cornerstone of the fiscal policy of the Government; namely, the balancing of the Budget. A subcommittee of the House of Representatives was organized under the name of the economy committee, charged with the duty of formulating a bill for paring down Government expenses. Congressman McDUFFIE, of Alabama, present Chairman of the Committee on Insular Affairs of the House of Representatives, was named chairman of the economy committee. This committee drafted a bill proposing economies amounting to several hundred million dollars. Before the bill was submitted to the House, President Hoover called the members of the economy committee to the White House, and during the conference on the bill the President offered to the economy committee suggestions for new items of economy. One of these was the transfer of the cost of the Philippine Scouts to the Philippine government. As reported in the press, this suggestion was tentatively agreed upon by the economy committee. On April 10, 1932, the Commission reported this incident by cable to the presiding officers of the legislature at Manila as follows:

"Among measures tentatively agreed upon for economy program during conference between President and House economy committee yesterday there was included: 'Require transfer cost of supporting Philippine Scouts to Philippine government. Estimated saving, \$5,000,000.' Suggestion originated from administration. Will immediately discuss matter with House committee. Suggest you take it up with Governor General."

The commission immediately conferred with the chairman and members of the economy committee, and with the leaders of the House of Representatives, strongly opposing the proposal. There was, however, a great desire on the part of the House leaders to expedite the consideration and the passage of the economy bill and, for this reason, despite the fact that the majority of the members of the economy committee had expressed themselves to the commission in opposing to the transfer of the burden of supporting the Philippine Scouts to the Philippine government, this item was inserted as a provision in the economy bill on April 24, 1932. On this date the commission sent the following cable to Manila:

"Confidential. Transfer Scouts cost included economy bill. We are informed majority committee opposed but yielded due administration pressure. Received today letter chairman economy committee stating his opposition proposal and expressing belief same will be eliminated on floor."

On April 25, the House Committee on Rules heard the members of the economy committee on the bill H.R. 11597 which included the section affecting the Scouts. One of the Resident Commissioners spoke against the proposal. Members of the commission continued their conferences with the House leaders and the members of the committee insisting on the injustice of foisting upon the Filipino people the cost of the expenditure of a military organization which was a part of the standing Army of the United States. First the Resident Commissioners and then the commission submitted memoranda to the Members of Congress in opposition to the proposed transfer. The memoranda presented by the commission is attached to this report as appendix 13.

When the committee met on April 25, after going into the merits of the item relating to the Philippine Scouts, it was decided to eliminate said item from the economy bill. On the same day the commission wired Manila as follows:

"Mission again held conferences House leaders, members economy committee and submitted memoranda every Member of Congress opposing transfer cost Scouts. After realizing injustice such transfer, economy committee met again today and eliminated provision from economy omnibus bill. While fight may be reproduced on floor due pressure administration, we are confident proposal will be defeated."

The economy bill passed the House of Representatives without the item referring to Philippine Scouts. In the Senate attempts were made to revive the issue, but these attempts failed.

While the proposal to charge the cost of Philippine Scouts to the Philippine government was not interpreted as having any connection with the controversy regarding the independence bill then taking place between its supporters in Congress on the one hand and officials of the administration on the other, the fact that the proposal first came from administration quarters 5 days after the House of Representatives, by an overwhelming vote, passed the Hare bill, which the Secretary of War had persistently and actively opposed, did not escape the attention of many Members of the Congress. Many realized that to compel the Philippine government immediately to defray the cost of the Philippine Scouts might seriously embarrass Philippine finances and make difficult the balancing of the budget precisely at a time when Congress was passing upon the question of Philippine independence.

#### 2. NATIONAL PARTY CONVENTION

(a) Republican National Convention: The national convention of the Republican Party was held in Chicago on June 14. In view of the fact that, as has already been noted in a previous chapter of this report, the Senate was discussing the

Philippine bill during that time, the whole commission could not attend the convention. It was, of course, very important to obtain a declaration in the Republican platform in favor of independence, but this was most improbable because of the traditional stand of the Republican Party on that question and because of the fact that it was publicly known in Washington that Secretary of War Hurley, a member of the platform committee, was to be in Chicago as spokesman for the administration, especially on the Philippine question. But of more immediate importance was the necessity of avoiding a declaration in the Republican platform in opposition to the independence bill then pending before the Senate or to the one which the House had passed on April 4, for the reason that such a declaration might serve to line up the regular Republicans in the Senate against the Hawes-Cutting bill and would necessarily commit President Hoover to a similar policy when the bill should reach him for approval.

On June 10, 1932, the commission confidentially cabled Manila reporting indications of a move among the opponents of the independence bill to obtain such a declaration in the Republican platform. This cable is attached to this report as confidential document C.

When it became definitely known that Secretary Hurley would attend the convention and that he was expected to speak for the President on the Philippine plank, members of the commission held several conferences with him in relation to this subject. The net result of these conferences was the assurance by the Secretary of War that he would exert his influence to avoid any mention of the Philippines or of Philippine independence in the Republican platform. Under the circumstances this was considered by the commission as satisfactory, especially because of the conviction that any mention of Philippine independence in the Republican platform would involve a commitment opposed to independence. On June 13 Representatives Sabido and Tirona and Commissioner Osias, accompanied by Mr. Lichauco, left Washington to attend the Chicago convention. On the same date the chairman of the commission wired Secretary of War Hurley at Chicago as follows:

"In view Senate discussion Philippine bill this evening, we regret we cannot attend convention. Representatives Sabido and Tirona and Commissioner Osias left yesterday for Chicago and will confer with you. They are informed of the views you expressed to us regarding platform."

At Chicago the Philippine Commission represented by its members present there submitted a memorandum reiterating Filipino aspirations for independence at an early date and requesting the Republican Party to that policy. The platform committee received the petition of the Philippine Commission.

The platform as reported out by the committee on resolutions and approved by the convention contained no reference to the Philippines or Philippine independence. Immediately after the approval of the platform by the convention the members of the commission then at Chicago returned to Washington.

At the very time when the Senate was debating the independence bill, the commission was confronted with the necessity of taking steps to insure a satisfactory declaration in the Democratic platform. The Democratic Convention was to be held in Chicago on June 27. On June 25 the situation in Washington relative to the debate on the independence bill and the Democratic Convention was described in a cable of that date sent by the commission to Manila. This cable is attached to this report as appendix 14.

The commission, sensing the importance of the Philippine plank in the Democratic platform, because of many indications favorable to Democratic success in the November elections, decided again to send some of its members to Chicago to attend the convention. The delegation was composed of Representative Sabido and Commissioner Osias. They submitted a petition to the platform committee urging a reiteration of the 1928 plank. The delegation at Chicago enjoyed a cordial and sympathetic reception on the part of the resolutions committee; among those members were many friends of Philippine independence. Senator Cordell Hull, of Tennessee, now Secretary of State, Senator WALSH of Massachusetts, Senator Wheeler, of Montana, and Senator King, of Utah, were prominent among those who favored a definite commitment binding the party to grant Philippine independence. As finally approved by the convention, the Democratic platform contained the following declaration:

"We favor independence for the Philippines."

The wording of this Philippine plank is significant. Undoubtedly it was influenced by the feeling that party victory was in sight, and Democratic leaders who had grappled with the realities of the Philippine problem saw the need of formulating a policy regarding the Philippines with the full weight of the grave responsibility which was to be their privilege and duty to assume.

After the approval of the platform, Representative Sabido and Commissioner Osias returned to Washington to join the other members of the commission in the task engaging their attention in the Capitol.

#### *Chapter VII. Congress in recess and Presidential and congressional elections*

##### I. COMMISSION CONTINUES ITS CAMPAIGN IN WASHINGTON

Immediately after the Senate agreed (July 1, 1932) to lay aside the Philippine independence bill and to postpone its consideration until December 8 (when it would become the unfinished business of the Senate), the legislative members of the commission consid-

ered the advisability of returning forthwith to the islands. They conferred with leaders of both the House and the Senate, especially with Senators Hawes, Pittman, Cutting, and Representative Hare. After these conferences the commission reached the conclusion that it was imperative that the commission should continue its campaign in the United States until the enactment of the independence bill.

On July 6 the commission wired the leaders of the legislature as follows:

"Referring further our cablegram July 1, after careful survey situation we believe Senate will pass independence bill next session unless unforeseen circumstances develop. But to accomplish this result our campaign here should continue unabated. Metropolitan papers and administration still actively opposing measure and will undoubtedly redouble efforts before Congress convenes to destroy what has been accomplished and create public sentiment against action on independence."

"Support from labor and agricultural organizations proved of great value. Necessary maintain close contact with these groups to conserve their interest and obtain more effective future cooperation. Agricultural organizations hold national conventions before next session Congress and their leaders suggest our representatives attend."

"Active interest for independence developed among Members House and Senate due personal contact with members Philippine delegation has been very important factor in progress made. These contacts must be maintained and enlarged."

"Coming elections, it is believed, will have important bearing on independence. We should be in position immediately to take full advantage of any development."

"Between now and December necessary that we maintain alive interest independence, keeping it constantly before American public. With Presidential campaign concentrating on other issues, diligent publicity work on Philippines imperative."

"Irrespective of membership, an independence mission should be maintained in Washington continuously until independence bill is approved: First, because presence mission here itself constitutes publicity and creates human interest in independence; second, to continue educating public opinion and counteract systematic campaign misinformation of opponent's independence; third, to avoid creating impression we are abandoning campaign. Our friends in Congress strongly urge mission remain."

"Members mission fully realizing responsibility assumed with our people and harm which they believe would result from desertion of post at a critical period when fight is drawing to close deem it their duty to remain here until task is completed."

On the same date the chairman of the commission wired President Quezon as follows:

"Replying your cable July 6, for reasons stated our cable QUAQUAL today we consider our unavoidable duty to remain. Any other course, we are convinced, will be misunderstood here and will set back our campaign. Our friends in Congress have been taking personal interest this fight, placing their prestige at stake, and our departure at this time would be construed by them as running away from fight, leaving them whole burden. We realize financial straits government and country. If no funds are available for mission, we will continue serving here as long as we can, trying to adjust ourselves to circumstances. We trust, however, no sacrifice will be spared to maintain publicity work here."

When the Philippine Legislature convened on July 16, 1932, the following message was sent by the Commission to the leaders of the legislature:

"Rogámosles transmitan miembros legislatura saludos mision juntamente sus deseos, tengan éxito labor legislativa."

"Misión, fiel mandato Legislatura, esta luchando por pronto consecución independencia bajo términos más favorables Filipinas. Aunque mucho hase adelantado en campaña por independencia, no hemos llegado al final y aún hay mucho que trabajas para asegurar resultado definitivo. Por primera vez despues aprobación Ley Jones hase logrado despartir interés Congreso americano hacia cuestión filipina. Dos bills independencia, uno Cámara y otro Senado, han sido favorablemente informados por comités correspondientes. Bill Cámara aprobóse por la misma y su consideración por Senado ha comenzado. Despues cuatro días disisción viose imposibilidad actuación final esta sesión. Sostenedores bill consiguieron continuación discusion sea fijada principios sesión próxima. Misión cree que a menos ocurrán circunstancias imprevistas Cenado aprobará bill, y forma final será una transacción entre bill Cámara y Senado. Enviamos por correo bills pendientes, enmiendas presentados, informes comites, records 'hearings' y otros documentos."

On July 18, after adjournment of Congress, the following information was cabled to Manila:

"Confidential. Convinced necessity continuing publicity work here, members mission decided contribute campaign funds 15 percent their per diems. This in addition 10 percent voluntary cut since May 30 to conform Government reduction policy. Making arrangements transfer office mission Hotel Roosevelt August 1 for economy."

"While our views regarding work to be done here unchanged, we earnestly desire adjust ourselves what you and legislature may finally decide, consequently would appreciate being advised early as possible your decision."

Immediately thereafter the commission adopted a systematic plan of activities to accomplish the program outlined in its cable of July 16. Speeches, lectures, and radio broadcasts were made from time to time on the subject of Philippine independence for

the purpose of enlightening the people of the United States regarding actual conditions in the Philippines, the true aspirations of the Filipino people, and the veracity of dispatches and news from Manila which continuously appeared in the great metropolitan papers of New York, Chicago, and Washington.

Throughout the recess of Congress there were evident indications of a subtle organized propaganda to defeat the independence measure pending in the Senate by groups and interests well known to have been opposed to Philippine independence under any terms or at any time. Dispatches from Manila correspondents were published in American papers alleging that the Filipino people and their leaders had changed front, were no longer in favor of independence, and were not in sympathy with the stand and the activities of the Philippine Commission in Washington. This news could not but create a great deal of confusion in the minds of the American people and required persistent, continuous, and systematic efforts to offset the damaging effects. Typical of the misleading propaganda was the Manila dispatch published in the New York Times of August 8, coming from Russell Owen, the substance of which was transmitted by the Commission to Mr. Quezon in Manila on the same date, at follows:

"New York Times published Manila dispatch by Russell Owen headlined: 'Filipinos fearful freedom's cost. Leaders see economic trouble with independence. Quezon now wants Commonwealth status under America.' Dispatch states partly. 'This portent of disaster makes men like Quezon speak of freedom being more important than independence. Quezon talks now of Commonwealth status, some sort of political entity with autonomous government under American flag.' This dispatch given wide circulation and made basis Washington Post leading editorial today entitled 'Filipinos Change Plans.' Editorial cites your views as transmitted by Owen and states Filipinos are shocked by evident disposition Congress to grant independence and their leaders now state that it is freedom and not essentially independence that Filipinos seek and are satisfied similar status as Canada."

In this same cable the commission stated what it proposed to do in connection with this article, and informed President Quezon as follows:

"Doing best correct misinformation and counteract organized propaganda to confuse American public opinion regarding our real aspirations. We maintain your stand for independence is unchanged and that your real views appear in your report legislature. Mailing clippings."

This article in the New York Times, as well as other articles in representative newspapers all over the United States, published during this period indicated the extent and intensity of the organized efforts displayed by opponents of independence legislation to mislead American public opinion concerning conditions in the Philippines and the attitude of the Filipino leaders.

All the damaging articles were countered by the Philippine Commission with statements to the press and personal letters and circulars to editors of the different newspapers all over the United States setting forth the correct facts. In this manner the commission sought to place before American editors actual conditions in the Philippines and to interest them in an intelligent, frank, and fair discussion of the independence issue.

It was evident from a reading of the hundreds of editorials of the different newspapers of the United States commenting on the Hare bill and the Hawes-Cutting bill that most of them were misinformed as to their provisions, let alone the reasons which prompted them. This misconception was particularly true with regard to the motives which actuated the proponents and supporters of those measures in Congress. Editors all over the country magnified the hue and cry raised against these bills by arch opponents of independence, such as the New York Times, the New York Herald Tribune, the Washington Post, and other influential papers, charging selfish and sordid motives behind all the efforts to free the Philippines. They repeated the charge until it elicited editorial comments of practically 90 percent of the large and important newspapers of the United States. It was no easy task to reach these editors and to present to them the true purposes and the unselfish motives of the friends of Philippine independence in Congress. The commission, through its publicity office, spared no effort to right this hurtful situation. While the commission does not claim complete success in its endeavors in this regard, it may be affirmed that it succeeded in avoiding a reiteration of like editorial opinions by a large number of those who had formerly expressed themselves in that guise during the crucial period when the Senate was reaching a final vote on the bill and when the House and the Senate debated the conference-committee report and, later, when they voted to pass the independence bill over the President's veto.

The commission never lost sight of the importance of maintaining intimate contact with the representatives of labor and agricultural groups in connection with the independence bill. The fact that agricultural representatives had objections to some of the provisions of the measure was not to be allowed to reach a point where they should be forced to actively oppose the measure. The commission realized the necessity of avoiding as much as possible conflicts with the spokesmen of American labor and agriculture. The fact that there was no complete agreement between the farm representatives and the Philippine Commission regarding the trade provisions of the bill prevented more effective collaboration among them. However, during the recess of Congress it was possible for the farm organizations to cooperate with the commission in circularizing and maintaining contact with the

leaders of farm associations of the different countries and towns of each State of the Union, and in this manner the views of the commission regarding the trade provisions were duly presented to American farmers.

The personal contact between the members of the commission and Members of the Senate to maintain interest in the Philippine bill the better to insure action at the next session of Congress was continued and intensified. In this manner many Senators were supplied with up-to-date information regarding the Philippines and the truth about the articles and news items published by the newspapers.

Conferences with Secretary Hurley were renewed during this interval. All efforts looking to an understanding with him, in a desire to insure approval by the President of the independence measure, met with no success. The Secretary of War was adamant in his opposition to any bill fixing a date for independence or allowing any situation in the Philippines for any length of time in which complete American authority and responsibility, both real and apparent, were not to be recognized and maintained in undiminished measure. The commission could not accept the Secretary's views and for this reason no agreement was reached.

In view of these circumstances and considering that the counsel and cooperation of President Quezon were needed in the United States during that crucial period of the fight for independence, the commission, on September 10, 1932, sent the following cablegram to President Quezon:

"We feel time has come for you seriously to consider advisability your coming for December sessions. Should your health permit, we believe you should come as early as possible. Your presence here would be very helpful."

"OSMEÑA ROXAS."

President Quezon did not accede to the request of the commission.

## II. THE PRESIDENTIAL ELECTIONS

During the Presidential campaign the commission took every precaution, which was very important at that crucial time, to avoid injecting the Philippine problem into the controversial issues of the campaign. The commission pursued its labors in the conviction that the Philippine problem should be solved not on a partisan basis but on an American basis. Republican and Democratic votes were indispensable to the passage of the measure in the Senate. The commission also realized that Republican votes in both Houses were needed in case the bill had to be passed over the President's veto.

The responsible leaders of the Republican and Democratic Parties did not indulge in a partisan discussion of Philippine independence during the campaign. However, two very significant incidents occurred which indicated the views of the two Presidential candidates on the independence question. The first of these incidents took place during the early days of the campaign when Gov. Franklin D. Roosevelt toured the West and the Pacific Coast States. In a speech delivered at Salt Lake City, Utah, on September 17, 1932, President Roosevelt incidentally mentioned the Philippines as follows:

"The American people are interested in Philippine independence, which the Democratic platform favorably endorses."

It should be noted that in this statement Mr. Roosevelt does not speak of immediate independence, but, referring to the Democratic platform, commits himself only to Philippine independence.

The other mention of the Philippines during the campaign was made by President Hoover 2 days before the elections. In a statement issued at Denver, Colo., the center of the beet industry in the United States, President Hoover directly referred to the Hawes-Cutting bill as the Democratic proposal, and criticized it for failure to give protection to American sugar producers. He charged that the limitation of 850,000 long tons duty-free sugar authorized under the provisions of the bill was excessive, and declared that the Republican proposal consisted in fixing the limitation at 600,000 tons, with yearly reductions. This statement, issued to the press at Denver, was reiterated by Mr. Hoover in a speech which he delivered the following day at Utah, the home State of Senator King and of Senator Smoot who was then Chairman of the Senate Committee on Finance, and the recognized advocate of protection for the domestic sugar industry. President Hoover's declarations on the Philippines, as published by the press at the time, were as follows:

"I do not need to reiterate that I stand flatly for the protective tariff. I stand for the protective tariff, which means always the preservation of the American markets for the American producer. Further, I stand for the speedy repair of the breaches in its walls which have been made by the depreciation of foreign currencies."

"This morning I issued the following statement, which explains itself:

"My attention has been called to the misrepresentation by Democratic agencies upon the question of the restriction of Philippine sugar. The Democratic Hawes-Hare bill provides for a probation for Philippine independence varying from 9 to 17 years, during which time the quota of sugar which can be imported free is to be increased from the present average of about 600,000 tons to 850,000 tons. At the end of that period a catastrophe will come to the Philippine people through the total break of their duty-free trade relations with us."

"The Republican proposal is for a gradually modified relationship with the Philippines. We say they cannot in their own interest attain political independence until they have secured economic independence. That is the interest of both the Philippines and the American farmer."

"The Democratic proposal continues and makes worse the situation of the American farmer for 9 to 17 years and in the end plunges the Philippines into ruin as the price of their liberty. The Republican proposal gives immediate relief to the beet-sugar grower and brings about a safe basis of Philippine independence."

In relation to this incident, the commission cabled Manila on November 7, 1932, describing the reaction which this statement of President Hoover produced in Washington and the attitude of the commission. This cable is attached to this report as appendix 15.

One other important statement made during the recess of Congress is worthy of specific mention. It was made by Senator BORAH, then Chairman of the Senate Committee on Foreign Affairs. Its importance lies in the fact that Senator BORAH, because of his commanding prestige and recognized ability, enjoys the respect of a large number of people in the United States. The fact also that as Chairman of the Committee on Foreign Affairs of the Senate he was well known to be duly informed of the international situation, particularly in the Orient, necessarily added weight to his statement. On October 20, 1932, Senator BORAH, in the course of a speech delivered at Idaho Falls, Iowa, had occasion to mention Philippine independence and to discuss the alleged Japanese menace to an independent Philippine state. As reported by the Washington Star, Senator BORAH declared that, in his opinion, Japan does not covet the Philippines, because, in his own words, "Japan is facing in the other direction—Manchuria."

This statement of Senator BORAH was of great value to the commission in allaying fears among a large portion of Americans concerning the danger of the Japanese aggression. The commission used this statement against the argument of the so-called "Japanese menace" to independence.

### III. AFTER THE PRESIDENTIAL ELECTIONS

With the victory of the Democratic Party at the polls, the Philippine Commission was confronted with the necessity of adopting an important and far-reaching decision. Was it more expedient to push to a conclusion Senate action on the Hawes-Cutting bill and exert every possible effort to obtain its final enactment; or could not a better bill be obtained if action on the Hawes-Cutting bill were suspended in order to seek action by the new Democratic Congress that had been swept into power by the Roosevelt landslide? This question demanded a prompt and peremptory answer. It imposed a great responsibility of decision which the members of the Commission could neither avoid nor evade.

The commission held numerous conferences with Members of the House and the Senate, with the leaders of the Democratic Party in and out of Congress, with the Members of the Senate and of the House of Representatives who were expected to become the members of the respective committees of the House and the Senate that in the new Congress would have to take charge and pass upon Philippine legislation. Efforts were also made to sound the opinion of the group of men who in Washington were considered to be closest to the President-elect and whose advice would naturally be sought by the incoming administration. Prominent among the latter was a distinguished member of the Committee on Territories of the Senate, one of the men who had taken a most active part in the formulation of the Hawes-Cutting bill, who had participated actively in the conduct of the Presidential campaign, and was closely associated with the President-elect. This distinguished Senator had shown great interest in Philippine independence and was considered by the commission as one of their warmest sympathizers. An inquiry as to what the attitude of the incoming administration would be in relation to Philippine independence was made. The information obtained from a reliable source was that his judgment on the subject would have great weight with the next administration.

The sum and substance of the counsel received by the Commission as to what was the best course to take on such an important question was to continue the efforts to obtain Senate action on the Hawes-Cutting bill and seek the final enactment of an independence act during the approaching short session of Congress which would be a compromise between the Senate bill and the House bill.

Among the reasons advanced in support of this opinion were the following:

1. One of the greatest obstacles in the way of achieving independence legislation is the extreme difficulty in developing enough interest in Congress and in the public opinion of America necessary to compel the consideration and passage of a measure which does not have a strong, direct appeal to the interest of the different constituencies of the Membership of Congress. When the further fact is considered that the new Congress was expected to be confronted with many problems of urgent importance requiring preferential attention, the chances of legislation on Philippine independence under the next administration were deemed at best extremely remote.

2. Numerous circumstances intervened to make possible the passage of the House of Representatives of the independence bill and which enabled the Senate to spend many hours of conscientious debate even during the closing days of the preceding session. It was improbable that these circumstances might again occur. The political complexion of Congress with no party in actual and effective control proved helpful to the Philippine cause. The attitude of Senator Bingham, who had found himself in honor bound to report an independence bill, was one of the determining factors. The relationship between the Hoover administration and the Congress, particularly during the year preceding the elections, the weakened leadership of the administration in Congress, the grow-

ing unpopularity of the views of the administration on important questions, all of which required no sacrifice of personal convictions on the part of Republican Members of the House and the Senate for the expediency of party regularity—these peculiar facts also contributed to the result and permitted the consideration by the Congress of the Philippine bill in a nonpartisan way. Republicans, Democrats, and Progressives cooperating in the formulation and enactment of an independence measure which would be fair and just to the Philippines.

The cohesion among Democratic Members of the House because of their very small margin of majority under the strong-arm leadership of Speaker Garner and House Leader Rainey, made possible the consideration and passage of the Hare bill without prolonged debate and without opportunity of amendments being offered on the floor. Were it not for the rule barring amendments, it is conceded by all those who know the practice and workings of the House of Representatives that the Hare bill during its consideration by the House would have been mutilated in a manner which would have destroyed its basic philosophy and which might have made it so unsatisfactory to the Filipino people that no Senate action could subsequently remedy it.

3. Senator Hawes supplied the Philippine fight for independence, a need which had been felt for many years, namely, a Member of either the House or the Senate, of ability, courage, perseverance, and absolute unselfishness, who would forgo practically every other interest or attention in Congress and concentrate his efforts on the passage of an independence legislation. No measure, controversial in nature, could ever pass the Congress without such a champion. The Philippines was fortunate to find such a man in Senator Hawes, who, in addition to his many other high qualities, enjoyed the friendship, the confidence, and the affection of the leaders of his party in the Senate and in the House of Representatives, and also the friendship and affection of many prominent leaders of the Republican Party in both Houses of Congress. It was also fortunate for the Philippines and the cause of Philippine independence that Senator Hawes was able to enlist the support of Senator CUTTING, of New Mexico, a progressive Republican of the highest type, a man of recognized ability and character, who enjoyed the confidence of the liberals of the Senate and the House of Representatives. Equally valuable was the support of Representative Hare, chairman of the Committee on Insular Affairs of the House, who had given 8 years' study to the Philippine problem, a man of tact and ability, and a sincere believer in the cause of Philippine independence. Representative Hare had the confidence of Speaker Garner and the other leaders of the House of Representatives, and his authorship of the independence bill insured for that measure the support of those leaders.

Senator Hawes and Representative Hare were to retire from Congress at the end of the short session about to convene. Were the independence bill to be postponed until the inauguration of the new administration it was most uncertain that Philippine independence could find another Senator Hawes or another Representative Hare who, with the same ability and unselfishness and perseverance, would assume what many Americans consider as a thankless undertaking, that of seeking the freedom of the Filipino people.

4. The economic and social problems of the United States were becoming more and more acute. The ranks of the unemployed were increasing every day, farms and private homes were daily being sold for nonpayment of taxes or in execution of mortgages long overdue, banks were failing in every part of the United States in ever larger numbers, American exports were falling to unprecedented levels, and commodity prices continued their downward trend. International problems, the war debts, disarmament, tariffs, currencies, and many other world problems aggravated the situation and greatly augmented the many difficult questions confronting the new administration.

With all these problems pressing for solution in the immediate future, no well-informed Member of the Senate or the House of Representatives entertained much hope that under such pressing circumstances the new Congress could afford to spend the necessary time in the consideration of an independence bill. No one in a position of responsibility could believe that all these grave, complicated, and interlocking national and international problems could be solved in one or two sessions of Congress, or that national prosperity and normal conditions in the world could be reestablished in a short time. But until these were accomplished, it would be futile to expect that any serious attention or protracted consideration could be given by the Congress or the incoming administration to the problem of Philippine independence.

5. With so many new Members in the incoming House and the Senate it would be very difficult to anticipate what kind of independence bill, were it possible to obtain consideration of such a bill, could pass the new Congress. Of one thing, however, those who dared to make conjectures as to the possibilities in the next Congress were positive, and that was that no bill could pass the new Congress that gave equal or better protection to Philippine interests, economic or otherwise, essential for the preservation of Filipino nationality and Filipino independence, than that granted by the bill then pending in the Senate or by the Hare bill. Moreover, it was most improbable that these new Members, many of whom had not carefully studied the Philippine problem, could devote to it the time necessary to familiarize themselves with its different phases during the next Congress.

6. A compromise between the Senate bill and the House bill would represent the views of the Democratic Members of the Senate and the House of Representatives, more particularly of the Democratic leaders of the House and the Senate of the Seventy-

second Congress. As a matter of fact, as has been already stated, President Hoover described the Hare and Hawes-Cutting bill as the "Democratic proposal." To all intents and purposes, therefore, and with absolute truthfulness, such a compromise measure would be, in effect, a Democratic measure representing the policy and the judgment of the Democracy in Congress. When it is considered that, as far as it could be ascertained, the same Democratic leaders in the House and the Senate that favored the Hare bill and the Hawes-Cutting bill, respectively, were going to be the same leaders of the Democratic Party who would control the organization of both Houses of Congress after the inauguration of the new administration, it is not difficult to realize that, at best, nothing could be gained by postponement of action until the next Congress, except to delay action and risk the independence cause to innumerable contingencies, dangers, and complications, many of which had already been successfully hurdled up to the parliamentary stage reached by the independence bill.

The Democratic Senate leaders were all agreed in advising the commission that if action on the bill were postponed and the Seventy-third Congress had an opportunity, which was in no sense probable, to consider an independence bill, that the best that friends of independence could ever hope to accomplish, in conformity with the Democratic platform, was a measure in no marked degree at variance with the bill that the Seventy-second Congress might finally approve.

Concurring in these views after mature and deliberate study and consideration, the commission, soon after the Presidential elections decided to hold the ground already won, not to expose the cause of Philippine independence to the countless contingencies of the future, to push to final passage during the next short session the best independence measure that could be obtained, and not lose what seemed to them a reasonable certainty of achieving the enactment of an independence bill definitely fixing the date of independence, in exchange for what, at best, could seem mere possibilities.

The commission, therefore, decided not to wait but to continue with all the earnestness and vigor of which they were capable to press the enactment of the independence bill before the Christmas recess of Congress, or, at least, before that time to obtain passage by the Senate. This decision was communicated to the friends of the bill in the Senate and in the House, and was received by them not only with approval but with sincere gratification.

Having adopted this determination, the commission conferred with Senators and officials of farm, labor, and civic organizations, to lay down the foundation for a continuous and conclusive discussion by the Senate of the independence bill beginning December 8, following, as agreed upon at the closing days of the last session of Congress.

#### *Chapter VIII. Arrival of Senator Aquino*

On November 13, 1932, the commission received a cablegram from Manila worded as follows:

"Senator Aquino sailing tomorrow to join mission with special instructions."

#### "QUEZON."

While the commission had no official notice of the documents borne by Senator Aquino, news about them, sometimes of a contradictory nature, appeared from time to time in American newspapers. Versions purporting to be the instructions that Senator Aquino was to bring also appeared in Manila papers which reached Washington before the special envoy arrived. The substance of the news was that the members of the Philippine Legislature were strongly opposed to certain provisions of the Hawes-Cutting bill, particularly the plebiscite, the transition period which was in excess of 10 years, the so-called "Forbes amendments" and the authority granted the United States high commissioner to reside at Malacañang. This reported attitude of the legislature on these provisions was completely in accord with the stand taken by the commission which had already taken steps looking to their modification or complete elimination.

In conformity with the views of the commission themselves and the reported wishes of the Philippine legislature, the commission drafted the following amendments to the bill:

#### AMENDMENTS

Intended to be proposed by Mr. KING to the bill (H.R. 7233) to enable the people of the Philippine Islands to adopt a constitution and form of government for the Philippine Islands, to provide for the independence of the same, and for other purposes, viz:

(1) On page 24, line 6, after the word "government", strike out all the rest of the paragraph, and in lieu thereof insert the following: "adequate for the protection of life, property, and individual liberty, and for the discharge of its obligations."

(2) On page 28, line 1, after the words "in excess of", strike out "300,000", and insert "1,200,000".

(3) On page 28, line 23, after the word "Islands" strike out the rest of the paragraph to page 29, line 16, inclusive, and in lieu thereof, insert the following: "the government of the Philippine Islands is authorized to adopt the necessary laws and regulations for the allocation among the producers or manufacturers of such articles, the amount or quantity which thereafter they may export free of duty to the United States".

(4) On page 29, strike out lines 17 to 24, all of page 30, and lines 1 to 8, both inclusive, on page 31.

(5) On page 32, lines 7 to 11, strike out "The President shall also have authority to take such action as in his judgment may be necessary in pursuance of the right of intervention reserved

under paragraph (n) of section 2 of this act", and in lieu thereof, insert the following: "The right of intervention reserved under paragraph (n) of section 2 of this act shall be exercised by the President".

(6) On page 33, line 24, after the words "may be", insert the word "lawfully".

(7) On page 34, lines 5 to 9, strike out the words "including a financial expert or comptroller, who shall receive for submission to the High Commissioner a duplicate copy of the reports of the insular auditor, and to whom appeals from decisions of the insular auditor may be taken".

(8) On page 34, lines 10 and 11, strike out the words "Governor General", and insert in lieu thereof, "Commanding General, Philippine Department, United States Army".

(9) On page 37, strike out lines 21 to 24, all of pages 38, 39, and 40, in lieu thereof, insert verbatim section 9 of House bill, which is as follows:

#### "RECOGNITION OF PHILIPPINE INDEPENDENCE AND WITHDRAWAL OF AMERICAN SOVEREIGNTY"

"SEC. 9. (1) On the 4th of July immediately following the expiration of a period of 8 years from the date of the inauguration of the new government under the constitution provided for in this act, the President of the United States shall withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippines and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, under the constitution then in force: Provided, That the constitution of the Commonwealth of the Philippine Islands has been previously amended to include the following provisions:

"(2) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

"(3) That the government of the Philippine Islands will cede or grant to the United States land necessary for commercial base, coaling, or naval stations at certain specified points, to be agreed upon with the President of the United States not later than 2 years after his proclamation recognizing the independence of the Philippine Islands.

"(4) That the officials elected and serving under the constitution adopted pursuant to the provisions of this act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

"(5) That the debts and liabilities of the Philippine Islands, its provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands, or any province, city, or municipality therein, the Philippine Government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

"(6) That the government of the Philippine Islands, on becoming independent of the United States, will assume all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States.

"(7) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except paragraph (3)) in a treaty with the United States."

(10) On page 41, in lines 14 to 17, strike out the words "Provided, that within 6 months after the people of the Philippine Islands have voted on the question of Philippine independence, if a majority of the votes cast are in favor of independence", and in lieu thereof insert the following: "Provided, that at least 6 months prior to the withdrawal of American sovereignty as hereinbefore provided."

#### MEMORANDUM ON THE PROPOSED AMENDMENTS

(1) This amendment, in defining the causes and occasions for intervention, proposes to restore the language used in the original Hawes-Cutting bill which is also that of the Platt amendment in relation to Cuba.

(2) The basis taken by the proponents of the bill in fixing the amount of limitations of free Philippine imports to the United States during the transitional period is the "status quo as represented by estimated importations from existing investments" (p. 2, Committee Report). If this basis is to be accepted, the limit should be fixed at 1,200,000 long tons, for according to the best evidence available, including a statement by the Governor General of the Philippine Islands, that amount is the estimated capacity of sugar mills now in operation in the Islands.

Recent estimates made by Williett and Gray put the Philippine sugar production for the 1932-33 crop of 1,100,000 long tons.

Deducting from this figure about 75,000 long tons, which is the normal annual consumption of the Philippines, there would remain about 1,025,000 long tons estimated export to the United States for next year.

(3) Once the limits fixed by the bill are reached, many difficulties will be encountered in allocating each producer or manufacturer the articles whose free entry into the United States is thus limited. Inasmuch as it is now impossible to foresee all the circumstances and conditions which must be taken into account to bring about a fair and equitable allocation of the quantities which the different producers and manufacturers may export free of duty to the United States, it would seem preferable to leave the entire matter to the determination of the government of the Philippines when the situation calling for such determination should arise.

(4) This amendment strikes out the provisions authorizing the collection by the Philippine government of an export tax on Philippine free exports to the United States after the expiration of the tenth year subsequent to the inauguration of the Commonwealth of the Philippine Islands.

(5) This amendment clarifies the language of the provision which it amends. According to the proponents of the measure, this provision merely confers upon the President of the United States the authority to exercise the right of intervention. The language of the amendment confers that power in clear and positive terms and eliminates possible misconstructions.

(6) The word "lawfully", which appeared in the original draft of the Hawes-Cutting bill, is restored. The purpose of the amendment is to circumscribe the power of delegation within the limits established by law and precedent.

(7) This amendment eliminates the authority given to the financial expert on the staff of the high commissioner to hear appeals from decisions of the insular auditor. This power of review is unnecessary and might be the occasion of much friction and many misunderstandings in the functioning of the government. Whatever responsibility the United States may have in the conduct of the financial affairs of the Philippine government is adequately safeguarded by the power granted to the President and the high commissioner in section 7 of the bill.

Expressing opposition to the provisions of the bill, which the proposed amendment seeks to strike out, a well-informed authority on Philippine government makes the following pertinent statement:

"First, it limits the discretion of the President and the high commissioner. The theory of the bill is that the staff would be provided for by Congress and the President. The inclusion of this so-called "financial expert or comptroller" does not add to the authority of the President and high commissioner, but makes necessary the appointment of a particular type of official that might be peculiarly unnecessary. It is wholly possible that the high commissioner will be experienced in government economics and will require his limited staff for other purposes.

"Second, the duties of the insular auditor are at present prescribed by the administrative code of the Philippine Islands, as are the methods of appeal from the decision of the insular auditor. Normally, these appeals are to the Governor General, and his decision is final. In certain cases, also, appeals may be taken to the courts of the islands. The quoted provision would inject this financial expert or comptroller into the normal procedure, possibly in a very offensive way.

"To illustrate, a teacher in the Philippine Islands objects to the settlement of his travel accounts by the insular auditor. He would appeal, under this provision, not to an official of the Philippine government, and not even to the high commissioner, but to a financial expert on the staff of the high commissioner.

"The absurdity of this procedure is obvious. A contractor objects to the decision of the auditor in the settlement of his accounts and appeals to the financial expert on the staff of the high commissioner. This expert renders a decision on the appeal. Under the Philippine law this decision would be without effect, and it is not apparent what effect the provision in the impending bill would give to such a decision.

"Furthermore, the Philippine Legislature, under the new government, may modify the duties of the auditor and may modify the present method of appeals.

"This is believed to be a thoroughly impractical provision. It would materially weaken the position of the high commissioner and would tend to bring him in conflict with his own staff and with the government of the islands. Every American having a contract with the Philippine government would be tempted to appeal to this financial expert on the least dissatisfaction with the settlement of his accounts by the Government.

"The amendment further provides that the financial expert or comptroller shall receive for submission to the high commissioner a duplicate copy of the reports of the insular auditor. At present the insular auditor's reports are made annually, are printed, and are available to the public generally. So this provision is practically meaningless.

"Furthermore it is provided elsewhere in this paragraph that the high commissioner 'shall have access to all records of the government or any subdivision thereof, and shall be furnished by the Chief Executive of the Commonwealth of the Philippine Islands with such information as he shall request.'

"Nothing is therefore accomplished by his amendment and it should be stricken from the bill either in the Senate or in conference."

(8) The residence of the Commanding General, Philippine Department, United States Army, is a stately and commodious man-

sion erected by the United States and long identified with the American occupation and government of the Philippines. It stands in the midst of spacious and beautiful grounds overlooking Manila Bay and is one of the impressive buildings of the capital. It would serve most appropriately as the residence of the high commissioner.

The Filipino people would be more gratified if the chief executive of the commonwealth of the Philippines were installed in Malacafang Palace, which is now occupied by the Governor General. Malacafang was for many years the residence of the Spanish governors of the islands. For that reason it is bound up with the traditions of the Filipino nation and especially with their struggle for emancipation from Spain's dominion, symbolized by this palace.

These are some of the sentimental considerations upon which the proposed amendment is predicated. There are also practical grounds to support it. It is of grave importance, for example, that the chief executive of the new Philippine government should be publicly recognized as succeeding to the authority and dignity of the Governor General. Moreover, the staff required by the chief executive of the Commonwealth for the performance of his duties is certain to be more numerous than that needed by the high commissioner. The executive building annexed to Malacafang is a very large structure and is now used by more than a hundred officials and employees. Accordingly it would appear at once equitable and advisable to assign to the chief executive the sort of residence to which the dignity and actual requirements of his office entitled him. On the other hand, it would not seem wise to allot Malacafang to the high commissioner, for this might beget a wrong impression as to the nature and scope of his duties and create the belief that he should maintain a large and expensive corps of assistants and personnel.

(9) This amendment substitutes section 9 of the House bill for section 9 of the Hawes-Cutting bill. The effect of the amendment is: (1) It eliminates the plebiscite; (2) it reduces the transitional period to 8 years; (3) it makes independence certain and designates a definite date when American sovereignty is to be withdrawn and the independence of the Philippines is to be recognized by the United States.

(10) This amendment is a consequence of the change made in section 9.

The commission delivered these proposed amendments to Senator KING. In two conferences held with said Senator, the Commission requested him to consider the amendments and submit them to the Senate. Senator KING agreed to take the matter under advisement.

Several reasons prompted the commission to approach Senator KING concerning these amendments.

1. Senator KING was among the most determined advocates of Philippine independence and had maintained consistently a stand toward the Filipinos of complete justice, no discrimination against them while they remained the wards of America, and the least possible interference by the United States in the local affairs of the Philippine Islands during the transition period.

2. Neither Senator HAWES nor Senator CUTTING, in the parliamentary stage of the bill, could sponsor the amendments without risking the loss of much needed support or antagonizing influential members of the Senate Committee on Territories and Insular Affairs.

The question of eliminating the provision concerning Malacafang Palace was taken up with Senator HAWES, and on December 8 he introduced an amendment to that end.

Concerning the length of the transition period, after consultation with the authors of the bill who were in sympathy with the question, it was left for adjustment either before the bill passed the Senate or when the bill reached conference.

As to the retention by the United States of reservations in the Philippines after independence, the commission was informed by the members of the Senate committee that, as stated in their report, it was their intention to leave that question for future determination.

In relation to the trade provisions of the bill, on December 6 the Philippine Commission addressed a letter to the Chairman of the Committee on Territories and Insular Affairs of the Senate proposing an increase in the amount of sugar limitation. The letter is as follows:

LEGISLATIVE COMMISSION FROM THE PHILIPPINES

WASHINGTON, D.C., December 6, 1932.

Hon. HIRAM BINGHAM,

Chairman Committee on Territories and Insular Affairs,

United States Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In view of the latest data as to the actual amount of sugar produced in the Philippines last year (1931-32 crop) and the most authoritative estimates of the year 1932-33, all of which bear on the determination of what should be the limitation on free Philippine sugar imports to the United States in accordance with the underlying principles of the Philippine bill now pending before the Senate, we feel it our duty to invite the attention of your committee to the following facts and considerations:

The Committee on Insular Affairs in reporting to the House the Philippine bill now pending in the Senate, described the salient provisions of the bill and said:

"Pending final relinquishment of American sovereignty the free importation of certain Philippine products into the United States shall not exceed specified limits based upon the status quo as represented by estimated importations from existing investments."

This wording is identical with that used by the Committee on Territories and Insular Affairs in reporting their bill to the Senate.

Both committees felt that in fixing the limitation of the amount of sugar to be brought in from the Philippine Islands free of duty at 800,000 long tons of centrifugal sugar and 50,000 tons of refined sugar they were carrying out the principles enunciated in the House committee's statement quoted above. This view was based on the data available to the committees at the time they made their reports.

The United States Department of Commerce reports the actual importation of sugar into the United States from the Philippine Islands for the 10 months ending October 31, 1932, to be 856,000 long tons, that is to say, the importation for the first 10 months of this year is already in excess of the limit fixed by the bill.

The total production of sugar in the Philippine Islands in the crop year 1931-32 is reported by the Philippine Sugar Association to be 934,000 long tons. It is probable, therefore, since the normal consumption of centrifugal sugar in the Philippine Islands does not exceed 75,000 tons, that the total importation to the United States will reach 900,000 long tons.

The deviation from the principles enunciated will become greater before the bill is enacted and certainly before the limitation would become effective.

The estimate of Willet & Gray and of the Philippine Sugar Association of production from the crop 1932-33, which is now being harvested and in process of milling, is 1,100,000 long tons. There will be exported from this crop to the United States 950,000 tons of centrifugal sugar and 75,000 tons of refined sugar, assuming Philippine consumption to be normal and the distribution between centrifugal and refined sugar to be normal. This is the actual status quo today in the Philippine Islands as to production of sugar and of exportation of sugar duty-free to the United States.

Again, when we view the situation of present investments in the Philippine Islands, the necessity of considering the additional data now available becomes more pressing.

The capacity of the present mills in the Philippine Islands, which represent existing investments there, is 1,200,000 tons of sugar per annum. As this sugar is exported to the United States, with the exception of about 75,000 tons consumed in the islands, the limit, based on present investments, should be 1,025,000 tons of centrifugal sugar and 75,000 tons of refined sugar.

In further justification of these suggested increases in the limit it should be said that the limit is based on the present crop and allows nothing for a normal increase prior to the establishment of the Commonwealth of the Philippines when the limitations become effective.

It is clear from the foregoing that if the specified limits in the bill are to be based on the status quo as represented by estimated importations from existing investments, the limit in the bill should be not less than 1,025,000 tons of centrifugal sugar and 75,000 tons of refined sugar, this allowing 100,000 tons of centrifugal sugar for home consumption.

We hope that in view of these facts and considerations the committee will find it proper and advisable to increase the limitations as herein suggested. This will be in accordance with the principles enunciated in the reports on the bill and which we have every reason to believe the committees intended to carry out.

In the belief that you would not deem it improper, we have mailed a copy of this letter to each member of your committee.

Anticipating with our sincere thanks your attention to this matter, which, as you will see, is of great importance, we are,

Very respectfully,

S. OSMEÑA,  
MANUEL ROXAS,

*For the Philippine Commission.*

On December 8, 1932, the Senate resumed consideration of the Philippine bill. During the 3-hour debate two amendments were adopted. These amendments were:

First. The amendment introduced by Senator Hawes eliminating the provision regarding Malacañang Palace.

Second. The amendment introduced by Senator METCALF providing that the allocation of free sugar imports to the United States be based on the average production by the centrals and planters during the years 1931, 1932, and 1933.

During the debate that day Representative Hare's letter to Senator Hawes containing an account of his trip to the Philippines and a recommendation for an increase of the sugar limitation to 1,100,000 long tons was read before the Senate, at the request of Senator Hawes, who at the same time declared his endorsement of Mr. Hare's view. A copy of this letter is attached to this report as appendix 16.

On December 9, the Senate continued consideration of the Philippine bill for 5 hours. The following amendments were approved:

First. The Reed-Hawes amendment authorizing the President to negotiate a treaty for the neutralization of the Philippines.

Second. The Cutting amendment clarifying the provisions on immigration by making their effectiveness dependent on the acceptance of the law by the legislature or a convention called for the purpose.

Third. The Johnson amendment providing for the application of the exclusion laws of the United States against the Philippine Islands as if they were a foreign country, even during the commonwealth government.

Fourth. The Long-Smoot amendment reducing the limitation of raw sugar to 585,000 long tons and refined sugar to 30,000 long

tons. This amendment was strongly opposed by Senators Hawes, Cutting, Pittman, and other members of the Committee on Territories. Upon announcement of the result of the vote, Senator PITTMAN advised the Senate of his purpose to move reconsideration of the vote.

The independence bill was in the parliamentary stage described above when Senator Aquino arrived in Washington shortly before noon on December 12. In a long conference held on the same day of his arrival, Senator Aquino personally transmitted the documents in his possession to the commission and discussed with them the political situation in the Philippines and the views of the members of the legislature concerning certain provisions of the independence bill. The documents referred to are attached to this report as appendix 17. At this conference Senator Aquino was informed by the commission that they were in virtual accord with the views of the members of the legislature concerning certain important provisions of the bill, and had already taken steps to obtain amendments which might bring about the elimination or modification of the objectionable provisions. In this conference it was agreed to continue the efforts to improve the provisions of the bill so as to make them conform as much as possible with the aspirations of the Filipino people and the views of the members of the legislature, and that these efforts were to be made jointly by Senator Aquino and the commission.

The activities of Senator Aquino and his conference with Members of Congress and officials of the administration are not taken up in this report, as they will be the subject of a separate report to be presented by him to the legislature. It should be remarked, however, that in all his earnest, persistent, and able efforts to secure amendments to the bill so as to make it conform as much as possible with the views of the Philippine Legislature, Senator Aquino acted in concert with the members of the commission.

When the bill reached conference Senator Aquino addressed a memorandum to the members of the conference committee transmitting the views of the members of the legislature concerning certain provisions of the bill, and urging modification of said provisions in accordance therewith. This memorandum is attached to this report as appendix 18.

#### Chapter IX. Passage of bill by the Senate

On December 2, 1932, a few days before the Congress convened, the commission called personally on Vice President Curtis and submitted to him a petition to the Senate asking that that body take up the consideration of the independence bill on December 8 in accordance with the resolution already referred to in a previous chapter of this report. A copy of this petition is attached to this report as appendix 19.

The Congress convened on December 5, and on December 8 the Senate resumed consideration of the Philippine bill. The debate lasted continuously until December 17, when the bill was finally passed without a record vote.

On December 8, Senator VANDENBERG withdrew his amendment which was pending when the Senate adjourned in July, reserving for the United States after independence such naval and military stations as have been designated to date, and also those which may hereafter be designated by the President. Senator COPELAND on the same day inserted in the Record a proposed amendment which would grant pensions to American citizens hitherto employed in the Philippine Government. This was immediately opposed by Senator Hawes, who inserted in the Record a memorandum prepared by the Philippine Commission opposing the amendment. Senator COPELAND did not press his amendment.

In the preceding chapter mention was made of the action taken by the Senate on certain amendments submitted during the first 4 days' discussion of the bill.

On December 12 two amendments were adopted without much debate. They were (1) the Robinson (Ark.) amendment providing that Filipino immigration to Hawaii shall be regulated by the Department of the Interior on the basis of the needs in Hawaii and (2) the Long amendment reducing the amount of duty-free Philippine coconut oil to the United States from 200,000 to 150,000 tons.

On this day also began a spirited debate regarding the length of the transition period. The issue was precipitated by the submission of an amendment by Senator Broussard, reducing the period of transition from 16 to 8 years. The debate on this proposed amendment lasted several days and numerous Senators participated in the discussion. The amendment was objected to by members of the Senate Committee on Territories and Insular Affairs and other Senators. They argued that a shorter period of transition than that provided in the bill would not permit an adequate adjustment of the economic conditions in the Philippines so as to accommodate Philippine industries to the situation that would obtain after independence.

The attitude of the agricultural interests of the country on the pending legislation was explained to the Senate by Senator CAPPER. He inserted in the Record a letter from representatives of the eight leading farm organizations of the United States, in which they urged—

(1) That complete independence be granted within 5 years.

(2) The quota of imports during the period of transition be gradually reduced each year.

(3) That the provisions in the pending bill for trade conferences prior to independence be eliminated.

(4) That the question of independence be no longer reopened through a plebiscite or otherwise after the Filipino people have adopted their constitution.

Before the vote was taken on the Broussard amendment, Senator DICKINSON, of Iowa, offered an amendment to this amendment fur-

ther reducing the period of transition to 5 years. This proposal was rejected.

The Broussard amendment was then voted upon and the result was, yeas 40 (of whom 20 were Republicans, 19 Democrats, and 1 Farmer-Laborite) and nays 38 (of whom 18 were Republicans and 20 Democrats).

Shortly after the result of the vote on the Broussard amendment was announced Senator BULOW, who had voted for the amendment, moved for its reconsideration. This was on December 14 and debate on this question continued throughout the 15th and extended into the 16th of December. The Senate approved Senator Bulow's motion by a vote of 42 to 34. When the vote on the Broussard amendment itself was finally taken again a few minutes later the result was, yeas 31 (of whom 16 were Republicans, 14 Democrats, and 1 Farmer-Laborite), and nays 45 (of whom 24 were Republicans and 21 Democrats). Thus, the fight to reduce the period of transition to 8 years was defeated.

Following the rejection of the Broussard amendment Senator CUTTING offered an amendment reducing the period of transition from 15 to 12 years, and further that the plebiscite on final independence shall be held within 1 year after the expiration of the 12-year period of transition. This amendment was agreed to by the Senate without a record vote, whereupon Senator BYRNES offered an amendment striking out the plebiscite provision and inserting in lieu thereof a provision to the effect that independence will ensue on the 4th day of July immediately following the expiration of the 12-year transition period.

A heated discussion followed the presentation of this amendment, in the course of which Senator Bingham intimated to the Senate that he had every reason to believe that if the plebiscite provision was eliminated, the President of the United States would veto the bill.

The yeas and nays were ordered on the vote on this amendment. The vote was—yeas 33 and nays 33. Thereupon, Senator LONG entered a motion for reconsideration and proceeded to speak at great length, saying that he was prepared to delay action for 60 days if necessary rather than see the Philippine bill pass with a plebiscite provision. Thus the Senate recessed that day faced with the possibility of a filibuster which might defeat all attempts to dispose of the Philippine bill.

After the Senate adjourned on December 16, with Senator LONG still holding the floor, members of the Committee on Territories and Insular Affairs held a meeting with the leaders of both parties. At this conference they reached an agreement to give the people of the Philippines an opportunity to vote on the constitution and on the question whether they accept independence under the provisions of the act. They agreed to hold the vote in the same manner that an expression of the people's will is obtained in relation to Territories applying for statehood; that is, at the time of the ratification of the constitution rather than by a direct vote on independence at the end of the transition period.

For this purpose, shortly after the Senate convened the next day, December 17, Senator BYRNES offered an amendment striking out the plebiscite provision in the bill and inserting in lieu thereof a provision stating that if, in the election on the question of the adoption of the constitution, a majority shall ratify said constitution, such ratification shall be deemed an expression of the will of the people in favor of independence. Independence would then automatically ensure on the 4th day of July following the expiration of the 12 years from the date of the inauguration of the commonwealth government.

As thus worded, the amendment was agreed to, the vote being yeas 44, nays 29.

From this point on progress on the bill was rapid. Senator VANDENBERG first announced that instead of offering his substitute bill he would move to recommit the pending bill to the Senate Committee on Territories and Insular Affairs with instructions to change the time for the adoption of the Philippine constitution from the beginning of the preindependence or transition period to the end thereof and with further instructions to said committee to report the bill back not later than December 20. This motion was defeated by a vote of yeas 19, nays 54.

Senator DICKINSON (Republican), of Iowa, then offered three amendments providing greater limitations on Philippine free trade with the United States during the transition period. First, he proposed to limit the amount of duty-free Philippine pearl and shell button blanks. This amendment was defeated by a vote of yeas 21, nays 46.

Senator DICKINSON then proposed that the amount of coconut oil admissible free of duty to the United States during the transition period was to be reduced by 15 percent during the second year, 30 percent the third, 45 percent the fourth, 60 percent the fifth year, 75 percent the sixth, and 90 percent the seventh, so that, beginning with the eighth year and thereafter, full duty would be collected on said product. After a brief debate this amendment was also rejected.

Finally Senator DICKINSON offered his third amendment, providing for a gradual reduction in the amount of duty-free sugars which the Philippines might export to the United States during the transition period at the same rate annually as coconut oil, as stated in the preceding paragraph. This amendment was also rejected by a vote of yeas 20, nays 48.

Following the defeat of the Dickinson amendments, Senator KING offered an amendment authorizing the Philippine government to levy and collect duties upon American articles entering the Philippines whenever there are duties levied and collected on

Philippine articles entering the United States. This amendment was rejected by the Senate without a record vote, whereupon Senator KING called for his amendment in the nature of a substitute providing for independence after a period estimated at from 3 to 5 years after the passage of the act. Senator KING stated to the Senate that his substitute was more in consonance with the wishes of the Filipino people.

Before the vote on the King substitute was taken, Senator HAWES paid tribute to Senator KING's unselfish devotion to the cause of Philippine independence. He stated that, like Senator KING, he also was at first in favor of immediate independence, but that his observations in the Philippines and the exhaustive testimony submitted to the House and Senate committees convinced him and most of the members of said committee that immediate independence was impracticable.

The King amendment put to a vote was rejected without a record vote.

Two perfecting amendments were finally adopted by the Senate on the last day, namely, Senator Broussard's amendment requiring the Commonwealth constitution be submitted to the President of the United States within 2 years of the passage of the act, and Senator PITTMAN's amendment providing that the economic conference between American and Philippine representatives be held at least 1 year prior to the date fixed for independence.

Early in the afternoon of the last day the friends of the bill became confident that a final vote could be secured before the Senate recessed that afternoon. They felt that to bring up the question of the reconsideration of the Long amendment reducing the amount of duty-free sugars during the transition period might result in another protracted fight which would endanger the fate of the whole bill. Hence, the friends of the measure, confident that this matter could be adjusted in conference with the House committee, decided not to press the motion of reconsideration proposed by Senator PITTMAN.

In this manner action on the bill was expedited. The bill was read a third time and passed without a record vote at 4 o'clock that afternoon.

#### *Chapter X. The bill in conference*

The Senate passed the independence bill on December 17, 1932. On December 19 the House of Representatives rejected the Senate amendments to the House bill and asked for conference. On the same day the Senate accepted the conference and appointed as conferees Senators Bingham, Johnson, Cutting, Pittman, and Hawes. The House conferees were Representatives Hare, Williams, and Knutson.

With the bill in conference, the time and the occasion long awaited by the commission to press their views on certain provisions of the bill arrived. Therefore, the commission had found it inexpedient to insist on the elimination or modification of certain objectionable features of the bill during its consideration by either House of Congress. There was danger that such a course would have unnecessarily aroused opposition to the bill among elements and groups without whose support it was impossible to obtain passage of the measure by the House or the Senate. For this reason early in the parliamentary proceedings, in common accord with the sponsors of the independence bill and acting on the advice of experienced parliamentarians, the commission carefully and studiously moved toward securing a parliamentary situation, which, when the bill reached conference, would make possible an agreement on a bill which might conform more closely with Philippine aspirations and safeguard Filipino interests.

It was a problem in practical legislation which the commission had to confront. It could only be successfully dealt with in a realistic fashion. The difficulties in the way of a successful execution of the plan were numerous. There was the possibility that the attitude of the commission might be misconstrued, because the exigencies of a given situation might require silence on the part of the commission when plausible reasons seemed to demand a definition of attitude or a protest. That this danger was real is proven by the fact that in some instances the attitude of the commission on certain important phases of the independence bill was actually misconstrued by a few groups, sometimes in the Philippines and at other times in the United States. But this could not be avoided and, despite the risk, the course had to be pursued. It was not mere popular approval of an attitude or of the advocacy of an ideal which the commission felt it was their bounden obligation to seek, but the actual enactment of legislation solving the Philippine problem and setting the earliest possible date for independence, with adequate protection for Filipino economic and social interests. This aim the commission persistently sought to achieve, and when on certain occasions superficial indications seemed to justify the belief that the commission were neglectful of their duty to define or restate Filipino aspirations, thereby exposing themselves to severe criticisms from their own countrymen, the commission willingly suffered these criticisms, confident that after the facts were known they would be vindicated.

Despite the determination of the commission to adhere strictly to the parliamentary strategy outlined above, in a few instances extreme necessity induced them to modify their plan, in view of developments in the Philippines. This was regrettable, for it increased the difficulties in the parliamentary progress of the bill.

As soon as the conference committee was appointed, the commission laid before its members, individually and collectively, their views and petitions concerning important provisions of the bill.

In substance, the views and petitions submitted by the commission were those contained in the documents delivered to the commission by Senator Aquino and which purported to express the consensus of opinion among members of the Philippine Legislature. They received the careful and considerate attention of the members of the conference committee. They were supported by Senator Hawes, Senator Cutting, and Representative Hare and by other members of the committee.

Even before the bill reached conference the commission entertained great hopes that many of the objectionable features of the bill, in fact, all those which did not constitute an indispensable element of the philosophy underlying the measure, would be eliminated or modified before its final passage by Congress. On December 19, after the appointment of the conference committee, the Philippine Commission sent the following cablegram to Manila:

"Actuated by identical purposes as you and our people, mission will continue labor for most satisfactory measure obtainable and endeavor elimination objectionable features. This task will be rendered more difficult by violent critical attitude our part. We consider essential part bill provision requiring acceptance by legislature and throughout Senate debate this thought was paramount in minds of supporters measure and was impliedly accepted by whole Senate, and several amendments were passed tied up with this provision. We shall insist acceptance provision and we have every reason believe same will be retained in conference."

"We shall not commit ourselves a priori in favor bill so that legislature may have absolutely free hand to accept or reject measure."

"Filipino criticisms and accusation as to motives of Congress creating embarrassing situations for us and hampering our efforts in Congress, besides increasing danger Presidential veto."

This message was sent in order to assure the leaders of the legislature that the Philippine Commission would exert every effort looking to the improvement of the bill in conference so that its provisions, as much as possible, at that parliamentary stage, might conform to the views of the legislature. The other purpose of the message was to call attention to the unwise of the violent criticisms then being made by certain groups in the Philippines against the Congress itself, including the sponsors of the bill, the members of the committees in charge of Philippine affairs, and the supporters of the independence measure.

While the bill was in conference, Manila dispatches published by the Associated Press and the United Press in the American newspapers gave wide publicity to intemperate criticisms and charges leveled against friends of independence in Congress by Filipinos themselves. Needless to state, this news disillusioned many friends of independence and alienated much-needed sympathy for our cause.

In connection with these criticisms the T.V.T. newspapers wired the commission stating that the Filipino people were anxious to know the stand of the commission on the independence bill and to get an accurate version of the important amendments approved by the Senate. In response to the request for a statement on these subjects, the commission, on December 21, 1932, wired the T.V.T. as follows:

"Senate eliminated plebiscite, reduced period from 17 to 12 years, virtual total exclusion Filipinos, and reduced amount limitations sugar to 615,000 long tons, coconut oil to 150,000 long tons."

"Senate bill provides act will not be operative until accepted by Philippine Legislature or convention called by legislature to decide that question. We are bending every effort to obtain acceptance this provision by House conferees."

"While unable to forecast definitely action of conference committee now considering differences between Senate and House bills, we have every reason to believe that some objectionable features of bill will be eliminated and Senate trade provisions modified to conform as closely as possible to House provisions."

"We feel we are confronted with most critical situation requiring of all our leaders and our people their deliberate and well-considered judgment, after carefully weighing facts and circumstances bearing on our fight for independence and remembering this is first definite action taken by Congress since enactment of Jones law. The question at stake is too precious and vital for our country to permit of hasty conclusions. We feel certain that provision requiring acceptance of bill by legislature will be retained. It is our purpose not to commit ourselves or the legislature definitely to any bill that may be passed, and it is our policy to leave the legislature or a convention that may be called with absolutely free hand to accept fully or with reservations or to reject the bill after being informed of all facts and attending circumstances and keeping in mind the exact range of future possibilities. Our efforts now are directed toward obtaining as good a bill as possible with the least amount of objectionable or hampering provisions. We are sparing no pains in this direction, but our paramount purpose is to obtain a fixed date for independence. Our people at home can be of great assistance to us in this fight. Their views on the fundamental issues will be weighed carefully here, and when expressed, as in many times past, firmly but calmly, deliberately, and dispassionately, as befits the dignity and justice of a great cause, will be of immeasurable help to our friends here. We are convinced that the American people and the American Congress desire to give us our freedom and want to be fair and just to us. It is our duty to aid them find the way. What is needed is more light, or else result may be added confusion and increased obstacles."

On December 21, 1932, the conference committee met at the Capitol in the office of the Committee on Territories and Insular

Affairs and held an executive session lasting over 4 hours to discuss the divergent votes between the two Houses. The result of this first conference was not made public. It was understood, however, that the conferees had reached substantial agreement on practically all important differences between the Senate and the House bills. On the following day, December 22, 1932, the conference committee formally reached an agreement on all provisions of the bill and unanimously agreed on a conference report recommending approval of the bill H.R. 7233, as agreed to in conference.

The bill agreed upon in conference is exactly the Independence Act as it now stands. The important provisions of the bill reported out by the conference committee were communicated to Manila in a cablegram dated December 22, as follows:

"Bill as agreed by conference committee and passed by Senate contains following important changes:

"Requirement acceptance by legislature or convention retained."

"Within 1 year after enactment of act, constitutional convention must meet."

"Within 2 years after enactment, constitution must be submitted to President."

"Johnson amendment providing complete exclusion during Commonwealth eliminated."

"House quota system adopted, to be effective 60 days after Philippine acceptance of act."

"Transition period reduced to 10 years from inauguration Commonwealth, said period to be divided 5 years straight trade limitations and last 5 years progressive Philippine export tariff imposition, increasing annually from 5 to 25 percent of American duty."

"Collections on export tax will be retained by Philippine government and added to sinking funds for payment Philippine bonds."

"Limitation refined sugar 50,000; unrefined, 800,000; coconut oil, 200,000 long tons."

"Cordage limitation unchanged."

"Plebiscite provisions eliminated. People's ratification constitution shall be deemed expression will Filipino people in favor independence."

"Reed neutralization amendment retained."

"First Forbes amendment, paragraph 2, section 7, completely eliminated. First line, subsection (n), section 2, modified as follows: 'The United States may, by Presidential proclamation, exercise the right to intervene, et cetera.'

"Second Forbes amendment eliminating word 'lawfully' modified by adding end of sentence following: 'under the provisions of this act.'

"Third Forbes amendment, regarding comptroller, radically modified and provision reads: 'Commissioner, et cetera, shall have such staff, et cetera, including a financial expert who shall receive for submission to the high commissioner a duplicate copy of the reports of the insular auditor. Appeals from decisions of the insular auditor may be taken to the President of the United States.'

"On July 4 immediately following expiration 10 years from inauguration Commonwealth, Philippine independence shall be recognized without need other congressional action, and United States shall withdraw sovereignty over territory, including military and other reservations, except such land or property reserved under section 5 as may be redesignated by President not later than 2 years after independence."

"Other provisions bill substantially unchanged."

The foregoing communication revealed to the leaders of the legislature in what important particulars the conference committee had accepted the views and approved the suggestions of the members of the Philippine Legislature. An analysis of the action of the conference committee shows that the committee went as far as parliamentary rules and practice permitted to meet the views of the Filipino people. That was the desire and the intention of the majority of the members of the conference committee, and the commission is satisfied that the independence bill as agreed upon in conference was the best measure obtainable under the circumstances with any possibility of final enactment. The commission also felt that the conference report justified the tactical plan which had been adopted.

The conference report is attached to this report as appendix 20. Chapter XI. Approval of conference report by the Senate and the House

Shortly after the Senate convened on the same day that the conference committee reached an agreement on the independence bill (Dec. 22), Senator Bingham submitted to the Senate the conference report and requested unanimous consent for its immediate consideration. The unanimous consent was granted. The chairman of the committee explained the differences between the House bill and the Senate bill as well as the agreements reached in conference. Several Senators took part in the discussion. After a brief debate the conference report was agreed to that same day (Dec. 22) without a record vote.

On December 23, the House of Representatives adjourned over the Christmas holidays to meet again on December 27. For this reason, the House was unable to take early action on the conference report.

On December 23, in response to a message of congratulations received from the Philippines Herald, the chairman of the commission wired a statement for publication in that newspaper which is attached to this report as appendix 21. This message stated in part as follows:

"Your message of congratulations, the only one we have received from the Islands, comes to us as an encouragement and a ray of hope. We sincerely appreciate your kindness.

"The Philippine bill in its final form makes definite and certain the day of our independence. The road we must travel to reach that goal will doubtless be difficult, demanding of us numerous sacrifices. Nevertheless, let us find consolation in the fact that withal ours will be infinitesimal compared with the price other nations have paid for their liberty. It is our conviction that when the facts and circumstances are known to our people as fully as they are known to us, they will realize that, as heretofore, the United States has earnestly endeavored to be fair and just to the Philippines and to smooth the path which leads to their ultimate independence."

On the same day Senator Hawes received a request from the Philippines Herald for a statement to the Filipino people on the independence bill. In response to that request Senator Hawes wired a statement to the Philippines Herald, copy of which was furnished to the Philippine Commission. The statement follows:

"You have my sincere thanks for the privilege you have given me to greet the Filipino people through your newspaper and to speak to them of the measure by which Congress seeks to grant them their independence.

"This bill has come to the point of enactment as the result of long and earnest endeavors for the well-being of the Filipinos and their free nationhood. It was in this spirit that the bill was conceived. It contains provisions I should prefer to have omitted and lacks others I should have been happy to see included, but it nevertheless puts the feet of the Filipino people on the path that leads to nationhood and the ultimate right to shape their own destiny according to their own standards and by their own handwork. In short, if it does not give them all they crave here and now, it nevertheless insures to them the certainty of having it in the very near future.

"I am sure the Filipino people understand that national independence is to be won solely at the cost of sacrifice. The American colonists gained freedom only after a generation of peaceful efforts and 7 years of war. Ireland struggled 3 centuries to recover her place as a nation, and Poland suffered nearly 200 years of martyrdom between the loss and the restoration of her independence.

"It is my conviction that when the time comes for the Filipino people to decide whether they shall accept or reject the opportunity this bill gives them to be free and independent, they will remember not the lesser things it lacks but the greater things it assures. Their attitude at this critical moment will determine the final enactment of this charter of Philippine freedom. Let us hope that whatever disappointment they may feel because of the measure's omissions shall be forgotten in the pride and happiness of its precious concessions—complete independence.

"I had hoped that this boon of independence could come to your people as a gift on that day when the Christian world commemorates the birth of the author of all good, including human freedom, but failing that I trust they shall have it for the New Year and forever."

In a cablegram dated December 14, 1932, the Philippine Commission received the following congratulatory message from Hon. Francisco Varona, the acting majority leader of the house of representatives:

"Compañeros únense conmigo felicitaciones Pascuas. Año Nuevo y labor pro-patria. Pueblo conserva integra fe misión."

In response to this message the commission on the same day wired Mr. Varona as follows:

"Miembros misión profundamente agradecidos usted y compañeros por su bondadosa felicitación nuestra labor, y seguridades que continuemos mereciendo confianza nuestro pueblo. Presente forma bill es resultado nuestros mejores esfuerzos, muchos amigos Congreso para asegurar advenimiento independencia bajo términos más favorables posibles pueblo Filipino. Lucha ha sido larga, penosa. Dificultades encontradas parecieron a veces insuperables por confusiones y malas inteligencias, pero esperamos que muchas dudas hánse disipado, y confiamos que nuestro pueblo, cuando conozca todos hechos y circunstancias, estará mejor situación examinar concienzudamente medida y dictar veredicto final aceptándola o rechazándola según verdaderos méritos. Al expresar nuestra satisfacción por resultados hasta ahora alcanzados, consideramos un deber reconocer sentido justicia y generosidad pueblo Americano. Durante proceso consideración bill, estamos convencidos Congreso fué movido por lo que según juicio colectivo sus miembros parecían más justo y equitativo y conducente plena realización aspiraciones filipinas. Imposible predecir acción Presidente cuando bill séale sometido; pero como este bill pone en práctica principio propia determinación, actitud madurada de nuestro pueblo no podrá menos tener peso en formación juicio y decisión finales Presidente. Si nuestro pueblo en estas circunstancias directa o indirectamente demuestra oposición o vacilación en aceptar responsabilidad decidir su propia suerte como bill provee, es evidente que Congreso, si volviese ocuparse del problema Filipino, resolvéralo por si solo prescindiendo nuestro concurrencia para dar efectividad medida adoptada. Conceptuamos, por tanto, es deber ineludible de todos Filipinos urgir aprobación bill por Presidente.

"Muy reconocidos, devolvemos a usted y compañeros felicitaciones Pascuas. Año Nuevo."

On December 27, the commission wired Manila as follows:

"QUAQUAL, Manila.

"Manila Associated Press dispatch December 26 published here carry news independence commission will be convened Thursday to consider question as to its attitude on presidential approval bill. If news correct, unless you object, mission desires its views presented to independence commission as follows: Philippine bill, in its final form, makes definite and certain the day of independence. All other provisions refer to government and trade and other relations during transition period and are intended to determine relations and institutional processes leading to complete independence. Differences of opinion may exist as to wisdom, adequacy, or justice of provisions governing transition period, but we feel we are not mistaken in our belief that certainty of independence is first and paramount desire and interest of our people, and that possible untoward effects of transitory provisions have to be weighed not separately but in relation to and in conjunction with the provision making independence an absolute certainty. What the final decision of representatives of our people in legislature or convention will be as to acceptance or rejection of bill is not necessary now to anticipate or determine. It is for those representatives in due time, after the bill is finally enacted, with full knowledge of all attending facts and circumstances, to decide that all-important question. The mission has not sought to bind Filipino people in this respect beforehand nor could it do so under the provisions of the act even if it so desired. The only question, therefore, before us now is whether we should seek, by urging presidential approval of the bill, the opportunity for our people to exercise the right to accept or reject the bill, with a view to accept complete independence, or whether by our indifference or inaction, which is being interpreted here in many newspaper editorials as opposition to independence, we prefer to be deprived of that priceless opportunity which may never come our way.

"The independence of our country is in the balance. With full consciousness of our responsibility to our country and to the members of the legislature who have intrusted us with their confidence, we earnestly appeal for support in our efforts to obtain presidential approval of the bill, with the clear and unmistakable understanding, of course, that after its enactment, the representatives of the Philippine people in legislature or convention assembled will have an absolute free hand, unhampered by any previous commitments made by anyone, definitely and finally to decide whether to accept or reject the measure as is provided in the act."

During the interval when the House of Representatives was in recess, the commission took the necessary steps to insure early consideration of the conference report. This required numerous conferences with Members of the House of Representatives and a systematic canvass of the vote in that body. While engaged in this task and with reasonable certainty of favorable action on the report, the commission commenced to lay the foundation for favorable action by the President.

The conference report was submitted to the House of Representatives on December 28, for printing under the rules of the House. The consideration of the report was set for the following day.

On December 29, 1932, Mr. Hare, the committee chairman, asked consideration of the conference report. Several Representatives and the Resident Commissioners spoke on the subject.

After a debate in accordance with the rules of the House of Representatives, the House approved the conference report. On a division the vote stood, ayes 171, nays 16.

After approval, the bill was duly enrolled, printed, and signed by the Speaker of the House of Representatives and by the Vice President. It was formally transmitted to the President of the United States on January 3, 1933.

#### *Chapter XII. Important developments while bill awaited presidential action*

The approval by the House of Representatives of the conference report was the signal for a Nation-wide attack on the independence bill by a large number of newspapers from different parts of the United States, including practically all of the great metropolitan dailies. The barrage of editorial opposition was so widespread and so well timed that it looked as if there existed a concerted plan to bring about a presidential veto and thus defeat the bill.

There was one important fact, however, which seemed to negate this conclusion. This fact was the utter lack of uniformity among the newspaper editors as to the grounds of opposition. Many newspapers attacked the motives of Congress, charging that the passage of the bill had been actuated mainly by selfish motives—a desire to free American agriculture from the alleged injurious competition by Philippine free imports into the United States. On the other hand, another group of newspapers charged Congress with sacrificing vital interests of American agriculture in favor of an ungrateful and unappreciative people. These newspapers claimed that the independence bill, instead of protecting American agriculture from competing Philippine commodities, only made certain the continuance of said protection for at least a period of 12 years, precisely during the time when American agriculture was most in need of the exclusive benefits afforded by the American market.

A different group of newspapers alleged, among other things, that the independence bill was the work of the American Federation of Labor, merely to achieve Filipino exclusion from the United States. Others criticized the bill because under its provisions complete exclusion was not to become operative until after inde-

pendence, since during the transition period Filipinos were to be admitted on a quota basis, and, more important, because restriction of Filipino immigration was to depend on Filipino acceptance of the act.

Some newspapers argued that the Filipinos were entitled to immediate independence, or as soon as the framework of an independent government could be set up; another large group, comprising practically the whole Republican press, asserted either that it was unwise to grant independence at all, or that the transition period provided in the bill was altogether too short to permit the Filipino people adequately to prepare themselves for the changes and responsibilities of independence. The liberal press, on the other hand, attacked the bill because the transition period was too long.

The question of international relations also figured in these discussions. Many opponents of the measure cited with approval Secretary Stimson's opinion against the passage of any independence legislation at that time because of the then unsettled conditions in the Far East. It was advanced that enactment of such legislation would weaken the position of America in her efforts to aid in the stabilization of the Far Eastern situation, that such action would be construed in the Orient as indicating cowardice on the part of the United States, and for this reason would greatly lessen her prestige in that part of the world. A diametrically opposite view, precisely because of the chaotic conditions in the Far East, was advocated by other newspapers. Lastly, there were newspaper editorials which opposed the bill, alleging the unreadiness of the Filipino people for independent nationhood.

These are but the broad lines of difference in editorial comment. As to the reasons which actuated other opponents of the independence bill, they were also contradictory and irreconcilable. The provisions which some approved were the very ones which others condemned. Certain features of the bill which some groups described as selfish, oppressive, and unjust were the ones possessing merit in the eyes of equally numerous groups.

But despite the conflicting grounds of newspaper opposition, these editorials, irrespective of the particular reasons prompting the stand taken by each of them, were all regarded as expressions of opposition to the bill, at least this was the effect that it was believed they would have with the administration. In addition to newspaper opposition to Executive approval of the bill, representatives of national farm organizations in Washington, particularly the American Farm Bureau Federation, publicly expressed their disapproval of the measure, and it was reported that the spokesman of the farm group had formally requested the President to veto the bill. Their opposition was based on the ground that the bill failed to protect the interests of American agriculture.

The Philippine Commission having received information that the Governor General of the Philippine Islands was to be requested by the War Department for an expression of opinion on the bill, communicated the fact to the leaders of the legislature in Manila.

The commission held several conferences with the Secretary of War in relation to the bill. In one of these conferences the Secretary of War informed the commission that the President desired a formal statement by the commission regarding the bill. In response to this request the commission transmitted the following communication to the Secretary of War:

LEGISLATIVE COMMISSION FROM THE PHILIPPINES,  
Willard Hotel, Washington, D.C., December 22, 1932.

Hon. PATRICK J. HURLEY,  
Secretary of War, State, War, and Navy Building,  
Washington, D.C.

DEAR MR. SECRETARY: The conference committee of the House and the Senate reached a unanimous agreement on the Philippine bill this morning. Soon after the Senate convened at noon, the conference report was submitted to the Senate and approved. It is our belief that the House of Representatives will soon take similar action on the report of the conference committee.

In our opinion the bill, as agreed upon by the conference committee and passed by the Senate, is a great improvement over the respective bills originally passed by the House and the Senate. The bill harmonizes as fairly as possible the many divergent views on the Philippine independence problem. Its provisions are satisfactory to the Philippine Commission and we earnestly desire that it receive the approval of the President when it is submitted to him.

Knowing your great concern for the welfare of the Philippine people, we make bold to appeal for your valuable support in this regard.

Very respectfully,

SERGIO OSMEÑA,  
MANUEL ROXAS,  
BENIGNO S. AQUINO,  
RUPERTO MONTINOLA,

PEDRO SABIDO,  
EMILIANO T. TIRONA,  
PEDRO GUEVARA,  
CAMILO OSIAS,

*The Philippine Commission.*

With repeated indications that the President was inclined to veto the bill and with persistent newspaper forecasts that he would take such action, the commission exerted every effort to bring to the attention of the President the views of the Members of the Senate and the House of Representatives and of prominent citizens who possessed the confidence of the administration and personal knowledge of Philippine conditions and the merits of the independence bill. Conferences were held by these men with the

President, but with little, if any, favorable result, for it seemed that the President was inclined to support the stand taken by members of his Cabinet while the bill was being considered by Congress. The commission appealed to different elements for support of the bill, especially to the American Federation of Labor. This organization, which for so many years advocated Philippine independence, willingly gave its aid. Mr. William Green, president of the American Federation of Labor, addressed the following communication to President Hoover:

To the PRESIDENT:

*The White House, Washington, D.C.*

DEAR MR. PRESIDENT: I am taking the liberty of writing you to advise you of the attitude of the American Federation of Labor toward H.R. 7233, providing for Philippine independence.

When the bill was pending in Congress, the officers of the American Federation of Labor gave special attention to its provisions, and particularly to the section of the act relating to immigration. We have found from an examination of the bill that it is reasonably satisfactory to labor, and for that reason the American Federation of Labor extends to the measure its official approval.

The officers and members of the American Federation of Labor will be pleased if you may find it possible to give to this measure, providing for Philippine independence, your Executive approval.

Very sincerely yours,

WM. GREEN,  
*President American Federation of Labor.*

At the same time that newspapers and powerful organizations were actively opposing Presidential approval of the bill, great prominence was given to news from Manila reporting determined opposition to the bill on the part of the members of the legislature and of the Philippine Commission of Independence. Importance was also accorded to statements made by leaders of the legislature bitterly criticizing the bill and denouncing the National City Bank as the influence which brought about the passage of the measure. These news items from Manila were extensively quoted by American newspapers opposed to independence—under any terms or conditions—and were presented by these newspapers as carrying the implication that the motives of Congress were base and selfish, and that the sponsors and supporters of the bill were mere tools of financial institutions interested in Cuban sugar. These newspaper articles created great surprise and no little resentment among Members of Congress. It produced serious embarrassments for the commission and materially increased the difficulties which they had to meet.

As indications of an impending veto of the independence bill became more definite, the leaders of the legislature in Manila early in January commenced considering plans for a renewal of the campaign to obtain independence legislation immediately upon failure to secure enactment of the pending bill. In a cable dated January 2, President Quezon suggested the necessity that in such a case immediate steps be taken by the commission or by the Resident Commissioners alone to insure passage of independence legislation under the new administration.

In reply to this cable the commission, on January 6, wired President Quezon expressing approval of his suggestion that immediate steps be taken to secure independence legislation by the new Congress if the President should veto the bill. The commission at this time entertained no great hope that sufficient votes could be mustered in the Congress to override the President's veto. Neither were there definite indications that the leaders of Congress would attempt that course. For this reason the commission considered the possibility at that time that a veto might mean failure of the legislation in that session. The message of the commission of January 6 stated in part as follows:

"... Según recientes indicaciones, voto presidencial parece probable. Usted indica en su telegrama que si voto viene trabajos para conseguir un bill deben comenzar inmediatamente. Estamos de acuerdo con usted en este particular, sobre todo con la perspectiva de una sesión extraordinaria bajo la nueva administración. En el curso normal de las cosas, el deber ineludible de miembros presente misión sería continuar el trabajo comenzado a menos que Legislatura disponga otra cosa. Los últimos desenvolvimientos en Manila, sin embargo, parecen indicar que hase quebrantado grandemente unidad de acción necesaria para éxito de esta lucha y han dado lugar a tergiversadas interpretaciones aquí respecto a verdadera actitud pueblo filipino con relación a su independencia. Para subsanar esto inmediatamente es preciso que usted venga para ocupar su puesto en esta misión; y en interés de nuestro país encarecidamente rogámosle así lo haga. Comprendemos sacrificio que usted impondrá viniendo ahora, pero creemos que si el frío de Washington no fuese muy conveniente para su salud, usted podría situarse temporalmente en California compartiendo con nosotros trabajo desde allí hasta que venga primavera."

The suggestion made in this cable that President Quezon join the commission in Washington was readily approved by President Quezon. On January 7 the following cable was sent by him to the Commission:

"I reiterate my faith in ability and patriotism of mission and feel sure legislature will keep you there until your purpose accomplished. Although I know you don't need me, I will join you only to show that we are united in our purpose however much we differ in appraising the situation."

On January 8, the commission sent the following message to President Quezon:

"All mission sincerely gratified your telegram and decision to come. We realize your great sacrifice but feel it will be com-

pensated by fruitful achievements for our country. Kindly let us know date your departure."

On January 9 President Quezon replied as follows:

"Immensely happy over your telegram. I hope you all realize now that my stand was prompted by patriotic motives just as I never doubted yours nor the sincerity of friends of independence in Congress.

"I suggest the following plans:

"First. If bill is enacted, don't return and I will join you.

"Second. Let us not submit bill to legislature until we had chance to see whether Democratic administration will enact law similar to King bill.

"The above is proposed because agreeing with you that no better economic terms or more autonomous powers can be secured from Democratic administration, I honestly believe it is our bounden duty to try to work for a much shorter period for the granting of independence since the economic regulations and autonomous powers provided in present bill will not place our country in better position when independence is granted.

"Had Republicans won, we might have had to accept this compromise bill; but with Democratic victory, the least we can do is to try how the party will face the question. If bill is enacted and you come back at once to fight for acceptance of bill and I remain to make sure that the present stand of legislature against bill is not changed and then we submit for acceptance or refusal next regular session legislature, we will bring an issue that will divide the country as it never was divided before, to the possible injury of national cause. I am sure none of us wants this, and, if you approve my suggestion, whether bill approved or not, I will try to stop further discussion in legislature and among the people.

"Third. I propose to pass a law at this coming extra session prohibiting further enlargement of centrals and new contracts for sugar milling. This will have two effects: First, diversification of products and avoidance of greater economic disaster in sugar industry; and, second, would prove the American people that we are reasonable in our demands.

"Fourth. Watch every rider attempting to curtail exportation or immigration in the remaining days of Congress.

"If you approve my plans, will act accordingly and advise you date my departure.

"Best regards to you, members mission, Aquino, and Resident Commissioners."

In a cable dated January 10, the commission communicated to President Quezon their acceptance of his plans as stated in his wire of January 9. The communication of January 10 read as follows:

"Replying your cable January 9, we all sincerely share your happiness and reciprocate your kindest regards.

"Relying to proposed plans, we agree mission remain and not submit bill to legislature until after you have joined mission here and have had opportunity ascertain prospects under new administration.

"Proposed legislation prohibiting further enlargement centrals raises questions which should be fully discussed there. While recognizing importance reasons you mention, we are not clear in our minds as to its effects here. Our first impression is that it may weaken our position. However, will sound opinion friends here if you desire.

"Will continue vigorously fighting attempts restricting exportation or immigration."

While these dispatches between Washington and Manila were being exchanged, the Philippine Commission continued their efforts to secure the signature of the President of the United States to the independence bill. On January 11 the commission held a conference with President Hoover in the course of which the President took occasion to outline his views on the bill. The substance of these views may be gathered from a confidential message which the commission sent to Manila on the same day. The cable reads as follows:

"Whole mission with Commissioner OSIAS, GUEVARA being indisposed, held conference with President today. Secretary of War was present. Hoover received mission cordially and frank exchange of views took place.

"Strictly confidential. During our conference with the President, we informed him of our desire that he approve Philippine bill. Hoover briefly outlined to us his views on Philippine problem. President still giving the bill careful consideration. Message to Congress expected tomorrow or day after. Previous indications that he will veto bill communicated to you seem to be confirmed."

After the conference with the President and with the almost definite certainty of a Presidential veto, the commission held conferences with leaders of Congress to determine the action, if any, that should be taken upon receipt of a veto message. In these conferences the commission discovered a unanimous opinion among the sponsors and supporters of the independence bill in Congress and concurred in by many leaders of that body, that an attempt should be made to override the President's veto. On the same day when the commission conferred with the President, a press dispatch sent to Manila reported Speaker Garner as stating that the House of Representatives would pass the bill over the President's veto, should President Hoover decide to veto the bill. Late in the day, January 11, the commission wired Manila as follows:

"Strictly confidential. In relation to our confidential cable this date, in view of press and other reports that Hoover will veto bill, there is a movement among Members of Congress to

repass bill over Presidential veto. It cannot be determined in advance whether necessary two thirds can be secured in both Houses, and in the Senate whether a vote can be reached, for filibuster may be attempted. We will discuss this matter with leaders Congress."

The next day, while the veto message was being hourly expected in Congress and with publication of the decision of Congressional leaders to override the President's veto, representatives of American farm groups held conferences with leaders of the farm bloc in the House of Representatives and with many other Members of Congress to express their opposition to the bill in the form that it finally passed, and to urge the friends and supporters of American agriculture to sustain the veto of the President.

On January 12, after a canvass of the situation in the House of Representatives, the commission sent the following message to Manila:

"Congressional leaders expected Hoover's message today, but late this afternoon it was learned confidentially that message would be sent tomorrow. American farm representatives very active today trying to muster their forces to sustain vote on the ground that bill does not adequately protect American farm interests, and that they expect they can secure better terms during next administration. Attitude leaders Congress still undecided. It will depend largely on the grounds of veto."

Late in the afternoon of January 12 President Hoover's message vetoing the Philippine bill was confidentially released in advance to newspaper correspondents in Washington for publication after the message actually was delivered to the House of Representatives. Evidently this arrangement was adopted in order that newspapers all over the country might publish and give their support to the position taken by the President at the same time that the message was to be read in the House of Representatives, and thus permit the Members of the House to realize and feel public sentiment supporting the President's action.

#### *Chapter XIII. The veto message*

The House of Representatives met at noon on January 13, 1933. Shortly after the House was called to order the House resolved itself into the Committee of the Whole to continue the consideration of the Army appropriation bill. While the discussion of the measure was in progress a message from the White House was sent to the House. The Speaker laid the message before the House. It was the message from the President of the United States vetoing the Philippine independence bill. The full text of the message is attached to this report as appendix 22.

In his veto message the President admitted that the aspiration of the Filipino people for independence is rightful, and that it had been encouraged by every President of the United States and by the Congress. He asserted, however, that in securing independence to the Philippine people the United States had a triple responsibility—a responsibility to the Filipino people themselves, a responsibility to the American people, and a responsibility to the world at large. In determining the method by which independence is to be granted, the President declared it was the duty of the United States to safeguard the Philippines against economic or social chaos and a break-down in government. The duty to the United States was to avoid the danger of future international conflicts or the necessity of having to intervene by military action in the Philippines to suppress internal disorder or to protect that country from encroachment by others. America's responsibility to the world was not to add greater difficulties to an international situation already beset by instability. The President maintained that the independence bill failed to fulfill these responsibilities.

In his summary of the bill the President stated that the bill, after probably about 2 years, establishes an intermediate government, abolishes the office of Governor General, and abrogates all important civil authority of the United States except for certain inconsequential powers which are vested in a high commissioner. The President stated further that "complete independence is automatically established in the eleventh year after the inauguration of the intermediate government." The President's message finally declared that the bill was "subject to most serious objections."

#### ECONOMIC AND SOCIAL CONSEQUENCES

First of all, he pointed out that the transition period intended to make way for economic and political adjustments was too short; that the changes which would take place would be too violent. The President called attention to the fact that the Philippines has been, and for many years to come will be, dependent in its economic life, upon its favored trade with the United States. Many Philippine products cannot compete in the open market with similar products of other tropical countries. He stated that 80 percent of the exports of the Philippines go to the United States and that this trade would be lost after independence. The economic consequences which will follow abrogation of the present free trade with the United States would endanger the financial system of the islands, undermine the ability of the people to pay taxes, diminish government revenues, and weaken the stability of government. The projection of these events, the President said, will confront the American Government with the necessity of a military occupation of the Philippines in the midst of a degenerating economic and social life.

The message charged that the passage of the bill was motivated in large part by a presumed relief to American agriculture. Americans, he stated, are trustees for the Filipinos and must not let selfish interests dominate that trust, but he called attention to the fact that the bill does not give the American farmer any

protection during the first 2 years, nor does it give effective protection during the next 5 years thereafter, because "the amount of competitive commodities admitted into the United States duty free is in sugar 50 percent larger than that of 1928; vegetable oils 25 percent larger." He warned American farmers that this bill does not give them protection. On the other hand, he regretted that the bill, failing to include, as it does, any positive provisions for reciprocal trade after independence, would necessarily injure "farmers, workers, and business men", particularly upon the Pacific coast, whose livelihood will be largely affected by a termination of American-Philippine trade.

#### RESPONSIBILITY WITHOUT AUTHORITY

The President objected to the bill because it weakens the civil authority of the United States during the transition period and places the American Government in a position of responsibility without authority. He said that the consequence resulting from such a situation would be that the United States might, during all that time, be faced with a likelihood of having to employ military measures to maintain order and to protect the rights of foreigners.

#### INABILITY TO PROVIDE MILITARY FORCES FOR PRESERVATION OF INTERNAL ORDER OR EXTERNAL DEFENSE

The President declared that the Philippine Government does not have sufficient resources to meet the expenditures necessary for the protection and assurance of internal order and for the maintenance of the minimum requirements of external defense. He claimed that these expenditures amount to 28 percent of the entire revenues of the Philippines and that were the naval expenditures of the United States in the islands included, the amount would reach 36 percent. The President added that the Philippines cannot be expected to increase its revenues by that amount.

#### PRESENT EXTERNAL DANGERS TO INDEPENDENCE

The President called attention to the chaotic conditions of the world, especially of the Orient. He cited the fact that the spirit of imperialism and the exploitation of peoples by other races had not departed from the earth, and that after independence the Filipino people alone would be helpless to prevent the peaceful infiltration or the forcible entry of peoples coming from overpopulated neighboring countries. In view of the unsettled conditions of the world, the President declared, this was not the time for the Philippine people to seek separation or for them to determine the wisdom of such a course.

#### CONCLUSIONS

In conclusion, the President stated that the American people had not yet discharged their responsibilities to the Philippine people. America should undertake further steps toward the liberation of the Philippine Islands, but they should be based upon a plebiscite to be taken 15 or 20 years hence. In the meantime, Filipino officials in the government should be given steadily larger powers through an expansion of the organic act (meaning the present Jones Act) and by extension and enlargement of cabinet responsibility, but with a full reserve of powers to American representatives.

Under this plan, Philippine immigration to the United States is to be restricted at once. As to trade, the United States will cooperate with the Philippine people to bring about their economic independence before the plebiscite is taken, first, by a gradual reduction of their free imports, and, second, by fixing a mutual preference in trade similar to and on a wider scale than that with Cuba.

The reasons stated by the President in his veto message were carefully scrutinized and studied by the leaders of Congress and by the members of the commission. One of the main purposes of this examination was to determine whether there was a means whereby, through an amendment of the bill, with regard to particulars which may be acceptable to the Philippine Commission and the views of Congress, the bill might be repassed with the concurrence or approval of the administration. It was readily realized, however, that no such course was possible, for the President's objections reached the basic philosophy underlying the bill, and that his stand was fundamentally opposed to a grant of independence at this time, or to the fixing of a date in the future when independence would eventuate.

Taken as a whole, the message of the President was construed as an argument against any and all legislation providing for independence. Members of Congress saw inconsistencies in the position taken by the President. The plan that he proposed was considered impracticable and unsatisfactory and one which would not prepare the Filipinos for independence but, instead, foist upon them unjust restrictions and discriminations of a definite date when it could be granted. The President's plan called for immediate restriction of Philippine immigration. This was to be followed by restrictions on Philippine trade with the United States. Filipino autonomy was to be enlarged not by Congressional legislation but merely by Executive concessions which would have no stability and could be withdrawn at the will of changing administrations in the United States.

It was also realized that the President wished to set up new conditions and requirements impossible of fulfillment before the grant of independence. Of these the leaders of Congress could not approve for they believed that if these conditions were to be imposed upon the Filipino people, it would be tantamount to a denial of independence, a violation of a formal national pledge or, by an indirect method, after 30 years of promise, an attempt to make the discharge of the obligation impossible.

For these reasons, supporters of the bill in Congress, after conferring with leaders of both Houses, decided to make an earnest and determined attempt to pass the bill, the President's veto notwithstanding. A canvass of the situation in the House of Representatives showed indications that the necessary two-thirds majority could be mustered. As to the Senate, the chances were not as favorable. On the other hand, it was not desperate. Senate leaders believed, confirming surveys made by members of the commission, that if during the debate in the Senate the incongruencies in the veto message as well as the utter impracticability of the solution of the Philippine question proposed by the President were brought to the attention of the Senate, that there was great possibility that many Republican Senators would decline to follow the President and would vote to override his veto.

With the situation thus analyzed and an agreement as to the course to be pursued reached among supporters of the bill in Congress, it was decided to force a vote in the House of Representatives on the same day that the veto message was received (January 13), and to bring about as early a vote as possible in the Senate, in order to avoid any influence which might be exerted by anti-independence newspapers, officials of the administration, farm elements, and other groups opposed to the measure.

#### Chapter XIV. Passage of bill over President's veto

##### IN THE HOUSE

Immediately after receipt of the President's veto message on January 13, 1933, it was read in the House of Representatives. Under the rules of the House, debate on whether the bill shall pass notwithstanding the President's veto, is limited to 1 hour. This period was allotted to Representative Hare as chairman of the committee, and he proceeded to divide it among various Members who desired to speak. Obviously, it was not possible in so short a period of time to discuss the message in detail, and the Members of Congress who spoke limited themselves to stating the main reasons why they proposed to vote for or against the overriding of the veto. Representatives Thurston, Dyer, Welch, Hare, and Commissioner Osias urged the approval of the bill over the President's veto, while Representatives Underhill and Hooper sustained the veto. Representative Hare stated that every suggestion and every question raised in the President's message had been considered by the House committee before reporting the Philippine bill. When the vote was taken the result was—yeas 274 (82 Republicans, 191 Democrats, and 1 Farmer-Laborite); nays 94 (93 Republicans and 1 Democrat).

##### IN THE SENATE

When the Senate convened on January 14, Senator ROBINSON of Arkansas immediately asked that the President's veto message be laid before the Senate. This was done, after which Senator ROBINSON opened the discussion on the veto, a discussion in which 6 Democratic and 7 Republican Senators participated, and which lasted 3 days.

After stating that all political parties in the United States during the last 30 years have substantially reached the agreement that independence would be given the Philippines as soon as it was practicable and just to do so, Senator ROBINSON called attention to the fact that there was not a single objection raised by the President's message, which had not been previously considered and deliberated upon by the Senate committee which reported the bill. He added that if the veto were sustained, the perplexing problems of Philippine-American relations would be perpetuated, the same issues would be raised again, and their settlement would differ in no material particular from the action which Congress had just taken. In contrast to the attitude of all political parties regarding independence, Senator ROBINSON stated that the President apparently believed that the Filipinos have all the freedom and liberty which they need. This, he said, is an attitude which the Filipino people would never tolerate, devoted as they are to the cause of complete independence. And with regard to the President's insinuation that an independent Philippines might fall victim of external aggression, Senator ROBINSON stated that this was an attempt to arouse the fires and spirit of patriotism on the part of the people of the United States and to put into them the fighting spirit that would prompt them to yield nothing and insist on keeping everything. He concluded by saying that the economic phases of the question would become more and more complicated if allowed to remain as they are today. The present, he said, was the best time in which to settle the independence problem, and that the Philippine bill accomplishes it in as fair a manner as America would be able to do even if Congress should undertake to write out a new bill.

Senator Bingham followed Senator ROBINSON. He stated that the worst thing that could be done to the Filipino people is to continue their present situation of uncertainty for an unlimited period, and that this was exactly what the President proposed to do. The present bill, he said, was a compromise reached after the committee had studied the question more thoroughly and with less partisanship than had ever been done with any other question with which he had ever had anything to do during his service in the Senate. He concluded by referring to what he regarded as inconsistencies and misleading statements contained in the veto message, touching on the economic phases of the bill and the ability of the Philippine Government to maintain the Filipino Scouts.

Senator VANDENBERG followed Senator Bingham and spoke in favor of sustaining the President's veto. Although admitting that the message contained no new objections which had not been previously considered on the floor of the Senate, he said that the

restatement of those objections by the President himself gave them a far greater importance than they had had before. In describing what to him was the principal defect of the bill, Senator VANDENBERG said:

"I say it is the vice of this bill that we would be kept in a continuation of responsibility in the Far East without an authority commensurate to implement that responsibility. \* \* \* Under this pending formula \* \* \* the American flag would be left up in the Orient, but adequate American authority to maintain the destiny of that flag in that perplexed sector of the world would be so diluted and attenuated that we would have ceased to be the captains of our own souls and the masters of our destiny."

Senator ROBINSON of Indiana, also a Republican, spoke briefly and succinctly, saying that he wanted America to get out of the Philippines because it was for her best interests to do so, because the Filipinos themselves desired America to withdraw from the Islands, and because it was perfectly clear to everyone that if America were to remain in the Philippines she could not possibly defend her sovereignty there against an aggressive external foe.

Senator ROBINSON was followed by Senator Hawes. He stated that among the numerous witnesses who testified before the House and Senate committees while the Philippine bill was under consideration, the testimony of only one witness was on all fours with the President's message, and that was the testimony of the Secretary of War. It would seem, therefore, he said, judging from the contents of the President's veto message, that after both Houses had fully weighed all the testimony submitted on the question, and had rejected the War Department's view, the Secretary of that Department had appealed to the President. Imperialism in the United States, he concluded, is concealed, but is not dead.

Senator LONG spoke at great length for the purpose of sidetracking the Glass banking bill which the Senate was to take up at the conclusion of the debate on the Philippine bill. In the course of his speech he favored the over-riding of the veto.

Senator Shortridge, after reviewing America's solemn promises to grant independence to the Philippines, asked whether the Senate intended to repudiate those promises.

Senator CUTTING who was the last speaker on the second day of the debate made a very careful analysis of the veto message and the letters which four members of the President's cabinet had written him recommending the disapproval of the independence bill. These letters from the Secretaries of State, War, Commerce, and Agriculture, upon which the President apparently had based his veto message were released to the press only on the preceding day, January 15.

The obvious purpose in releasing these letters was to win support for the President's veto, and Senator CUTTING took this occasion to show the inconsistent views expressed in the four letters, particularly between those of the Secretary of Commerce and the Secretary of Agriculture which in many respects were diametrically contrary to each other. As Senator CUTTING succinctly stated it, "the President, in general has combined the inconsistent arguments of his four Cabinet officers into a veto message which in its nature must be as inconsistent as the sources from which he drew it."

In conclusion Senator CUTTING said that, although the bill as a whole was not a perfect one, any other measure which might be submitted for final passage would be at least equally imperfect; and that the members of the Philippine Commission, who were sent to Washington by their people and who had been through the fight from first to last to secure Philippine legislation, knew that the present bill was the best that they could ever get. He concluded, therefore, that the difficulties and the economic hardships which the bill might bring at first was a small price to pay for freedom, and he hoped that the Filipino people would be willing to pay that price.

Senator CUTTING's speech extended into the third day of the debate, but before the Senate recessed on January 16 it agreed to limit further debate to one half hour for each Member desiring to speak. Those who spoke on January 17, therefore—namely, Senators BORAH, LEWIS, PITTMAN, HATFIELD, and LA FOLLETTE—were limited to this period of time.

Senator BORAH first stated that there never would be a time when conditions may not exist which may be considered valid ground for opposing independence by those who do not desire to have independence granted, and that the overpowering and dominating proposition which was presented in the President's message was that the Filipino people were not to have their independence at any time. As to the merits of the bill itself, BORAH admitted that it did not exactly conform with his own views on the subject, but that he was going to support it because it provided for the great ultimate object which he held so vital, namely, the definite granting of independence to the Philippine people. He concluded by saying that if those interested in independence were not willing to compromise, it was proof positive that they were not in favor of independence, because in no other way could the people of the Philippines secure their freedom.

Senator LEWIS, of Illinois, was more brief in expressing his reasons for voting to override the President. In a nutshell he said he would vote against the veto because the bill definitely granted independence, and his main desire was to see the United States withdraw from the Philippines.

Senator PITTMAN said that if the bill were defeated, it would be defeated by the same power that had constantly defeated independence legislation in Congress over a period of many years, namely, the power of imperialism. This power, he said, though

small in the Congress, in the United States, and in the Philippines, was able, by reason of the complexity of the Philippine problem and the wide divergence of opinion surrounding it, to stimulate disagreement between those forces who have sincerely favored independence on various conditions. His last words, which were a direct appeal to the Filipino people, are quoted below in full. The Senator said:

"I make a last appeal to the Filipino people, as I appealed to them before their joint legislature a year and a half ago in the Philippine Islands. I then said to them, 'Appoint the ablest commission you can possibly find; send them to the United States to negotiate with the Congress of the United States; do not suggest that they make demands upon the Congress of the United States, but that they meet the Congress half way, and you will get legislation.' I stated further to that legislature, 'When you have appointed such a commission, trust them.' I am happy to say that the Legislature of the Philippine Islands appointed the ablest and most representative commission that has ever appeared here on behalf of those islands, and I may say the ablest commission representing any people whatsoever, that ever appeared before any committee of which I have been a member. They have been diplomatic, they have been fair, they have been loyal to their own people in fighting for everything they could obtain for their people, and yet their ability and their knowledge of the situation, their natural sense of justice and diplomacy have finally led them unequivocally to assure the President of the United States that, while this bill is not all they would have liked to have had, they consider it honorable, fair, and just, and they begged him to sign it. Today, through the Senator from Missouri, who is soon to leave this body, and whose heart has been so closely wrapped up in this question for many years, there has been placed in the RECORD a letter addressed to the Congress of the United States signed by every member of that commission pleading with the Congress of the United States, pleading with the Senate of the United States, to consummate this old trust, to carry out the pledges of the Nation by adopting this as it is.

"After we have carried out our pledges and passed this bill I think it would be a tragedy if the forces of imperialism in the Philippine Islands should deceive the Philippine people and cause them to reject this offer, which is the consummation of nearly 2 decades of intensive work, in the hope of something better in the future, because I tell the people of the Philippine Islands that, in my opinion, the exigencies of our own country, the suffering of our own people, the great economic problems that present themselves to us are going to prevent us from considering at the next session and perhaps for session upon session yet to come any such question, and they had better now settle this matter once and for all.

"I shall be happy when in a few minutes the Senate passes this bill finally, and I shall be more than happy when the Filipino people express their confidence in the sincerity of our people, their confidence in our friendship, so that those ties may become stronger as time goes on and may never again be threatened."

Senator HATFIELD, after stating that the United States should not continue governing a people against their consent, said that the formula worked out by Congress in the bill would ultimately give independence to the Philippines, and that although it might not completely satisfy everyone, there was no way of telling when Congress could have another opportunity to vote for a better measure.

Senator LA FOLLETTE, who spoke last, recalled the long and persistent interest which his predecessor, Senator Robert La Follette, had taken in the Philippine problem, and stated that in the 7 years that he had been a Member of the Senate and in the years in which prior to that time he was secretary to his father, he had never seen a committee more exhaustively or fairly work upon an important piece of legislation than was the case with the Senate Committee on Territories and Insular Affairs in connection with the framing of the Philippine independence bill. If the measure were defeated, he said, years would go by before an independence bill could again be presented in a form in which there might be any probability of its being passed by Congress. "In fact," he added, "I am so convinced in my own mind that it is 'now or never' so far as ultimate Philippine independence is concerned that I would have compromised even further concerning the length of time that this intermediate period is to run rather than to see the legislation fail at this session of Congress."

Just before the final vote was taken on the question whether the bill should pass notwithstanding the President's veto, in reply to Senator Vandenberg, who had called attention to a press dispatch from Manila to the effect that at a caucus held by members of the Legislature, a majority of those present voted to oppose the bill then before the Senate. Senator Bingham explained that the opposition to the bill in the Philippines was because it did not grant independence soon enough, in accordance with the well-known desire of the Filipino people for absolute, immediate, and complete independence, and not because these representatives of the Filipino people were against independence.

When the vote was taken shortly after 2 o'clock in the afternoon of January 17, the result was yeas 66, of whom 20 were Republicans, 45 Democrats, and 1 Farmer-Laborite; nays 26, of whom 25 were Republicans and 1 a Democrat. Ninety-two votes were thus recorded. Of the remaining four Senators, Senators Carey and Brookhart, who were for the bill, were paired with Senator Thomas of Idaho. Only Senator King failed to record his opinion on the question. And so more than two thirds having voted in the

affirmative, the bill was passed, the objections of the President to the contrary notwithstanding. This action of the Senate completed the enactment of the passage of the Philippine Independence Act.

*Chapter XV. The Independence Act*

The Philippine Independence Act is as follows:

(Public, No. 311, 72d Cong.)  
(H.R. 7233)

An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes.

*Be it enacted, etc.*

CONVENTION TO FRAME CONSTITUTION FOR PHILIPPINE ISLANDS

SECTION 1. The Philippine legislature is hereby authorized to provide for the election of delegates to a constitutional convention, which shall meet in the hall of the house of representatives in the capital of the Philippine Islands, at such time as the Philippine Legislature may fix, within 1 year after the enactment of this act, to formulate and draft a constitution for the government of the Commonwealth of the Philippine Islands, subject to the conditions and qualifications prescribed in this act, which shall exercise jurisdiction over all the territory ceded to the United States by the treaty of peace concluded between the United States and Spain on the 10th day of December 1898, the boundaries of which are set forth in article III of said treaty, together with those islands embraced in the treaty between Spain and the United States concluded at Washington on the 7th day of November 1900. The Philippine legislature shall provide for the necessary expenses of such convention.

CHARACTER OF CONSTITUTION—MANDATORY PROVISIONS

SEC. 2. The constitution formulated and drafted shall be republican in form, shall contain a bill of rights, and shall, either as a part thereof or in an ordinance appended thereto, contain provisions to the effect that, pending the final and complete withdrawal of the sovereignty of the United States over the Philippine Islands—

(a) All citizens of the Philippine Islands shall owe allegiance to the United States.

(b) Every officer of the government of the Commonwealth of the Philippine Islands shall, before entering upon the discharge of his duties, take and subscribe an oath of office, declaring, among other things, that he recognizes and accepts the supreme authority of and will maintain true faith and allegiance to the United States.

(c) Absolute toleration of religious sentiment shall be secured and no inhabitant or religious organization shall be molested in person or property on account of religious belief or mode of worship.

(d) Property owned by the United States, cemeteries, churches, and parsonages or convents appurtenant thereto, and all lands, buildings, and improvements used exclusively for religious, charitable, or educational purposes shall be exempt from taxation.

(e) Trade relations between the Philippine Islands and the United States shall be upon the basis prescribed in section 6.

(f) The public debt of the Philippine Islands and its subordinate branches shall not exceed limits now or hereafter fixed by the Congress of the United States; and no loans shall be contracted in foreign countries without the approval of the President of the United States.

(g) The debts, liabilities, and obligations of the present Philippine government, its Provinces, municipalities, and instrumentalities, valid and subsisting at the time of the adoption of the constitution, shall be assumed and paid by the new government.

(h) Provision shall be made for the establishment and maintenance of an adequate system of public schools, primarily conducted in the English language.

(i) Acts affecting currency, coinage, imports, exports, and immigration shall not become law until approved by the President of the United States.

(j) Foreign affairs shall be under the direct supervision and control of the United States.

(k) All acts by the legislature of the Commonwealth of the Philippine Islands shall be reported to the Congress of the United States.

(l) The Philippine Islands recognizes the right of the United States to expropriate property for public uses, to maintain military and other reservations and armed forces in the Philippines, and, upon order of the President, to call into the service of such armed forces all military forces organized by the Philippine government.

(m) The decisions of the courts of the Commonwealth of the Philippine Islands shall be subject to review by the Supreme Court of the United States as provided in paragraph (6) of section 7.

(n) The United States may by Presidential proclamation exercise the right to intervene for the preservation of the government of the Commonwealth of the Philippine Islands and for the maintenance of the government as provided in the constitution thereof, and for the protection of life, property, and individual liberty and for the discharge of government obligations under and in accordance with the provisions of the constitution.

(o) The authority of the United States High Commissioner to the government of the Commonwealth of the Philippine Islands, as provided in this act, shall be recognized.

(p) Citizens and corporations of the United States shall enjoy in the Commonwealth of the Philippine Islands all the civil rights of the citizens and corporations, respectively, thereof.

SEC. 3. Upon the drafting and approval of the constitution by the constitutional convention in the Philippine Islands, the constitution shall be submitted within 2 years after the enactment of this act to the President of the United States, who shall determine whether or not it conforms with the provisions of this act. If the President finds that the proposed constitution conforms substantially with the provisions of this act he shall so certify to the Governor General of the Philippine Islands, who shall so advise the constitutional convention. If the President finds that the constitution does not conform with the provisions of this act he shall so advise the Governor General of the Philippine Islands, stating wherein in his judgment the constitution does not so conform and submitting provisions which will in his judgment make the constitution so conform. The Governor General shall in turn submit such message to the constitutional convention for further action by them pursuant to the same procedure hereinbefore defined, until the President and the constitutional convention are in agreement.

SUBMISSION OF CONSTITUTION TO FILIPINO PEOPLE

SEC. 4. After the President of the United States has certified that the constitution conforms with the provisions of this act, it shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within 4 months after the date of such certification, on a date to be fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution and ordinances appended thereto. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return and shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast, and a copy of said constitution and ordinances. If a majority of the votes cast shall be for the constitution, such vote shall be deemed an expression of the will of the people of the Philippine Islands in favor of Philippine independence, and the Governor General shall, within 30 days after receipt of the certification from the Philippine Legislature, issue a proclamation for the election of officers of the government of the Commonwealth of the Philippine Islands provided for in the constitution. The election shall take place not earlier than 3 months nor later than 6 months after the proclamation by the Governor General ordering such election. When the election of the officers provided for under the constitution has been held and the results determined, the Governor General of the Philippine Islands shall certify the results of the election to the President of the United States, who shall thereupon issue a proclamation announcing the results of the election, and upon the issuance of such proclamation by the President the existing Philippine Government shall terminate and the new government shall enter upon its rights, privileges, powers, and duties, as provided under the constitution. The present government of the Philippine Islands shall provide for the orderly transfer of the functions of government.

If a majority of the votes cast are against the constitution, the existing government of the Philippine Islands shall continue without regard to the provisions of this act.

TRANSFER OF PROPERTY AND RIGHTS TO PHILIPPINE COMMONWEALTH

SEC. 5. All the property and rights which may have been acquired in the Philippine Islands by the United States under the treaties mentioned in the first section of this act, except such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States, and except such land or other property, or rights or interests therein, as may have been sold or otherwise disposed of in accordance with law, are hereby granted to the government of the Commonwealth of the Philippine Islands when constituted.

RELATIONS WITH THE UNITED STATES PENDING COMPLETE INDEPENDENCE

SEC. 6. After the date of the inauguration of the government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippine Islands shall be as now provided by law, subject to the following exceptions:

(a) There shall be levied, collected, and paid on all refined sugars in excess of 50,000 long tons, and on unrefined sugars in excess of 800,000 long tons, coming into the United States from the Philippine Islands in any calendar year the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(b) There shall be levied, collected, and paid on all coconut oil coming into the United States from the Philippine Islands in any calendar year in excess of 200,000 long tons the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(c) There shall be levied, collected, and paid on all yarn, twine, cord, cordage, rope, and cable, tarred or untarred, wholly or in chief value of manila (abaca) or other hard fibers, coming into the United States from the Philippine Islands in any calendar year in excess of a collective total of 3,000,000 pounds of all such articles hereinbefore enumerated, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries.

(d) In the event that in any year the limit in the case of any article which may be exported to the United States free of duty shall be reached by the Philippine Islands, the amount or quantity of such articles produced or manufactured in the Philippine Islands thereafter that may be so exported to the United States free of duty shall be allocated, under export permits issued by the government of the Commonwealth of the Philippine Islands, to the producers or manufacturers of such articles proportionately on the basis of their exportation to the United States in the preceding year; except that in the case of unrefined sugar the amount thereof to be exported annually to the United States free of duty shall be allocated to the sugar-producing mills of the islands proportionately on the basis of their average annual production for the calendar years 1931, 1932, 1933, and the amount of sugar from each mill which may be so exported shall be allocated in each year between the mill and the planters on the basis of the proportion of sugar to which the mill and the planters are respectively entitled. The government of the Philippine Islands is authorized to adopt the necessary laws and regulations for putting into effect the allocation hereinbefore provided.

(e) The government of the Commonwealth of the Philippine Islands shall impose and collect an export tax on all articles that may be exported to the United States from the Philippine Islands free of duty under the provisions of existing law as modified by the foregoing provisions of this section, including the articles enumerated in subdivisions (a), (b), and (c), within the limitations therein specified, as follows:

(1) During the sixth year after the inauguration of the new government, the export tax shall be 5 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(2) During the seventh year after the inauguration of the new government the export tax shall be 10 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(3) During the eighth year after the inauguration of the new government the export tax shall be 15 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(4) During the ninth year after the inauguration of the new government the export tax shall be 20 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries;

(5) After the expiration of the ninth year after the inauguration of the new government the export tax shall be 25 percent of the rates of duty which are required by the laws of the United States to be levied, collected, and paid on like articles imported from foreign countries.

The government of the Commonwealth of the Philippine Islands shall place all funds received from such export taxes in a sinking fund, and such fund shall, in addition to other moneys available for that purpose, be applied solely to the payment of the principal and interest on the bonded indebtedness of the Philippine Islands, its Provinces, municipalities, and instrumentalities, until such indebtedness has been fully discharged.

When used in this section in a geographical sense, the term "United States" includes all Territories and possessions of the United States, except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam.

SEC. 7. Until the final and complete withdrawal of American sovereignty over the Philippine Islands—

(1) Every duly adopted amendment to the constitution of the government of the Commonwealth of the Philippine Islands shall be submitted to the President of the United States for approval. If the President approves the amendment or if the President fails to disapprove such amendment within 6 months from time of its submission, the amendment shall take effect as a part of such constitution.

(2) The President of the United States shall have authority to suspend the taking effect of or the operation of any law, contract, or executive order of the government of the Commonwealth of the Philippine Islands, which in his judgment will result in a failure of the government of the Commonwealth of the Philippine Islands to fulfill its contracts or to meet its bonded indebtedness and interest thereon, or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippine Islands, or which in his judgment will violate international obligations of the United States.

(3) The chief executive of the Commonwealth of the Philippine Islands shall make an annual report to the President and Congress of the United States of the proceedings and operations of the government of the Commonwealth of the Philippine Islands, and shall make such other reports as the President or Congress may request.

(4) The President shall appoint, by and with the advice and consent of the Senate, a United States high commissioner to the government of the Commonwealth of the Philippine Islands who shall hold office at the pleasure of the President and until his successor is appointed and qualified. He shall be known as the "United States High Commissioner to the Philippine Islands." He shall be the representative of the President of the United States in the Philippine Islands and shall be recognized as such by the government of the Commonwealth of the Philippine Islands, by the commanding officers of the military forces of the United States, and by all civil officials of the United States in the Philippine Islands. He shall have access to all records of the government, or any subdivision thereof, and shall be furnished by the chief execu-

tive of the Commonwealth of the Philippine Islands with such information as he shall request.

If the government of the Commonwealth of the Philippine Islands fails to pay any of its bonded or other indebtedness or the interest thereon when due, or to fulfill any of its contracts, the United States high commissioner shall immediately report the facts to the President, who may thereupon direct the high commissioner to take over the customs offices and administration of the same, administer the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. The United States high commissioner shall annually, and at such other times as the President may require, render an official report to the President and Congress of the United States. He shall perform such additional duties and functions as may be delegated to him from time to time by the President under the provisions of this act.

The United States high commissioner shall receive the same compensation as is now received by the Governor General of the Philippine Islands, and shall have such staff and assistants as the President may deem advisable and as may be appropriated for by Congress, including a financial expert, who shall receive for submission to the high commissioner a duplicate copy of the reports of the insular auditor. Appeals from decisions of the insular auditor may be taken to the President of the United States. The salaries and expenses of the high commissioner and his staff and assistants shall be paid by the United States.

The first United States High Commissioner appointed under this act shall take office upon the inauguration of the new government of the Commonwealth of the Philippine Islands.

(5) The government of the Commonwealth of the Philippine Islands shall provide for the selection of a Resident Commissioner to the United States, and shall fix his term of office. He shall be the Representative of the Commonwealth of the Philippine Islands and shall be entitled to official recognition as such by all Departments upon presentation to the President of credentials signed by the chief executive of said government. He shall have a seat in the House of Representatives of the United States, with the right of debate, but without the right of voting. His salary and expenses shall be fixed and paid by the government of the Philippine Islands. Until a Resident Commissioner is selected and qualified under this section, existing law governing the appointment of Resident Commissioners from the Philippine Islands shall continue in effect.

(6) Review by the Supreme Court of the United States of cases from the Philippine Islands shall be as now provided by law, and such review shall also extend to all cases involving the constitution of the Commonwealth of the Philippines Islands.

Sec. 8. (a) Effective upon the acceptance of this act by concurrent resolution of the Philippine Legislature or by a convention called for that purpose, as provided in section 17—

(1) For the purposes of the Immigration Act of 1917, the Immigration Act of 1924 (except section 13 (c)), this section, and all other laws of the United States relating to the immigration exclusion, or expulsion of aliens, citizens of the Philippine Islands who are not citizens of the United States shall be considered as if they were aliens. For such purposes the Philippine Islands shall be considered as a separate country and shall have for each fiscal year a quota of 50. This paragraph shall not apply to a person coming or seeking to come to the Territory of Hawaii who does not apply for and secure an immigration or passport visa, but such immigration shall be determined by the Department of the Interior on the basis of the needs of industries in the Territory of Hawaii.

(2) Citizens of the Philippine Islands who are not citizens of the United States shall not be admitted to the continental United States from the Territory of Hawaii (whether entering such Territory before or after the effective date of this section) unless they belong to a class declared to be nonimmigrants by section 3 of the Immigration Act of 1924 or to a class declared to be nonquota immigrants under the provisions of section 4 of such thereof, or unless they were admitted to such Territory under an immigration visa. The Secretary of Labor shall by regulations provide a method for such exclusion and for the admission of such excepted classes.

(3) Any Foreign Service officer may be assigned to duty in the Philippine Islands, under a commission as a consular officer, for such period as may be necessary and under such regulations as the Secretary of State may prescribe, which assignment such officer shall be considered as stationed in a foreign country; but his powers and duties shall be confined to the performance of such of the official acts and notarial and other services, which such officer might properly perform in respect of the administration of the immigration laws if assigned to a foreign country as a consular officer, as may be authorized by the Secretary of State.

(4) For the purposes of sections 18 and 20 of the Immigration Act of 1917, as amended, the Philippine Islands shall be considered to be a foreign country.

(b) The provisions of this section are in addition to the provisions of the immigration laws now in force, and shall be enforced as a part of such laws, and all the penal or other provisions of such laws, not inapplicable, shall apply to and be enforced in connection with the provisions of this section. An alien, although admissible under the provisions of this section, shall not be admitted to the United States if he is excluded by any provision of the immigration laws other than this section, and an alien, although admissible under the provisions of the immigration laws other than this section, shall not be admitted to the United States if he is excluded by any provision of this section.

(c) Terms defined in the Immigration Act of 1924 shall, when used in this section, have the meaning assigned to such terms in that act.

SEC. 9. There shall be no obligation on the part of the United States to meet the interest or principal of bonds and other obligations of the government of the Philippine Islands or of the provincial and municipal governments thereof, hereafter issued during the continuance of United States sovereignty in the Philippine Islands: *Provided*, That such bonds and obligations hereafter issued shall not be exempt from taxation in the United States or by authority of the United States.

**RECOGNITION OF PHILIPPINE INDEPENDENCE AND WITHDRAWAL OF AMERICAN SOVEREIGNTY**

SEC. 10. On the 4th day of July, immediately following the expiration of a period of 10 years from the date of the inauguration of the new government under the constitution provided for in this act, the President of the United States shall by proclamation withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippines (except such land or property reserved under section 5 as may be redesignated by the President of the United States not later than 2 years after the date of such proclamation), and, on behalf of the United States, shall recognize the independence of the Philippine Islands as separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof, under the constitution then in force: *Provided*, That the constitution has been previously amended to include the following provisions:

(1) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(2) That the officials elected and serving under the constitution adopted pursuant to the provisions of this act shall be constitutional officers of the free and independent government of the Philippine Islands and qualified to function in all respects as if elected directly under such government, and shall serve their full terms of office as prescribed in the constitution.

(3) That the debts and liabilities of the Philippine Islands, its Provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands, or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(4) That the government of the Philippine Islands, on becoming independent of the United States, will assume all continuing obligations assumed by the United States under the treaty of peace with Spain ceding said Philippine Islands to the United States.

(5) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except par. (2)) in a treaty with the United States.

**NEUTRALIZATION OF PHILIPPINE ISLANDS**

SEC. 11. The President is requested, at the earliest practicable date, to enter into negotiations with foreign powers with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands, if and when Philippine independence shall have been achieved.

**NOTIFICATION TO FOREIGN GOVERNMENTS**

SEC. 12. Upon the proclamation and recognition of the independence of the Philippine Islands, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

**TARIFF DUTIES AFTER INDEPENDENCE**

SEC. 13. After the Philippine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries: *Provided*, That at least 1 year prior to the date fixed in this act for the independence of the Philippine Islands, there shall be held a conference of representatives of the Government of the United States and the government of the Commonwealth of the Philippine Islands, such representatives to be appointed by the President of the United States and the chief executive of the Commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States; but nothing in this proviso shall be construed to modify or affect in any way any provision of this

act relating to the procedure leading up to Philippine independence or the date upon which the Philippine Islands shall become independent.

**IMMIGRATION AFTER INDEPENDENCE**

SEC. 14. Upon the final and complete withdrawal of American sovereignty over the Philippine Islands the immigration laws of the United States (including all the provisions thereof relating to persons ineligible to citizenship) shall apply to persons who were born in the Philippine Islands to the same extent as in the case of other foreign countries.

**CERTAIN STATUTES CONTINUED IN FORCE**

SEC. 15. Except as in this act otherwise provided, the laws now or hereafter in force in the Commonwealth of the Philippine Islands until altered, amended, or repealed by the Legislature of the Commonwealth of the Philippine Islands or by the Congress of the United States, and all references in such laws to the Philippines or Philippine Islands shall be construed to mean the government of the Commonwealth of the Philippine Islands. The government of the Commonwealth of the Philippine Islands shall be deemed successor to the present government of the Philippine Islands and of all the rights and obligations thereof. Except as otherwise provided in this act, all laws or parts of laws relating to the present government of the Philippine Islands and its administration are hereby repealed as of the date of the inauguration of the government of the Commonwealth of the Philippine Islands.

SEC. 16. If any provision of this act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the act and the applicability of such provisions to other persons and circumstances shall not be affected thereby.

**EFFECTIVE DATE**

SEC. 17. The foregoing provisions of this act shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature.

JNO. N. GARNER,

*Speaker of the House of Representatives.*

CHARLES CURTIS,

*Vice President of the United States*

*and President of the Senate.*

**IN THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES.**

January 13, 1933.

The House of Representatives having proceeded, in pursuance of the Constitution, to reconsider the bill (H.R. 7233) entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes", returned by the President of the United States, with his objections, to the House of Representatives, in which it originated, it was

*Resolved*, That the said bill pass, two thirds of the House of Representatives agreeing to pass the same.

Attest:

SOUTH TRIMBLE, Clerk.

**IN THE SENATE OF THE UNITED STATES.**

January 10 (calendar day, January 17), 1933.

The Senate having proceeded to reconsider the bill (H.R. 7233) entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes", returned by the President of the United States to the House of Representatives, in which it originated, with his objections, and passed by the House on a reconsideration of the same, it was

*Resolved*, That the said bill pass, two thirds of the Senators present having voted in the affirmative.

Attest:

EDWIN P. THAYER, Secretary.

**I. BASIC PHILOSOPHY**

The Independence act is not an organic act. It is an enabling act. It does not organize a government but empowers the Filipino people to create a new one. As finally enacted the independence act retains the basic philosophy of the Hare bill and the Hawes-Cutting bill as reported by the House committee and the Senate committee, respectively. This philosophy was described in the report of the Committee on Insular Affairs of the House of Representatives partly as follows:

"In keeping with the principles which have guided our dealings with the Filipino people these last thirty-odd years, we should proceed to liberation in an orderly manner, through an institutional process which will not only provide for the erection of the new national structure but will also insure the safe and satisfactory adjustment of all present political and economic relations of the two nations.

"Any plan for independence should afford a reasonable time for the readjustment of existing trade relations. The backbone of Philippine economic system is the present reciprocal free trade with the United States. Abrupt termination of that relationship would destroy many of the basic industries of the Philippines; it would seriously imperil the future of the free Philippine nation,

and forfeit much of the gains the people have made under the guidance of the United States. This free-trade reciprocity was not of the Filipino people's seeking. It was enacted by American Congress against their wishes. Once in effect, free trade stimulated the production of those commodities that are protected in the American market. It was responsible also for an extraordinary increase in the volume of Philippine-American trade and in a considerable decrease in the trade of the islands with other countries. Obviously a sudden disruption of this relationship will injure both American and Philippine economic interests.

"We cannot justify the termination of this relationship without allowing the interests concerned an opportunity to prepare themselves to meet the new conditions which will obtain after independence, when the Philippine Islands will have been placed outside the tariff wall of the United States. More particularly, we owe a duty to Philippine industries which have been built up on the basis of free trade and to the people who depend for their livelihood on such industries. It is our duty to give them an opportunity to place themselves on a competitive basis before a radical change is forced upon them.

"But while we are thus solicitous for the welfare of the Filipino people, we cannot ignore our duty to the American farmer and the American wage earner. The organizations representing American agriculture plead for protection from free Philippine imports that compete with like products of our soil. American workers, too, call for the exclusion of Filipino immigrants.

"This review of the facts and issues enfolded in the present relationship of the Philippines with the United States serves to illustrate the gravity of the problem and to underline the need for a prompt and permanent solution. There should be no further delay. Our self-interest and our self-respect coincide in demanding action.

"Our purpose in the Philippines has been accomplished. The unity of the people there is a fact. Their readiness and their eagerness for self-government have been abundantly demonstrated. \* \* \* Under our inspiration and tutoring they have come to understand and prize and covet democracy. They recognize their debt of gratitude to the American people.

"On the basis of these facts and considerations, the duty of the United States to grant independence to the Philippine Islands is clear. The only questions to be considered are: First, 'When should independence be granted?' and, second, 'What should be the terms of the grant?'

After describing the essential features of the bill, the Senate committee report said:

"These provisions establish a process for the independence of the Philippine people and the adjustment in an orderly manner of our economic and other relations with them. They provide the erection of the new Philippine national structure and at the same time a safe and satisfactory transition from the present dependent to the future independent status."

The independence act provides a sound, rational, and orderly process for the achievement of independence by the Filipino people under conditions which the American Congress believed were just and fair at once to American and Filipino interests. It solves definitely the Philippine problem. It covers the different phases of American-Filipino relationship—political, social, and economic.

The act passed by Congress is a nonpartisan measure. Democrats and Republicans cooperated in drafting its provisions and in bringing about its final enactment. The terms of the bill represent the fruit of several years of investigation, study, and thoughtful efforts by Members of Congress who had assumed the task of seeking legislation which would accomplish Filipino aspirations. The act, therefore, constitutes a formal, deliberate, and final decision on the question of Philippine independence. In the mind of Congress, the act is a full and honorable consummation of American commitments in the Philippines, at least as far as their commitments could be fulfilled under the circumstances prevailing at the time of the passage of the act.

Only two questions required the decision of Congress. In the language of the Senate committee, these were: First, "When shall the Philippines be granted independence?" and, second, "How should it be granted so as to protect both American and Philippine welfare?"

The independence act answers these questions. It answers them specifically and decisively: (1) The act sets a fixed date for independence; (2) the act provides the process leading to and culminating in the complete withdrawal of American sovereignty.

## H. FIXED DATE FOR INDEPENDENCE

It was the purpose of Congress to fix a date for independence. This is evidenced by statements contained in remarks made in the course of the debates on the floor of both Houses of Congress. The intention was to set a date, certain and definite, when complete independence of the Philippine Islands would be formally recognized by the United States.

The provisions of the act accomplish this purpose in as clear, precise, and indubitable manner as any legislative disposition could make it. Independence is to eventuate on the 4th day of July immediately following the expiration of a period of 10 years from the date of the inauguration of the government of the Commonwealth of the Philippine Islands. The day of the inauguration of the Commonwealth government is not left to depend on any contingency which might delay or postpone it; it will depend upon the will of the Filipino people themselves.

The whole machinery leading to independence is placed in the hands of the Filipino people; it will be set in motion by them and

will be under their control. Under the provisions of the act the Filipino people are given an open road to achieve their independence. After acceptance of the independence act and ratification by the Filipino people of the constitution to be formulated and drafted in accordance with its provisions, Philippine independence becomes a certainty at the end of the 10-year period, without need of any further congressional action. This was the interpretation of the proponents of the act in Congress. This also was the interpretation of those who opposed it. President Hoover, in his veto message, stated that "complete independence is automatically established in the eleventh year after the inauguration of the intermediate government."

## III. THE INSTITUTIONAL PROCESS

The independence act provides an orderly institutional process for the establishment of a free government which at the end of the transition period will become and shall be recognized as independent. This process is similar to and is in conformity with the long practice adopted in the organization of new governments for territories of the United States leading to their subsequent admission to the Federal Union. The process, subject to unavoidable limitations, secures a free expression of the popular will in the determination of the form of government to be established. It also secures to the Filipino people freedom to determine whether or not they shall accept independence under the terms of the act.

The institutional process for the establishment of the Commonwealth government and the steps leading to independence may be summarized as follows:

(1) The Philippine Legislature shall provide for the election of delegates to a constitutional convention to formulate a constitution for the government of the Commonwealth of the Philippine Islands (subject to the conditions and qualifications prescribed by the act), to be held within 1 year after the enactment of the act (sec. 1).

(2) The constitution so drafted shall be submitted to the President of the United States within 2 years after the enactment of the act (sec. 3).

(3) If the President finds that the proposed constitution conforms substantially to the provisions of the act he shall so certify to the Governor General. Otherwise, he shall inform the constitutional convention of his objections stating wherein the constitution does not so conform and submitting provisions which in his judgment will make the constitution comply with the act. This procedure is to be continued until the President and the convention are in agreement and a certificate is issued (sec. 3).

(4) After the President has certified that the constitution conforms with the act, the Philippine Legislature shall provide for the submission of said constitution to the people of the Philippine Islands for their ratification or rejection to an election to be held within 4 months after the date of such certification (sec. 4).

(5) At such election the qualified voters of the Philippine Islands shall vote directly for or against the constitution and ordinances appended thereto. If a majority of the votes cast shall be for the constitution, such vote shall be deemed an expression by the Filipino people in favor of independence. If a majority is against the constitution, the present government shall continue without regard to the provisions of the independence act. The returns of the election shall be made to the legislature which by law shall provide for the canvassing of the same. The legislature shall certify the result to the Governor General (sec. 4).

(6) If the constitution is ratified the Governor General shall within 30 days after receipt of the certificates from the legislature, issue a proclamation for the election of officers of the government of the Commonwealth provided for in the constitution. The election shall take place not earlier than 3 months nor later than 6 months after said proclamation. The results of said election shall be certified by the Governor General to the President of the United States (sec. 4).

(7) Upon receipt of such certification the President shall issue a proclamation announcing the results of the election, and thereupon the existing Philippine government shall terminate and the new government of the Commonwealth shall enter upon its rights, privileges, powers, and duties as provided under the constitution (sec. 4).

(8) On the 4th day of July immediately following the expiration of 10 years from the day of the inauguration of the Commonwealth government, the President of the United States shall by proclamation withdraw and surrender all right of possession, supervision, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, including all military and other reservations of the Government of the United States in the Philippine Islands (except such land or property reserved under section 5 as may be redesignated by the President of the United States not later than 2 years after the date of such proclamation), and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation (sec. 10).

(9) Upon the proclamation and recognition of the independence of the Philippine Islands the President shall notify the governments with which the United States is in diplomatic correspondence and invite them to recognize the independence of the Philippine Islands (sec. 12).

## IV. STATUS OF THE COMMONWEALTH OF THE PHILIPPINE ISLANDS

Under the Commonwealth government, the Philippines acquires a new status different from its present status under the Jones Act. Its status will be that of a semisovereign state with a personality in international law separate and distinct from the United States. During the Commonwealth the exercise of sovereign rights by the

Filipino people will be limited by the mandatory provisions which will appear in its constitution. However, subject only to such restrictions, their rights of sovereignty and of self-government will be their own, vested in the people themselves, and of which they cannot be deprived. These rights they shall exercise in the manner and in accordance with the dictates of their sovereign will.

Under the Commonwealth government foreign relations will be under the direct supervision and control of the United States, but these foreign relations are to be conducted in the name and on behalf of the Philippine Islands by the officials of the government of the Commonwealth, subject to such control and supervision. The treaty-making power, as a consequence of this fact, will be vested in the Commonwealth government, limited also by a similar control and supervision by the United States.

Under the Commonwealth government the Filipino people will exercise political rights in pursuance of their sovereignty, and not, as at present, merely because of a concession or a delegation of power which may at any time be withdrawn, altered, or nullified by the Congress of the United States.

#### V. THE MANDATORY PROVISIONS

The relinquishment of sovereignty by the United States over the people and territory of the Philippine Islands is, during the transition period, partial and incomplete. The exact nature and measure of the portion of sovereignty reserved by the United States may be determined from the mandatory provisions of the independence act (sec. 2), which are to be inserted in the constitution of the Commonwealth. Because they are thus to appear in the constitution, the Filipino people acknowledge and assent to these limitations of their sovereignty during the intermediate period. The limitation and restrictions on Philippine sovereignty and government authority are there clearly set out and numerated. They are the only limitations on the sovereignty of the Filipino people. Those powers of government not expressly mentioned as reserved to the United States are necessarily excluded. Upon recognition of Philippine independence these limitations on the sovereignty of the Philippine nation lapse and become inoperative, and American sovereignty will be completely withdrawn.

The limitation on Philippine sovereignty enumerated in section 2 of the act may be divided into three classes, as follows:

(1) Those which insure the maintenance of the broad, fundamental principles underlying the American concept of ordered liberty and constitutional free government.

(2) Those which insure the exercise by the United States of its rights of partial sovereignty and the authority commensurate with its continuing responsibilities in the Philippine Islands during the transition period.

(3) Those which relate to matters of policy or of administration on subjects inevitably linked with American responsibility during the transition period and the adjustment of trade and other relations necessary to effectuate a gradual and orderly transition of the Philippine Islands from a state of dependence to one of independence.

Differences of opinion may exist as to the need or justice of some of these mandatory provisions in view of the relationships which will exist between the United States and the Philippine Commonwealth. Many Filipinos contend that some of these mandatory provisions unduly restrict their right of self-government during the transition period and unnecessarily cramp their freedom of action in the task of adequately preparing themselves for the changes which independence will entail and the responsibilities that devolve upon them after independence. On the other hand, no feature of the act has been more bitterly assailed by the administration, or has met more determined opposition on the part of some Members of the House and Senate, than that which grants to the Filipino people practically complete control of their government affairs during the transition period. Those opponents maintain that the governmental powers reserved to the United States in the mandatory provisions of the act are insufficient to safeguard American responsibility in the Philippines during that time, and would leave the United States in a position of great danger of being involved in many conflicts and even war.

Senator VANDENBERG, in the course of the Senate debate on December 12, characterized the position of the United States in the Philippine Islands during the transition period as follows:

"My fundamental objection to the bill is the philosophy of its political construction. It simulates independence by at once creating the autonomous Commonwealth of the Philippine Islands. \* \* \* In other words, the Government of the United States retains responsibility for what may happen under this experimental autonomy, but it substantially yields up the authority. \* \* \* In other words, the American flag stays up under the terms of the pending bill, but it stays at sort of half mast. I am bound to submit to the Senate that this is an utterly dangerous and anomalous ritual. For us, for the American Government, it means the continuation of our supreme responsibility without the effective authority to sustain them. \* \* \*

"It is proposed in this bill, that the Philippines shall now adopt a new constitution of their own \* \* \*. It virtually amounts to immediate independence under an American protectorate \* \* \*. It is virtually immediate independence with all its assets inuring to the Philippines but with all its liability still attaching to the United States."

In his veto message, President Hoover described America's position in the Philippines during the intermediate period as one of "practical impotence", and discussed the question of limited American authority as follows:

"The bill weakens our civil authority during the period of intermediate government to a point of practical impotence. The powers which the High Commissioner can exercise on his own initiative are unimportant, and those which can be delegated to him by the President over legislation are doubtful and indirect. During this period, however, the American flag will be flying and our Army will be in occupation. Our Government, with inadequate civil means for exercising its sovereign authority to control the situation but with continued moral responsibility to maintain stable government, will daily, during those years, be faced with the likelihood of having to employ military measures to maintain order in a degenerating social and economic situation, or alternately to expend large sums from our taxpayers in supporting a constantly enfeebled government. Not alone do these difficulties arise from the intermediate situation we create, but the non-Christian population who are as yet bitterly opposed to the controlling group, constituted at the last Philippine census a majority of the combined population of nine provinces, occupying about 40 percent of the total land area of the Philippine Islands. The maintenance of order in this considerable element has presented many difficulties to us in the past, and it is not reasonable to assume that the intermediate government will be as well qualified to handle the situation as the present regime for a long time. Moreover, without real civil authority we can have no assurance that the intermediate government may not find itself in difficulties with citizens of other nationalities which may involve the United States. Such responsibility in these situations, without adequate authority, can lead only to disaster."

In his memorandum to the President of the United States recommending the veto of the independence act, Secretary of War Hurley stated the following on this subject:

"Section 7 prescribes the power of the President and of his representative, the high commissioner, during the interim period. While giving a specious appearance of vesting important powers of American control and supervision, this section provides in fact no adequate means for the effective exercise of any of the essential powers thus nominally delegated to the President and his representative. A marked condition of responsibility without authority is the result."

It is thus evident that this feature of the act was the subject of sharp controversy. The committees of Congress that helped frame the bill from the very start adopted the policy of reserving to the United States only the minimum of sovereignty and government authority commensurate with American responsibilities during the intermediate period. While they showed great concern to safeguard American authority needed for the discharge of American obligations in the islands they exhibited at all times a desire to grant to the Filipino people as large a measure of self-government compatible with these responsibilities of the United States. How far they followed this course may be seen by the attitude of the administration and other opponents of the act with regard to the lack of authority reserved to the United States under the Commonwealth government. As the act now stands, it represents in this respect the result of a very careful study as to the needed balance of American authority commensurate with responsibility, and, in the judgment of the sponsors and supporters of the act, the reserved powers of the United States are as limited as possible consistent with American responsibility and safety during the commonwealth government.

#### VI. THE RIGHT OF INTERVENTION

Intervention in international law describes any form of external interference with the exercise by any State of its normal rights of sovereignty. In a strict sense it connotes the interference by a state in the domestic or foreign affairs of another in opposition to its will and serving by design or implication to impair its political independence.

The right of independence being so fundamental in international law, interference is recognized as a right only when most unusual and extraordinary circumstances occur. Intervention implies an invasion of sovereignty by a foreign state, and it is lawful or unlawful according to the circumstances and the manner in which it is exercised.

International law sanctions the right of intervention in the following cases:

- (1) In self-defense.
- (2) To prevent unlawful intervention by another state.
- (3) To stop harsh treatment of nationals.
- (4) In case of revolution or civil war.
- (5) When there is chronic disregard of international obligations, which includes the right to protect nationals.

It will thus be seen that intervention is essentially a practice among independent nations. It has no equivalent in domestic law. The right of intervention in the independence act is reserved to the United States substantially for the same purposes and for the same reasons as in the case of Cuba, under the Platt amendment. Briefly, the reason in the case of Cuba was to legalize the right of the United States to intervene on the ground specifically mentioned in the Platt amendment, not only in order to safeguard the existence of Cuban constitutional government, but to safeguard Cuban independence against intervention by other foreign powers.

Paragraph (n) of section 2, while similar in purpose with article III of the Platt amendment, in one important sense is more limited in scope than the latter. While the Platt amendment gives to the President of the United States the right to determine what

theoretically would be a government adequate for the protection of life, property, and individual liberty, and for discharging the obligations undertaken by the Government of Cuba, under subsection (n) of section 2 of the independence act, no such right exists, and the right of intervention is limited to the following cases:

- (1) For the preservation of the government of the Commonwealth of the Philippine Islands.
- (2) For the maintenance of the government as provided in the constitution.
- (3) For the protection of life, property, and individual liberty, in case the Commonwealth government should actually fail to grant such protection.
- (4) For the discharge of government obligations under and in accordance with the provisions of their constitution.

In effect, therefore, the independence act authorizes intervention by the United States exclusively for the purpose of preserving the integrity of the Commonwealth and its freedom from external interference and to insure the normal operation of the Commonwealth government precisely in accordance with the provisions of the constitution adopted by the Commonwealth.

In the light of the practice of nations, it may be asserted with truth that the right of intervention reserved by the United States under subsection (n), far from enlarging the extent of the right of intervention recognized in international law, is in effect a qualification and a definition of that right insofar as the United States is concerned. With the right of intervention thus legalized in favor of the United States, the result will be, as in the case of Cuba, to safeguard the Philippines from intervention by other powers.

Secretary of War Elihu Root construed the Platt amendment concerning intervention as follows:

"Clause IIIa does not grant new rights, but it does give to the United States better facilities than those inherent in the Monroe Doctrine for the defense of Cuban independence. The letter to General Wood and the telegram with reference to said clause IIIa indicates that said clause does not signify either interference or intervention of any sort in the Government of Cuba. And with respect to the clause VIa notwithstanding the coaling stations, the United States will be as foreign to the Government of Cuba as it would be without the stations. Intervention in Cuban affairs will be resorted to only in case of great disturbances, similar to those which occurred in 1898, and with the sole and exclusive object of maintaining Cuban independence unimpaired. Intervention will only take place to protect the independence of the Cuban Republic from foreign attack or when a veritable state of anarchy exists within the Republic. This clause does not diminish Cuban independence; it leaves Cuba independent and sovereign under its own flag. The United States will only come to the rescue in extreme independence, and God grant that this extremity never be presented." (Cuba and the Platt Amendment, For. Pol. Assn. Inf. Serv., vol. V, no. 3, pp. 48 and 49.)

This same interpretation and construction of the Platt amendment is applicable to the right of intervention as defined in subsection (n) of section 2. It should be noted, however, that in the case of the Philippines it could be held that in view of the relationship which would obtain between the United States and the Philippine Islands under the Commonwealth status, the right of intervention in the affairs of the Philippine Islands would exist irrespective of the provisions of subsection (n), in view of the partial continuance of American sovereignty. For this reason, the willingness of the United States to define and, therefore, to limit the right of intervention as it will appear in the Commonwealth constitution is a protection of Philippine self-government and a guaranty to the Filipino people that beyond said limits no interference in Philippine governmental authority will be attempted.

The debate that took place in the Senate on the question of intervention throws light as to its purpose and scope. Together with authoritative declarations in relation to the Platt amendment, it may be stated that intervention will not mean intermeddling in the affairs of the Philippines, and that it will not occur unless a serious collapse of constitutional government actually takes place, or when the Commonwealth government in fact becomes impotent to maintain order and give adequate protection to life, property, and individual liberty. In any of these cases American intervention might prove helpful, and, in any event, would prevent intervention by other powers which would result in great injury and possible loss of sovereignty by the Filipino nation.

In one other important particular is the phraseology of subsection (n) more acceptable than the Platt amendment, namely, because subsection (n) requires a formal Presidential proclamation before any act of intervention can take place. This fact insures against pernicious intermeddling in the affairs of the Commonwealth government by the high commissioner or any other American official.

#### THE TRANSITION PERIOD

As a result of a careful study of Philippine conditions, Congress reached the conclusion that American-Philippine trade relations could not be abruptly ended or disrupted without serious injury to both American and Philippine interests. Despite the pleas of Filipino representatives for a grant of independence at the earliest possible date, the committees of Congress that drafted the independence bill considered it absolutely necessary that a period of transition should be established before independence

during which time the needed economic adjustments might be made. In addition to this compelling reason, the framers of the legislation believed that the then disturbed conditions in the Orient required great caution to avoid the launching of an independent Philippine state at a time of acute unrest and instability in the Far East. These two facts determined the establishment of the transition period.

Some of the economic considerations that entered into the picture may be briefly pointed out. Reciprocal free trade between the United States and the Philippines had existed for almost 25 years. During this time Philippine industries were organized and had grown up on the basis of this free trade with the United States. Many of the basic industries of the Philippines had become dependent for their very existence on the protection afforded by the American market. To a degree, this was also true with regard to American exports to the islands, where American products find the protection of the Philippine tariff against foreign competition. Congress realized that to terminate this free-trade relationship immediately (which would be the case if immediate independence were granted) would produce a collapse of the Philippine economic system and would also seriously injure American-Philippine trade.

Statistics presented to the committee proved the soundness of this view. About 80 percent of the exports of the Philippines to the United States and 63 percent of all their purchases from abroad come from America. The consequences to the Philippines of such a sudden termination of its free-trade relationship with the United States, as Congress saw it, would not be different from the ruinous results which would ensue to the industries of an American State were it suddenly placed outside the tariff walls of the United States. The committees of Congress believed that if this were done in the case of the Philippines, the inevitable economic dislocation which would occur would be of such proportions as to injure the very existence of an independent Philippine government, should one be undertaken under such conditions. This result they thought would discredit America's stewardship in the islands. The fact that the Philippines is located in the Orient, among countries in which lower standards of living and wages prevail aggravated the situation. The committees believed that the islands would find it extremely difficult immediately to find new markets for their products in view of existing overproduction of those commodities which the islands export, and to enter into competition with their neighbors. Hence, it was felt that Philippine industries required some time before they could be placed on a competitive basis.

The belief entertained by some persons that in case of loss of the American free market the Philippine Islands might readily find new markets for Philippine sugar and coconut oil, where these products could be sold at a profit to Philippine producers, was considered by the committees and quickly laid aside as groundless, affording no satisfactory basis to predicate a decision affecting the life and the freedom of a whole nation. The experience of other nations situated similarly as the Philippines would be, if granted immediate independence, was carefully considered by the committees. They reached the conclusion that Cuba and Java now enjoy freedom to enter into reciprocal treaty arrangements with other countries as to sugar and other products but have failed to find profitable markets for such products. No facts existed which might induce the belief that the Philippines could succeed where these countries had failed.

This was the picture which the committees of Congress had before them when they deliberated on the time for independence. The human side became apparent when they realized that about one third of the total population of the Philippine Islands depended directly or indirectly for their livelihood on the industries that owed their existence to the protection of the American tariff. Concretely, the committees of Congress reached the conclusion that the abrupt termination of free trade between the Philippines and the United States would result in fatal injury to the basic Philippine industries, in reduced returns for sales made abroad, in material decreases in government income, and in a possible acute social problem among large groups of the Philippine population.

These conclusions forced the adoption of the transition period. This was in consonance with public statements made by recognized Filipino leaders. So obvious was the need of a period of economic adjustment that not even the representatives of American farm interests failed to recognize the necessity of a provision to that effect. The only difference between the views of these representatives and those of the committees of Congress related to the method of adjustment and the length of the transition period. The farm representatives advocated a 5-year period and during that time a progressive imposition of the American tariff on dutiable products coming from the Philippine Islands at the rate of 20 percent the first year, with 20 percent added progressively each succeeding year.

#### THE 10-YEAR PERIOD

Wide differences of opinion prevailed among the members of both the House and the Senate committees relative to the length of the transition period actually needed to bring about the desired economic and other adjustments. Some members of the House Committee were of the opinion that 5 years would be sufficient. Others believed that 8 years would be necessary, while still others held the view that at least 25 years would be required.

Among the members of the Senate committee the same divergence of views existed. Senator KING was of the opinion that 3 to 5 years would be ample time; Senator Broussard believed

that a period of 5 years would be all that was needed; Senators Bingham, Metcalf, and Vandenberg believed that at least 20 years would be absolutely necessary; Senator Hawes, Senator Cutting, and Senator Pittman, Senator Tydings, and others preferred to accept the judgment of some Filipino leaders (Quezon and Aguinaldo) as to the length of the transition period, and expressed preference for 10 years. As a result of the deliberations by each committee a bill was recommended to the House of Representatives providing for an 8-year period, and a bill was recommended to the Senate prescribing a 15-year transition period. The Senate amended its bill by reducing the transition period to 12 years. The act, as finally passed, is a compromise between the 8-year period of the House bill and the 12-year period of the Senate bill. The act prescribes a 10-year transition period.

#### TRADE LIMITATIONS DURING TRANSITION PERIOD

A discussion of the trade provisions of the independence act must necessarily take into account economic conditions obtaining in the United States at the time of the consideration and passage of the act, as well as economic conditions obtaining in the Philippines and in the world at large. Briefly, during that time economic conditions all over the world were in the slough of depression; currencies tumbling down, export trade sharply falling and unemployment daily becoming more and more acute. In the United States the same situation prevailed. The number of unemployed amounted to about twelve or thirteen million. Surpluses of farm commodities continued to grow, and prices of these products fell to unrecorded levels. In an effort to protect domestic markets for the benefit of domestic producers a tariff war was being waged among the different nations of the world, which fact greatly aggravated the world economic situation and tended further to curtail foreign trade thus preventing an outlet for exportable surpluses.

American domestic producers during this time and for several years past had conducted a determined campaign against unlimited free imports of Philippine sugar and coconut oil. Later the same agitation was started against Philippine cordage.

While much may be said against the claim made by American domestic producers that Philippine sugar, coconut oil, and cordage imports to the United States compete in a harmful manner with American production of such articles or American competing commodities, the fact remained that such movement against Philippine unrestricted imports of these products existed and that it commanded the support of a large group of Members of both the House of Representatives and the Senate of the United States.

Desirous of passing legislation granting independence to the Philippines, supporters of independence in the Congress realized the necessity of reaching a reasonable compromise with the agricultural elements for the double reason of making the question of Philippine independence of practical importance to the American people, and in order to win the support of certain elements in the Congress, particularly in the Senate without whose support it was realized no independence legislation could possibly be enacted.

The Philippine Commission strongly objected to the proposal submitted by the farm representatives imposing a gradually increasing tariff levy on Philippine imports to the United States. The commission opposed this proposal on the ground that even the first tariff imposition of 20 percent of the American tariff rate would actually cripple the industries that would be affected thereby, for this imposition would take place during the first year immediately following the enactment of the law. The commission, therefore, took the position that if a restriction on Philippine-free imports into the United States was inevitable, this restriction should take the form of an annual limitation on the amount of such imports rather than a gradual tariff levy. This stand of the commission was in consonance with the opinion of President Quezon as stated in his report to the Philippine Legislature of November 9, 1931, and was also in conformity with the advice of men who could speak with knowledge as to the arrangement most favorable to Philippine interests. The proposition of an annual limitation of the volume of imports into the United States from the Philippines was finally accepted by the committee of Congress.

The next problem was to determine the amount at which the limitations should be set. With regard to sugar, proposals varied from 500,000 to 1,200,000 long tons. As to coconut oil, suggestions differed from 140,000 to 250,000 tons. As to cordage, the figures offered varied from 3,000,000 to 7,500,000 pounds.

The committee of Congress realized the necessity of adopting a principle which could be followed in the determination of these limitations. They agreed to adopt the principle of status quo for the following reason: The purpose of the transition period being to protect existing interests and permit a gradual adjustment of economic conditions, a reasonable and fair measure for the limitations was the maximum annual importation into the United States prior to the passage of the act. In other words, the adjustment should be made on the basis of the amount of imports into the United States from the Philippine Islands during the year immediately preceding the passage of the act if such importation was larger than in previous years; otherwise, to accept the figures of previous years, if existing plants were still capable of such production. On the strength of this theory, the sugar limitation was fixed at 850,000 long tons. This figure was the amount which the Honorable Rafael R. Alunan, secretary of agriculture and natural resources of the Philippine Islands, in a cable sent to the commission on February 25, 1932, estimated as the quantity

of sugar which the Philippine Islands would import into the United States during the year 1932. Copy of this cable is attached to this report as appendix 23.

As to coconut oil, the limitation was fixed at 200,000 long tons. This figure represents in round numbers the maximum importation into the United States from the Philippine Islands which occurred in 1929.

As to cordage, the committees were informed that Philippine imports had reached in 1 year over 7,000,000 pounds. However, the committees were also informed that one of the cordage factories in Manila had then recently been burned and that the capacity of the other factory which was in operation did not exceed 3,000,000 pounds annually. In accordance with the principle of the status quo, the cordage limitation was set at 3,000,000 pounds.

#### THE EXPORT TAX

The independence act provides a tariff levy beginning with a rate equivalent to 5 percent of the American tariff during the sixth year of the transition period and progressively increasing annually by 5 percent up to 25 percent during the tenth year, on all Philippine imports into the United States which are dutiable under the tariff laws of America. This tariff levy is in the nature of an export tax levied and collected in the Philippines. This provision was adopted as a compromise with those who insisted on a gradually increasing tariff levy in preference to the system of limitation of the volume of free imports.

One other reason which prompted this provision was to compel Philippine producers to feel the necessity of lowering production costs and thereby gradually to place their industries on a competitive basis.

All collections derived from this export tax are to constitute a separate fund to be added to the regular sinking funds already authorized by law for the full redemption of Philippine government bonds on their maturity.

#### AMERICAN PRODUCTS IMPORTED TO THE PHILIPPINE ISLANDS

Several reasons actuated Congress not to impose restrictions on American exports to the Philippine Islands during the transition period. Among these reasons may be mentioned the following:

(1) The same conditions prevailing in the American market relative to the alleged competition of Philippine imports with American domestic production have no counterpart in the Philippines regarding imports from the United States. In other words, American imports in the islands are not competing to any material degree with Philippine products or manufactures, and for this reason there existed no need of restricting American importations to protect Philippine domestic producers.

(2) An examination of the statistics on the balance of trade between America and the Philippines reveals that since the establishment of free trade between the two countries, with only one or two exceptions, determined by extraordinary capital investments in the islands, the balance of trade has always been in favor of the Philippine Islands. It was deemed unnecessary to impose a restriction on American importation into the Philippines, for the reason that the value of these importations in any case had to depend on the value of the commodities sold by the Philippine Islands in the United States, as the balance of trade in favor of the Philippine Islands is the result of the operation of economic laws which could not be violated in any material degree. In other words, it was considered useless to limit American importations, for it is admitted that the amount of such importations would be governed by the value of exports of the Philippine Islands to the United States, so that, were the value of Philippine exports to decrease, American importations to the Philippines would proportionately decrease. In view of payments which the Philippine Islands must make to the United States annually both on the account of the public debt and to cover the invisible items of trade, a balance of trade favorable to the Philippine Islands in an amount substantially the same as that of previous years may be expected.

(3) It was found practically impossible to determine what articles imported by the United States to the Philippine Islands were to be limited, if the limitation rule was to be applied to such importations. It was found that the United States imported into the Philippines over 500 different articles, and it was difficult to decide which ones of these were to be restricted. It was, therefore, believed that if American importations into the Philippines were to be restricted, the only feasible method was to levy upon them a certain percentage of the Philippine tariff rate collected on similar articles coming from foreign countries. However, this method was considered unsatisfactory on the ground that such tariff levy would actually destroy American trade with the islands, in view of the already low Philippine tariff protecting such articles, and especially because of the then current depreciation of currencies in countries, which, like Japan, were then competing successfully with American importations to the Philippines.

(4) There was also the danger that, if a tariff was imposed on American importations in the Philippines, this fact would strengthen the position of the groups which advocated the immediate imposition of tariff duties on Philippine imports to America.

(5) An examination of the relative benefits which the Philippines and the United States respectively would derive from the trade arrangement established by the act, computed on the basis of present tariff rates applicable to importations from foreign countries, shows that the respective tariff advantages enjoyed by American and Philippine products are greatly in favor of the latter. A comparative study of the amounts of duty waived by each

country on the products to be imported by the other free of duty in accordance with the act, reveals that the amounts waived by the United States on sugar (850,000 long tons) and coconut oil (200,000 long tons) alone, are nearly three times as much as the amounts waived by the Philippine Islands over all present American imports into the Philippines.

The foregoing considerations led to the adoption of the trade provisions and the transition period in the independence act.

#### PHILIPPINE AUTONOMY UNDER THE COMMONWEALTH GOVERNMENT

Philippine autonomy and self-government during the transition period will be complete and absolute, subject only to the reservations of United States authority to be recognized in the constitution of the Commonwealth. The following may be listed as some of the important advances in autonomy under the Commonwealth government in comparison with that now exercised by the Filipino people under the Jones Act:

(1) Subject to certain limitations, the Philippine people will have the right to form and establish a government for the Philippine Commonwealth. Some of the limitations prescribed by the act involve the adoption of a political philosophy which the Filipino people accept and approve and, therefore are not real limitations on their freedom to form their own government. In other words, if these limitations had not been prescribed and the Filipino people had been left absolutely free to determine their form of government, at any rate they would adopt a government embodying said principles.

(2) The office of the present Governor General is abolished and the chief executive of the Philippine Islands will be chosen by the Filipino people. The authority and duties of the chief executive will be determined by the Filipino people in their constitution.

(3) Legislative power will be vested exclusively in the members of the legislative branch of the government to be elected by the Filipino people. Appointive members may be abolished. At present, Congress may legislate directly for the Philippines. Under the Commonwealth status, no such legislative power will reside either in Congress or any other agency except in the legislature provided by the constitution. The legislature of the Commonwealth will exercise complete legislative power. The limitation now imposed by the Jones Act on the present legislature will no longer exist with the only exception that laws affecting currency, imports, exports, and immigration will not take effect until approved by the President of the United States. The power to legislate over the public lands, forests, and mines now restricted under the Jones Act will be complete under the Commonwealth.

(4) The judicial power will be vested in a supreme court and other inferior courts as may be provided in the constitution approved by the Philippine people. If the justices of the supreme court are to be appointed, the appointment is to be made by the Filipino chief executive and not, as at present, by the President of the United States. The jurisdiction of the different courts of the Philippine Islands will be exclusively within the control of the Commonwealth legislature subject to the limitations prescribed in the constitution. Under the Jones Act the jurisdiction of the supreme court and the courts of first instance cannot be diminished by an act of the present legislature.

(5) Regarding trade relations between the United States and the Philippines, while at present the regulation of this relationship is exclusively within the power of Congress, under the provisions of the Independence Act, this trade relationship is definitely prescribed and its terms defined, and Congress is, at least, under moral obligation to respect such arrangement. At any rate, a modification by Congress of the trade provisions of the act without the consent of the Philippine Commonwealth would be tantamount to a violation of an agreement which partakes of the nature of a treaty, in which case the agreement may be considered abrogated and each party would be left free to take care of its own interests.

(6) Under the Commonwealth government, the educational policy to be followed in the public schools of the Philippines will be defined by the Filipino people. At present the educational system has been conceived and is being conducted under the direction of Americans. Under the Commonwealth government the education of the Filipino youth will be directed by Filipinos and guided by policies determined by them which may best promote the ideals and interests of the Philippine nation.

(7) The Filipino people will have control of the Philippine constabulary and will be able to organize such military or naval forces as the Philippine Commonwealth may consider necessary.

(8) All appointments of public officials now made by the Governor General will under the Commonwealth government be made by the Filipino chief executive.

(9) The laws of the Philippine Commonwealth will not be subject to a legislative veto by the American Congress. This is radically different from the status under the Jones Act, which expressly provides that Congress reserves the power to annul any act passed by the Philippine Legislature.

(10) The government of the Commonwealth will exercise administrative authority over the whole territory of the Philippine Islands and may establish uniform laws for the government of all the sections of the country, including Mindanao, Sulu, and the especially organized provinces.

(11) The treaty-making power will be lodged in the Philippine Commonwealth. The exercise of this power, however, as well as all foreign relations of the Commonwealth, will be subject to the direct control and supervision of the United States. Under the Jones Act the Philippine Government maintains no foreign

relations for it has no personality in international law separate and distinct from that of the United States. Under the Commonwealth government, the Philippine Islands will have a personality in international law separate and distinct from the United States. With the approval of the President of the United States the Philippine Commonwealth may maintain diplomatic representatives in foreign countries. This is a valuable prerogative for it will enable the Philippine Islands to gradually train men for the diplomatic service and foster friendly relations with foreign countries.

#### THE HIGH COMMISSIONER

The independence act contains no provision granting any power of government, whether direct or supervisory in nature, to the high commissioner. The law merely provides that he shall be the representative of the President of the United States in the Philippine Islands, and shall be recognized as such by the government of the Commonwealth, and by the commanding officers of the United States Army and Navy in the Philippine Islands. This provision, however, gives the high commissioner a diplomatic standing of a high order and surrounds him with prestige as the symbol of American sovereignty. The high commissioner is entitled to obtain any information about the operation of the government he may desire. This information will be furnished him by the chief executive of the Commonwealth. The high commissioner has no authority to deal directly with the different departments or subdivisions of the government of the Commonwealth but he shall have access to their records.

The American power of supervision over the government of the Commonwealth is vested by the independence act upon the President of the United States. The independence act authorizes the exercise by the high commissioner of such duties and functions as may be delegated to him from time to time by the President in accordance with the provisions of the act. An examination of the provisions of the act permits this delegation of power only in one instance, namely, in case the Commonwealth fails to pay any of its bonded or other indebtedness or the interest thereon when due or to fulfill any of its contracts, in which case the President may direct the high commissioner to take over the customs offices and the administration of the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. All other powers granted by the act to the President of the United States cannot be delegated by him to the high commissioner, for these powers are judicial in nature, requiring the exercise of discretion by the President himself. After the President has exercised his discretion, however, especially in case of intervention, the high commissioner or any other official may act pursuant to authority conferred by the President and under his immediate direction.

It may be stated, therefore, that the high commissioner will have no participation in the conduct of public affairs of the Commonwealth. His functions and authority are those of an official observer with the right at all times to obtain information from the government as to actual conditions and to submit a report of his findings to the President of the United States.

One of the most important questions which has arisen in the course of American-Philippine relations is that of the immigration of Filipino laborers to the United States. For many years the Pacific Coast States had been agitating against unrestricted Filipino laborers in the United States. The discussion of this subject necessarily produced great concern among the Filipino people and resulted in no little resentment and irritation. The American workingman demanded protection against the competition offered by the Filipino immigrant, especially during the current period of acute unemployment.

The stand of Filipino representatives in the United States on this question has been as follows: The Filipino people desire their independence; after they become independent the United States, if it should so choose, may justly regard the Philippines, for all purposes, as a foreign state, and may apply against its inhabitants the full effect of American immigration laws; but while the Filipinos remain under American sovereignty it would be unjust and inhuman to deprive them of a most elemental right secured to them by their political relationship with the United States, a right which no nation maintaining sovereignty over another had in the past ever withheld from the inhabitants of her colonies.

While Filipino representatives maintained this view, they could not fail to realize the plight of American labor which was growing more acute every day. There were also clear indications that Filipino laborers residing in America were undergoing privation because of their inability to obtain employment. In fact, many cases of utter helplessness and destitution exist among them.

Desirous of obtaining independence legislation the Filipino people could not afford, without potent reasons, to antagonize American organized labor, considering that these organizations since the very beginning of American occupation had supported Filipino independence aspirations. Impelled by this consideration the Philippine Commission decided to take a practical view of the immigration question and, in this manner, reached an understanding with the leaders of the American Federation of Labor and their supporters in Congress. This understanding was as follows:

(1) Filipino representatives would oppose any attempt to restrict or exclude Filipino immigration to the United States unless it were a part of an arrangement definitely solving the Philippine problem on the basis of independence;

(2) In case Congress should enact a law fixing a date for independence Filipino representatives would accept a provision restricting Filipino immigration to the United States during the transition period, provided that the restriction was based not on racial but on economic grounds.

(3) That after the Philippines had become independent and thus foreign to the United States, the Filipino people recognize that it would be the right and privilege of the United States to apply to the islands its immigration laws in force at the time, as it would also be the right and privilege of the Philippine independent state to regulate immigration from the United States and other countries.

The provisions regulating immigration from the Philippine Islands to the United States during the transition period appear in section 8 of the independence act. These provisions carry out the agreement outlined above. It provides substantially:

1. Filipino immigration to the United States shall be limited to a yearly quota of 50. This does not include immigrants in the excepted classes under the United States Immigration Act of 1917, such as students, teachers, merchants, public officials, ministers, and persons traveling for business or pleasure, etc.

2. Filipino immigrants are placed in the same status as immigrants coming from countries of the Western Hemisphere, such as Canada, Cuba, the Argentine Republic, etc.

3. The provisions of the United States immigration laws referring to persons ineligible to citizenship are not applied to immigrants from the Philippine Islands.

4. The quota of 50 granted to the Philippine Islands is in principle identical with the quota granted to European countries, and native laborers of the Philippine Islands may enter the United States within this quota in the same manner as native Englishmen may enter the United States within the quota granted to Great Britain by the immigration act.

5. Under the commonwealth the status of the Philippine Islands is different from that of China or Japan. The immigration laws of the United States prescribe an annual quota of 100 for Japan, but because of the provision relative to "persons ineligible to citizenship" and which is applied to Japan, no person of the Japanese race may enter the United States under the Japanese quota, but only those residents of Japan who are Caucasians and thus are eligible to become citizens of the United States. This distinction is important to prove that the restriction of Filipino immigration established by the act is based not on racial but on economic grounds, the same reasons that dictated the restriction of immigration to the United States from European countries.

After the complete withdrawal of American sovereignty and the recognition of the independence of the Philippines, section 14 of the act provides that Filipino immigrants shall be subject to the full operation of the immigration laws of the United States. What these laws may be after Philippine independence cannot be forecast; but whatever they might be, irrespective of the feelings or the convictions of the Filipino people about the matter, as a matter of right the United States will then have to consider the Philippine Islands as a foreign nation and regard immigrants from the Philippines as coming from a foreign country. In that event, it will also be the privilege and the right of the Philippine independent government to control immigration from the United States and other countries as it may deem most conducive to its own interests and its national honor.

#### UNITED STATES RESERVATIONS IN THE PHILIPPINES AFTER INDEPENDENCE

The independence act contains no provision expressly granting to the United States authority to maintain military or naval reservations in the Philippines after independence. The provisions of the law concerning these reservations have been the subject of varied interpretations. While many legal authorities hold that the right to maintain these reservations after independence is neither expressly nor impliedly granted in the act, Senator Bingham expressed a contrary view. It is possible, however, that the views of Senator Bingham were based on the belief that the provisions of the Senate bill regarding the United States reservations after independence had been retained in the bill as finally enacted, which was not the case.

The Hare bill, as passed by the House of Representatives, contained three provisions regarding United States reservations, as follows:

(1) In section 2, paragraph (m), the constitution of the Commonwealth was required to contain a provision whereby the Philippine Islands would recognize the right of the United States to maintain military and other reservations and armed forces in the Philippines. This provision applied only during the transition period.

(2) Section 5 of the Hare bill provided the retention by the United States of its right of property over such land as was actually occupied and used by the United States for military and other reservations of the Government of the United States.

(3) Section 9 of the Hare bill provided that the withdrawal of American sovereignty over the Philippines shall include the withdrawal from all military and other reservations of the Government of the United States in the Philippines. However, paragraph (3) of said section provided that the government of the Philippine Islands will cede or grant to the United States land necessary for a commercial base, and coaling or naval stations, at certain specified points to be agreed upon with the President of the United States, not later than 2 years after the recognition of independence. As a further assurance the Hare bill provided that this right of the United States was to be stipulated in a permanent treaty between America and the Philippine Islands.

Paragraph (3) of section 9 of the Hare bill was substantially identical with the corresponding provision of the Platt amendment applicable to Cuba. It should be noted that paragraph (3) does not describe or limit the lands which thus may be reserved or acquired by the United States.

The Hawes-Cutting bill as passed by the Senate contained provisions regarding United States reservations substantially identical with those of the Hare bill, with the following exception:

(1) In section 5 the House bill reserved to the United States ownership over such land or other property as "is now actually occupied and used by" the United States for military and other reservations of the Government of the United States; the Senate bill substituted the clause above quoted with the words, "has heretofore been designated by the President of the United States."

(2) The Senate bill did not expressly state that the withdrawal of American sovereignty at the end of the transition period shall include "all military and other reservations of the Government of the United States in the Philippines."

(3) Paragraph (3) of section 9 of the Hare bill corresponds to paragraph (2) of section 9 of the Hawes-Cutting bill, and the latter is different from the former because it substitutes the words "sell or lease" for the words "cede or grant" in the Hare bill, and does not mention a commercial base among the proposed reservations.

(4) The Senate bill contained a provision requesting the President to enter into negotiations with foreign powers with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands. This provision had no counterpart in the Hare bill. It appears as section 11 of the independence act.

An examination of the independence act shows the following facts:

(1) That during the transition period the United States has reserved the right to maintain in the Philippine Islands military and other reservations and armed forces.

(2) That under section 5 of the act the United States has retained the ownership of such land or other property as had previously been designated by the President of the United States for military and other reservations of the Government of the United States. This provision deals with property rights and not with rights of sovereignty, and, therefore, cannot be relied upon to authorize the maintenance of reservations after independence.

(3) That section 10 of the act provides, upon the expiration of the transition period, for the withdrawal and surrender of all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the Territory and people of the Philippine Islands, "including all military and other reservations of the Government of the United States in the Philippines." Section 10 mentions one exception to this withdrawal and surrender of American rights, namely, "except such land or property reserved under section 5 as may be redesignated by the President of the United States" not later than 2 years after the date of the proclamation of Philippine independence. This exception appears in parentheses.

It is, therefore, plain that any right which the United States may have to maintain military or other reservations in the Philippines after independence can only be predicated upon the provisions in parentheses found in section 10. A strict interpretation of this exception must lead to the conclusion that it merely refers to the right of ownership over such land or property described under section 5, for the exception does not mention the right to maintain military and other reservations.

If it had been the intention of Congress to reserve the right to maintain military and other reservations in the Philippines after independence, this right, being an important limitation of sovereignty, would have been clearly stated in the law and not left to implication or construction. It cannot be understood why paragraph (2) of section 9 of the Hawes-Cutting bill as passed by the Senate, and paragraph (3) of section 9 of the Hare bill as passed by the House of Representatives, were eliminated by the conference committee and do not now appear in the act, if it had been the intention of Congress to reserve to the United States the right to maintain military or other reservations in the Philippine Islands after independence. Moreover, the fact that the provision referred to appears in parentheses negatives the claim that it can have such far-reaching effect; for if Congress had intended to limit Philippine sovereignty after independence, it would have expressed it in positive and unmistakable terms.

In the case of Cuba, this right was established in the same manner as was originally proposed in the Hare bill and in the Hawes-Cutting bill, namely, by an express provision in the Cuban constitution and in a permanent treaty with the United States. The independence act does not require such a provision in the Philippine constitution nor is there a provision for the conclusion of a permanent treaty between the Philippine Islands and the United States to secure to America the right to maintain military and other reservations.

It should be noted that the right to maintain military and other reservations during the Commonwealth government is required by the law to be recognized in the constitution of the Commonwealth. If, to maintain military and other reservations in the Philippines during the transition period, while American sovereignty continues, it was found necessary to require from the Filipino people an express recognition of that right in the Commonwealth constitution, it is incomprehensible why, at least, a similar provision should not have been required to be inserted in the constitution of the independent Philippines if it really had been the intention of Congress to reserve that right.

Section 11 of the independence act directs the President of the United States at the earliest practicable date to enter into negotiations with foreign powers for the conclusion of a treaty providing for the perpetual neutralization of the Philippine Islands once they have become independent. This provision indicates the purpose of the United States to safeguard the integrity of the Philippines after independence. It is admitted that a neutralization treaty can only be effected if no military or naval reservations are retained by the United States after independence. This consideration forces the following conclusions:

(1) That the redesignation of the lands and property which the President of the United States may make under the clause in parentheses in section 10, merely involves the retention by the United States of the right of ownership in the lands and property redesignated, for a different interpretation would make impossible the conclusion of a neutralization treaty as provided in section 11.

(2) That if the clause in parentheses in section 10 were to be construed as authorizing the maintenance of military and other reservations in the Philippine Islands after independence, it is plain that these reservations would be maintained by the United States not for her own particular interest but to safeguard the independence of the Philippines, which is the same aim of section 11. If the Congress had intended to safeguard American interests and not Philippine interests by this provision, it would undoubtedly have eliminated section 11, for the conclusion of the neutralization treaty would necessarily result in the denial to the United States of the right to maintain military and other reservations after independence.

The consensus of opinion in Congress and among military and naval officials is opposed to the retention of military and other reservations in the Philippines by the United States after independence. Even those who favor the retention of any reservations after independence believe that the only reservations which could be useful to the United States would be a coaling station or a naval base. Military reservations located in the interior, wholly surrounded by Philippine territory could possibly have no utility for America.

When the bill was in conference, the committee eliminated paragraph (3), section 9, of the House bill, and paragraph (2), section 9, of the Senate bill. An important effect of this elimination was to limit the discretion of the President to lands now included in American reservations in the Philippines. The substitute provision contained in section 10 expressed in the clause in parentheses does not expressly authorize the United States to maintain such reservations after independence. If it were to be held that this right may be implied from the exception contained in said clause, it must be conceded that said clause would not permit the United States to maintain in the Philippines after independence other than naval or coaling stations, and these within the limits of the reservations which the United States now possesses and maintains in the Philippines. The conference committee had no authority, and it had no purpose if it possessed the power, at that parliamentary stage, to give to the United States in the law greater privileges than were granted by either the House or Senate bills. Neither one of them authorized the retention of military reservations. A correct interpretation of the provisions of the act must, therefore, exclude military reservations.

#### TRANSFER OF UNITED STATES PROPERTY AND RIGHTS IN THE PHILIPPINE ISLANDS TO PHILIPPINE COMMONWEALTH

Under the Treaty of Paris, Spain ceded to the United States all her public domain in the Philippines, including "all the buildings, wharves, barracks, ports, structures, public highways, and other immovable property which in conformity with law belonged to the Crown of Spain." Spain also included in this cession all public documents, records, and archives relating to the Philippines and which were then in the possession of the Spanish Government. By virtue of this cession the United States acquired title to all such property and rights.

Under the Organic Act of 1902 these property and rights acquired by the United States from Spain were placed under the control of the government of the Philippine Islands, to be administered for the benefit of the inhabitants of the Philippine Islands; but the title to such property and rights was retained by and remained in the United States (act of Congress, July 1, 1902, sec. 12). The Jones Act contains an identical provision. Section 9 of the Jones Act reads as follows:

"That all the property and rights which may have been acquired in the Philippine Islands by the United States under the treaty of peace with Spain signed December 10, 1898, except such land or other property as has been or shall be designated by the President of the United States for military, and other reservations of the government of the Philippine Islands \* \* \* are hereby placed under the control of the government of the said Islands to be administered or disposed of for the benefit of the inhabitants thereof \* \* \*."

Section 5 of the independence act is as follows:

"All the property and rights which may have been acquired in the Philippine Islands by the United States under the treaties mentioned in the first section of this act, except such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States, and except such land or other property or rights or interests therein as may have been sold or otherwise disposed of in accordance with law, are hereby granted

to the government of the Commonwealth of the Philippine Islands when constituted."

Section 5 of the independence act differs from the provision of the Jones Act quoted above in that, under section 5, not only the right of the control and administration is granted to the Philippine government but the title and ownership, which, of course, includes control and administration. It will be seen, moreover, that while in the Jones Act the privilege of control and administration is limited by a provision requiring that all laws affecting public lands and mines shall require the approval of the President of the United States, no such limitation is found in the Independence Act as to the power of the Commonwealth government to administer, control, and dispose of the property and rights thus ceded by the United States.

The transfer of property rights over the public domain of the United States in the Philippine Islands is a most important and significant provision of the act, for thereby the United States divests itself of all rights and title over the public domain in the Philippine Islands (subject to one exception), exactly in the same manner and to the same extent as if sovereignty over the Philippine Islands had been ceded by the United States to a foreign power. The United States retains no part of the public domain in the Philippine Islands, "except such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States." Four important considerations should be noted in relation to this exception:

(1) Section 5 appears in the act under the heading, "Transfer of property and rights to Philippine Commonwealth." This fact, together with the phraseology of section 5, shows that this section deals only with the right of ownership and does not embrace rights of sovereignty.

(2) The clause "military and other reservations of the Government of the United States", which appears in section 5 describes the land and other property which are excepted from the transfer and grant of title made to the Commonwealth government, and does not establish or create any right which may be not exercised by virtue of the right of ownership. In other words, section 5, dealing exclusively with property rights, cannot be construed as granting to the United States the right of withdrawing from the sovereignty or jurisdiction of the Philippine Commonwealth such land or other property as has heretofore been designated for military and other reservations, nor as to authorize the United States to maintain military and other reservations on such properties after the Philippine Islands has achieved its independence. Under section 5, the United States may exercise over such "land and other property" only those rights which any individual, by reason of his ownership thereof, may by law be entitled to exercise.

(3) The lands or other property retained by the United States is limited to those which, before the passage of the independence act, had already been designated by the President of the United States for military and other reservations of the Government of the United States.

(4) The retention by the United States of the ownership over the land and other property which had been designated as military and other reservations of the United States, is not definite and conclusive. The relinquishment of the title to all or a part of such properties is left for future determination under section 10 of the act. Final decision over the retention of those properties is deferred until 2 years after independence. Meantime, it may become the subject of negotiation between the United States Government and the government of the Commonwealth.

The military and other reservations of the United States in the Philippine Islands as of the date of the passage of the independence act appear in a list prepared by the Bureau of Insular Affairs, copy of which is attached to this report as appendix 24.

The lands and other property included in these reservations are the only ones withheld by the United States from the grant of property rights to the Philippine Commonwealth. These reservations cannot be increased or enlarged. Unlike the Jones Act, the Independence Act does not authorize the establishment of new reservations. The authority granted to the President of the United States in the Jones Act to create reservations must necessarily be considered repealed.

Section 5 mentions another exception from the grant of property rights over the public domain to the Commonwealth government. The exception refers to "such land or other property or rights or interests therein as may have been sold or otherwise disposed of in accordance with law." This exception merely recognizes the legality of all sales, transfers, grants, or cessions heretofore made by the government of the Philippine Islands acting under the authority of Congress of property and rights which formerly formed a part of the public domain.

Upon inauguration of the Commonwealth government, the Filipino people will for the first time achieve the recognition of their property right over the public domain. The transfer made under Section 5 is absolute and irrevocable and proves the good faith of the United States (if evidence of such fact were needed), as to its purpose completely to withdraw its sovereignty over the Philippine Islands and to recognize its independence upon the expiration of the transition period. If the Congress had the least intention of continuing American sovereignty over the Philippine Islands beyond the transition period fixed in the act, it would have refrained from making this outright transfer of dominion over all its property and rights in the Philippines.

This transfer by the United States of the public domain to the Commonwealth government is made gratuitously, absolutely free, without the repayment of even a small portion of the sum which the United States paid Spain under the Treaty of Paris.

According to the reports of the Philippine government the public domain of the United States in the Philippine Islands which is thus transferred to the Commonwealth government covers over 75 percent of the total area of the Philippine Islands.

#### THE PAYMENT OF THE PUBLIC DEBT

Section 2, paragraph (g), of the Independence act provides that the government of the Commonwealth shall assume and pay "the debts, liabilities, and obligations of the present Philippine government, its provinces, municipalities, and instrumentalities valid and subsisting at the time of the adoption of the constitution."

This provision does not change or in any way modify the obligations and liabilities of the present Philippine government. The Commonwealth government will assume those obligations exactly in accordance with their precise terms and conditions. They are to be paid upon their maturity.

In case any of these debts and liabilities remain outstanding upon the expiration of the transition period, this fact will not delay or postpone the complete withdrawal of American sovereignty and the recognition of Philippine independence. This case is provided for in section 10 of the independence act. Paragraph (3) of said section provides that prior to the proclamation of independence the constitution of the Commonwealth should be amended so as to provide as follows:

"(2) That the debts and liabilities of the Philippine Islands, its Provinces, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands, or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands."

The independence act does not require, as a condition precedent to independence, that all the debts, liabilities, and obligations of the present Philippine government and its political subdivisions and instrumentalities should be paid during the transition period. If such had been the intention of Congress, the provisions of subsection (3) of section 10 would not have been included in the law. Moreover, the provisions of subsection 4 of section 7 clearly indicate that the obligations assumed by the Commonwealth government are limited to the payment of the indebtedness and liabilities that may fall due during the life of the Commonwealth.

The second paragraph of subsection 4 reads:

"If the government of the Commonwealth of the Philippine Islands fails to pay any of its bonded or other indebtedness or the interest thereon when due or to fulfill any of its contracts, the United States High Commissioner shall immediately report the facts to the President, who may thereupon direct the High Commissioner to take over the customs offices and administration of the same, administer the same, and apply such part of the revenue received therefrom as may be necessary for the payment of such overdue indebtedness or for the fulfillment of such contracts. \* \* \*

The wording of this provision plainly reveals the intention of Congress, namely, to provide a remedy in case the Commonwealth government should fail to discharge its obligations that are overdue in accordance with the terms and conditions of the respective contracts. There being no remedy against nonpayment of debts or the fulfillment of obligations which have not fallen due, the conclusion is irresistible that the Commonwealth government is obligated to pay only those which have fallen due or matured.

#### THE ACCEPTANCE CLAUSE

Section 17 of the independence act reads as follows:

"The foregoing provisions of this act shall not take effect until accepted by concurrent resolution of the Philippine Legislature or by a convention called for the purpose of passing upon that question as may be provided by the Philippine Legislature."

#### ORIGIN AND PURPOSES OF THIS PROVISION

Practically every enabling act approved by the American Congress to authorize the people of a Territory to institute a government preparatory to its admission as a State of the Union contains a provision substantially identical with section 17. The enabling act for the Territory of Oklahoma, which was the last enabling act passed by Congress, contained the following provision:

"Sec. 2. That the constitutional convention provided for herein shall, by ordinance irrevocable, accept the terms and conditions of this act."

It should be noted that the Oklahoma enabling act provides that the acceptance be made by the constitutional convention while the Philippine Independence Act confers that privilege either upon the legislature or a convention called for that purpose. This difference arises from the fact that under the enabling act of Oklahoma the constitutional convention is the only body elected by the people which participates in the institutional process. The regulatory authority granted to the Philippine Legislature in the independence act is, in the case of Oklahoma, exercised directly by the Congress of the United States.

The Fairfield bill did not contain a provision similar to section 17. Neither did the Johnson bill of 1924, nor the first Hawes-Cutting bill of January 6, 1930. This provision was first sug-

gested during the discussion of the Hawes-Cutting bill by the committee of the Senate. It was urged that, in view of the relatively long institutional process leading to the adoption of the constitution, it was necessary, on the one hand, to impose a moral obligation on the American Congress not to change the provisions of the act while the different institutional steps were being taken; and, on the other hand, to obtain an expression by the representatives of the Filipino people approving these different steps as a proper and satisfactory procedure looking to the adoption of the constitution.

During the course of the formulation and discussion of the Hawes-Cutting bill one capital idea was constantly borne in mind by the members of the Senate committee, namely, that the Independence Act should be a practical application of the principle of self-determination, and that not only should the terms of independence be acceptable to the Filipino people, but that the whole process prescribed for the institution of the government to be established during the transition period and subsequently to be recognized as independent at the end of that period, should also receive the approval of the Filipino people acting through their representatives.

Section 17, together with section 4 and other provisions of the act, inaugurates for the Philippine Islands a new policy, that of mutuality and voluntary relationship. These provisions recognize for the first time the right of the Filipino people to determine by their free choice whether or not they shall accept a relationship proposed by Congress.

#### EFFECT OF ACCEPTANCE

The acceptance clause does not concern itself directly with the terms and conditions of independence. It refers only to the institutional process leading to and culminating in the vote by the Filipino people on the ratification of the constitution. The provisions of the law may be divided into two groups: (1) Those which refer to the formulation of the constitution up to the point when the constitution is submitted to the people for ratification; and (2) those which concern the grant of independence and the intermediate relationship between America and the Philippine Commonwealth after the constitution is ratified. The acceptance clause concerns itself only with the provisions belonging to the first group, namely, the institutional process, for, as to the second group, the acceptance of these provisions will be decided by the Filipino people when they vote on the constitution.

In effect, therefore, the question that is to be answered under section 17, is the following:

Do you agree to take the steps prescribed in the act leading to the formulation of the constitution and its submission to the people?

To repeat: The terms of independence are not necessarily at issue. That question is left for the people themselves, to be determined by them when they should vote directly on the constitution.

Acceptance means that the institutional process prescribed by the act shall be taken. Rejection means that this process is not satisfactory as preparatory steps leading to the submission of the constitution to the people; it would mean that the Filipino people will not have the opportunity to decide the issue of independence and will have no opportunity to accept independence under the terms and conditions prescribed by the act, even if they should so desire.

#### TO VOTE ON INDEPENDENCE

Popular ratification of a constitution formulated and drafted by a constitutional convention is a requirement uniformly observed in the process of the adoption of a constitution under American political practice. As the constitution is to be the fundamental law of the land, not to be changed except by the action of the people themselves, it is logical that it be promulgated by direct action of the people. This fact would give to the instrument both prestige and authority in the popular mind and will accord to it that quality of permanence and stability against sudden changes which experience has shown to militate against the strength and firmness of democratic governments.

Hence, section 4 of the independence act requires that the constitution approved by the constitutional convention and certified by the President of the United States as conforming with the provisions of the independence act, shall be submitted by the legislature to the people of the Philippine Islands for their ratification or rejection. If the constitution is ratified, it goes into effect and the Commonwealth government will immediately be organized and inaugurated. Should the constitution be rejected, "the existing government of the Philippine Islands shall continue with regard to the provisions of this act" (sec. 4).

In relation to the election to be held on the ratification of the constitution, section 4 provides:

"If a majority of the votes cast shall be for the constitution, such vote shall be deemed an expression of the will of the people of the Philippine Islands in favor of Philippine independence. \* \* \*"

This provision was inserted in section 4 by way of amendment. The reason and purpose of this amendment, as well as its meaning, may be known by an examination of the parliamentary incidents which led to its adoption.

During the debate in the Senate Senator Broussard, of Louisiana, submitted an amendment to section 9, eliminating the plebiscite, reducing the period of transition from 15 to 8 years, and substantially incorporating in the Senate bill the provisions of section 9 of the House bill. This amendment was strongly opposed by a majority of the members of the Senate committee and

other sponsors of the bill. Senator CUTTING, of New Mexico, was particularly opposed to the elimination of the plebiscite. After a long debate the amendment was voted and agreed to by a vote of 40 to 38 (CONGRESSIONAL RECORD, Dec. 14, 1932, p. 455).

Several members of the committee and other supporters of the bill became greatly disturbed by the passage of the Broussard amendment, and some of them expressed their decision to vote against the bill if the plebiscite should stand eliminated. At the suggestion of Democratic Leader ROBINSON a motion to reconsider the vote on this amendment was offered by Senator BULOW, of South Dakota. Senator CURTING insisted that the declarations of the different Presidents of the United States contemplated a direct, formal expression of the desire for independence by the Filipino people before they were to be given independence. He quoted President Roosevelt's message to Congress in 1908, which said:

"I trust that within a generation the time will arrive when the Filipinos can decide for themselves whether it is well for them to become independent (CONGRESSIONAL RECORD, Dec. 16, 1932, p. 568).

In this connection Senator CUTTING, in one of his many speeches on the plebiscite on the floor of the Senate, said:

"\* \* \* We ought not to force the Philippines from under the flag if they desire to remain. We felt that they were in a better position to judge that desire after they had experienced the detrimental action of the tariffs than they are at the present time.

"My personal view—and I have been supported in that view by practically all the representatives of the Philippines who are here present—is that under any circumstances the Philippine people desire independence and would so vote. I think, however, that they have a right to make that decision for themselves at the proper time and at a time when they have learned the issue at stake. If the 25-percent tariff, which is the maximum which they will experience under the interim government, is too high to enable them to lead their economic life, then it is obvious that they would not be able to stand the 100-percent tariff which would go into effect immediately after they obtained their freedom." (CONGRESSIONAL RECORD, Dec. 1, 1932, p. 568.)

Practically every Senator admitted that, if given an opportunity, there could be no doubt that the Filipinos would vote in favor of independence. The objection to the plebiscite as provided in the Senate bill was that it was to be held at the end of the transition period. Many Senators felt that such a provision would leave the whole question of Philippine independence undecided for many years. They also objected to the arrangement which would leave the decision exclusively to the Filipino people, without leaving the United States any other course than to accept that decision, irrespective of its own interests on the subject. This program was opposed particularly by those few who feared that the Filipino people might be influenced by extraneous elements, eager to preserve and promote their own selfish interests, to vote against independence when the plebiscite were held.

After a heated discussion, the motion to reconsider was adopted by a vote of 42 to 34. (CONGRESSIONAL RECORD, Dec. 16, 1932, p. 563.)

On a new vote on the Broussard amendment itself, the amendment was rejected by 45 to 31 votes. (CONGRESSIONAL RECORD, Dec. 16, 1932, p. 565.)

Immediately afterward Senator CUTTING, on behalf of the committee, proposed certain amendments to section 9 by reducing the transition period from 15 to 12 years and making the other provisions of the bill correspond to that amendment. This amendment was agreed to with the understanding that other amendments would be proposed to section 9, as amended by the committee. Forthwith Senator BYRNES, of South Carolina, offered an amendment to section 9, as amended, in accordance with the Cutting amendment, by striking out the provision referring to the plebiscite. This amendment was rejected by 35 to 33 votes. As soon as the result of the vote was announced, Senator LONG, of Louisiana, who had changed his vote from "yea" to "nay", proposed a motion to reconsider the vote by which the Byrnes amendment was rejected, and immediately proceeded to speak at length on the motion of reconsideration.

After Senator LONG had spoken for several hours, it became evident that, together with other Members of the Senate, he was determined to filibuster against the bill unless the plebiscite were eliminated.

After the Senate adjourned on December 16, with Senator LONG still holding the floor, members of the committee conferred with leaders of both parties in the Senate. They reached an agreement as to the need of obtaining a formal expression of the desire of the Filipino people for independence, but they agreed to seek this expression, not in a plebiscite but in the same manner that an expression of the people's will is obtained in relation to American Territories applying for statehood; that is, at the time of the ratification of the Constitution.

Shortly after the Senate convened the next day, December 17, Senator BYRNES, of South Carolina, offered an amendment to section 9, which amendment had been previously agreed upon in the conference of Senate leaders above referred to. The amendment read as follows:

"Sec. 9. (a) If in the election provided for in section 4, on the question of the adoption of the constitution, a majority of the votes cast are in favor of the ratification of the constitution, such ratification shall be deemed an expression of the will of the people of the Philippine Islands in favor of the Philippine independence, and the result of said election shall be reported to the President of the United States, who shall within 60 days thereafter issue a

proclamation announcing the result of said election, and on the 4th day of July immediately following the expiration of a period of 12 years from the date of the inauguration of the new government under the constitution provided for in this act" (CONGRESSIONAL RECORD, Dec. 17, 1932, p. 634).

Senator ROBINSON of Arkansas expressed his approval of the amendment as follows:

"I believe that the arrangement contemplated by the amendment now offered by the Senator from South Carolina ought to prove satisfactory to almost everyone here. It is provided in the amendment that if, in the election which is contemplated in connection with the adoption of the constitution, a majority vote for the constitution, that action shall be regarded as an expression of the will of the people of the Philippine Islands in favor of independence. That would terminate any question as to their desire in the matter.

"It does seem to me that is the logical and effective way to determine their will. There is in a sense a measure of inconsistency in requiring them to adopt a constitution based without doubt upon the theory that independence is intended, and then require an additional and subsequent expression on the subject in favor of independence. I believe that this constitutes a means by which a conclusion may be reached and the bill brought hastily to final passage" (CONGRESSIONAL RECORD, Dec. 17, 1932, p. 634).

Senator BORAH agreed with this view, and stated that he did not know of any better test of the desire of the people to be independent than that of electing delegates to a constitutional convention, framing a constitution, and ratifying the constitution. He added that those acts should be considered final and conclusive on that question.

Senator PITTMAN, compelled to state the views of some members of the committee, especially in view of the absence of Senator CURTING, said the following:

"Mr. President, I am sorry that the Senator from New Mexico [Mr. CUTTING] is unable to be here this morning by reason of a severe cold, and his physician would not permit him to come. He is one of the proponents of this measure and one of its authors; but on yesterday afternoon several of us conferred with the Senator from New Mexico and also with the Senator from Arkansas with regard not only to the parliamentary situation but the necessity of promptly getting action on this proposed legislation in some form.

"I do not think that I have at all misrepresented the position of the Senator from New Mexico when I say that he was deeply interested in the question of the plebiscite. The foundation of his desire to provide for one was that we should not cast off these people but should allow them to determine whether they desire to be cast off or not. As the House bill is now framed, there is no opportunity at any time for them to express themselves on that question, nor is there any provision in the bill as it is before the Senate to enable them to give expression to their desire except under the form of the plebiscite that is now provided in the bill. If that provision goes out, then, to satisfy those who think that they should have a chance of expression, there must be something else placed in it, whether it be at the beginning or at the end of the interim period.

"Without the amendment of the Senator from South Carolina, the question is not submitted to the people as to whether they desire separation or not. The sole question under the present language of the bill, eliminating the plebiscite provision, would be whether they approve the constitution or not. They are two separate questions; but, on the other hand, both seem to be covered if by an amendment to this bill we say to them, 'In voting at the constitutional referendum you have two questions to decide: First, are you satisfied with the constitution; and, second, being satisfied with the constitution, are you satisfied at a certain period of time prescribed in the bill, without any further action, to be entirely separated from the United States?' So the two questions are involved in this proposal." (CONGRESSIONAL RECORD, Dec. 17, 1932, p. 635.)

Senator PITTMAN also added that this provision was identical with the procedure adopted in relation to Territories applying for statehood.

Objection was made to the Byrnes amendment by Senator BARKLEY, of Kentucky, and others, on the ground that the amendment as proposed compelled the Filipino people to vote for the constitution even if they were opposed to its form and substance unless they wanted their vote to signify that they were voting against independence. It was therefore suggested that the provision should permit a division of the question put up to the Filipino people, namely, the question on ratification and the question on independence.

Senator BYRNES opposed this suggestion and said:

"It is unnecessary to make any other provision, for the reason that the concluding paragraph of the section to which the Senator refers, section 4, provided:

"If a majority of the votes cast are against the constitution, the existing government of the Philippine Islands shall continue, without regard to the provisions of the act."

"That means that we will be right back where we are; and, therefore, provisions will have to be made for ordering another constitutional convention, and whenever that is done we can again provide that the ratification of the constitution by the people of the Philippine Islands shall be regarded as an expression of the views of the people of the islands as to independence. If the constitution is voted down by the people, the bill provides in the section to which I have referred that the government of the

islands shall continue as before the passage of this bill." (CONGRESSIONAL RECORD, Dec. 17, 1932, p. 637.)

From this statement of Senator BYRNES, author of the amendment, it is clear that a vote against the constitution is not to be interpreted as an expression against independence.

When the amendment was voted it was agreed to by a vote of 44 to 29.

The vote on independence was inserted in section 9 of the Senate bill (sec. 10 of the independence act). When the bill reached conference it was agreed that this provision belonged more properly and logically in section 4 of the bill, and it was inserted, as it now appears in section 4 of the act.

The vote in favor of the constitution is logically to be taken as an expression for independence, as stated by Senators ROBINSON and BORAH, because the constitution itself is the political instrument that will provide the terms, conditions, as well as the time of independence. Its ratification must necessarily mean that the Filipino people accept independence under the terms and conditions provided in the constitution.

To the assertion that the Filipino people might have objections to the constitution, but would be compelled to vote for the constitution in order to express their desire for independence, the reply may be made that such a case would be improbable, for the delegates to the constitutional convention having been elected exclusively for the purpose of drafting a constitution, and upon issues relative to that instrument, shall comply fully and in a satisfactory manner with the mandate of the people. But even if such a case were to occur the Philippine people could well vote for the constitution, for in any event they could provide in the constitution itself a method for its amendment after its ratification, and in that manner will be able to obtain precisely the instrument which the majority of the people may desire. As stated by Senator PITTMAN and others, the procedure prescribed by the law is identical with that provided by Congress in enabling to obtain an expression of the will of the people of territories applying for statehood. If they vote to reject the constitution, that action ends the process of the admission, and it will not be revived until Congress subsequently passes another enabling act. Such is exactly the situation contemplated in the last paragraph of section 4 which provides that in case the constitution is rejected, the status quo continues, and the whole Philippine question will again lie before Congress exactly as if the independence act had not been enacted.

*Chapter XVI. The stand of the Philippine commission on important issues and the attitude of the leaders of the legislature in Manila*

While the commission, for reasons of orderly procedure and parliamentary expediency, withheld from taking a definite and uncompromising stand on certain incidental questions that arose during the consideration of the independence bills, a definite, well-defined, and open stand was taken by the commission on all the fundamental issues involved in the independence act. This was especially true whenever it became necessary formally and officially to give expression to the desires and aspirations of the Filipino people.

**THE FILIPINO APPEAL**

Senator Sergio Osmeña submitted to the committees of Congress the petition of the Filipino people for independence at the earliest possible date. Senator Osmeña submitted verbatim the concurrent resolution of the Philippine Legislature dated November 9, 1931, creating the legislature committee, together with the instructions given said committee to "petition the Government and Congress of the United States for the early granting of the independence of the Philippines." Senator Osmeña also submitted to the committees of Congress the resolution approved by the Philippine Legislature dated September 24, 1931, on the occasion of the visit of the Secretary of War to the Philippine Islands.

During the hearings before the House committee Senator Osmeña was asked whether it was the wish of the Filipino people to have independence, no matter what other conditions and requirements may be made. Senator Osmeña replied:

"Mr. Chairman, our plea for independence has been presented many times to this Congress, and I think our attitude is well defined in the record, but if any further statement is needed, I would say we are coming here, as we came here before, for immediate independence." (House hearings, p. 7.)

The definition of the attitude of the Filipino people was reiterated by the other members of the commission who appeared before the committees of Congress.

The same appeal for independence at the earliest possible date was submitted to the commission of the Senate.

On January 25, 1932, the following cable was received by the commission from the leaders of the legislature:

"OSMEÑA,  
"ROXAS,

"Washington, D.C.

"Your statement before committee universally approved. \* \* \*

"QUEZON.  
"AQUINO.  
"ALAS."

**AMENDMENTS TO THE HARE BILL**

On January 29, in accordance with the request of the House Committee on Insular Affairs, the commission submitted amendments to the Hare bill. These amendments have been described in another part of this report. The amendments proposed by the

commission received the approval of the leaders of the legislature in Manila as evidenced by a cable received the following day. The cable from Manila stated:

"OSMEÑA,

"ROXAS,

"Washington, D.C..

"Amendments proposed by mission to Hare bill, in our opinion, meet general approval.

"QUEZON.  
"AQUINO.  
"ALAS."

**THE HOUSE BILL**

When the House committee favorably reported the Hare bill, which bill carried precisely the same amount of sugar and coconut oil limitations prescribed by the independence act, and substantially also the mandatory provisions enumerated in section 2 of the act, a summary of the provisions of the bill was reported to Manila by the commission in a cable dated March 14, 1932, in relation to another cable of February 26, 1932. These two cables are attached to this report as appendix 25.

The commission did not then receive any protest from Manila against any of the provisions of the Hare bill. On the contrary, on March 1, 1932, the commission received the following cable from Manila:

"OSMEÑA,

"ROXAS,

"Washington, D.C..

"At a meeting held yesterday by cabinet members, senators, representatives, and Provincial governors of the majority party under the presidency of Senate President Quezon, the president was authorized to convey to the mission hearty congratulations upon the splendid work you are doing and to renew their confidence in your ability to fulfill successfully the mission entrusted to you by our people.

"QUEZON.  
"AQUINO.  
"ALAS."

**APPROVAL OF HARE BILL**

On April 4 the House of Representatives passed the Hare bill. On the following day the commission received the following congratulatory message from the legislative leaders:

BAGUIO, April 5, 1932.

OSMEÑA,

ROXAS,

"Washington, D.C..

Hearty congratulations. Our people confidently expect that your labors will be crowned with complete success.

QUEZON.  
AQUINO.  
ALAS.

On April 6 Senator Montinola and Representative Tirona, members of the commission, received from Gen. Emilio Aguinaldo a cable replying to a message sent by them informing him of the approval of the Hare bill. General Aguinaldo's message of felicitation on the approval of the Hare bill is as follows:

"MONTINOLA TIRONA,

"Washington, D.C..

"Agradezco cable (punto). Sinceras felicitaciones Misión entera y Comisionados Residentes por éxito.

"EMILIO AGUINALDO."

**THE SENATE BILL**

On February 18 the commission communicated to Manila a forecast of the main features of the bill to be adopted by the Senate committee in a cable, which follows:

"QUAQUAL,

"Manila:

"Confidential. Senate committee will decide Saturday main features Hawes-Cutting bill, including date independence and trade readjustments. House committee will do likewise this week or next week. As time for decision approaches many new questions continuously arise regarding conflicting economic interests, particularly sugar and coconut oil. Philippine refined sugar interests are supported here by powerful elements and solution their problem difficult. We are endeavoring to meet views of domestic sugar producers to prevent lining up of Broussard, Vandenberg, Smoot, and others against the bill. Date of independence receiving serious consideration and is being intimately related to trade readjustment provisions, present world depression, and unsettled conditions Far East. In view of strong opposition administration to any measure fixing independence date, our friends in Congress are considering advisability of favoring bill which, in their opinion, may pass Congress and will give the President no ground to reject. We are exerting every effort to obtain as early date as possible for independence and most favorable economic readjustments. Impossible forecast decision committees, but we feel that irrespective of our preferences, if the bill contains definite date for independence and reasonable economic readjustments, we will have no choice other than to accept bill agreed to by committees and supported by Hawes, Pittman, Hare, and other friends of independence in both Houses. Please consider advisability taking Manila press editors your confidence to appraise them true situation here.

"OSMEÑA,  
"ROXAS."

The commission received an immediate reply from President Quezon, dated February 19, as follows:

"OSMEÑA,  
"ROXAS,

"Washington, D.C.:

"Confidential. I shall talk to editors, but go ahead, anyway. Feel confident people will accept whatever you agree there. Alas, sick; Aquino, absent.

"QUEZON."

On February 20 the following cable was sent to Manila by the commission outlining the main features of the bill adopted by the Senate committee:

"QUAQUAL,  
"Manila:

"Senate committee this morning by practically unanimous vote adopted following: 15-year intervening period, with trade limitation by volume Philippine imports to America during first 10 years and progressive tariff imposition for remaining 5 years; plebiscite after intervening period; that act shall not take effect until accepted by Philippine Legislature or popular vote. Secretary Hurley completed his testimony. Secretary Stimson sent letter opposing independence and action this time. Committee will meet again Wednesday to continue consideration details bill. We are withholding statement our position until committee takes final action on bill.

"OSMEÑA.

"ROXAS."

On February 22 President Quezon inquired as to the kind of government the Philippine Islands would have during the intervening period under the provisions of the Senate bill. In the cable he also quoted a statement he made in Manila appealing for popular support of measure. His cable follows:

"OSMEÑA,  
"ROXAS,

"Washington, D.C.:

"What kind of government are we going to have in intervening period?

"Have given out following statement: 'I am expressing no opinion on the action taken by the Senate committee. The legislature has placed the responsibility upon the mission and I propose to accept the decision of the mission and stand by it.'

"Any report regarding my stand or statement published there contrary to this please deny and publish above.

"QUEZON."

In reply to this cable the commission on the same day (Feb. 22) sent the following dispatch:

"QUAQUAL,

"Manila:

"Government during intervening period as yet unacted by Senate committee. No indications so far of objections to plan substantially as proposed Hawes-Cutting bill. House committee meeting tomorrow and Wednesday in executive session to consider House bill.

"ROXAS."

"OSMEÑA,

On February 24 President Quezon, confirming his cable of February 19, already quoted, sent the following message to the commission:

"OSMEÑA,  
"ROXAS,

"Washington, D.C.:

"Tribune, Vanguardia, Taliba, Herald, openly advocating acceptance by your people Senate committee's decision. La Opinion, Debate, leave matter to mission. Our party, of course, and we believe the people in general will stand by mission.

"QUEZON."

#### SUGAR LIMITATION

On February 22 the commission wired the Honorable Rafael R. Alunan, secretary of agriculture and natural resources, asking an estimate of sugar exports for 1932 and 1933. The cable said:

"SECRETARY AGRICULTURE, Manila:

"Please cable immediately exact estimate 1932 raw and refined sugar exports to United States, and also estimated figures for 1933.

"ROXAS."

"OSMEÑA,

On February 25 Secretary Alunan answered as follows:

"OSMEÑA,  
"ROXAS,

"Washington, D.C.:

"Careful estimate present crop based on results to date possible total production 925,000 long tons, of which available for export to United States, raw sugar, 800,000 long tons; refined, 50,000 long tons; balance represents local consumption. Nineteen thirty-three difficult estimate, but assuming expected higher yields from new cane varieties without increasing areas production; may possibly reach 1,000,000 long tons with favorable weather conditions. Of this, available for export to United States, raw sugar would be 850,000 long tons; refined, 70,000 long tons. For your guidance existing milling capacity raw sugar 1,200,000 long tons; refining capacity, 100,000 long tons. Believe any limitation figure should be based on percentage of United States consumption and not on importation.

"ALUNAN."

This cable from Secretary Alunan reached Washington a few hours before the Senate committee took formal action on the bill. Secretary Alunan's cable was submitted to the committee and was the basis for the estimate of 1932 Philippine sugar importations into the United States, namely, 800,000 raw and 50,000 refined. These figures were inserted in the Senate bill and are the same as those which now appear in the independence act.

Before Secretary Alunan's cable was received, the commission displayed every effort to obtain a limitation based on a certain percentage of American sugar consumption, or a percentage of sugar importations into the United States. In view of the opposition to either plan voiced by a majority of the members of both the House and the Senate committees, the commission proposed that the limitation be fixed at no less than 1,000,000 tons. The attitude of the commission on this subject and the steps taken by the commission to obtain as high a tonnage as possible was reported to Manila in the following cable, sent by the commission on February 25:

"QUAQUAL,

"Manila:

"Trade limitations, especially sugar, developing great difficulties. Limitations by percentages unacceptable to committees. Theory of maintaining status quo of volume of exports adopted. Mission doing utmost to obtain as high figures as possible. While we are proposing 1,000,000 tons for sugars, Broussard, Smoot, and others propose 600,000 tons. For coconut oil we propose 250,000 tons, and cordage 4,500,000 pounds. Senate committee meeting tomorrow. Confidential: Will probably conclude action on bill. House committee meeting this morning tentatively agreed 5-year period without plebiscite. Our proposed trade readjustments meeting strong opposition in House committee, many Members favoring progressive imposition tariff immediately. Mission doing best to fight this proposal.

"OSMEÑA.  
"ROXAS."

#### SENATE BILL REPORTED BY COMMITTEE

On February 26, 1932, the Senate committee formally reported the Hawes-Cutting bill. The provisions of the bill and other important matters were reported to Manila in a cable dated February 26, which cable is as follows:

"QUAQUAL,

"Manila:

"Senate committee by large majority ordered report Hawes-Cutting bill, only King, Vandenberg opposing whole bill. Broussard, McNary announced amendments to further restrict sugar, oil, respectively. Bill reported substantially as follows: Philippine Legislature authorized call convention to formulate constitution for Philippine Commonwealth to be submitted Philippine voters for approval after President has certified constitution complies with provisions this act; if voters disapprove constitution, present status will continue; if constitution approved, Commonwealth inaugurated after election officials. Constitution restrictions substantially same original Hawes-Cutting bill. Commonwealth shall exist 15 years. Within 2 years after period legislature to provide plebiscite independence. If vote against independence, status shall revert to first 10-year period. If vote affirmative, President directed withdraw American sovereignty and recognize independence within 2 years thereafter. Within 6 months after affirmative vote conference American-Filipino representatives will be held to formulate recommendations on trade relation after independence.

Trade relations during 15-year period shall remain as now, with following exceptions: Free imports refined sugar, limited annually, 50,000 tons, and refined sugar, 800,000 tons; coconut oil, 200,000 tons; cordage, 3,000,000 pounds, excess amounts to pay full duty. During eleventh year, all free exports to America will pay 5 percent American duty as export tax to Commonwealth; during twelfth year, 10 percent; thirteenth year, 15 percent; fourteenth year, 20 percent; fifteenth year and after until final settlement, 25 percent. Collections export tax for payment Philippine bonds. During intervening period Philippine immigration same basis European, with 100 annual quota. Bill will not take effect until accepted by legislature or convention.

"Confidential: While Senate sentiment favorable to bill as whole, we anticipate strong fight trade provisions; serious movement exists further restrict free exports, especially sugar, oil. Doing our best secure protection all interests; but, being handicapped, we realize possible inability to counteract determined opposition influential elements supported by important Members Senate, House, with numerous personnel, efficient publicity, and other means.

"There are now over 50 lawyers, publicity, other agents, such elements working here. Seriousness situation should not be minimized by our sugar, oil, and other interests, who should be duly warned possible adverse decisions under existing circumstances.

"OSMEÑA.  
"ROXAS."

The Commission received from Manila no indication at that time of any opposition or objection to the trade provisions of the Senate bill as reported by the committee. On the contrary, on March 1, 1932, the Commission received the cable signed by President Quezon, Senator Aquino, and Speaker Alas, already inserted in this chapter.

On March 22, 1932, the commission received the following inquiry from President Quezon:

"OSMEÑA,  
"ROXAS,

"Washington, D.C.:

"What are the provisions in the Senate and House bills regarding naval and military stations?"

The reply of the Commission to that cable was as follows:

WASHINGTON, D.C., March 22, 1932.

QUEZON,

*Manila:*

Senate bill grants Philippine Commonwealth all property and rights of United States in Philippine Islands except lands or property heretofore designated by President for military and other reservations of United States Government. House bill limits said exception to lands or other property now actually occupied and used for military and other reservation.

Both bills also bind Independent Philippines to sell or lease to United States lands necessary for coaling or naval stations at specified points to be agreed upon with President of United States within 2 years after independence proclamation.

Confidential: Widely divergent views exist among Members Congress regarding military and other reservations. Many, like Bingham, will not favor the bill unless reservations provisions included, while others desire complete American withdrawal. To obviate difficulties committee inserted provisions above-mentioned, which in effect postpones final decision for future congressional action.

OSMEÑA.  
ROXAS.

On March 28, General Aguinaldo and former Senators Sumulong and Fernandez wired the commission as follows:

"OSMEÑA,  
"ROXAS,

"Washington, D.C.:

"Please inform Independent Citizens Federation if retention military posts and other United States reservations as proposed in Senate and House bills will be permanent or only during Commonwealth regime."

The Commission's reply is stated in the following cable:

WASHINGTON, D.C., March 29, 1932.

QUAQUAL,

*Manila:*

Following for Aguinaldo, Sumulong, Fernandez: Replying your inquiry regarding military and other reservations, full details appear our cable Quezon, March 22. While under said provisions United States may continue maintaining said reservations during Commonwealth, and after independence, provisions in effect leave determination said question for future congressional action.

If you approve, you may transmit this message together with portion cable March 22, unmarked confidential. Substance of latter may also be communicated to them verbally.

OSMEÑA,  
ROXAS.

Nothing more was said by leaders in Manila about military and other reservations until long after the bill passed the House.

#### THE FORBES AMENDMENTS

In another part of this report all the facts bearing on what have been referred to as the Forbes amendments have been noted. The attitude of the commission on these amendments was expressed in a cable sent to the leaders of the legislature in Manila dated May 26, 1932. In that cable the commission stated partly as follows:

" \* \* \* We of course oppose all amendments curtailing Philippine autonomy, but our main interest is to obtain fixed date independence. Our attitude toward Forbes amendments will depend on what we find imperative to enlist support for consideration and approval bill both in Senate and administration circles."

Supplementing this information, the chairman of the commission, in reply to a request for a statement by the T.V.T. newspapers of Manila, wired the editor of said publications, as follows:

WASHINGTON, D.C., May 30, 1932.

ROMULO,

*Care Tribune, Manila:*

Forbes amendments were originally proposed in letter to Senator WALCOTT without previously consulting mission or any member. After obtaining Forbes' authority Hawes submitted amendments to Senate laying emphasis on significance Forbes support Hawes-Cutting bill and maintaining amendments do not alter materially powers self-government under Philippine Commonwealth. PITTMAN, speaking Senate, also called attention importance Forbes support independence bill characterizing amendments as minor.

Mission has not endorsed Forbes amendments. Mission's attitude on this or other amendments to pending independence bill will depend on what will best insure consideration and approval this session bill granting independence earliest date possible under terms and conditions most favorable Philippine people.

OSMEÑA.  
ROXAS.

In a statement published in the Manila Tribune on May 31, 1932, Senator Hawes was quoted on this subject partly as follows:

" \* \* \* The members of the Philippine mission in reflecting the popular opinion in the Philippines are not in entire accord with the Forbes amendments. They were not consulted before they were proposed. In fact, all the provisions of the Hawes-Cut-

ting bill do not meet with their approval. For instance, they consider the transition period too long and the trade restrictions unduly severe. However, I am confident they do realize that in such a controversial matter as the Philippine problem any solution must take the form of a compromise, especially in this case, where so much misinformation and prejudice prevails. It is hard for the people in the Philippines so far away to grasp this situation with new complications arising almost daily \* \* \*."

Strong opposition was manifested in the Philippines against the so-called "Forbes amendments." The commission, contrary to its previous plan to withhold active opposition to these and other amendments until the bill reached conference, decided openly to oppose said amendments. The attitude of the commission on this question is described in a cable sent to Manila, dated June 3, 1932, which is as follows:

"QUAQUAL,

*Manila.*

"Replying telegram Quezon June 2, we also are and have been against granting powers high commissioner. Leading Members of the Senate duly informed our attitude. However, our friends realize they are not always in position to accept our preferences because of necessity to make reasonable concessions in order to insure passage bill. In view of Hurley, Stimson opposition, Hawes saw need winning support conservative Republicans outside, inside Senate, hence on his own initiative he held conferences with Forbes, requesting him to examine his bill and submit suggestions. Letter, original Forbes letter to Wolcott and Forbes amendments are results these conferences. We took no part these conferences nor were consulted about amendments. Original Forbes letter to Wolcott proposed, among others, appointment auditor by the President and President's approval appointment justice. After learning contents letter we expressed opposition to amendments but Forbes only withdrew amendments regarding appointment justices and modified suggestions regarding auditor. Forbes and Hawes clearly understood mission not endorsing amendments. Following our plan of action previously adopted, we were withholding definite stand awaiting developments. However, in view of your telegram, we have formally advised Senator Hawes our opposition. In our efforts to obtain action bill before adjournment, our friends Senate strongly urge us not to give much importance to details which may delay passage measure. They believe details regarding our government and trade relations during intervening period can be left for determination when bill reaches conference, at which stage we could take proper steps to obtain best possible terms.

"OSMEÑA,  
"ROXAS."

When the bill reached conference the commission pressed its objections to the Forbes amendments, and practically all of said amendments were eliminated and do not appear in the independence act, with the exception of one amendment retained in a radically modified form, namely, the provision authorizing appeals to the President of the United States from the decisions of the insular auditor. The reason which was advanced by some members of the Senate conference committee in insisting upon this provision was for the purpose of preventing cases involving claims by foreigners against the government of the Commonwealth from becoming the subject of diplomatic controversy, which it was feared would be the case if final decision over those matters were left with the officials of the Commonwealth. The appeal to the President of the United States would prevent such cases from becoming other than purely administrative questions. This view was pressed upon members of the Senate committee on the basis of actual cases which had previously occurred in the Philippines.

#### IMMIGRATION

The provisions of the act regarding Filipino immigration to the United States were the result of an understanding between the members of the commission and the committees of the House and the Senate. This understanding was duly communicated to the leaders in Manila in relation with the amendment presented by the commission to the Hare bill, and by their reply the legislative leaders expressed their approval of the stand taken by the commission on the subject. Briefly, this stand was to accept a limitation on immigration of Filipino laborers to America in view of the then prevailing unemployment situation, but to base said limitation on economic and not racial grounds.

#### PLEBISCITE

The commission strongly opposed the plebiscite. Among the amendments proposed by the commission to the Hare bill was the elimination of the plebiscite, and the plebiscite was thus eliminated.

#### THE PERIOD OF TRANSITION

The commission persistently endeavored to achieve independence at the earliest possible date. However, they could not fail to realize the need of a reasonable period of transition to permit Philippine industries and trade gradually to accommodate themselves to conditions that will obtain after independence. Considering the consensus of opinion among Filipino leaders as well as among members of the legislature, the commission accepted the 10-year period. The commission would have preferred the 8-year period in the House bill, but members of the Senate conference committee refused to yield on this point and only with great reluctance agreed to a shortening of the period from 12 to 10 years. In relation to this question, the commission had in mind particularly the report of President Quezon to the legislature, General Aguinaldo's letter to Senator Hawes published in the ap-

pendix of Senator Hawes' book, and the resolutions of the Philippine Commission of Independence communicated to the commission in Washington in a cable dated December 17, 1932, which is attached to this report as appendix II. In said resolution the Philippine Commission of Independence impliedly expressed approval of a transition period provided it did not exceed 10 years.

The plan to send Senator Aquino to Washington was adopted by the legislature on November 9, 1932. Although he left on the first available transportation for America, the commission feared that to await his arrival might prevent effective action to obtain approval of amendments suggested by members of the legislature. The commission, on the basis of reports published in American newspapers revealing Senator Aquino's instructions, drafted a series of amendments to the Senate bill and submitted them to Senator King with the request that he introduce them and give them his support. Senator King graciously agreed to take the amendments under consideration and informed the commission that he would present the amendments which in his judgment he felt justified in supporting. These amendments have been inserted in another part of this report, chapter VIII, pages 2 to 8.

The facts above stated conclusively show:

- (1) That the stand of the commission on all fundamental questions was in accordance with the resolution of the legislature.
- (2) That the commission at all times endeavored to ascertain the opinion of the legislative leaders in Manila as to the provisions of the independence bills and gave due weight and consideration to their views.
- (3) That the provisions of the independence act have been approved or, at least, not objected to by the said legislative leaders.

#### *Chapter XVII. Newspaper opinion in the United States*

Fifty-seven percent of the principal daily newspapers in the United States opposed, and only 27 percent of them favored Philippine independence under the terms of the bills considered by Congress in 1932-33. This is disclosed by a careful scrutiny of their editorial expressions during the 14 months from December 1931 to the end of January 1933.

The editorials in question were culled out from a total of 582 (30 percent) of the 1,912 daily newspapers published in the United States in 1931, as listed in the International Year Book of the Editor and Publisher for 1932. These papers speak for the several political parties—Democratic, Republican, and Socialist—and for independent groups. They represent the various geographical sections and industrial interests of the North, South, East, and West. They are powerful influences in forming and directing American public opinion.

It ought to be said at the very beginning that most of the papers which condemned and opposed the Hare-Hawes-Cutting bill were hostile to independence as such, and would not have supported any other measure, providing for independence no matter what its terms might have been. This is true of all the 30 publications of William Randolph Hearst in the States of Massachusetts, New York, Maryland, Georgia, Texas, Illinois, Michigan, Wisconsin, Washington, and California, and the District of Columbia. It is true also of the Boston Transcript, the Providence Journal, the Hartford Courant, the New York Herald Tribune, the New York Times, the New York Evening Post, the Ledger, the Inquirer, and the Bulletin of Philadelphia; the Post of Washington, D.C.; the Buffalo Courier; the Plain Dealer and the Press of Cleveland; the Cincinnati Enquirer, the Detroit Free Press, the Chicago Tribune, and the Chicago Daily News; the St. Louis Globe-Democrat, the Kansas City Journal-Post, and the Portland Oregonian.

This journalistic opposition was by no means confined to Republican newspapers or to those of particular regions of the United States. It was widespread and quite as vigorous in the South, where the Democratic Party is strongest, as it was in the Northeast, where the Republican Party is ordinarily dominant.

Of great significance was the reversal of viewpoint by many papers after the enactment of the independence bill became probable in July 1932. Many journals which had voiced approval of independence before the Hare bill passed the House (by a vote of 306 to 74) subsequently withdrew their support, and a considerable number—in the agricultural West, and elsewhere—not merely deprecated the form in which this measure proposed to grant independence, but questioned the wisdom of American withdrawal from the Philippines. For this change of front these newspapers offered various explanations. Chief among the pretexts by which they sought to justify their volte face were (a) the inability of the Filipinos to achieve economic independence; (b) the danger of Japanese conquest of the islands after their relinquishment by the United States; (c) the seeming lack of unanimity and concert on the part of the Filipino people; (d) the inopportune of severing the Philippines from the United States in the midst of a world-wide economic crisis.

At the end of June 1932 a survey of editorials published by some 372 important newspapers revealed, among other things, that (a) most of them abstained from any commitment, either for or against independence; (b) that those favoring independence, though not so numerous as those opposing it, were more representative geographically; (c) that of the 372 mentioned, no paper theretofore friendly to independence had changed from advocacy to opposition.

The more obvious it became that the Senate would approve some sort of independence bill, the larger grew the number of papers voicing dissent. Accordingly, journalistic antagonism to the pending bill reached its maximum at the moment of its passage by the Senate.

Early in 1932 the 25 Scripps-Howard papers indicated in their editorial commentaries a strong prepossession for Philippine independence. Their support of the cause seemed in keeping with their liberal policy. But not only did they not aid the bill while its passage by the Senate was still problematical, but they bitterly assailed it and left the impression that Philippine independence might well be postponed indefinitely—in the interest of the Filipino people. Certain other newspapers might be included in the same category. Some of the most conspicuous of these were the Morning Sun and the Evening Sun, of Baltimore; the Brooklyn Eagle, the Des Moines Register, and the several dailies in Minneapolis and St. Paul.

The true attitude of numerous large and influential papers which opposed independence is to be found in their editorial estimates of the Hare bill and the Hawes-Cutting bill, respectively. They condemned the former because it contemplated independence in 8 years, that is, too precipitately. A few months later they denounced the Hawes-Cutting bill because it proposed complete independence in 12 years, that is, too procrastinatingly. They called the Hare bill "unfair" and "cruel" to the Philippines because it would sever them from the United States too abruptly; they applied the same epithets to the Hawes-Cutting bill because it delayed separation too long.

Certain newspapers in the Middle West were quite frank in their advocacy of immediate independence as a means of relief to agriculture in their respective regions. They made their motive plain. When it became evident that Congress would not grant independence at once and make Philippine products subject to the American tariff, these papers withdrew their support and—in most cases—demanded a curtailment of free imports from the islands and even a tax on some of these, notably copra and coconut oil. Such was the attitude of the most influential newspapers of Minnesota. By the time the bill passed the Senate, the papers of Minnesota were opposing it in the proportion of 8 to 2. In Wisconsin the proportion was 8 hostile to 5 favorable; in Iowa it was 6 to 3; in Michigan 17 to 7; in Nebraska 5 to 3; in Missouri, 6 to 3; and in Kansas, 6 to 1. These States representative of the agricultural West thereby expressed their opposition to the bill because in their opinion it failed adequately to protect American agriculture.

The Democratic Party has been committed to Philippine independence for more than 30 years, and in its latest platform renewed its commitment advocating independence for the Philippines. Undoubtedly that party's historic policy influenced the votes of many Democratic Senators, and Representatives. But it had little effect on Democratic newspapers, including those in the South. The press of Virginia, the home of the late author of the Jones law, was against the enactment of the Hare bill or the Hawes-Cutting bill in the ratio of 7 to 6. Three of the four most powerful papers in South Carolina, one of whose Representatives in Congress was the author of the House bill, opposed its measure and the Hawes-Cutting proposal as well. At the time the Hare bill passed the House, John N. Garner of Texas was Speaker. When Congress passed the Hare-Hawes-Cutting Act, he was Vice-President-elect. Yet the press of Texas was almost uniformly adverse to Philippine independence according to either formula. The papers there fought both bills in the ratio of 10 to 4. The proportion of hostile to friendly papers in each of the other Southern States follows: Alabama, 3 to 2; Arkansas, 1 to 1; Florida, 3 to 6; Georgia, 2 to 3; Kentucky, 4 to 2; Louisiana, 3 to 1; North Carolina, 8 to 3; Oklahoma, 2 to 2; Tennessee, 5 to 2. Only four Mississippi papers were represented in the survey on which this analysis is predicated. All of them vigorously attacked the bills before Congress in 1932-33.

The papers in certain communities having a large aggregate of votes in Congress were almost unanimous in their opposition to the several proposals for Philippine independence considered by Congress in 1932-33. Nine of the 12 leading dailies in Greater New York were actively hostile; 5 of the 8 in Boston; 5 of the 6 in Chicago; 4 of the 6 in Philadelphia; all 4 of those in Detroit; the 3 in Cleveland; all 4 of those in San Francisco and Oakland; all 4 of those in Los Angeles; 2 of the 3 in St. Louis, and all 5 of those in the District of Columbia opposed the enactment of these bills. It needs to be explained that those papers omitted from the list of those hostile are not therefore to be designated as friendly. Some of them were simply indifferent, or at least silent. For example, 3 of the 8 papers in Boston, and 1 of the 6 in Chicago recorded no editorial opinion respecting independence.

By way of summary these facts may be given: Of the southern papers covered in this canvas, 62½ percent declared themselves against the Hare bill, the Hawes-Cutting bill, and the composite measure finally enacted by Congress. Some of the most important of these papers, including the Atlanta Constitution, the New Orleans Times-Picayune, the Dallas News, the Houston Chronicle, the Houston Post-Dispatch, the Memphis Commercial Appeal, the Nashville Tennessean, the Louisville Courier Journal, the Richmond News-Leader, and the Richmond Times-Dispatch opposed independence itself. Papers expressing editorial views on the subject were most numerous in New York State—58 in all. The number of hostile papers was greater in New York than in any other State—42. In the three States of the Pacific coast, Washington, Oregon, and California, 27 papers opposed and only 6 supported the legislative proposals for independence considered by the Seventy-second Congress.

It is difficult to determine fully and fairly the motives which inspired newspapers to further or to hinder Philippine inde-

pendence. It may justly be asserted that much of the journalistic animus toward independence is traceable to selfish interests which either own or dominate many American publications. Among these interests are (a) banks concerned with their own or their clients' investments in the Philippines—in public utilities, in Philippine bonds, in the securities of private corporations engaged in Philippine industry or commerce, etc.; (b) exporters and importers who wish the present trade relations between the United States and the islands continued; (c) elements which regard the retention of the Philippines as indispensable to American commerce in the Far East and even vital to the prestige of the United States in that quarter of the world; and (d) miscellaneous institutions and individuals, such as those in the Philippine-American Chamber of Commerce. There were, of course, wholly honest and sincere opponents of independence. They founded their opposition on one or more of the following grounds: Fear that the relinquishment of the Philippines at this juncture or in the near future would mean their annexation by Japan; conviction that the Filipino people are not politically or economically prepared for the duties and responsibilities of separate national existence; persuasion (as in the case of the New York Herald Tribune) that Congress is without constitutional power to alienate the Philippines; belief that it is the duty of the United States to retain the islands not only for its own advantage but also for the benefit of the Filipino people.

It is difficult, if not impossible, to explain the relative impotence of a majority of the American press to marshal public opinion and congressional votes against the enactment of any measure granting independence to the Philippines. In times past any such widespread, vigorous, and relentless opposition of American papers to Philippine independence or any other project would have foreordained its defeat. It is quite probable that preoccupation of the average citizen with his own affairs in an era of great stress, and also the solidarity of the labor and agricultural elements which favored Philippine independence, influenced Congress more than did the newspapers. Unquestionably some of the principal correctives to the adverse attitude of the leading American journals was the publicity campaign conducted by the Philippine commission, the presentation of testimony to committees of Congress, the dissemination of information to individual Senators and Representatives, and the publication of books and studies dealing with the Philippine question. Helpful also were the speeches for independence inserted in the CONGRESSIONAL RECORD; the support by important personages of the movement for Philippine nationhood; addresses over the radio and in other public forums; correspondence with editors of newspapers, whether or not these were friendly to the cause. In brief, by keeping the American pledge and the Filipino aspirations constantly before the American people and of their legislators, the adverse opinion of the newspapers was successfully offset.

The opposition of the newspapers which heretofore have resisted Philippine independence has not ceased, though it now finds fewer occasions for expression than formerly while the issue was yet with Congress. These papers still take every opportunity—the appointment of Governor General Roosevelt's successor, his final official report, his departure from the islands, the news of killings by Moros, utterances of Filipino leaders with respect to the independence act, the proposal for allotment of sugar imports, etc.—to renew their attacks. They are quick to allege Filipino dissatisfaction with the independence act as justification for their own hostility to it. The Filipino people, with due regard to their future, can ill afford to allow this hostile propaganda to go on unchecked and unchallenged.

*Chapter XVIII. Prospects of independence if the independence act were rejected*

It is, of course, impossible to forecast with absolute certainty the prospects of achieving independence legislation during the present administration should the legislature or a convention called for the purpose fail to accept the present independence act. All indications, however, point strongly to the conclusion that a rejection of the independence act would be construed in the United States as an expression of opposition to independence, and for this reason it would be very difficult to obtain consideration by Congress of another independence bill. This interpretation of the failure to accept the act is considered justified in the United States because of the conviction entertained by the Members of the House and the Senate who took part in the formulation of the bill and the deliberations which took place in relation thereto that Congress had actually accomplished in as satisfactory a manner as could be expected, a sound, rational, and realistic solution of the problem of Philippine independence, which fact they think the Filipino people cannot fail to realize. Hence, a rejection of the bill cannot be received in the United States except as a vote against independence.

The remarks of Senator PITTMAN on the floor of the Senate just before the vote was taken to override the President's veto are very significant. Senator PITTMAN said:

"I say to you, Mr. President, that it has been imperialism, small as the minority representing it was, that has delayed for twenty-odd years, since I have been a member of the Committee on Territories and Insular Affairs, every effort not only of the Filipino people but of our own people to carry out our pledges and to consummate and execute our trust. I say now that the same influence moving from this body, moving from this Government to the government of the Philippine Islands and to the Philippine people will make its last stand there. The imperialists appeal to every selfish interest in this country against this legisla-

tion; they appealed to both sides of the question; they appealed to every side of the question. They used every lobbyist in every cause and every policy connected with the problem to the end of bringing about a disagreement and failure of action. We were fortunate in the Congress of the United States this time. We had a committee in the other House and a committee in the Senate that were harmonious before the bills were actually drawn. They themselves participated together in the drafting of the original act, and when it came to the final adoption of the measure in conference every member of those two committees was so imbued with the idea that this was possibly the last chance we would have in years, as has been previously stated, that they surrendered some of their own desires in this matter, some of their own theories, so that they might get together. Thus, we have reached the greatest compromise, the fairest compromise both to the people of the Philippine Islands and to our own people that has ever as yet been suggested, in my opinion, and which ever can be accomplished.

"I wish to appeal to the Philippine people, because I have the deepest affection for them. I was in the Philippine Islands summer before last with the Senator from Missouri [Mr. Hawes], accepting their hospitality everywhere, and I know that they are a hospitable, lovable, peaceful, and loyal people, and I wish them every happiness and every success. I want the friendly relations that have existed during all the years of our possession of the Philippines to continue and to grow, as they should continue and should grow. Yet I can see on the horizon there a cloud that is growing, the cloud of distrust that is being stimulated in the minds of the people of the Philippine Islands. I can see that the old spirit of selfishness is being aroused there by imperialists. They are stimulating in the minds of the Philippine people the hope that they can get something better, they say; the hope that they can get immediate independence or early independence and yet at the same time retain some of their present economic relations with the United States. I want to say that such people in the Philippine Islands do not understand the situation in the United States and in the Congress of the United States; they do not understand the unselfishness of our people, the unselfishness of our Congress, that has been demonstrated by the care we have taken in this act for the future welfare of the Philippine people. I know that every member of our committee was unselfish. Differing, as they may partially have done, with regard to the time for ultimate independence, they were unselfish in that they were looking after the interests of the Filipino people. But I hear today voices coming almost silently, so low that one may hardly hear them, moving across the Pacific from another little group in the Philippine Islands, a little group of politicians, a little group who do not represent the Filipino people. They are whispering that if this legislation shall not be accepted by the Filipino people, then those who are doing the whispering will be able to obtain far better conditions for the Filipino people; that they will probably be able to obtain what Aguinaldo wanted—that is, almost immediate independence, with free trade for 10 years thereafter. That was his proposition. That, however, would not be considered fair by the people of the United States; it would not be considered fair by me, and I would vote against it."

Senator BORAH, than whom the Filipino people could find no greater sympathizer for their aspiration in Congress, in a speech on the veto message expressed confidence that the Philippine people would show willingness to shoulder the burdens and responsibilities which will come to them after independence. To the suggestion that the Filipino people would not be inclined to shoulder those burdens, Senator BORAH replied:

"Unless we are prepared to say to this people, and they are prepared to say to themselves, that they shall take their chances in the competitive conditions which are to arise, we may as well dismiss the question of independence and say to the Filipino people, 'You shall remain a part of the United States. We will no longer discuss the subject.'"

Senator LA FOLLETTE who, like his illustrious predecessor, has championed Philippine freedom, before the passage of the bill over the President's veto made the following statement on the floor of the Senate:

"Furthermore, in view of the long study given this question, in view of the time taken by the legislative bodies at this end of the Capitol and of the other, I venture the assertion that if this measure be defeated here this afternoon years will go by before it is once more presented in a form in which it may hope to receive favorable action by the Congress. In fact, I am so convinced in my own mind that it is 'now or never' so far as ultimate independence is concerned that I would have compromised even further concerning the length of time that this intermediate period is to run rather than to see the legislation fail at this session of Congress."

These statements made by recognized leaders of the United States Senate indicate the views of the Members of Congress. Other evidences exist of a positive and conclusive character. These expressions come directly from the chairmen of the committees of the House and the Senate who, more than any other Member of Congress, will be called upon to deal with any independence legislation, at least during the next 4 years.

Senator TYDINGS, Chairman of the Committee on Territories and Insular Affairs of the Senate, in a statement to the Associated Press on April 29, 1933, had the following to say on this subject:

"In my judgment the Philippine independence bill just passed is as favorable a bill to the Filipinos as can be passed through Congress. I was one of those who tried to keep out of the bill every discrimination against the people of the Islands, and having

demonstrated my friendship in this fashion for their cause, let me say that it is not only doubtful if another bill as acceptable to them as this one can be passed, if they reject it, but it is doubtful if any bill dealing with Philippine independence will again be considered—certainly not for a very long time, because the rejection of this bill by the Filipinos will be construed by the people of the United States as indicating they do not want independence."

Congressman McDUFFIE, Chairman of the Committee on Insular Affairs of the House of Representatives, in a statement made to the Associated Press on May 1, 1933, soon after the departure from Washington of the mixed mission headed by President Quezon, said the following:

"Rejection of the Hawes-Cutting Act by the Philippine legislature or a convention would convince the American people that the Filipinos do not really want independence. In this event, it would be inadvisable at any time in the near future for the Filipinos again to petition Congress for freedom."

In an effort to determine the prospects of a reopening by Congress of the question of Philippine independence in case the independence act were rejected, the commission, before their return to the islands, took the necessary steps to sound the opinion of the present administration. The result of the conference which the commission held with officials of the administration convinced them of the correctness of the views expressed by the chairmen of the committees of Congress already referred to.

The commission also found that the prevailing opinion in administration and other circles was that a rejection of the independence act would not only result in the failure to obtain independence legislation for several years but would create a very serious danger of action being taken by Congress imposing restrictions on Filipino imports to America and Filipino immigration to the United States, at least to the same extent, if not in a greater measure, than the restrictions prescribed in the independence act.

#### *Chapter XIX. Acknowledgments*

It is with a profound sense of duty that the members of the commission wish to make of record the gratitude which the Filipino people and the commission owe to leaders and members of both the House of Representatives and the Senate of the United States for their generous, unselfish, and painstaking efforts to aid the Filipinos in their quest for independence.

The President of the United States, the Secretary of War, the Chief of the Bureau of Insular Affairs, and other officials of the Hoover administration, while opposed to any independence legislation, have at all times accorded to the commission courteous and considerate attention. Every information in their possession or facility needed by the commission in the performance of their task was readily made available.

The representatives of farm groups and of labor organizations in Washington likewise deserve the thankfulness of the Filipino people. Their support of the principle of independence proved of great value in creating public interest necessary for the consideration and passage of the act. Despite the fact that in many instances the opinion of farm representatives differed from the views of the commission, they always maintained friendly relations. This was particularly true as regards the officials of the American Federation of Labor, especially President Green and Mr. W. C. Hushing, one of the legislative representatives of that organization.

While it may be unnecessary to make special mention of the names of certain Senators and Members of the House of Representatives who, to a greater degree than others have shown interest and sympathy in behalf of Philippine independence, the commission cannot refrain from making of record the special indebtedness of the people of the Philippine Islands to Senator Hawes, Senator Cutting, Representative Hare—authors of the independence act—and to Senator Pittman, Senator Bingham, Senator Robinson of Arkansas, Senator Borah, Senator Tydings, Senator Norris, Senator La Follette, Senator Metcalf, Senator King, and Congressmen Lozier, Milligan, Welch, and Bankhead. The support of Floor Leader Rainey and Speaker Garner were of determining influence. They are entitled to our people's acknowledgment.

When history records the events which took place in the United States in the course of the struggle which resulted in the approval of the independence act, and when, in accordance with the provisions of this law, the Filipino people shall, as they most assuredly will, if they want it, fulfill their century-old aspiration for freedom and independence, the names of these men will be mentioned among those whom the Filipino people will in gratitude treasure with well-deserved praise and obligation as the liberators of their nation.

Among all these and standing above others in the just estimation of all his colleagues in Congress, the commission render their highest tribute to Senator Harry B. Hawes, the devoted leader in Congress in the movement to free the Filipinos. Senator Hawes spared neither time nor efforts in securing the passage of the independence act. He deserves the unbounded and everlasting gratitude of the Filipino people.

#### *Chapter XX. Recommendation*

The Philippine Commission, conscious of their duty and responsibility, and with a feeling of the strongest desire to achieve the independence of the Philippine Islands at the earliest date possible and the most favorable conditions obtainable under the present circumstances, earnestly and unanimously recommend the acceptance of the independence act.

In making this recommendation the commission are actuated mainly by the following reasons:

(1) The Independence Act sets a date, fixed and certain, for Philippine independence.

(2) Any independence legislation must necessarily be a compromise of the many conflicting opinions and interests that are involved in the different phases of the problem. With this fact in mind, the commission believe that the independence act, under the circumstances, was the best obtainable for the Filipino people.

(3) The commission are convinced that the Independence Act was passed by the Congress of the United States in a spirit of sincere friendship for the Filipino people and in deep sympathy for their aspirations. This belief convinces the commission that, if in the course of the relationship between the United States and the Philippines resulting from the operation of the Independence Act any of its provisions should prove unjust or unfair or unduly burdensome to the Filipino people, there is every reason to expect that Congress, upon knowledge of such facts, would take steps to do justice to the Philippine nation. The commission likewise believe that if any provisions should require clarification in order to avoid a possible interpretation harmful to Philippine interests or incompatible with the fundamental purposes of the law, said clarification can be secured after acceptance of the law.

(4) As a practical proposition immediate independence commands very little support in Congress. A consideration of all the problems involved in Philippine independence has convinced the majority of the Members of that body that immediate independence will result in the ruin and collapse of the economic system of the Philippines. For this reason, the Members of Congress consider it a sound policy, accepted even by the representatives of farm and labor elements, that the independence of the Philippine Islands be preceded by a transition period to permit the adjustment of economic conditions in the Philippines and of trade relation with the United States. The independence act is regarded by the Members of Congress as fulfilling this policy, and its rejection cannot give way to any expectation that a different law granting independence may be passed in the future.

(5) A rejection of the Independence Act would set back Filipino struggles for independence many years. In the eyes of many Americans, rejection will confirm the insidious propaganda conducted by opponents of independence that the Filipino people do not really desire independence. Rejection would not prevent the imposition of restrictions upon Philippine immigration into the United States, or upon free Philippine exports to America, all these without a settlement of the question of independence.

(6) Acceptance of the law will not prevent the Filipino people from subsequently petitioning Congress for a modification of its provisions, if such modification were desired by them.

(7) The present uncertainty as to the political future of the Filipino people is a great obstacle to their progress and happiness. The duality of responsibility which exists in the Government under the Jones Act is unsatisfactory to them. The continued agitation against the free entry of Philippine products in the United States has checked the economic development of the islands. The movement in the United States against Filipino immigration has caused misgivings and resentments among the Filipino people. The independence act solves all these problems. The act solves them finally and completely. It does away with the present uncertainty and insures the advent of independence on a definite date.

(8) The independence act, viewed in the light of all the circumstances which attended its passage is a fair and just law. It assures the fulfillment of Filipino aspirations. If burdens and hardships result from this grant of independence, these are among those which must be faced by all nations who desire to be free. The Filipino people cannot begrudge such sacrifices. However painful they might be, they will never equal the price other people have paid for liberty and independence.

(9) The Filipino people for centuries have aspired for their freedom. For more than a generation they have been struggling for their independence from America through the instrumentalities of peace and self-government. Independence is now offered them. This offer cannot be rejected by the Filipino people without being untrue to their history. The independence act must be accepted.

Respectfully submitted,

SERGIO OSMEÑA.  
RUPERTO MONTINOLA.  
EMILIANO TIRONA.  
MANUEL ROXAS.  
PEDRO SABIDO.  
PEDRO GUEVARA.  
CAMILO OSIAS.

Mr. CUTTING. Mr. President, I do not desire to take the time of the Senate at this late hour, but as one of the sponsors of the original legislation I feel that perhaps I ought to say a word of concurrence in what has been so well said, both by the Senator from Nevada [Mr. PITTMAN] just now, and by the Senator from Maryland [Mr. TYDINGS] yesterday.

This bill was studied with exceptional care by committees of both Houses of Congress. We had hearings; we had subcommittee and full committee meetings, lasting in all some 18 months. The bill was debated on the floor of the

Senate for something like 1 month. I do not believe that we are ever going to have a chance of getting more adequate Philippine legislation. When I say "more adequate Philippine legislation" I mean legislation which would be more apt to command itself both to the people of this country and to the people of the Philippine Islands.

I have never maintained that this was an ideal bill. It is very different in some features from the bill which the former Senator from Missouri [Mr. Hawes] and I originally introduced. We had to meet the demands of different sections of public opinion represented, as was entirely proper, through their Representatives in the two Houses of Congress. Yet, after debating it, both Houses decided overwhelmingly to adopt the legislation in its final form.

To my mind the situation has changed in no material respect except that the present bill is a slight improvement over the old one in that it leaves out an objectionable sentence which gave the United States permission to maintain military bases after independence. I think that was an immaterial provision of the old bill, because I do not believe that under any circumstances the United States would have availed itself of that privilege. However, insofar as there is a change, it is a change for the better.

The Senator from Michigan [Mr. VANDENBERG] yesterday in his able argument kept repeating that this is "the same old bill." He said, "It is the same old bill which was vetoed by President Hoover, the same old bill which was pilloried by the American press, the same old bill against which American agriculture protested, and the same bill which was assaulted by those who believe in an estoppel against successful development of American oriental trade."

That is true. I quite agree with what the Senator from Michigan said. I want to emphasize that this is the same old bill which was discussed and studied and worked over by hard-working committees in both Houses of Congress.

It is the same bill which was finally agreed on by such conservatives as the former Senator from Connecticut [Mr. Bingham], at that time chairman of the committee; by such distinguished Democrats as the Senator from Nevada [Mr. PITTMAN], present Chairman of the Foreign Relations Committee; by the Senator from Rhode Island [Mr. METCALF], the Senator from Maryland [Mr. TYDINGS], present chairman of the Committee on Territories and Insular Affairs, and a number of others. The junior Senator from Michigan [Mr. VANDENBERG] himself contributed very largely to the final form of the bill as introduced in the Senate, even though he found it impossible to concur fully in the result of the deliberations of the committee.

This is the same bill, Mr. President, which was debated for a month in this body.

It is the same bill which some agricultural associations opposed on the ground that it gave too much to the Philippine agricultural interests.

It is the same bill which many friends of Philippine independence opposed on the ground that it gave too much consideration to American agricultural interests.

It is the same bill which Secretary Hyde denounced because it was too favorable to the Philippine people at the expense of our farmers.

It is the same bill which Secretary Lamont, on the same day, denounced because it would wipe out Philippine commerce at the behest of the agricultural interests of this country.

It is the same bill which was vetoed by President Hoover and was passed over his veto by considerably more than a two-thirds majority in both Houses of Congress.

It is the same bill which the Philippine delegation, representing at that time all parties in the Philippine Legislature, endorsed on the ground that it was the best legislation that could be obtained.

It is the same bill which at that time Senator Quezon, who was not in Washington during these deliberations, opposed, because he thought the Philippine Islands might conceivably get something better.

It is the same bill which, after coming to Washington, Senator Quezon has decided is the best measure possible to

obtain by agreement between the people of this country and the people whom he represents.

To my mind, the fact that it is the same bill is an overwhelming argument for its passage in substantially this form.

There has been a great deal of discussion about Senator Quezon's attitude and his apparent change of front. I believe that what Senator Quezon says in his letter is in the main true, that at least one of the principal objections which he made to the bill is an objection which now has been removed. But let us grant that Senator Quezon may have changed his mind. That certainly is a privilege which all of us have and a privilege which sometimes is a mark of a high degree of statesmanship.

It is one thing to be thousands of miles from the scene of action and to feel that one can obtain for one's own people something which another political party or another faction has been unable to obtain. It is quite another thing to come on the ground one's self, feel out the situation for one's self, and decide that one had better accept the maximum of what it may be possible to obtain for one's own people.

I do not intend, of course, to speak for Senator Quezon, or to explain what seems to me, I confess, in some respects his change of view; but I cannot think that is a material element in the action which the Senate of the United States should take in this matter, now or at any other time.

One great objection has been removed from the bill. Moreover, if the bill should work out to the detriment of the Philippine people, they have the right, and no one would attempt to deny them the right, to appear before subsequent Congresses and state their point of view; and naturally anyone who favors justice and fair dealing between peoples will concede that Congresses in the future should give them a sympathetic audience and honorable treatment.

Now, however, I want to emphasize the situation which exists. For the first time we not only have a bill which has been essentially endorsed by both Houses of Congress, but we have a bill which is accepted with considerable enthusiasm in the main by all responsible elements of the Philippine people. We may never again have such an opportunity; and it is for that reason more than any other that I appeal to Senators to sink their personal likes and dislikes in favor of the objective of getting a real independence bill across, because to my mind this is essentially a real measure of independence, and it is one under which independence will come within a definite period of years.

If we change the bill as reported here in any material respect, such as is contemplated either by the substitute offered by the Senator from Michigan or by the substitute offered by the Senator from Utah, we shall have something as to which we cannot guarantee whether it will ever produce any definite results, or whether we shall not have the same problem on our hands at this session and at a number of sessions in the future.

I could write a bill which would appeal to me personally better than this one; but if I did so I am quite certain that it would offend more Members of the Senate than it would please. We have tried this one out. It has gone through the test of committee and of Senate debate, and I am confident that it is the only kind of a bill which can pass the Senate of the United States and the House of Representatives and help the Philippine people to as great an extent as they are helped by the pending legislation. Any other bill, in my judgment, will be a bill which will be less fair to the Philippine people, whom it is the original purpose of this act to free.

My whole interest in the matter from the start has been, as I think Senators know, a desire to free a subject people who desire freedom. It might be desirable to do it more briefly. It might be desirable to do it through other methods or through another kind of legislation; but I submit that we are here as practical statesmen and that we have sought to consider not only what is an ideal objective but what is a practical measure of justice and decency.

It is because I want these subject people to be released from a dependence which they do not desire that I beg the

Members of the Senate to reject all amendments and all substitutes and let us get independence on what I believe to be the best available terms.

The VICE PRESIDENT. The question is on the amendment, in the nature of a substitute, offered by the Senator from Michigan [Mr. VANDENBERG]. On that question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. ADAMS (when his name was called). On this question I have a pair with the senior Senator from Idaho [Mr. BORAH]. If he were present and voting, he would vote "yea"; and if I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], which I transfer to the senior Senator from Delaware [Mr. HASTINGS], and vote "yea." I understand that if present the Senator from Virginia would vote "nay."

Mr. CUTTING (when Mr. LA FOLLETTE's name was called). The senior Senator from Wisconsin [Mr. LA FOLLETTE] is unavoidably absent from the city. If present, he would vote "nay."

Mr. ROBINSON of Indiana (when his name was called). Repeating the announcement with reference to my general pair with the junior Senator from Mississippi [Mr. STEPHENS], in his absence, not knowing how he would vote on this amendment, I withhold my vote.

Mr. VAN NUYS (when his name was called). I have a general pair with the junior Senator from Maine [Mr. WHITE]. Not knowing how he would vote on this amendment if present and voting, I withhold my vote.

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McANOO]. In his absence I withhold my vote. If I were at liberty to vote, I would vote "yea." I am informed that if present and voting the Senator from California would vote "nay."

The roll call was concluded.

Mr. ROBINSON of Arkansas. I desire to announce that the senior Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. LEWIS], the Senator from Montana [Mr. WHEELER], the junior Senator from New York [Mr. WAGNER], the Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the Senator from California [Mr. McAPOOL], the Senator from Nevada [Mr. McCARRAN], and the Senator from Mississippi [Mr. STEPHENS] are necessarily detained from the Senate on official business.

Mr. FESS. I desire to announce the following general pairs:

The senior Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER];

The junior Senator from Maine [Mr. WHITE] with the Senator from Indiana [Mr. VAN NUYS];

The Senator from West Virginia [Mr. HATFIELD] with the Senator from Florida [Mr. FLETCHER];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER]; and

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS].

I am informed that if present and voting the senior Senator from Maine [Mr. HALE], the Senator from Delaware [Mr. HASTINGS], the junior Senator from Maine [Mr. WHITE], the Senator from West Virginia [Mr. HATFIELD], the Senator from Missouri [Mr. PATTERSON], and the Senator from Rhode Island [Mr. HEBERT] would vote "yea." I am also informed that the Senator from Montana [Mr. WHEELER], the Senator from Florida [Mr. FLETCHER], and the Senator from Illinois [Mr. LEWIS] would vote "nay" if present and voting.

Mr. ROBINSON of Arkansas (after having voted in the negative). I transfer my general pair with the senior Senator from Pennsylvania [Mr. REED] to the junior Senator from Nevada [Mr. McCARRAN], and allow my vote to stand.

The result was announced—yeas 24, nays 49, as follows:

#### YEAS—24

Austin	Coolidge	Goldsborough	Reynolds
Barbour	Davis	Kean	Schall
Black	Dickinson	King	Shipstead
Bone	Dill	Long	Steiner
Capper	Fess	Norris	Townsend
Carey	Frazier	Nye	Vandenberg

#### NAYS—49

Ashurst	Costigan	Keyes	Robinson, Ark.
Bachman	Couzens	Logan	Russell
Bailey	Cutting	Lonergan	Sheppard
Bankhead	Dieterich	McGill	Smith
Barkley	Duffy	McKellar	Thomas, Okla.
Brown	Erickson	McNary	Thomas, Utah
Bulkey	George	Metcalf	Thompson
Bulow	Gibson	Murphy	Trammell
Byrd	Gore	Neely	Tydings
Byrnes	Harrison	O'Mahoney	Walsh
Caraway	Hatch	Overton	
Clark	Hayden	Pittman	
Connally	Johnson	Pope	

#### NOT VOTING—23

Adams	Hastings	McCarran	Van Nuys
Borah	Hatfield	Norbeck	Wagner
Copeland	Hebert	Patterson	Walcott
Fletcher	La Follette	Reed	Wheeler
Glass	Lewis	Robinson, Ind.	White
Hale	McAdoo	Stephens	

So Mr. VANDENBERG's amendment in the nature of a substitute was rejected.

Mr. KING. Mr. President, I offer an amendment in the nature of a substitute.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and to insert the following:

That the Philippine Legislature is hereby authorized to provide for the election of delegates to a constitutional convention, which shall meet in the hall of the house of representatives in the capital of the Philippine Islands at such time as the Philippine Legislature may fix, not earlier than 8 months and not later than 1 year after the enactment of this act, to formulate and draft a constitution for a free and independent government of the Philippine Islands. The Philippine Legislature shall provide for the necessary expenses of such convention.

SEC. 2. The constitution formulated and drafted by the constitutional convention shall, either as a part thereof or in an ordinance appended thereto, provide substantially as follows:

(1) That the property rights of the United States in the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippine Islands.

(2) That the debts and liabilities of the Philippine Islands, its Provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the approval of the proposed constitution, shall be assumed by the government established thereunder; and that where bonds have been issued under authority of an act of Congress of the United States by the Philippine Islands or any Province, city, or municipality therein, the Philippine government will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations shall be a first lien on the taxes collected in the Philippine Islands.

(3) That the officials elected pursuant to the provisions of this act for the Philippine government to be formed under the constitution thereof shall be constitutional officers of said government and qualified to function in all respects as if elected directly pursuant to the provisions of the constitution, and shall serve their full terms of office as prescribed in the constitution.

(4) That by way of further assurance the government of the Philippine Islands will embody the foregoing provisions (except par. 3) in a permanent treaty with the United States.

SEC. 3. If a constitution is formed in compliance with the provisions of this act, the said constitution shall be submitted to the people of the Philippine Islands for their ratification or rejection at an election to be held within 6 months after the completion of the constitution, on a date fixed by the Philippine Legislature, at which election the qualified voters of the Philippine Islands shall have an opportunity to vote directly for or against the proposed constitution, or for or against any proposition separately submitted. Such election shall be held in such manner as may be prescribed by the Philippine Legislature, to which the return of the election shall be made. The Philippine Legislature shall by law provide for the canvassing of the return, and if a majority of the votes cast on that question shall be for the constitution, shall certify the result to the Governor General of the Philippine Islands, together with a statement of the votes cast thereon, and upon separate propositions, and a copy of said constitution, propositions, and ordinances.

SEC. 4. The Governor General of the Philippine Islands shall, within 6 months after the receipt of such certification, issue a proclamation for the election of the officials provided for in the constitution, such election to take place not earlier than 6 months

nor later than 8 months from the date of the proclamation of the Governor General. The election of such officials shall be held in such manner as may be prescribed by the Philippine Legislature.

SEC. 5. The returns of the election of the officials for the independent government of the Philippine Islands shall be certified by the Governor General of the Philippine Islands to the President of the United States, who shall, within 3 months after the receipt of such certification, issue a proclamation reciting the facts of the formation of the constitution for the Philippine Islands and the election of the officials provided for in such constitution as hereinbefore provided, announcing the results of such election and designating a time, not earlier than 4 months and not later than 6 months after the date of the issuance of such proclamation, when the government of the Philippine Islands will be turned over to the duly elected officers, and such officers will begin to function under the constitution. At the time designated in such proclamation the President of the United States shall withdraw and surrender all rights of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands, and, on behalf of the United States, shall recognize the independence of the Philippine Islands as a separate and self-governing nation and acknowledge the authority and control over the same of the government instituted by the people thereof.

SEC. 6. The President is requested, at the earliest practicable date, to enter into negotiations with foreign powers with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands after Philippine independence shall have been achieved.

SEC. 7. Upon the proclamation and recognition of the independence of the Philippine Islands under their constitution, the President shall notify the governments with which the United States is in diplomatic correspondence thereof and invite said governments to recognize the independence of the Philippine Islands.

SEC. 8. At least 1 year prior to the date fixed in this act for the independence of the Philippine Islands, there shall be held a conference of representatives of the Government of the United States and a committee designated by the Philippine Legislature, such representatives to be appointed by the President of the United States and the Chief Executive of the Commonwealth of the Philippine Islands, respectively, for the purpose of formulating recommendations as to future trade relations between the Government of the United States and the independent government of the Philippine Islands, the time, place, and manner of holding such conference to be determined by the President of the United States.

SEC. 9. Upon the final and complete withdrawal of American sovereignty over the Philippine Islands the immigration laws of the United States (including all the provisions thereof relating to persons ineligible to citizenship) shall apply to persons who were born in the Philippine Islands to the same extent as in the case of other foreign countries.

SEC. 10. This act shall take effect upon its passage.

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Utah [Mr. KING].

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

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BLACK (when his name was called). On this vote I have a pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE], who is absent. If he were present, he would vote "nay." If I were not paired, I would vote "yea."

Mr. FESS (when his name was called). Repeating the announcement as to my pair and its transfer, I feel at liberty to vote. I vote "yea."

Mr. ROBINSON of Indiana (when his name was called). In the absence of the junior Senator from Mississippi [Mr. STEPHENS], with whom I have a general pair, and not knowing how he would vote, if present, I withhold my vote.

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO]. I understand he would vote "nay" if he were present. I therefore am at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. ROBINSON of Arkansas (after having voted in the negative). I transfer my general pair with the Senator from Pennsylvania [Mr. REED] to the Senator from California [Mr. McADOO], and will let my vote stand.

Mr. FLETCHER. I have a pair with the Senator from West Virginia [Mr. HATFIELD], which I transfer to the senior Senator from South Carolina [Mr. SMITH], and will vote. I vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER];

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER].

The result was announced—yeas 28, nays 44, as follows:

YEAS—28

Adams	Dickinson	King	Overton
Austin	Dill	Logan	Schall
Bailey	Fess	Long	Shipstead
Barbour	Frazier	McGill	Thompson
Carey	George	Murphy	Townsend
Clark	Goldsborough	Norris	Vandenberg
Coolidge	Kean	Nye	Walsh

NAYS—44

Ashurst	Costigan	Hatch	Pittman
Bachman	Couzens	Hayden	Pope
Barkley	Cutting	Johnson	Robinson, Ark.
Brown	Davis	Keyes	Russell
Bulkley	Dieterich	Lonergan	Sheppard
Bulow	Duffy	McCarran	Steilwer
Byrd	Erickson	McKellar	Thomas, Okla.
Byrnes	Fletcher	McNary	Thomas, Utah
Capper	Gibson	Metcalf	Trammell
Caraway	Gore	Neely	Tydings
Connally	Harrison	O'Mahoney	Walcott

NOT VOTING—24

Bankhead	Hale	McAdoo	Smith
Black	Hastings	Norbeck	Stephens
Bone	Hatfield	Patterson	Van Nys
Borah	Hebert	Reed	Wagner
Copeland	La Follette	Reynolds	Wheeler
Glass	Lewis	Robinson, Ind.	White

So Mr. KING's amendment, in the nature of a substitute, was rejected.

The PRESIDENT pro tempore. The question is on the third reading of the bill.

The bill was read the third time.

The PRESIDENT pro tempore. The question now is, Shall the bill pass?

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

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. FESS (when his name was called). On this question I have a general pair with the senior Senator from Virginia [Mr. GLASS], who, were he present, would vote "yea." I transfer that pair to the senior Senator from Delaware [Mr. HASTINGS], and will vote. I vote "nay."

The roll call was concluded.

Mr. GIBSON. I have a general pair with the senior Senator from Utah [Mr. KING]. Not knowing how he would vote, I withhold my vote.

Mr. FLETCHER (after having voted in the affirmative). I have a general pair with the senior Senator from West Virginia [Mr. HATFIELD], who is detained by illness. I am advised that if present he would vote as I have voted, so I will let my vote stand.

Mr. ROBINSON of Arkansas (after having voted in the affirmative). Announcing my general pair with the senior Senator from Pennsylvania [Mr. REED], and transferring my pair, as on the last vote, I will let my vote stand.

Mr. WAGNER (after having voted in the affirmative). I wish to announce that on this question I am paired with the Senator from Missouri [Mr. PATTERSON]. I transfer that pair to the senior Senator from South Carolina [Mr. SMITH], and will allow my vote to stand. I am advised that the Senator from Missouri [Mr. PATTERSON], if present, would vote "nay", and that the Senator from South Carolina, if present, would vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The senior Senator from Maine [Mr. HALE] with the Senator from Montana [Mr. WHEELER];

The junior Senator from Maine [Mr. WHITE] with the Senator from Indiana [Mr. VAN NUYS]; and

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS].

I am informed that the senior Senator from Maine [Mr. HALE] and the junior Senator from Maine [Mr. WHITE] would vote "nay" if present, and that the Senator from

Montana [Mr. WHEELER] and the Senator from Indiana [Mr. VAN NUYS] would vote "yea" if present.

I have also been requested to announce that the Senator from Idaho [Mr. BORAH] and the Senator from South Dakota [Mr. NORSECK] would vote "yea" if present and voting.

I desire further to announce that the senior Senator from West Virginia [Mr. HATFIELD] is absent on account of illness, and that the senior Senator from Pennsylvania [Mr. REED], the senior Senator from Delaware [Mr. HASTINGS], the junior Senator from Rhode Island [Mr. HEBERT], the senior Senator from Missouri [Mr. PATTERSON], the senior Senator from Maine [Mr. HALE], and the junior Senator from Maine [Mr. WHITEL], and the senior Senator from Idaho [Mr. BORAH] are necessarily absent.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from New York [Mr. COPELAND], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. McABOOL], the Senator from South Carolina [Mr. SMITH], the Senator from Montana [Mr. WHEELER], and the Senator from Indiana [Mr. VAN NUYS] are necessarily detained from the Senate on official business.

The result was announced—yeas 68, nays 8, as follows:

YEAS—68

Adams	Coolidge	Keyes	Robinson, Ark.
Ashurst	Costigan	Logan	Robinson, Ind.
Bachman	Couzens	Lonergan	Russell
Bailey	Cutting	McCarran	Schall
Bankhead	Davis	McGill	Sheppard
Barkley	Dieterich	McKellar	Shipstead
Black	Dill	McNary	Stevner
Bone	Duffy	Metcalf	Stephens
Brown	Erickson	Murphy	Thomas, Okla.
Bulkeley	Fletcher	Neely	Thomas, Utah
Bulow	Frazier	Norris	Thompson
Byrd	George	Nye	Townsend
Byrnes	Gore	O'Mahoney	Trammell
Capper	Harrison	Overton	Tydings
Caraway	Hatch	Pittman	Wagner
Clark	Hayden	Pope	Walcott
Connally	Johnson	Reynolds	Walsh
<hr/>			
NAYS—8			
Austin	Carey	Fess	Kean
Barbour	Dickinson	Goldsborough	Vandenberg
<hr/>			
NOT VOTING—20			
Borah	Hastings	Lewis	Reed
Copeland	Hatfield	Long	Smith
Gibson	Hebert	McAdoo	Van Nuys
Glass	King	Norbeck	Wheeler
Hale	La Follette	Patterson	White

So the bill was passed.

Mr. WAGNER. Mr. President, I desire to state that because of very important official business I was unable to be present when the vote was taken on the two amendments in the nature of substitutes offered to the bill which has just been passed. I was paired upon those votes, but I desire the RECORD to show that had I been present I should have voted in the negative.

On motion of Mr. TYDINGS, the bill (S. 3055) to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes, was ordered to be indefinitely postponed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934; requested a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. McCORMACK, Mr. WEST of Ohio, and Mr. EVANS were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6663) making appropriations for

the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes; that the House further insisted upon its amendments to the amendments of the Senate numbered 14 and 22, and that the House insisted upon its disagreement to the amendment of the Senate numbered 23 to the bill.

ENROLLED BILLS SIGNED

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

S. 2534. An act to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932;

S. 2728. An act to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii; and

S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

REGULATION OF COTTON INDUSTRY

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of the bill (S. 1974) to place the cotton industry on a sound commercial basis, and so forth, known as the "Bankhead cotton bill." I will state that it is not the intention to debate the bill this afternoon if it be made the unfinished business, but to transact some executive business and then take a recess.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (S. 1974) to place the cotton industry on a sound commercial basis and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, which had been reported from the Committee on Agriculture and Forestry with an amendment.

Mr. ROBINSON of Arkansas. Mr. President, I understand that the Senator from Alabama [Mr. BANKHEAD] desires to substitute for the bill which has just been made the unfinished business a similar or identical House bill that is on the calendar.

Mr. BANKHEAD. Mr. President, I ask unanimous consent to substitute for the Senate bill which is now pending the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, and so forth.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Alabama?

There being no objection, the Senate proceeded to consider the bill (H.R. 8402) 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.

Mr. BANKHEAD. Mr. President, I ask permission to have printed, in connection with the remarks I am now making, an editorial from the New York Herald Tribune, entitled "The Bankhead Bill", and an editorial from the Wall Street Journal, entitled "An Economy Plea", dealing with the principles of the "Bankhead cotton bill", so-called, and commanding and approving the principles embodied in it.

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

[From the New York Herald Tribune, Jan. 15, 1934]

THE BANKHEAD BILL

The plan for the voluntary curtailment of cotton production proved in its first season a dismal, and an extremely costly, failure. The A.A.A. paid out almost \$160,000,000 to growers of cotton for reducing their plantings; yet the year's total output actually proved to be substantially higher than that of the previous year.

Now, even this huge item of \$160,000,000 might be charged off to inexperience and to lack of time in which to set up the machinery of curtailment if one could be sure that the first season would mark the end of curtailment "chiseling." But will it mark the end? Judging from evidence that is coming to hand currently, it most assuredly will not. For example, it is reported that there has been an unprecedented demand for mules in the South in recent months. The records of the mule market in Atlanta, Ga., show sales amounting to nearly five times the number sold in the corresponding period a year ago. The only interpretation that can be placed on this boom in the mule market is that many cotton producers, at least, intend to accept a bounty for reducing acreage and then do their utmost to cultivate their remaining acreage so intensively as to make up the deficiency from normal production.

This is, of course, a perfectly human and understandable impulse; but if it is followed to any considerable extent it obviously will frustrate for a second time the Government's efforts to remove the cotton surplus. Such being the case, it seems to us that every consideration should be given in Congress to the bill being sponsored by Senator BANKHEAD, of Alabama, providing not for acreage reduction, but for rigid control of production at the gins.

Under the Bankhead bill the crop would be limited during the coming year to 9,000,000 standard bales of 500 pounds weight. Licenses would be issued to growers, restricting them to quotas which they would be entitled to gin on an apportionment basis. Ginnings would be prohibited from ginning cotton for any grower not in possession of a license or to gin more cotton for a grower than the amount called for in his license; and heavy penalties would be provided for evasion of the license terms on the part either of growers or ginnings.

Whether artificial control of production is a desirable thing, even in an emergency, is a question on which there is a considerable difference of opinion. But if we are going to have production control, it should be effective control; and the Bankhead proposal appears to be better adapted to assuring such control than the present voluntary arrangement, with its stimulus to bootlegging and chiseling. The Bankhead bill would penalize the cotton farmer for producing more than his quota, instead of merely bribing him to reduce acreage.

[From the Wall Street Journal, Jan. 5, 1934]

#### AN ECONOMY PLEA

While the Bankhead resolution for restricting the operation of cotton ginneries goes a long way from the idea that every individual may conduct his business exactly as he pleases without regard to the public welfare, yet it has merits that should commend it to Congress and the administration. Among these are greater effectiveness at a saving of over \$100,000,000.

As has been explained in these columns, the plan contemplates licensing ginneries, assigning a quota to each in such proportion that the total for all ginning in the crop season 1934-35 shall not exceed 9,000,000 bales. Nature might interfere with production control effected by limiting acreage, but it could not upset this plan of keeping a surplus from the market.

Acreage control cannot be completely effective unless there is a 100-percent cooperation of the farmers, and even then weather conditions or better cultivation may go far toward nullifying the program. More cotton to the acre is an aim that should be encouraged to the limit, but it should not be permitted to defeat efforts to keep production within the bounds of possible needs.

If a farmer knows that he can have but a certain number of bales ginned this season, he will not strive to produce much more. If he has any business sense, he will try to produce the allotment on less land and thus cut his costs of production, but he certainly will not strive to produce a great excess knowing that he would have to carry it over the season in the seed.

This would seem to be an effective way to hold the crop within a set limit and so reduce the surplus that for five seasons has been on the back of the market like a veritable old man of the sea.

None of the estimates of the cost of administering the Bankhead plan exceed \$3,000,000. This newspaper will not venture an estimate, but it has no hesitation in saying that it should be no more than a small percentage of the cost of present plan of leasing land from the producers and keeping it out of production. The official estimate is that this plan for the 1934 crop will cost approximately \$125,000,000. The Government will advance the money and recoup itself by a processing tax of 4.2 cents a pound, or almost \$21 a bale, on all cotton consumed. In effect, this is a huge consumption tax which probably will amount to more than \$125,000,000 as the domestic mills consumed over 6,000,000 bales last season and the prospects are for a larger total this year.

If figures were vocal, the ones given here would make an eloquent plea for the Bankhead plan.

Mr. HAYDEN. Mr. President, I submit an amendment which I intend to propose to the bill which has just been made the unfinished business. I ask that the amendment may be printed in the usual form, printed in the RECORD, and lie on the table.

There being no objection, the amendment intended to be proposed by Mr. HAYDEN to the bill (H.R. 8402) 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, was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 6, after line 10, to insert the following:

"(4) Cotton having a staple of 1½ inches in length or longer."

Mr. HAYDEN. Mr. President, in support of the amendment just submitted by me, I present certain statistical data, which I ask unanimous consent to have printed in the RECORD.

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

#### LONG-STAPLE COTTON STATISTICS—DATA FROM THE UNITED STATES TARIFF COMMISSION

#### RAW-COTTON PRODUCTION IN THE UNITED STATES

TABLE 2.—*Production of long-staple cotton, by varieties*

Growth year <sup>1</sup>	Upland <sup>2</sup>	1½ to 1¾ inches	1¾ inches and over		Total
		Ameri-can-Egyptian	Sea island	Total	
1911			Running bales <sup>3</sup>	Running bales <sup>3</sup>	Running bales <sup>3</sup>
1912			375	73,777	119,293
1913		2,135	77,563	74,152	120,939
1914		6,187	81,654	87,841	120,939
1915		1,095	91,844	92,939	120,939
1916		3,331	117,559	120,939	120,939
1917		15,966	92,619	108,585	108,585
1918		36,187	52,208	88,395	88,395
1919		40,437	6,916	47,353	47,353
1920		92,561	1,868	94,429	94,429
1921		37,094	3,327	40,421	40,421
1922		32,824	5,125	37,949	37,949
1923		22,426	785	23,211	23,211
1924		4,319	11	4,330	4,330
1925		20,053	18	20,071	20,071
1926		18,232	23	16,255	16,255
1927		24,223	179	24,402	24,402
1928	685,600	28,313	22	28,335	713,935
1929	683,400	28,771	7	28,778	712,178
1930	456,900	23,312	20	23,332	480,232
1931	845,600	13,668	26	13,694	859,294
1932 <sup>4</sup>	714,800	8,365	15	8,380	723,180
1933					

<sup>1</sup> Year in which the cotton is planted. Cotton of the growth year 1932, for example, is harvested and mainly marketed during the crop year Aug. 1, 1932, to July 31, 1933.

<sup>2</sup> Not available prior to 1928.

<sup>3</sup> Running bales are used in this table because actual weight is not available by varieties. Round bales are counted as half bales. Sea-island bales average slightly less than 400 pounds each, other bales average about 500 pounds each.

<sup>4</sup> Preliminary.

Sources: Column 1, U.S. Department of Agriculture, Statistical Bulletin No. 40, 1933, p. 55, and preliminary releases; columns 2 and 3, Cotton Production and Distribution, Bureau of the Census; figures checked to latest issues.

Note.—See following table for details by staple length, 1928 to 1933, inclusive.

TABLE 3.—*Domestic production of long-staple cotton, by staple lengths*

#### RUNNING BALES<sup>1</sup>

Type and staple, in inches	1928	1929	1930	1931	1932
Long-staple upland:					
1½ and 1¾	489,200	556,100	393,300	590,000	623,600
1¾ and 1½	167,900	119,400	60,800	224,600	85,400
1¾ and over	28,500	7,900	2,800	31,000	5,800
Total long-staple upland	635,600	683,400	456,900	845,600	714,800
American-Egyptian (Pima):					
Under 1½	700				1,700
1½ and 1¾	13,400	5,300	2,500	2,400	3,000
1¾ and 1½	12,500	17,100	16,200	8,400	2,500
1¾ and 1½	1,600	6,000	4,600	2,900	1,100
1¾ and over	100	400			
Total American-Egyptian	28,300	28,800	23,300	13,700	8,300
Total long staple	713,900	712,200	480,200	859,300	723,100

<sup>1</sup> Round bales are counted as half bales.

TABLE 3.—Domestic production of long-staple cotton, by staple lengths—Continued

Type and staple, in inches	RATIO TO TOTAL				
	1928	1929	1930	1931	1932
Long-staple upland:					
1½ and 1½ inches	71.35	81.37	86.08	69.77	87.24
1¾ and 1½ inches	24.49	17.47	13.31	26.56	11.95
1¼ and over	4.16	1.16	.61	3.67	.81
Total long-staple upland	100.0	100.0	100.0	100.0	100.0
American-Egyptian (Pima):					
Under 1½	2.47				20.43
1½ and 1½ inches	47.35	18.40	10.73	17.53	36.15
1¾ and 1½ inches	44.17	59.38	69.53	61.31	30.12
1¼ and 1½ inches	5.66	20.83	19.74	21.17	13.25
1¾ and over	.35	1.39			
Total American-Egyptian	100.0	100.0	100.0	100.0	100.0

Source: U.S. Department of Agriculture, Statistical Bulletin No. 40, 1933, table 5, p. 53, and table 6, p. 55, for 1928 to 1931 and preliminary release of Division of Cotton Marketing for 1932.

## RAW COTTON IMPORTS INTO THE UNITED STATES

TABLE 1.—General imports of cotton by countries of origin  
[Equivalent 500-pound bales]

Crop year ended July 31	Total	Produced in—					
		Egypt	Mexico	China	Peru	India	All other
1912-13 <sup>1</sup>	227,645	191,075	756	18,341	10,737	4,373	2,363
1913-14	260,988	138,579	80,285	20,772	12,627	7,849	876
1914-15	382,286	252,373	85,180	25,631	10,353	7,845	904
1915-16	437,574	350,796	30,098	35,792	10,909	4,214	5,765
1916-17	291,957	199,892	32,858	36,063	11,069	3,860	8,215
1917-18	221,216	114,580	35,726	38,964	19,692	7,096	5,158
1918-19	201,585	100,006	54,434	57,185	25,230	2,893	8,151
1919-20	700,214	485,004	65,343	57,185	63,426	14,358	14,988
1920-21 <sup>2</sup>	226,341	87,163	88,155	14,722	22,597	8,459	5,210
1921-22 <sup>3</sup>	363,465	235,729	53,637	15,563	38,753	10,348	11,435
1922-23 <sup>4</sup>	469,954	329,335	45,679	50,230	21,186	22,124	1,391
1923-24	292,288	164,152	27,062	45,118	19,928	34,419	1,609
1924-25	313,328	190,313	44,384	33,703	13,389	28,147	3,392
1925-26	325,511	238,620	23,553	22,452	16,637	22,143	2,106
1926-27	400,983	231,767	93,272	33,466	20,877	18,892	2,709
1927-28	338,226	201,856	22,845	62,888	23,319	25,663	1,657
1928-29	457,804	296,286	52,009	34,857	17,353	54,424	2,875
1929-30 <sup>5</sup>	378,107	215,181	39,323	44,034	19,427	58,449	1,693
1930-31	107,529	22,902	15,126	31,177	2,373	34,218	1,733
1931-32	131,569	81,091	20,641	7,191	3,528	17,513	1,605
1932-33 <sup>6</sup>	130,429	67,800	8	50,783	6,053	4,895	\$85

<sup>1</sup> Season ended Aug. 31, 1913.

<sup>2</sup> Emergency Tariff Act, levying a duty of 7 cents a pound on cotton 1½ inches and over, effective during the period May 28, 1921, to Sept. 21, 1922.

<sup>3</sup> Tariff Act of 1930, effective beginning June 18, 1930, imposes a duty of 7 cents per pound on cotton having a staple length of 1½ inches or over.

<sup>4</sup> Preliminary.

Source: Cotton Production and Distribution, Bureau of the Census.

TABLE 3.—Imports for consumption of long-staple cotton, including some short-staple from Egypt and Peru, by crop years  
[Equivalent 500-pound bales]

Crop year ended July 31—	Egyptian <sup>1</sup>	Peruvian	Other 1½ inches and over	Total
Staple under 1½ inches: <sup>1</sup>				
1930-31	4,911	822		5,733
1931-32	10,711	1,055		11,766
1932-33	47	390		446
Staple 1½ inches up to 1¾ inches: <sup>1</sup>				
1922-23 <sup>2</sup>	174,709	16,581		191,290
1923-24	51,773	12,129		63,902
1924-25	88,865	12,126		100,991
1925-26	114,963	14,360		129,328
1926-27	127,170	20,826		147,996
1927-28	100,345	22,653		122,998
1928-29	180,724	16,771		197,495
1929-30 <sup>3</sup>	115,782	18,785		134,567
1930-31	6,915		38	6,953
1931-32	27,978	484	130	28,502
1932-33	43,781	341	298	44,420
Staple 1¾ inches and over: <sup>1</sup>				
1922-23 <sup>4</sup>	142,714	1,933	6,726	151,373
1923-24	112,838	7,471	1,965	122,274
1924-25	101,931	146	3,324	105,401
1925-26	119,315	780	593	120,688
1926-27	104,597	51	841	105,489

<sup>1</sup> Egypt includes the Anglo-Egyptian Sudan in import classifications of the Department of Commerce.

<sup>2</sup> Cotton under 1½ inches was not subdivided in import statistics prior to the act of 1930. Egyptian and Peruvian cotton under 1½ inches is here considered 1½ inches or over for the period prior to the act of 1930.

<sup>3</sup> Sept. 22, 1922, through July 31, 1923. Statistics not available in this form prior to act of 1922.

<sup>4</sup> Beginning June 18, 1930, imports of cotton 1½ inches or over are dutiable at 7 cents per pound.

TABLE 3.—Imports for consumption of long-staple cotton, etc.—Con.

Crop year ended July 31—	Egyptian	Peruvian	Other 1½ inches and over	Total
Staple 1¾ inches and over—Con.				
1927-28	101,407	144	2,229	103,750
1928-29	115,562	582	1,583	117,730
1929-30 <sup>4</sup>	99,377	642	39	100,058
1930-31	2,605		209	2,904
1931-32	12,810		233	13,043
1932-33	30,481		97	30,578
Total:				
1922-23 <sup>3</sup>	317,423	18,514	6,726	342,663
1923-24	164,611	19,600	1,965	186,176
1924-25	190,796	12,273	3,324	206,392
1925-26	234,233	15,140	593	250,016
1926-27	231,707	20,877	841	233,485
1927-28	201,752	22,797	2,229	226,778
1928-29	256,286	17,363	1,586	315,226
1929-30 <sup>4</sup>	215,159	19,427	39	234,625
1930-31	14,521	822	247	15,590
1931-32	51,490	1,539	363	53,401
1932-33	74,309	740	305	75,444

<sup>3</sup> Sept. 22, 1922, through July 31, 1923. Statistics not available in this form prior to act of 1922.

<sup>4</sup> Beginning June 18, 1930, imports of cotton 1½ inches or over are dutiable at 7 cents per pound.

<sup>5</sup> Includes 106 bales, valued at \$10,561 for which Mexico was shown as country of origin and of shipment, and 81 bales, valued at \$7,008, British India as country of origin and of shipment, but included under the classification "Egyptian."

<sup>6</sup> Includes 139 bales, valued at \$23,986, dutiable.

Source: Compiled by the U.S. Tariff Commission from preliminary unpublished data obtained from the Department of Commerce.

NOTE.—In several years, especially for cotton in the shorter groups, a few bales showing Egypt or Peru as the country of shipment, but showing no country of origin, are included.

## RAW COTTON CONSUMPTION IN THE UNITED STATES

TABLE 2.—Domestic consumption of long-staple cotton (exclusive of long-staple upland, except for certain years), crop years

Crop year ended July 31	Sea Island	American Egyptian (Pima)	Imported Egyptian	Peruvian	Total exclusive of upland	Long-staple upland 1½ inch and over
Running bales	Running bales	Equivalent 500-pound bales	Equivalent 500-pound bales	Bales	Running bales	Approximately 500-pound bales
1912-13	54,778	201,269	10,341	266,388		
1913-14	81,573	151,091	13,003	245,767		
1914-15	79,394	181,211	10,529	271,124		
1915-16	82,645	269,324	10,886	362,555		
1916-17	94,291	250,160	12,800	366,251		
1917-18	85,939	135,401	8,502	230,842		
1918-19	51,183	21,071	126,087	9,128	207,469	
1919-20	42,971	45,867	323,124	36,977	448,939	
1920-21	18,667	16,771	159,196	12,752	207,386	
1921-22	8,957	49,359	226,330	34,776	319,422	
1922-23	6,267	65,235	262,331	22,818	353,651	
1923-24	4,906	35,998	223,649	29,474	294,027	
1924-25	3,970	19,018	191,544	19,661	234,699	
1925-26	2,325	11,740	204,113	19,841	238,019	
1926-27	1,226	19,669	239,768	14,535	275,193	
1927-28	1,251	15,137	217,584	15,273	249,245	
1928-29	795	13,455	232,392	10,831	257,523	
1929-30	372	12,572	205,765	7,747	226,456	234,000
1930-31	410	15,359	104,095	4,276	124,140	324,500
1931-32	327	12,430	79,464	2,233	94,454	255,200
1932-33 <sup>4</sup>	914	17,803	88,805	1,851	100,378	522,200
Total <sup>1</sup>						631,578

<sup>1</sup> Data for calculation not available prior to 1920-30.

<sup>2</sup> Calculated from production, carry-over, and export statistics.

<sup>3</sup> Preliminary report, grade and staple length of American upland cotton consumed in the United States, 1930-31 to 1931-32, Division of Cotton Marketing, U.S. Department of Agriculture.

<sup>4</sup> Preliminary.

Source: Cotton Production and Distribution, a report issued annually by the Bureau of the Census, except as noted.

TABLE 3.—Estimated quantities of Egyptian cotton consumed in the United States, by staple lengths, crop years ended July 31, 1927-28 to 1930-31<sup>1</sup>

Staple length	1927-28	1928-29	1929-30	1930-31
Under 1½ inches			8,100	3,600
1½ to 1¾ inches	163,100	155,100	117	

*Summary of statistical data (including various estimates) showing supply and distribution of domestic and of imported cotton in the United States  
(Domestic cotton in running bales, foreign cotton in equivalent 500-pound bales)*

## COTTON 1 1/8 TO 1 3/8 INCHES LONG-STAPLE UPLAND

	Carry-over beginning of season	Production and imports	Supply <sup>1</sup>	Carry-over end of season	Disappearance <sup>2</sup>	Consumption	Exports	Unaccounted for <sup>3</sup>
<i>Production</i>								
1928-29	491,900	685,600	1,177,500	302,900	874,600	475,000	400,000	-----
1929-30	302,500	683,400	986,300	423,500	582,800	233,900	328,900	-----
1930-31	423,500	456,900	880,400	374,900	505,500	324,500	179,694	1,300
1931-32	374,900	845,600	1,220,500	753,300	467,200	255,200	198,399	13,600
1932-33	753,300	714,800	1,468,100	732,100	736,000	522,210	213,790	-----
<i>Egyptian Uppers <sup>4</sup></i>								
		<i>General imports</i>						
1928-29	34,000	180,856	214,800	80,400	134,400	134,000	-----	
1929-30	80,400	116,718	197,100	69,000	128,100	132,000	-----	
1930-31	69,600	19,658	88,600	23,900	58,700	58,900	-----	
1931-32	29,900	54,308	84,200	24,800	59,400	65,000	-----	
1932-33	24,800	35,733	60,500	24,800	35,700	40,000	-----	
<i>Peruvian <sup>5</sup></i>								
		<i>Production and imports</i>						
1928-29	5,400	17,353	22,800	4,600	18,200	10,881	-----	7,000
1929-30	4,600	19,427	24,000	7,100	16,900	7,747	-----	9,000
1930-31	7,100	2,373	9,500	3,200	6,300	4,276	-----	2,000
1931-32	3,200	3,528	6,700	2,600	4,100	2,233	-----	1,800
1932-33	2,600	6,053	8,700	1,600	7,100	1,851	-----	5,000
<i>TOTAL 1 1/8 TO 1 3/8 INCHES</i>								
		<i>Production and imports</i>						
1928-29	531,300	883,800	1,415,100	387,900	1,027,200	620,000	-----	
1929-30	387,900	819,500	1,207,400	499,600	707,800	374,000	-----	
1930-31	499,600	478,900	978,500	408,000	570,500	388,000	-----	
1931-32	408,000	903,400	1,311,400	780,700	530,700	322,000	-----	
1932-33	780,700	756,600	1,537,300	758,500	778,800	564,000	-----	
<i>COTTON 13-8 INCHES AND OVER, AMERICAN-EGYPTIAN</i>								
		<i>Production</i>						
1928-29	5,800	28,313	34,100	7,200	26,900	13,455	13,400	-----
1929-30	7,200	28,771	36,000	8,100	27,900	12,572	5,068	10,226
1930-31	8,100	23,312	31,400	16,700	14,700	15,359	1,131	-----
1931-32	16,700	13,668	30,400	16,500	13,900	12,430	375	1,063
1932-33	16,500	8,298	24,800	9,800	15,000	17,808	470	-----
<i>Egyptian Sakellaridis</i>								
		<i>General imports</i>						
1928-29	31,300	115,562	146,900	48,800	98,100	98,000	-----	
1929-30	48,800	99,377	148,200	76,400	71,800	74,000	-----	
1930-31	76,400	3,245	79,700	34,000	45,700	45,600	-----	
1931-32	34,000	22,327	56,300	43,200	13,100	14,000	-----	
1932-33	43,200	29,854	73,100	30,000	43,100	48,000	-----	
<i>TOTAL 1 3/8 INCHES AND OVER</i>								
		<i>Production and imports</i>						
1928-29	37,100	143,900	181,000	56,000	125,000	112,000	-----	
1929-30	56,000	128,200	184,200	84,500	99,700	87,000	-----	
1930-31	84,500	26,600	111,100	50,700	60,400	61,000	-----	
1931-32	50,700	36,000	86,700	59,700	27,000	27,000	-----	
1932-33	59,700	38,200	97,900	39,800	58,100	67,000	-----	
<i>GRAND TOTAL LONG STAPLE</i>								
1928-29	568,400	1,027,700	1,506,100	443,900	1,152,200	732,000	-----	
1929-30	443,900	947,700	1,391,600	584,100	807,500	461,000	-----	
1930-31	584,100	505,500	1,089,600	458,700	636,900	449,000	-----	
1931-32	458,700	939,400	1,398,100	840,400	557,700	349,000	-----	
1932-33	840,400	794,800	1,635,200	798,300	836,900	631,000	-----	

<sup>1</sup> Carry-over at beginning of year plus production.<sup>2</sup> Supply minus carry-over at end of year.<sup>3</sup> Cotton destroyed, in process, or in transit; for foreign cotton also includes reexports.<sup>4</sup> Entirely an estimated subdivision of disappearance.<sup>5</sup> Disappearance minus exports.<sup>6</sup> A small amount of Egyptian and Peruvian cotton is less than 1 1/2 inches; a small amount of Peruvian is over 1 3/4 inches, but the bulk is 1 1/2 to 1 3/4.<sup>7</sup> See explanation in note below.<sup>8</sup> Disappearance minus consumption.<sup>9</sup> Because of the impossibility of following every bale of cotton statistically, consumption, as reported by manufacturers, sometimes exceeds the calculated disappearance.<sup>10</sup> Includes a few hundred bales of Sea Island for which details other than consumption are not available. (See table 14.)

NOTE.—General imports of Egyptian uppers and of Egyptian Sakellaridis, representing Egyptian cotton up to 1 3/4 inches and Egyptian cotton 1 3/4 inches and over, respectively were compiled from available unpublished monthly data. The sums of these two in various years do not exactly agree with the total general imports of Egyptian cotton as published by the Bureau of the Census. Consumption of Egyptian cotton as here subdivided was obtained by first calculating consumption on the basis of imports and carry-over and then applying the ratios of the respective staple lengths to the total consumption of Egyptian cotton in each year as published by the Bureau of the Census.

Source: The form of this table is adopted from a report by the Division of Cotton Marketing, U.S. Department of Agriculture. Statistics of production, carry-over, and consumption not obtained by calculation are from the Department of Agriculture; of imports and exports, from the Department of Commerce.

RAW COTTON—DOMESTIC EXPORTS FROM THE UNITED STATES  
TABLE 1.—Domestic exports, by crop years  
QUANTITY IN RUNNING BALES<sup>1</sup>

Crop year ended July 31—	Long staple (1½ inches or over)		Short staple (under 1½ inches)	Total
	Sea island *	Other *		
1918-19	4,658	(0)	5,587,728	5,592,386
1919-20	4,737	(0)	6,540,589	6,545,329
1920-21	133	(0)	5,744,562	5,744,698
1921-22	230	(0)	6,183,864	6,184,094
1922-23	946	811,864	4,009,779	4,822,589
1923-24	422	915,010	4,740,424	5,655,856
1924-25	785	1,536,991	6,467,452	8,005,228
1925-26	1,317	1,310,237	6,739,937	8,051,491
1926-27	1,871	1,542,294	9,382,449	10,926,614
1927-28	678	1,100,858	6,440,873	7,542,409
1928-29	689	867,799	7,175,100	8,043,588
AMERICAN-EGYPTIAN <sup>2</sup>				
1929-30	5,086	328,878	6,355,832	6,689,796
1930-31	1,131	179,694	6,579,102	6,759,927
1931-32	375	198,399	8,506,742	8,705,516
1932-33	470	213,790	8,204,809	8,419,129

## VALUE

1918-19	\$1,143,441	(0)	\$622,058,278	\$624,201,719
1919-20	1,601,843	(0)	1,332,323,547	1,333,925,390
1920-21	37,129	(0)	591,275,367	591,312,495
1921-22	37,553	(0)	600,092,515	600,130,068
1922-23	148,404	\$110,836,967	528,214,115	639,199,486
1923-24	63,134	148,686,653	757,819,068	906,568,855
1924-25	176,497	209,472,997	839,415,299	1,049,064,793
1925-26	342,443	164,290,968	758,103,115	922,736,526
1926-27	410,848	129,220,799	726,156,534	855,786,181
1927-28	164,850	126,309,043	693,630,968	820,104,861
1928-29	145,391	64,915,857	752,347,462	847,408,710
AMERICAN-EGYPTIAN <sup>2</sup>				
1929-30	873,454	35,540,626	621,385,898	657,799,978
1930-31	125,685	12,744,304	408,102,123	420,972,112
1931-32	33,152	8,427,403	331,408,159	336,865,713
1932-33	40,734	9,243,403	333,414,644	342,698,781

<sup>1</sup> Running bales used for comparison with production. Sea-island bales average slightly less than 400 pounds each; other bales average about 500 pounds each.

<sup>2</sup> Exports of sea-island cotton in recent years probably include some Meade, a long-staple upland cotton. See sec. VI, table I, note 1.

\* Prior to Jan. 1, 1930, the greater part of this cotton is what is known as "commercial 1½ inches" and does not measure 1½ inches according to Government standards. See Production. Beginning Jan. 1, 1930, staple length according to United States official standards.

† Included with short staple.

‡ August through December 1928.

§ Includes sea-island beginning January 1929. Exports of Pima cotton here included, first separately stated in January 1929, amounted to 1,862 bales, valued at \$398,649 for the 8 months January to August, inclusive. Exports are normally largest from October to December.

\*\* Sea-island no longer separately recorded.

Source: Monthly Summary of Foreign Commerce of the United States, pt. I. Figures corrected to latest issues.

## AMERICAN-EGYPTIAN (PIMA) COTTON: ACREAGE, YIELD, AND PRODUCTION IN THE UNITED STATES

Growth year	Acreage harvested			Yield of lint per acre		Production, total
	Arizona	California	Total	Arizona	California	
Acres	Acres	Acres	Acres	Pounds	Pounds	Bales <sup>1</sup>
1911		30	30	500	30	
1912	400	150	550	300	387	375
1913	4,000	62	4,062	275	315	2,135
1914	12,000	550	12,550	258	100	6,187
1915	2,600		2,600	222		1,095
1916	7,300		7,300	226		3,331
1917	33,000	2,400	35,400	230	206	15,966
1918	72,000	6,600	78,600	238	223	36,187
1919	87,000	1,500	88,500	229	225	40,437
1920	200,000	43,000	243,000	205	112	92,561
1921	75,000	9,100	84,100	234	181	37,094
1922	77,000	100	77,100	220	325	32,824
1923	40,000		40,000	287		22,426
1924	8,000		8,000	274		4,319
1925	40,000		40,000	257		20,053
1926	28,000		28,000	277		16,232
1927	44,000		44,000	275		24,223
1928	56,000		50,000	284		28,313
1929	67,000		67,000	211		23,771
1930	46,000		46,000	251		23,312
1931	30,000		30,000	225		13,668
1932	22,000		22,000	186		8,365

<sup>1</sup> Running bales of approximately 500 pounds gross weight.

<sup>2</sup> Includes 100 acres of American-Egyptian grown in Lower California, Mexico, which yielded 250 pounds per acre, equal to 50 bales. All ginned in California.

Source: Acreage harvested and yield from Bureau of Agricultural Economics; production from Census Bureau.

Particularly unfavorable weather conditions, causing much boll shedding, contributed to the reduced yields in 1932 and 1933.

CARRIAGE OF AIR MAIL BY THE ARMY—CONFERENCE REPORT  
(S.DOC. NO. 160)

Mr. MCKELLAR submitted the following report, which was ordered to lie on the table and to be printed:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 3.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following: "pension at the rate prescribed in part 1, Veterans' Regulation No. 1 (a), and amendments thereto: Provided, That in the event of injury of any such officer or enlisted man the degree of disability resulting therefrom shall be determined pursuant to the rating schedule authorized by Veterans' Regulation No. 3 (a): Provided further, That choice shall be made of the benefits provided in sections 4 and 5 of this act"; and the Senate agree to the same.

KENNETH MCKELLAR,

CARL HAYDEN,

THOMAS D. SCHALL,

Managers on the part of the Senate.

M. A. ROMJUE,

FRANK H. FOSS,

CLYDE KELLY,

W. F. BRUNNER,

HARRY L. HAINES,

Managers on the part of the House.

## EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, 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.

## THE CALENDAR

The PRESIDENT pro tempore. There being no reports of committees, the calendar is in order. The clerk will state the first nomination on the calendar.

## CIVIL SERVICE COMMISSION

The legislative clerk read the nomination of L. D. White, of Illinois, to be Civil Service Commissioner.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

## POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. MCKELLAR. Mr. President, I ask that nominations of postmasters may be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, it is so ordered, and the nominations of postmasters are confirmed en bloc.

That completes the calendar.

## RECESS

The Senate resumed legislative session.

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

The motion was agreed to; and (at 5 o'clock and 7 minutes p.m.) the Senate took a recess until tomorrow, Friday, March 23, 1934, at 12 o'clock meridian.

## CONFIRMATIONS

Executive nominations confirmed by the Senate March 22 (legislative day of Mar. 20), 1934

## MEMBER OF THE CIVIL SERVICE COMMISSION

L. D. White to be a member of the Civil Service Commission.

## POSTMASTERS

## ALABAMA

Roy L. Nolen, Montgomery.

## IDAHO

Frederick J. Rodgers, Midvale.

## NEBRASKA

George L. Jordan, Clarks.

George M. Ponton, Elgin.

Arnold A. Irmer, Gresham.

Michael R. Sullivan, O'Neill.

Oscar A. Pilger, Pilger.

James M. Strahan, Wayne.

John Q. Kirkman, Wood Lake.

## NEW YORK

Thomas M. Townsend, Carmel.

Horace G. Shepard, Chaumont.

Henry M. Bintz, Constableville.

Louis Grenier, Faust.

William P. Degenar, Slingerlands.

## PENNSYLVANIA

George E. Diehl, Chambersburg.

Flora E. Falter, Glassmere.

James F. Gibbons, Pittston.

Howard O. Boyer, Rural Valley.

Swiler M. Zeigler, Wellsville.

Chester L. Boal, West Middlesex.

## SOUTH DAKOTA

George L. Kemper, Aberdeen.

Harold L. Fetherhuff, Herreid.

Kathryn H. Speirs, Ree Heights.

Joseph A. Crowley, Sioux Falls.

Helen L. Kieffer, White Lake.

## VIRGINIA

Otho W. Miller, Bridgewater.

Clarence M. Sale, Falls Church.

## WISCONSIN

Clinton B. Immell, Blair.

James R. Alexander, Hayward.

Frank N. Scherer, Kohler.

Thomas F. McDonald, Marshfield.

Cora J. Sorenson, Mount Horeb.

Thomas M. Crawford, Readstown.

Ida Melchert, Saxon.

William J. Corry, South Milwaukee.

Miles Colligan, Wautoma.

## HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 22, 1934

The House met at 12 o'clock noon.

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

Immortal Love, we wait on Thee with open hearts. Thou, who art the inspiration of all truth and the wellspring of power, do Thou minister to this Congress. O show us the Prophet of the Golden Rule, sitting in holy meditation on the beautiful shore of Galilee; rule our conduct by His wonderful teaching. Heavenly Father, deepen the serenity of our souls, and may it drive bigotry out of minds and selfishness out of hearts. When the strain and stress of labor are most severe, enable us to reach the highest accents of faith. O give our aims the highest possible elevation. At the close of the day, having been held by the fetters of care, may we seek some sanctuary that shall soothe the feverish pulse which the day has excited. Let the day be a sweet memory and tomorrow a radiant hope. In the holy name of Jesus our Savior. Amen.

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

## THE CAUSE OF THE TAX BURDEN

Mr. GRAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a radio speech delivered by myself last Friday night over the N.B.C. network on the cause of the tax burden, in which I have exonerated State legislatures and charged responsibility upon Congress.

The SPEAKER. Is there objection?

There was no objection.

The address is as follows:

Gentlemen and ladies of the radio audience, in justice and fairness to State legislatures struggling with the tax problem, and for the proper information of the people, it must be realized and understood that the crushing tax burden includes more than the amount of taxes assessed and collected from the people, measured in money, dollars and cents, more than appropriations and expenditures from the tax funds for the payment of governmental costs and expenses in the administration of State affairs; that the cause of the tax burden involves an economic or industrial problem, a failure of earnings and income, the inability of the people to pay taxes, high taxes, low taxes, or any taxes; that a greater part of the tax burden results from the failure or the destruction of the tax-paying power of the people, the same as the failure of the interest-, debt-, and mortgage-paying power, the same as the failure of the buying and consuming power of the people.

And it must be further realized and understood that under our dual form of government, that is, our division and separation of jurisdictions, with certain powers exercised only by Congress and other powers exclusively reserved to the States, State legislatures are without power to act, without power to mitigate the evils, to eradicate the wrongs, to remedy the cause; State legislatures are without power to relieve from the tax burden, even from the burden of direct taxes levied and assessed upon the people.

The people have long suffered from unequal and unjust taxes, from burdensome and oppressive taxes. But today we are facing a different tax condition, an unusual, an extraordinary tax condition. Under these present-day tax conditions, the people of the country, to meet the tax demands upon them, are being drained of their income. They are being exhausted of their earnings. They are surrendering the whole of the fruits of their toil and labor. And after exhausting their present income and earnings, they are giving up their savings of former years to pay and satisfy the tax demands upon them. They are borrowing money to pay taxes. They are mortgaging their property to pay taxes. They are selling their property at sacrifice sales to meet and pay the taxes assessed upon them.

But this is not all of the tax problem. This is only a part of the tax burden. Even with the complete exhaustion of the people in sacrificing their property, earnings, and income to pay, satisfy, and discharge the taxes against them; even with the people giving up their all, the last cent and farthing of their savings, all they can raise from loans and mortgages and from sacrifice sale of their property, the taxes collected are not enough, not enough to pay and satisfy the tax demands upon the people. With these amounts the people are sacrificing to pay, the taxes are not sufficient to meet the costs of government. New forms of taxes are being devised. New sources of taxes are being planned or invented to reach further tax resources, to take and exact even more taxes, even still greater taxes from the people.

It is true that there has been waste and extravagance in the administration of State affairs. It is true that there has been useless duplication and overlapping service in the State. It is true that salaries have been in disproportion to the earnings and income of the people and their means and ability to pay. It is true that the burden of taxation has not been evenly laid upon the people; that intangible wealth and property has not been made to bear its just portion of taxes; that the principle of ability to pay has not been observed and adhered to in the levy and assessment of taxes upon the property of the people.

But while all these many tax abuses and evils complained of today are in a measure, part, and in portion true, yet they have long been true, true long before this tax crisis, and if remedied and relieved today this tax burden would remain tomorrow. And while there can be no full, adequate tax relief until these tax evils and abuses are remedied and lifted from the people, yet no one of these evils or abuses separately, nor all of them operating together, have brought this sudden, intolerable tax burden to fall in crushing weight upon the people of the country like a withering blight in the nighttime, or coming like a grim tax monster devouring and swallowing up the earnings, income, and substance of the people still unsatisfied and grasping for more. There is something more than the amount of taxes involved here. There is something more than waste and extravagance, there is something more than useless duplication of service, there is something more than salaries of public officials, there is something more than the pay roll of public employees, there is something more than increasing governmental costs involved in this impossible, intolerable tax burden. We must look further and deeper for the cause, for the remedy, for the relief from the burden of exhausting taxes.

While these evils and abuses of public waste and extravagance and increasing governmental costs and expenses are responsible for some part of this rising, crushing, multiplying tax burden, the