authorizing the Postmaster General to issue a special series of postage stamps; to the Committee on the Judiciary.

9054. Also, petition of 500 citizens of the State of New Jersey, urging passage of House Joint Resolution 193, authorizing the Postmaster General to issue a special series of postage stamps in commemoration of the one hundred and fiftieth anniversary of the completion of Commodore John Barry's service in the American Navy of the Revolution; to the Committee on the Judiciary.

9055. Also, petition of the Catholic Daughters of America in Pennsylvania, numbering 20,000, endorsing House Joint Resolution 193, directing the President to proclaim July 9 of this year Commodore John Barry Memorial Day and authorizing the Postmaster General to issue a special series of postage stamps; to the Committee on the Judiciary.

9056. Also, petition of 25,000 citizens of the city of Chicago, Ill., praying for passage of House Joint Resolution 193, directing the President to proclaim July 9 of this year 1935 Commodore John Barry Memorial Day for the observance and commemoration of the one hundred and fiftieth anniversary of the completion of Commodore John Barry's service in the American Navy of the Revolution, and authorizing the Postmaster General to issue a special series of postage stamps; to the Committee on the Judiciary.

9057. By Mr. LAMNECK: Petition of the undersigned employees of the Federal Glass Co. of Columbus, Ohio, proposing a line of procedure to eliminate the importation of glass products from Japan at the ruinous prices now prevailing because their jobs are in jeopardy; to the Committee on Ways and Means.

9058. By Mr. LORD: Petition of Emma Willmer, county director of movies, Bainbridge, N. Y., and 69 residents of Chenango County, urging enactment of House bills 4757 and 6472; to the Committee on Interstate and Foreign Commerce.

9059. By Mr. ROMJUE: Petition of citizens of Hannibal, Mo., requesting the full House Committee on Interstate and Foreign Commerce to reject the subcommittee report on Senate bill 1629, and that the measure as it passed the Senate, or its equivalent, be substituted for the bill reported by the subcommittee; to the Committee on Interstate and Foreign Commerce.

SENATE

TUESDAY, JULY 2, 1935

(Legislative day of Monday, May 13, 1935)

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

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, July 1, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its enrolling clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1958. An act to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes;

S. 2074. An act to create a National Park Trust Fund Board, and for other purposes;

S. 2642. An act to incorporate The American National Theater and Academy;

H. R. 3012. An act to authorize the transfer of certain lands in Hopkins County, Ky., to the Commonwealth of Kentucky; and

H. R. 6464. An act to provide means by which certain Filipinos can emigrate from the United States.

CALL OF THE ROLL

Mr. ROBINSON. 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	Coolidge	Lewis	Radcliffe
Ashurst	Copeland	Logan	Reynolds
Bachman	Dickinson	Lonergan	Robinson
Bankhead	Dieterich	Long	Schall
Barbour	Donahey	McAdoo	Schwellenbach
Barkley	Duffy	McCarran	Sheppard
Bilbo	Fletcher	McGill	Shipstead
Black	George	McKellar	Smith
Bone	Gibson	McNary	Steiwer
Borah	Glass	Maloney	Thomas, Okla.
Brown	Gore	Metcalf	Townsend
Bulkley	Guffey	Minton	Trammell
Bulow	Hale	Moore	Truman
Burke	Harrison	Murphy	Tydings
Byrd	Hastings	Murray	Van Nuys
Byrnes	Hatch	Neely	Wagner
Capper	Hayden	Norbeck	Walsh
Caraway	Holt	Norris	Wheeler
Carey	Johnson	O'Mahoney	White
Chavez	Keyes	Overton	
Clark	King	Pittman	
Connally	La Follette	Pope	

Mr. LEWIS. I announce that the Senator from Colorado [Mr. COSTIGAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Utah [Mr. THOMAS], the Senator from North Carolina [Mr. BAILEY], and the Senator from Rhode Island [Mr. GERRY] are detained from the Senate on important public business. I request that this announcement stand for the day.

Mr. McNARY. I wish to announce that the senior Senator from Michigan [Mr. COUZENS] is absent on account of illness, and that the Senator from Vermont [Mr. AUSTIN], the Senator from Pennsylvania [Mr. DAVIS], the senior Senator from North Dakota [Mr. FRAZIER], the junior Senator from North Dakota [Mr. NYE], and the junior Senator from Michigan [Mr. VANDENBERG] are necessarily detained from the Senate. I ask that this announcement stand for the day.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT

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

SELECT COMMITTEE TO INVESTIGATE THE ADMINISTRATION OF THE VIRGIN ISLANDS

The VICE PRESIDENT laid before the Senate a letter from the Senator from Maine [Mr. WHITE], which was read, as follows:

UNITED STATES SENATE,
June 28, 1935.

The VICE PRESIDENT,
The United States Senate, Washington, D. C.

MY DEAR MR. VICE PRESIDENT: I hereby tender my resignation as a member of the Select Committee to Investigate the Administration of the Virgin Islands.

I am, very sincerely yours,

WALLACE H. WHITE, Jr.

The VICE PRESIDENT appointed Mr. GIBSON a member of the Select Committee to Investigate the Administration of the Virgin Islands in place of Mr. WHITE.

LAWS AND RESOLUTIONS OF LEGISLATURE OF PUERTO RICO

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying document, referred to the Committee on Territories and Insular Affairs, as follows:

To the Congress of the United States:

As required by section 23 of the act of Congress approved March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes", I transmit herewith certified copies of laws and resolutions enacted by the Thirteenth Legislature of Puerto Rico during its third regular session, February 11 to April 14, 1935.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 2, 1935.*

RULES AND REGULATIONS, BUREAU OF NAVIGATION AND STEAMBOAT INSPECTION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting copies of the Fifty-first Supplement, General Rules and Regulations, January 1, 1935, covering the new boiler rules, and also copies of the Fifty-second Supplement to General Rules and Regulations, containing the latest amendments adopted by the Board of Supervising Inspectors, Bureau of Navigation and Steamboat Inspection, which, with the accompanying documents, was referred to the Committee on Commerce.

REPORT OF THE FEDERAL RESERVE BOARD

The VICE PRESIDENT laid before the Senate a letter from the Governor of the Federal Reserve Board, transmitting a copy of the annual report of the Board, covering operations during the calendar year 1934, made to the Speaker of the House of Representatives pursuant to law, which, with the accompanying report, was referred to the Committee on Banking and Currency.

ELECTRIC-RATE SURVEY IN WEST VIRGINIA

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Power Commission, transmitting, pursuant to law, a compilation completed through the electric-rate survey of the domestic and residential rates in effect in the State of West Virginia on January 1, 1935, which, with the accompanying paper, was referred to the Committee on Interstate Commerce.

PETITION AND MEMORIAL

The VICE PRESIDENT laid before the Senate a resolution adopted by the Board of Commissioners of San Juan, P. R., favoring the enactment of House bill 7931, to establish the San Juan National Monument, P. R., and for other purposes, which was referred to the Committee on Territories and Insular Affairs.

Mr. LA FOLLETTE presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Finance:

Joint resolution memorializing Wisconsin Members of the Congress of the United States to introduce legislation to increase the tariff on foreign fats and oils used in the manufacture of oleomargarine

Whereas the unwarranted importation of foreign fats and oils used for the manufacture of oleomargarine is not only a detriment to manufacturers of oleomargarine who use only domestic fats and oils in their products, but to the dairy industry of Wisconsin and the agricultural industry of the country as well; and

Whereas butter represents more than 35 percent of the annual milk production in the United States; and

Whereas Wisconsin, as a large producer of butter and milk, is seriously affected by the importation of such foreign fats and oils: Now, therefore, be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin respectfully memorializes the Wisconsin Members of the Congress of the United States to take immediate steps to introduce legislation raising such tariff on imported fats and oils as will properly and adequately protect the dairy farmer of the State of Wisconsin, and the manufacturers of oleomargarine who use only domestic fats and oils in their product; be it further

Resolved, That properly attested copies of this resolution be sent to each Member of the Congress of the United States.

ELEVATED RAILWAYS AND SUBWAYS IN BOSTON, MASS.

Mr. WALSH. Mr. President, I present and ask to have printed in full in the RECORD and appropriately referred resolutions adopted by the Massachusetts General Court in favor of the granting of funds by the Federal Government for the immediate removal of elevated railway structures in the city of Boston and the construction of subways in substitution therefor.

The resolutions were referred to the Committee on Education and Labor, as follows:

Resolutions in favor of the granting of funds by the Federal Government for the immediate removal of elevated railway structures in the city of Boston and the construction of subways in substitution therefor

Resolved, That the House of Representatives of the General Court of Massachusetts hereby urges the Federal Government to grant Federal money to meet the cost of removing all elevated railway structures in the city of Boston included in the main rapid-transit line of the Boston Elevated Railway Co. between the Forest Hills station and the Sullivan Square station and of constructing subways in substitution for the elevated structure so removed, and to place the said projects among the first Public Works projects to be included in the program of public works in this Commonwealth to be financed by grants of Federal money; and be it further

Resolved, That the secretary of the Commonwealth forthwith forward copies of these resolutions to the Federal Public Works Administrator at Washington and to the Members of Congress from this Commonwealth.

REPORTS OF COMMITTEES

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 3019) to amend sections 1, 3, and 15 of "An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes", approved June 28, 1934 (48 Stat. 1269), reported it with an amendment and submitted a report (No. 1005) thereon.

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 2564) to grant an honorable discharge to Charles L. Wymore, reported it with amendments and submitted a report (No. 1006) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3077. A bill for the relief of Constantin Gilia (Rept. No. 1008); and

S. 3078. A bill for the relief of C. R. Whitlock (Rept. No. 1009).

Mr. BARKLEY, from the Committee on the Library, to which was referred the joint resolution (H. J. Res. 208) to provide for the observance and celebration of the one hundred and fiftieth anniversary of the adoption of the Ordinance of 1787 and the settlement of the Northwest Territory, reported it without amendment.

THE BANKING SYSTEM

Mr. GLASS. From the Committee on Banking and Currency I report favorably with an amendment the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes, and I submit a report (No. 1007) thereon. The report of the committee is unanimous.

The VICE PRESIDENT. The bill will be placed on the calendar.

BILLS INTRODUCED

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

By Mr. McNARY:

A bill (S. 3189) granting a pension to Carrie Gibbon (with accompanying papers); to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 3190) granting a pension to Lucy A. Rose (with accompanying papers); to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 3191) for the relief of John C. Crossman; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3192) to increase the limit of cost for the Department of Agriculture Extensible Building; to the Committee on Public Buildings and Grounds.

(By request.) A bill (S. 3193) authorizing the Secretary of the Treasury of the United States to purchase a bust made by J. Antoine Houdon in 1796 in Paris, France, of James Monroe, fifth President of the United States and father of the Monroe Doctrine, while Mr. Monroe was Ambassador to France; to the Committee on the Library.

By Mr. HARRISON:

A bill (S. 3194) to amend section 10A of the Federal Food and Drugs Act of June 30, 1906, as amended; to the Committee on Commerce.

By Mr. NEELY (for Mr. COSTIGAN):

A bill (S. 3195) for the relief of Guiry Bros. Wall Paper & Paint Co.; to the Committee on Claims.

By Mr. NEELY:

A bill (S. 3196) for the relief of Charles Flanagan; to the Committee on Finance.

By Mr. FLETCHER:

A bill (S. 3197) to repeal a provision of section 3 of the act entitled "An act to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes", approved May 30, 1934; to the Committee on Public Lands and Surveys.

By Mr. DIETERICH:

A bill (S. 3198) to amend subsection (c) of section 15 of the Agricultural Adjustment Act, as amended; to the Committee on Agriculture and Forestry.

By Mr. BYRD:

A bill (S. 3199) for the relief of the estate of Hattie M. Dunford; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3200) to create the Office of Publications; to the Committee on Printing.

A bill (S. 3201) to equalize the practice in the marine bureaus; to raise the standard of the personnel and secure continuity of service by providing for the retirement for age of certain employees of the Bureau of Navigation and Steamboat Inspection of the Department of Commerce; to the Committee on Commerce.

AMENDMENT TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. GORE (by request) submitted an amendment relative to suits now pending for trial or hereafter filed, in the Court of Claims, brought by any Indian tribe or band, etc., intended to be proposed by him to House bill 8554, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

LOBBYING ACTIVITIES IN CONNECTION WITH HOLDING COMPANY BILL

Mr. BLACK. I submit a short resolution, and ask unanimous consent that it be referred to the Committee on Interstate Commerce.

There being no objection, the resolution (S. Res. 165) was read and referred to the Committee on Interstate Commerce, as follows:

Resolved, That a special committee of five Senators, to be appointed by the President of the Senate, is authorized and directed to make a full and complete investigation of the lobbying activities in connection with the so-called "holding-company bill". The committee shall report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth and succeeding Congresses, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $150,000, shall be paid from the contingent fund of the Senate, upon vouchers approved by the chairman.

VOTE IN THE HOUSE OF REPRESENTATIVES ON UTILITIES BILL AMENDMENT

Mr. BLACK. Mr. President, I ask unanimous consent to insert in the RECORD some very interesting information appearing on the first page of this afternoon's News. I am sure it will be of interest to the Senate and should be included in the RECORD. It is under the heading "Secret Vote on Utilities Recorded in Full by the News."

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

[From the Washington Daily News of July 2, 1935]

FINAL VOTE ON UTILITIES TODAY—SECRET VOTE ON UTILITIES RECORDED IN FULL BY NEWS

Following is the vote of the House, as nearly accurate as the News and Scripps-Howard newspapers' Washington staffs could obtain it, on the rejection yesterday of the so-called "death sentence" amendment to the utility holding company bill.

This is the first time on record that the names of the Congressmen participating in a teller vote have been published.

Oddly, the News and Scripps-Howard staff recorded more votes both for and against than did the tellers. Tellers have been known to err. Otherwise either the correspondents, or Congressmen whom they questioned about their votes, were mistaken. The News will be glad to correct any error noted by a Congressman.

YES (FOR THE "DEATH SENTENCE")

The tellers counted 146 ayes; Scripps-Howard identified 152.

Democrats (135): Arnold (Ill.), Ayers (Mont.), Barden (N. C.), Beam (Ill.), Beiter (N. Y.), Biermann (Iowa), Binderup (Nebr.), Blanton (Tex.), Brown (Mich.), Buckley (N. Y.), Byrns (Tenn.), Caldwell (Fla.), Cannon (Mo.), Cartwright (Okla.), Castellow (Ga.), Chandler (Tenn.), Citron (Conn.), Colden (Calif.), Colmer (Miss), Cooley (N. C.), Cooper (Tenn.), Cox (Ga.), Cravens (Ark.), Cross (Tex.), Crosser (Ohio), Crowe (Ind.), Cummings (Colo.), Daly (Pa.), Dear (La.), Deen (Ga.), Dingell (Mich.), Disney (Okla.), Dockweiler (Calif.), Doughton (N. C.), Doxey (Miss.), Driscoll (Pa.), Driver (Ark.), Dunn (Pa.), Eckert (Pa.), Eicher (Iowa) Ellenbogen (Pa.), Flannagan (Va.), Fletcher (Ohio), Ford (Calif.), Ford (Miss.), Gildea (Pa.), Gillette (Iowa), Goldsborough (Md.), Gray (Ind.), Green (Fla.), Gregory (Ky.), Hamlin (Maine), Healey (Mass.), Hildebrandt (S. Dak.), Hill (Ala.), Hill, K. (Wash.), Hill, S. B. (Wash.), Hobbs (Ala.), Hook (Mich.), Jacobsen (Iowa), Jones (Tex.), Keller (Ill.), Kniffin (Ohio), Kocialkowski (Ill.), Kramer (Calif.), Larrabee (Ind.), Lea (Calif.), Lee (Okla.), Luckey (Nebr.), McClellan (Ark.), McFarlane (Tex.), McGrath (Calif.), McReynolds (Tenn.), Mahon (Tex.), Martin (Colo.), Massingale (Okla.), Maverick (Tex.), Mead (N. Y.), Miller (Ark.), Mitchell (Tenn.), Monaghan (Mont.), Moran (Maine), Moritz (Pa.), Murdock (Utah), Nelson, (Mo.), O'Day (N. Y.), O'Malley (Wis.), Owen (Ga.), Parks (Ark.), Patman (Tex.), Patterson (Kans.), Pearson (Tenn.), Pfeifer (N. Y.), Pierce (Oreg.), Quinn (Pa.), Rabaut (Mich.), Ramsay (W. Va.), Rankin (Miss.), Rayburn (Tex.), Romjue (Mo.), Sadowski (Mich.), Sanders (La.), Sandlin (La.), Schulte (Ind.), Scott (Calif.), Sears (Fla.), Secrest (Ohio), Sirovich (N. Y.), Sisson (N. Y.), Smith (Wash.), Snyder (Pa.), South (Tex.), Stack (Pa.), Starnes (Ala.), Steagall (Ala.), Stubbs (Calif.), Sumners (Tex.), Sweeney (Ohio), Terry (Ark.), Thomason (Tex.), Truax (Ohio), Turner (Tenn.), Utterback (Iowa), Vinson (Ky.), Wallgren (Wash.), Warren (N. C.), Wearin (Iowa), Werner (S. Dak.), West (Tex.), White (Idaho), Whittington (Miss.), Williams (Mo.), Wood (Mo.), Zimmerman (Mo.), and Zioncheck (Wash.).

Republicans (7): Burdick (N. Dak.), Gearhart (Calif.), Gilchrist (Iowa), Lambertson (Kans.), Lemke (N. Dak.), Marcantonio (N. Y.), and Welch (Calif.).

Progressives (7)—Amlie (Wis.), Boileau (Wis.), Gehrmann (Wis.), Hull (Wis.), Sauthoff (Wis.), Schneider (Wis.), Withrow (Wis.).

Farmer-Labor (3)—Buckler (Minn.), Kvale (Minn.), Lundeen (Minn.).

NO (AGAINST THE "DEATH SENTENCE")

The tellers counted 216 who voted "no"; Scripps-Howard identified 225.

Democrats (132)—Adair (Ill.), Bell (Mo.), Berlin (Pa.), Bland (Va.), Bloom (N. Y.), Boehne (Ind.), Boland (Pa.), Boylan (N. Y.), Brennan (Ill.), Brown (Ga.), Brunner (N. Y.), Buck (Calif.), Burch (Va.), Cannon (Wis.), Carmichael (Ala.), Carpenter (Kans.), Cary (Ky.), Casey (Mass.), Celler (N. Y.), Chapman (Ky.), Claiborne (Mo.), Clark (Idaho), Clark (N. C.), Coffee (Nebr.), Cole (Md.), Corning (N. Y.), Costello (Calif), Crosby (Pa.), Cullen (N. Y.), Darden (Va.), DeRouen (La.), Dietrich (Pa.), Dobbins (Ill.), Drewry (Va.), Duffey (Ohio), Duffy (N. Y.), Duncan (Mo.), Eagle (Tex.), Edmiston (W. Va.), Faddis (Pa.), Farley (Ind.), Ferguson (Okla.), Fernandez (La.), Fiesinger (Ohio), Fitzpatrick (N. Y.), Frey (Pa.), Gambrill (Md.), Gasque (La.), Gassaway (Okla.), Gingery (Pa.), Granfield (Mass.), Gray (Pa.), Greever (Wyo.), Griswold (Ind.), Haines (Pa.), Hancock (N. C.), Harlan (Ohio), Hart (N. J.), Harter (Ohio), Hennings (Mo.), Higgins (Mass.), Hoeppel (Calif.), Houston (Kans.), Huddleston (Ala.), Imhoff (Ohio), Jenckes (Ind.), Johnson (W. Va.), Kee (W. Va.), Kelly (Ill.), Kerr (N. C.), Kleberg (Tex.), Kloeb (Ohio), Kopplemann (Conn.), Lambeth (N. C.), Lamneck (Ohio), Lewis (Colo.), Lewis (Md.), Lloyd (Wash.), Lucas (Ill.), Ludlow (Ind.), McAndrews (Ill.), McCormack (Mass.), McGroarty (Calif.), McKeough (Ill.), McLaughlin (Nebr.), McMillan (S. C.), McSwain (S. C.), Mason (Ill.), May (Ky.), Merrittt (N. Y.), Montague (Va.), Nichols (Okla.), Norton (N. J.), O'Brien (Ill.), O'Neal (Ky.), Palmisano (Md.), Parsons (Ill.), Patton (Tex.), Peterson (Fla.), Peterson (Ga.), Pettengill (Ind.), Polk (Ohio), Ramspeck (Ga.), Randolph (W. Va.), Reilly (Wis.), Richardson (Pa.), Robertson (Va.), Robinson (Utah), Rogers (Okla.), Rudd (N. Y.), Russell (Mass.), Schaefer (Ill.), Schuetz (Ill.), Shanley (Conn.), Smith (Conn.), Smith (Va.), Spence (Ky.), Sullivan (N. Y.), Sutphin (N. J.), Tarver (Ga.), Thom (Ohio), Thompson (Ill.), Tolan (Calif.), Tonry (N. Y.), Umstead (N. C.), Vinson (Ga.), Walter (Pa.), Whelchel (Ga.), Wilcox (Fla.), Wilson (La.), Woodrum (Va.).

Republicans (93)—Allen (Ill.), Andresen (Minn.), Andrew (Mass.), Andrews (N. Y.), Arends (Ill.), Bacharach (N. J.), Bacon (N. Y.), Blackney (Mich.), Bolton (Ohio), Brewster (Maine), Buckbee (Ill.), Carlson (Kans.), Cavicchia (N. J.), Christianson (Minn.), Church (Ill.), Cole (N. Y.), Collins (Calif.), Cooper (Ohio), Crawford (Mich.), Crowther (N. Y.), Culkin (N. Y.), Darrow (Pa.), Ditter (Pa.), Dondero (Mich.), Doutrich (Pa.), Eaton (N. J.), Ekwall (Oreg.), Engel (Mich.), Englebright (Calif.), Fenerty (Pa.), Fish (N. Y.), Focht (Pa.), Gifford (Mass.), Goodwin (N. Y.), Guyer (Kans.), Gwynne (Iowa), Halleck (Ind.), Hancock (N. Y.), Hartley (N. J.), Hess

(Ohio), Hoffman (Mich.), Hollister (Ohio), Holmes (Mass.), Hope (Kans.), Jenkins (Ohio), Kahn (Calif.), Kimball (Mich.), Kinzer (Pa.), Knutson (Minn.), Lehlbach (N. J.), Lord (N. Y.), McLean (N. J.), McLeod (Mich), Maas (Minn.), Mapes (Mich.), Marshall (Ohio), Martin (Mass.), Merritt (Conn.), Michener (Mich.), Millard (N. Y.), Mott (Oreg.), Perkins (N. J.), Pittenger (Minn.), Plumley (Vt.), Powers (N. J.), Ransley (Pa.), Reece (Tenn.), Reed (Ill.), Reed (N. Y.), Rich (Pa.), Robsion (Ky.), Rogers (Mass.), Rogers (N. H.), Seger (N. J.), Short (Mo.), Snell (N. Y.), Stefan (Nebr.), Stewart (Del.), Taber (N. Y.), Taylor (Tenn.), Thomas (N. Y.), Thurston (Iowa), Tinkham (Mass.), Tobey (N. H.), Treadway (Mass.), Turpin (Pa.), Wadsworth (N. Y.), Wigglesworth (Mass.), Wilson (Pa.), Wolcott (Mich.), Wolfenden (Pa.), Wolverton (N. J.), Woodruff (Mich.).

Absent (21)—Ashbrook (D., Ohio), Bankhead (D., Ala.), Brooks (D., Pa.), Bulwinkle (D., N. C.), Carter (R., Calif.), Cochran (D., Mo.), Dempsey (D., N. Mex.), Dies (D., Tex.), Dirksen (R., Ill.), Fuller (D., Ark.), Greenwood (D., Ind.), Higgins (R., Conn.), Johnson (D., Okla.), Kennedy (D., Md.), Lesinski (D., Mich.), Oliver (D., Ala.), Peyser (D., N. Y.), Ryan (D., Minn.), Shannon (D., Mo.), Taylor (D., S. C.), Underwood (D., Ohio), Young (D., Ohio).

Either not voting or unaccounted for (28)—Buchanan (D., Tex.), Burnham (R., Calif.), Connery (D., Mass.), Delaney (D., N. Y.), Dickstein (D., N. Y.), Dorsey (D., Pa.), Dunn (D., Miss.), Evans (D., N. Y.), Gavagan (D., N. Y.), Greenway (D., Ariz.), Johnson (D., Tex.), Kennedy (D., N. Y.), Kenney (D., N. J.), Lanham (D., Tex.), McGehee (D., Miss.), Mansfield (D., Tex.), Mitchell (D., Ill.), Montet (D., La.), O'Connell (D., R. I.), O'Connor (D., N. Y.), O'Leary (D., N. Y.), Sabath (D., Ill.), Sanders (D., Tex.), Scrugham (D., Nev.), Smith (D., W. Va.), Somers (D., N. Y.), Taylor (D., Colo.), Weaver (D., N. C.).

Refused to state position (4)—Fulmer (D., S. C.), Maloney (D., La.), Meeks (D., Ill.), Richards (D., S. C.).

There are five vacancies.

FOREIGN-TRADE POLICY—ADDRESS BY FRANCIS B. SAYRE

Mr. HARRISON. Mr. President, I ask unanimous consent to have printed in the RECORD a very able and illuminating address delivered by Hon. Francis B. Sayre, Assistant Secretary of State, before the national convention of the United States Junior Chamber of Commerce at Columbus, Ohio, on June 28, 1935, on the subject of the Most-Favored-Nation Policy and the Trade Agreements Program.

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

THE MOST-FAVORED-NATION POLICY AND THE TRADE AGREEMENTS PROGRAM

For the past year this Government has been actively engaged on a program designed to protect and restore our foreign commerce. The Trade Agreements Act of June 12, 1934, authorized the President to enter into trade agreements with foreign countries for the reciprocal reduction of trade barriers. Within the year trade agreements have been concluded with five countries—namely, Cuba, Brazil, Haiti, Belgium, and Sweden. Negotiations are under way with 13 other countries, and as these progress it is expected that additional countries will be added to the list.

Parenthetically, perhaps I should explain that the trade agreement recently concluded with Cuba, which I presume my friend, Ambassador Patterson, will discuss, in one respect stands somewhat apart. The ties of close association between Cuba and the United States, due to historical considerations and geographical propinquity, are so strong that the United States ever since 1898 has felt justified in treating it, so to speak, as a member of the family in granting to it and receiving from it frankly preferential treatment; and to this end special provisions have been inserted in our most-favored-nation treaties and agreements with other nations exempting Cuba from their operation. The recent trade agreement with Cuba, therefore, has continued the special preferential tariff arrangement adopted in the commercial convention of 1902, and is in that one respect not typical of the other trade agreements now being negotiated.

This program of trade recovery through the negotiation of trade agreements has a twofold objective—namely, the reciprocal reduction in trade barriers and the removal or prevention of discriminations against American commerce.

The biting need of scaling down trade barriers if we are to regain prosperity is clear. The calamitous decline of foreign trade since 1929, following the erection of newly devised forms of injurious trade barriers, such as quota restrictions, exchange control, compensation agreements, and the like, is common knowledge to all. Unless and until we succeed in tearing down these trade barriers, foreign trade must languish, and price demoralization, domestic unemployment, and financial instability must continue. It is of the second objective, that is, the removal or prevention of discrimination against American commerce, that I want to speak to you quite simply this afternoon, and particularly of the importance and significance of the most-favored-nation policy in the accomplishment of this objective. I cannot but believe that much of the controversy which has raged around this policy is due in large measure to genuine misunderstanding. Once the issues are clearly stated and understood, I can see scant room for controversy, political or otherwise.

First, let me make clear that the most-favored-nation policy is in no sense a novel policy, formulated as part of the new deal. It goes back a century at least; in a sense it is as old as trade itself. If a nation is to trade at all it must base its commercial policy upon one of two alternatives: It must give and seek trading privileges and concessions either (a) upon a basis of preferences extended to special favored nations, or (b) upon a basis of equality to all nations which accord the same treatment to it.

Historically, it is the second of these two alternatives—the equality-of-treatment policy—which has formed the basis of most of the trading of the past hundred years. This is the policy which has taken form in the most-favored-nation clause, woven into a network of hundreds of treaties all over the world, whereby each party agrees to give to the other the same commercial treatment as that accorded to the most-favored-nation. Innumerable of these treaties are still in force, and are still operative and effective so far as tariff rates are concerned. The United States today is a party to treaties of agreements containing the most-favored-nation clause with some 45 different nations. From the beginning we have maintained a "single-column tariff", with rates applicable uniformly to all nations.

But of late years a contrary movement has been gaining force. A few countries, such as France and Spain, adopted a policy based upon the first of the two alternatives, namely, preferential bargaining. These countries proceeded to denounce their most-favored-nation treaties and to enter into a system of special tariff arrangements under which lower rates were accorded to some nations and higher rates were imposed against others. Under this policy there is a constant tendency, as experience has shown, to boost higher and higher the maximum rates in order to gain greater trading advantage in seeking special concessions from other nations.

Following the economic breakdown of 1929, the policy of preferential bargaining has become increasingly evident as one of the manifestations of the growing spirit of economic nationalism. New weapons have been introduced to enforce economic nationalism, such as quota restrictions, exchange regulation, import controls, Government trading monopolies and the like; and these have been extensively utilized to defeat equality of treatment and the most-favored-nation policy. Thus, the question presents itself today whether the United States, the great trading Nation of the western world, will similarly abandon the traditional commercial policy which it and other nations have successfully followed for over a century and become engulfed instead in the new tide of preferential bargaining.

Of the two alternative policies, that of preferential bargaining will readily win the popular approval of the unthinking. To superficial observers it has many advantages in its favor. The United States, under such a policy, would give exclusive advantages in return for exclusive advantages. In other words, reductions in duty by each country would apply only to products of the other, like products of third countries being subject to higher rates. Thereby we would seem to afford protection to domestic producers against competing imports from other nations, to secure American exporters against competition in foreign markets from exporters in third countries, and at the same time to increase the inducement to other nations to make concessions to us by giving their exporters corresponding protection in our market. We would trade special privilege for special privilege, and thus it might be supposed we could bargain away the foreign-trade barriers which hamper the free flow of American exports.

But the difficulty is that each preference given exclusively to a single nation constitutes a discrimination against over 50 other nations. There can be no preference without discrimination. A policy of preferential bargaining means in its very essence a policy of wide-spread discrimination. And discrimination gives rise to counter-measures—commonly referred to as "retaliation"—since no nation can afford to see its exports, on which it may depend for its economic existence, displaced by the exports of third countries. Retaliation spells new and still higher trade barriers. A nation which seeks increased outlets in foreign markets for its domestic surpluses cannot afford to follow a policy of bargaining in preferences.

On the other hand, just as preferential bargaining leads to economic conflict, so the system of equal treatment under the most-favored-nation policy leads to economic peace and stability. It prevents the grant to favored nations of exclusive preferences which enable nations to undercut the prices of their competitors in foreign markets and thus to shift the currents of world trade and cause untold injury. In its essence it means the rule of minimum disturbance in international trade and economic peace.

No one has expressed this thought more aptly than George Washington in his famous farewell address. "Harmony, liberal intercourse with all nations", he said, "are recommended by policy, humanity, and interest. But even our commercial policy should hold an equal and impartial hand, neither seeking nor granting exclusive favors or preferences; consulting the natural course of things; diffusing and diversifying by gentle means the streams of commerce, but forcing nothing."

Ever since the days of George Washington, the policy of equality of treatment to all, tested and proved by years of experience, has constituted the very cornerstone of American commercial policy. It is foundationed upon justice and fairness, and therefore it will be enduring. On it rests our "open-door" policy, which for a generation we have insisted upon in the Far East. It lies at the foundation of innumerable claims and protests which the State Department makes whenever discrimination can be proved against American commerce. It fundamentally underlies our position toward European debtor countries. It

shapes our basic policy in dealing with problems of quota restrictions and exchange control. It has been the guiding star of American commercial policy.

Those who, swept along in the present-day currents of economic nationalism, now advocate replacing it with a plausible policy of preferential bargaining, do not stop to count the consequences or the cost. The policy of preferential bargaining means the shifting and adjustment of the currents of world trade, not in response to the operation of the fundamental economic laws of supply and demand, but in accordance with the arbitrary and political decisions of governmental officials. It means the placing of the economic life of every nation at the mercy of the bargains and political manipulations made, sometimes by its own officials and sometimes by those of other nations over whom it has no control. It means the strait-jacketing of world trade and a growing economic nationalism with mounting costs to domestic consumers and a decreasing standard of living. For each nation which follows the policy it means growing regimentation and strangulation of individual enterprise; for preferential bargaining leads logically and almost inescapably to a selective system of exports and imports, and thus places domestic trade and industry under the domination and, sooner or later, if the policy is consistently pursued, under the arbitrary direction of governmental officialdom.

Once governments embark on the policy of preferential bargaining, the political abuses and indefensible practices connected with lobbying for high protectionist favors will be extended from the legislative halls of the nation to the chancelleries of the world. When nation is pitted against nation in the effort to secure and retain protective preferences in world markets, each seeking to undercut and outsell the other, commercial stability and the security of established business go out of the window.

In the light of the peculiar commercial needs of the United States, no policy seems more short-sighted or disastrous than that of preferential bargaining. The foreign trade of the United States from its very nature must be essentially triangular. Speaking in a general way, most of the European industrial countries produce goods competitive with our own. They need large quantities of our raw materials, such as cotton, wheat, hog products, and the like, whereas the United States, being a manufacturing as well as an agricultural nation, naturally and almost necessarily buys less from these countries than it sells to them. In 1934 our exports to the United Kingdom, France, Germany, Italy, Belgium, and the Netherlands amounted to some $775,000,000, whereas our imports from the same countries were but slightly over $335,000,000. In other words, our export balance to this group of nations amounted to some $440,000,000.

On the other hand, our trade with the principal tropical countries is exactly the converse. From them we buy products, such as coffee, tea, rubber, etc., of far greater value than we can sell to them. To Cuba, Brazil, Colombia, Venezuela, British Malaya, Dutch East Indies, British India, and Ceylon our total exports in 1934 amounted to no more than $225,000,000, in contrast to our imports of some $500,000,000. Our trade with this group of countries, in other words, showed an unfavorable balance of some $275,000,000.

Again, there is a third group of countries, primarily agricultural, competing with our own agricultural production, from which, as is quite natural, we can import considerably less than we export to them. In 1934 our total exports to the British Dominions and Argentina were about $400,000,000 and our imports $250,000,000, showing a balance in our favor of some $150,000,00.

From this it must be clear that any policy which proves destructive of triangular trade strikes at the very heart of American commercial interests. We have large export surpluses with Europe and the British Dominions. We have substantial import surpluses with the tropical countries. Our foreign trade is strikingly triangular. Preferential bargaining, as actual experience is proving, leads inescapably to the effort to equalize the value of exports and imports between each two countries; and bilateral balancing perforce kills triangular trade. Triangular trade cannot survive under a system of bargaining for special preference. Its very existence depends upon most-favored-nation treatment and freedom from discriminatory practices in the movement of goods. So far as the United States is concerned, we must fight the system of preferential bargaining and bilateral balancing or lose a great part of our trade. To American agriculture, which depends vitally upon the maintenance of a large volume of triangular trade, the movement in these directions is particularly menacing. The only realistic commercial policy which meets practical American needs is one which aims to keep open the channels of trade to all countries upon equal terms.

Much of the current opposition to the most-favored-nation policy is, I suspect, based largely upon misunderstanding. It is assumed that such a policy requires the United States to grant favors and concessions to other nations for no return and thus to inure to our own material disadvantage. It is condemned as a "Santa Claus policy", initiated by "international idealists." In fact, it is nothing of the kind. It does not mean giving away something for nothing. We get quite as much as we give. No one proposes to generalize our concessions to countries which are in fact discriminating against American trade. The most-favored-nation policy means simply that we extend most-favored-nation treatment to every country which does the same to us. We receive a very real quid pro quo. What strikes injury to every business is discrimination in favor of others. It is when favored competitors are enabled to sell at lower prices than ourselves that bankruptcy begins. Genuine protection comes with equality of treatment. Under a policy of most-favored-nation treatment, for every group of concessions which we grant to third states we receive in return the groups of concessions which they, under other treaties, have granted to other nations. Thus, our trade is protected against discrimination. If, on making a trade agreement, we grant the same concessions generally to third states which are not discriminating against us, we are assured thereby of the benefits of the lowered rates which those third states have already made or may in the future make to other countries. And, as experience has proved through the years, these benefits and assurances against discrimination are of enormous value in dollars and cents to American trade. It is a policy dictated by experience and by hard-headed common sense.

At the same time, by refusing to extend the benefits of such concessions to countries which are discriminating against our own trade, we gain a force and leverage of substantial power to compel other nations to cease unfair practices and discriminations against our trade. The policy becomes, as recent events prove, a positive program of great effectiveness.

It was in the light of considerations such as these that Congress passed the Trade Agreements Act of June 12, 1934, empowering the President to enter into trade agreements with other nations to increase American trade abroad. The act itself prescribes adherence to the traditional American policy of most-favored-nation treatment by providing that concessions granted under trade agreements shall be extended to the products of other nations so long as these do not discriminate against American commerce. This provision has been seized upon in some quarters to excite and stir up needless fears on the part of our domestic producers. Numerous manufacturers, while subscribing to the general outlines of the administration's policy and while willing to face the competition of imports from the particular country with which a trade agreement is made, fear that as a result of the most-favored-nation policy of generalization imports from a host of other countries will drive them out of business. In other words, it is not the imports from the country making the trade agreement but from a host of third countries which they fear.

It is in order to protect our domestic producers from dangers of this kind and also to preserve our own bargaining power that those charged with the making of trade agreements have followed as one of the cardinal principles of our policy the general rule of limiting the tariff concessions granted to each country to those commodities of which such country constitutes the chief or an important source of supply. Not a concession is discussed or considered without the most painstaking study of the effects which would result from a generalization of such concession to third states. For this reason, indeed, before the undertaking of any negotiations, even before the passage of the Trade Agreements Act a year ago, a program was carefully mapped out for confining the granting of concessions to commodities of which each nation constituted the chief or an important source of supply. After a careful study it was found that each of some 29 nations was the leading supplier to the United States of at least one and in most cases of numerous important commodities. By restricting our concessions in the main to such commodities in the case of each country we can both restrict any injurious effects upon American producers resulting from generalizations to relatively minor importance and at the same time retain sufficient bargaining advantage so that the twenty-ninth country will still desire a trade agreement with the United States after the concessions granted to 28 other countries have been generalized to it.

In thus consciously choosing not to depart from its traditional equality-of-treatment policy in favor of preferential bargaining, the United States is not unmindful of the actual experience of nations experimenting in the latter direction. The diversion of trade occasioned by special preferential arrangements, whether by means of quotas, exchange control, or compensation arrangements, tends to force trade into uneconomic channels and thereby materially to raise the cost of goods to the importing country. The increased cost of imported and domestic goods in turn makes it difficult for such countries to export on advantageous terms. Unexpected and unforeseen difficulties arise in the economic life of the Nation. Thus France, Switzerland, Germany, and Italy, which have employed such methods, have suffered heavily in their export trade.

According to the Review of World Trade issued by the League of Nations in 1934, the previous export surpluses of these countries in their trade with others has almost disappeared. The same report points out that exports from Czechoslovakia, Denmark, and Hungary have been severely limited by quotas imposed by themselves and others, and that the share of triangular trade enjoyed by these countries declined to almost half of its previous level. On the other hand, those countries which have resorted least to these economic weapons have best succeeded in maintaining their export surpluses and in retaining the previous high level of triangularity in their trade. The actual experience of countries with clearing agreements is summed up in the words of their own representatives in the recent League of Nations report entitled "Enquiry into Clearing Agreements" (1935). Their conclusions state that the system of private compensation "is, in effect, a reversion to the primitive system of barter. * * * The general tendency of clearing agreements is constantly to reduce the volume and value of international trade and to subject it to forms of restraint that necessarily hamper its development."

Between 1932 and 1934, when world trade was beginning to revive, our trade with that group of countries resorting most freely to preferential devices, such as clearing and compensation agreements, quota restrictions, and the like, increased only 3

percent, whereas our trade with the countries in the "sterling area", which have been relatively free from such practices, increased during the same period 47 percent.

As proven by actual experience the policy of bargaining preference for preference leads to quota restrictions, exchange control, licensing of imports, Government monopolies, and other devices which can result only in the shackling of international trade and the strangulation of individual effort. Preferential bargaining points the way to economic disaster. It is the way of defeatism.

The equality-of-treatment policy, on the other hand, points the way to economic salvation. It spells increased international trade and it leads to economic stability, which must be the foundation of any permanent business recovery. The American trade-agreements program stands out today as the most constructive single effort to achieve the liberalization of world trade. That is why the program is of extreme consequence not only to the United States but to other nations as well. What matters is not selfish trade advantages gained by individual nations over their competitors but the gradual liberalization of world trade through the adoption of similar programs by other nations.

The issues at stake are momentous. If nations can find no practicable method to turn aside from present practices which make for increasing economic nationalism, uneconomic diversions of world trade, arbitrary and injurious restraints, there can be but one result. Such measures inescapably lead to economic chaos and world-wide conflict, and economic conflict sets the stage for war. The world today is in too perilous a state to risk further conflict. It is for peace-loving America, with its incomparable natural resources, its intelligent population, and its economic strength to lead the way in a program of economic liberalization and deliverance; and upon no other policy than that of equality of treatment can such a liberalizing program be based. America could not be true to her traditions and follow any other course.

VETERANS' CAMPS—ARTICLE BY PAUL J. M'GAHAN

Mr. HASTINGS. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Philadelphia Inquirer of Sunday, June 23, 1935, by Paul J. McGahan headed "Veterans' Camps Prove Expensive Headache to F. E. R. A."

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

[From the Philadelphia Inquirer of June 23, 1935]

VETERANS' CAMPS PROVE EXPENSIVE HEADACHE TO F. E. R. A.—$1,000,000 SPENT KEEPING DISGRUNTLED BONUS SEEKERS BUSY IN FLORIDA

By Paul J. McGahan

WASHINGTON, June 22.—The Federal Emergency Relief Administration stated today that it has already cost about a million dollars and no end of trouble to administer the affairs of approximately 3,000 soldier bonus army marchers, who have been transplanted from the Capital to tropical surroundings in Florida and South Carolina.

And a $12,000,000 highway-bridge project along the Florida Keys between Miami and Key West, which had been rejected as unfeasible by the Public Works Administration, is in part being undertaken under F. E. R. A. auspices with the occupants of these veteran rehabilitation camps.

Almost 3,500 bonus-seeking veterans who "marched" on Washington have, under American auspices, been persuaded to go south to be rehabilitated at monthly pay rates ranging from $30 to $45, thus getting them out from under foot in the lobbies of the White House and the Capitol where Congress labors. More than 500, however, have withdrawn from both scenes.

SEEN AS PERMANENT

From all indications, the F. E. R. A. regards the Veterans' rehabilitation camp activity as relatively permanent. In Florida reports indicate that it is regarded with considerable apprehension. This past spring it was necessary to order out the Florida National Guard to restore order in the vicinity of several of the camps.

And with much of Key West on the dole—its entire affairs being administered by the F. E. R. A., many are questioning the bridge construction that is under way as of any particular value, since the Florida East Coast Railroad already provides a connecting link between Miami and Key West, and it is in the hands of receivers. There are also steamship connections.

This Florida situation had its inception last winter, when a second bonus army began to descend upon Washington. President Roosevelt did not want a repetition of the incidents that took place in 1932, when, in the Hoover regime, the first bonus army was evacuated by Regular Army soldiers.

CONVENTION HELD

So, it was first decided that the bonus-seeking veterans should be housed at Fort Hunt on the Washington Memorial Highway between here and Mount Vernon, where a C. C. C. contingent had been quartered. Then a meeting place for a convention was provided, and employment under the F. E. R. A. was offered.

Florida was picked as the scene of this rehabilitation effort. The veterans were offered transportation there and monthly wages in return for labor. Congress was engaged in a row over the bonus issue and was showing no inclination to act speedily. The veterans were "broke." Washington did not want them around. So away they went to the sunny South.

Since then every time a so-called "bonus marching veteran" turns up in Washington the Transient Bureau, operated by the F. E. R. A., "sells" him on the Florida camp idea. The sustaining of President Roosevelt's veto of the Patman bonus bill caused a hurrying up of the veteran exile movement.

WORK A PROBLEM

How to give these veterans now in Florida camps something tangible to work upon has been a problem and has resulted in the undertaking by the F. E. R. A. of at least one phase of the $12,000,000 bridge project.

There is the highway, but there are two points in that highway where ferries have to be used.

In August of 1933 the Miami Key West Toll Bridge Co. asked Public Works Administrator Harold L. Ickes for a loan and grant of $12,000,000 to build bridges between the several keys from Lower Matacumbe to No Name and including Grassy Key. The request was disapproved by the Technical Board of Review of P. W. A. and finally rejected in January 1934.

But, meanwhile, Julius Stone, Jr., F. E. R. A. administrator for Florida, as a consequence of the break-down of the municipal administration at Key West, had taken over the task of caring for the 11,600 persons, of whom 80 percent were on the relief rolls. This unusual experiment is still being carried on with Mr. Treadway in command.

SEVEN CAMPS IN STATE

Then came the veterans from Washington. And now there are seven veterans' rehabilitation camps in Florida. Three of these are at Islamorado, 1 at Mullett Key, 1 at Clearwater, 1 at Welaka, and 1 at Lessburg. There are also four small ones in South Carolina. Clearwater is the conditioning camp. Negro veterans are together at Mullett Key.

But the major activity is at Islamorado, for it is at that point that the veterans of the three camps are engaged in activities upon the first of the series of bridges, the construction of which the Public Works Administration engineers rejected as nonessential and nonfeasible.

Federal Relief Administrator Hopkins and his associates, however, are determined to keep the bonus-seeking veterans far away from the Presidential doorstep, so at Camp no. 1 the men are sawing stone from an adjacent quarry. Then the stone is hauled to Camp no. 3, where are located the veterans who are actually helping to construct the bridge.

VETERANS DISGRUNTLED

From the beginning these Florida camps have constituted a problem. The veterans are obviously disgruntled because of the nonpayment of their bonus. The natives are somewhat alarmed because of their robustness, which back in February took on the nature of a rampage, resulting in the Florida National Guard being called out to disperse moonshiners and bootleggers and maintain law and order.

By degrees programs of activity have been arranged along rehabilitation lines. And what started out as temporary quarters have now taken the shape of very permanent structures, indicating the administration's intention to maintain the bonus seekers in Florida for a long time.

JUSTICE—ADDRESS BY ATTORNEY GENERAL CUMMINGS

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD an address by Hon. Homer Cummings, Attorney General of the United States, at John Marshall College of Law, Jersey City, N. J., June 19, 1935, on the subject "Justice."

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

In the western elevation of the Department of Justice Building in Washington are inscribed these words of Daniel Webster: "Justice is the great interest of man on earth. Wherever her temple stands * * * there is a foundation for social security, general happiness, and the improvement and progress of our race."

Numberless words have been written about justice, its nature and its functions, but this we know: It is the bedrock on which every sound social system rests.

No problem of government is so difficult or so fascinating as the attempt to establish a true balance among the rights and duties, both individual and collective, which in the end determine the scope and the operation of justice.

In this imperfect world we cannot hope for perfect justice nor can we know precisely what it is. Yet if reason fails to tell us what justice is, we realize, by a certain sort of intuition, what injustice is and are moved accordingly. If today society is experiencing a sense of moral frustration, if the springs of needed faith run low, it is because men feel that somehow common justice is not functioning as it should. For the moment society has become more aware of its weaknesses than of its strength, more conscious of its outgrowths of human injustice than of its lasting foundations of organic truth.

Let us not be disturbed because men are resentful of wrongs and inequalities or sometime seek to redress them by futile or fantastic means. If justice is to thrive and find itself, these are necessary ferments. One can be tolerant even of the mistaken efforts of those who yearn for a tabula rasa and a world remade. Living

institutions are never at rest. Always we are in periods of flux and flow.

Nearly a hundred years ago a well-beloved poet said:

"The old order changeth, yielding place to new,
And God fulfills Himself in many ways,
Lest one good custom should corrupt the world."

If today men everywhere are questioning their traditional theories of government, and are exploring for new canons of right, new ethical criteria of distribution and cooperation, new standards of social values and economic controls, who shall say that these are not manifestations which should inspire all lovers of justice with hope instead of fear?

Justice in the modern state is a fabric of intricate pattern. To realize this, one need but note its adjectival classifications. We are inclined to think of justice as a simple absolute, but actually we distinguish many forms—legal, executive, legislative, political, economic, social, criminal, preventive, retributive, commutative, substantial, relative. All these terms, and many others, we apply to justice in an attempt to grasp or define its elusive significance and its complex manifestations.

In our fault-findings we are disposed to think of injustice as due largely to defects of legal justice. "There ought to be a law" is the cry that follows the discovery or exposure of every wrong. The truth is that while legal justice may be imperfect, its operation is, in fact, more practical and more effective than that of many other institutions within the range of our social system. Its principles, standards, and techniques are well established. These are the priceless fruits of endless years of trial and error, and, moreover, offer dependable guaranties of substantial fairness. So in our Government, under its wise division of powers into legislative, executive, and judicial, the technical standards and rules of action are well defined. But the vast and ever-continuing changes which the years have wrought in the nature of human society have disclosed many areas of our common life in which something more than mere legal justice must function. It is especially in these areas that justice takes on new and various aspects. It is here that government, in its wider sense, must often guide by canons summoned from deeper sources than the letter of the law.

The primary purposes and obligations of government are, of course, to preserve peace, to maintain order, to secure harmony, to establish security, and to promote liberty and happiness. In its definitions and applications of power, and in its interpretations and enforcements of rights and obligations, it is bound by the provisions of its constitutions, its laws, and its bills of rights. Manifestly, however, most forms of justice are not self-executing and the affirmative use of governmental power thus becomes both necessary and inescapable. While Alexander Hamilton's dictum is true that the first duty of government is to control the governed and its next duty is to control itself, nevertheless, the ultimate source of guidance must be sought, not merely in the written word but in even deeper fountains of right. Somehow, in some fashion, it should be the function of government not alone to fulfill its primary duties but to bring into just balance the rights and obligations which constitute the spirit and body of our political faith. In the presence of chaos, disaster, or economic break-down, justice will not tolerate the futile plea "it cannot be done." Government must be guided, to be sure, by established principles of procedure, but it must act.

If it is the duty of government to strive for justice and not merely to execute the law as it finds it, may I not carry the argument further and say that it would be strange, indeed, if all the marvelous advancements in human thought and living, all the striving and planning, all the lavish spending for public education had not brought into being new ideas and new alinements, as well as more enlightened ideals of social relationships, social betterment, and social needs, which must be taken into account? All the progress in the arts and sciences, in business and industry, has come from the courage to make experiments and substitute the new for the old. Must not this, too, be the spirit of modern government? Where time, as it inevitably will, brings into the social order the unexpected discords springing from human frailty and the accretions of ignorance and greed, is it not a duty of government, seeking to do justice, to seek also for new definitions of justice?

While, I imagine, we all agree as to the existence of this duty, we are not so apt to concur as to the method of its discharge. There are those who would let unhampered nature work the cure. Others seems to believe that our ancient definitions of legal and political rights and of so-called "economic laws" have proved such infallible guides in the past that to question them now is subversive of sound government. Such persons visualize rights and principles and economic laws as static or unchangeable; and think of the betterment of human society by governmental effort as essentially impossible, because, it is asserted, human relationships do not change. They refuse to recognize that the primal law of life is change—that human nature itself changes. There is no fallacy more pathetic or more misleading than that which assumes the unchangeableness of living things. It is barely more than 300 generations back to our savage ancestors, who lived in caves and fought with clubs, and scarcely knew how to light a fire. In the equation of social life we cannot afford to think of humanity as unchangeable, or of legal and political principles as absolute, any more than we can think of justice as something static.

Imagine justice as absolute and logic carries us to impossible utopias; think of human nature as unchangeable and our hope of progress is lost in a stagnant pool of ultraconservatism.

No living institution is ever finished; nor is there any limit to knowledge nor any law of progress which says "thus far shalt thou go and no farther." The teachings of history repeatedly admonish us that what one period regards as radical another comes to consider as conservative. The equity stirring today becomes the law of tomorrow. Justice in the modern state, if it becomes set in fixed formulas, terminates in injustice.

No little of our confusion of thought is due to mistaken notions as to the inherent nature of rights per se. Since at least as long ago as the Greek philosophers, legal and political thought has wrestled with the idea that back of all human law is a natural law giving birth to natural rights. This idea still persists in juristic science and, to a greater degree, in common thought. It is the major premise in that recalcitrant individualism which resists so many promising efforts to further what is called "social justice." It explains many of our difficulties in reconciling liberty with responsibility and power with justice. If it is true in the spiritual world that "he that loseth his life shall find it", it is equally true that for individualism to find itself the individual must give that he may get. This, it seems to me, is of the essence of both liberty and justice, and lies at the heart of all rights.

In our industrialized civilization we are, I imagine, more acutely conscious of the play of justice and injustice in the domain of economics than in the realm of law and politics. When we come to balance rights, and especially economic ones, we discover that every individual right is, in truth, a bundle of relative rights, and that there are no absolutes to guide us.

To add to our confusion of thought we attempt to fit into our patterns of economic justice various concepts from our political ideology, like those of equality, impartiality, individualism, government of laws instead of men, freedom of enterprise and initiative and the like—concepts which do not always, in terms of practical justice, have the same validity in the economic realm that they had in the political.

What is the duty of Government in the premises? If it is bound to be functional and to serve the common good, must it not endeavor to balance and reconcile these discordant forces and ideas? Can it sit as audience at an academic debate as to what is too great or too little a use of its powers? The legal boundaries within which it must operate, to be sure, are well defined, but within these limitations must it not see itself as an indispensable agent of justice in every field of human activity? The courts protect and vindicate legal rights, and strive, by established rule and technique, to do justice in man's conflicts with his fellows and with society; but must not Government, seen as a whole, strive to protect and vindicate justice in the wider terms of the common good? Even legal justice tries to do as much. "Is it not the duty," says the Supreme Court, "* * * to decide in accordance with present-day standards of wisdom and justice rather than in accordance with some outworn and antiquated rule of the past?" For it was over "a characteristic principle of the common law," to quote the Supreme Court once more, "to draw its inspiration from every fountain of justice."

These considerations have intrigued the world's greatest thinkers from the beginning of history, though probably no one ever penetrated deeper into the mystery of what justice is than did the humble Carpenter of Nazareth whose Divine teachings so many of us venerate and so few of us follow. I dare say there is truth in all the various theories that have been formulated as to the nature and origin of justice—from Divine revelation to categorical imperatives, utilitarianism, hedonism, harmony, the greatest good of the greatest number, and, perhaps, even in the concept that justice is an ethical and social convention born more of custom and experience than of reason or revelation. Practical government, however, is empirical in approach and must leave such speculations to the philosophers.

Nevertheless, it seems reasonable to believe that if a theory of justice must be formulated, the most dependable one, at least from the viewpoint of government, is that which takes for its major and minor premises the public welfare and the common good. Justice, implicitly and actually, puts every assertion of individual right and every act of government to this acid test. What other unifying principle can justice in the modern state set up, or on what other theory should it proceed? Within what other framework can a free state work out permissible programs of governmental relief and economic planning, or find sanctions for necessary controls and enforceable social cooperations? The vital spark in human progress unquestionably is individual liberty, with all that means in the way of free initiative and the right to pursue our happiness and our adventures in our own way; but liberty without subordination to the rights of others and to the common welfare can be either anarchy or tyranny, or both. All sound criteria of justice are human. Even economic justice must root and flower in the prevailing spirit of common justice and in the willingness of the individual to do as he would be done by. No man can live to himself alone. The origin of his rights and the measure of his duties are found in the complex mechanisms and relationships of society. Its welfare is his, and the same justice which gives him the right to share in it imposes the duty to contribute to it.

The natural impulse is to allocate the blame for injustice to bad laws, or to the want of laws, or to defects of administration. We complain bitterly of our wrongs and act as if we thought that justice emanates from government. Believe me, my friends, it does not. It springs from the hearts of men. Government should, indeed, be an agency of justice, but the essential cure for most of the wrongs of which we complain must be sought in

the simple, elemental working of justice in the life of the individual and the soul of the people.

The exigent need of the present hour, therefore, lies more in the stimulation of a nobler spirit of right in the individual than in the improvement of legal institutions or in the most enlightened social or economic planning of which government is capable. We might say that to know justice one must feel it. Certainly we cannot regard it merely as a symbol. It must become a vital and moving impulse in our lives. Talk as we may of the instrumentalities of justice and their deficiencies, or about the manifest inequities of our social and economic order, the search for cause and cure should begin with the individual. He is the unit of our common life.

This sounds like saying nothing, yet it says all. Debate as we may of change, of the old and the new, of legal or political or economic principles, the basis of justice must be sought in the inner and the better life of man, in his common honesty, goodwill, and forbearance; in his saner conceptions of social and individual values, in clearer thinking and in loftier purposes. These attributes of human character are more powerful than the most imperative statute, for without them justice must remain an ideal which the wisest government cannot hope to realize.

PIONEERS—ADDRESS BY ATTORNEY GENERAL CUMMINGS

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD an address by Hon. Homer Cummings, Attorney General of the United States, at Lincoln Memorial University, Cumberland Gap, Tenn., June 3, 1935, on the subject "Pioneers."

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

I congratulate the members of the graduating class of this university upon the completion of their work, and I bid them Godspeed on the commencement day which sends them forth as pioneers into the life ahead. To youth the golden age always lies ahead; but every age is the product of its pioneers and of their spirit; and while there are many places in this Nation of ours sacred to the memory of our venturing forefathers, I know of no spot in which it is more appropriate than right here in Cumberland Gap, to ask ourselves what inspiration we can draw from their lives.

I ask you today to imagine a spring morning 166 years ago, and to vision a little group of four men with Daniel Boone beating their way up through the pathless woods from Powells Valley and entering this gap. Or move forward a brief 4 years and see his first small colonizing group following him into the hills beyond. Think of their meager material equipment! But think also of their superb spiritual equipment as they halted here and laid their plans to go forward; and think, too, of the fine faith, courage, and self-reliance with which they faced their unknown destinations and their unknown destinies. Beyond them lay a wilderness full of hazard and uncertainty.

True, one or two of them had been beyond the gap, but only as hunters. It was Boone, then a young farmer, who looked across the ranges and had visions of empire and who had the courage to leave wife and child and ease and to devote his life to make a dream come true. History has never dealt quite justly with Boone as one of its great pathfinders and leaders. Our boyish idealizations of hunters and Indian fighters have hindered us from seeing him in his true perspective as perhaps one of the noblest and certainly as one of the most typical of American pioneers. Hunter and Indian fighter to be sure he was; but he was more. With all his limitations he was also builder and statesman. The "wilderness road" which he blazed through this gap became a national path over which thousands trod to the making of this Nation. It was not the hunter's zeal nor the mere urge for adventure, and even less the search for material gain that carried Boone forward. He pushed onward not in the spirit of the conqueror or as a seeker for gold. He had something of that divine vision which inspires and sustains all natural leaders of men.

Before Boone left his farm on the Yadkin, stimulated no doubt by what Finley and McBride, the hunters, had told him of rich lands that lay beyond these mountains, he brooded long over the possibilities of pushing the seaboard settlements westward. As he said later, he felt that he was a divine instrument to settle the wilderness. As his path lengthened, his faith in the building of a great State grew stronger. In all truth he, as much as any one person, may be said to have laid the fountain stones of our great States of the West; and if it were possible to say that one path more than any other led to the opening of that mighty region I should say it was this old wilderness road of Boone's which began in this very valley where we now are.

In 1770 Boone was probably the only white man in Kentucky; yet in a few years thousands of settlers followed him. Some, of course, came as traders and hunters, but, for the most part, they were not adventurers nor conquistadors with an El Dorado complex. They went forth as home lovers and home builders. It was an inner vision that led them on—a vision of human freedom and of self-realization. Their individualism was, indeed, rugged, but it was shot through with a stern sense of man-to-man justice. They respected each other's rights, they were imbued with the spirit of mutual aid, they helped build each other's cabins and harvest each other's crops. It is interesting to note how in a wilderness that knew no law the first thing that Boone did, after he succeeded in establishing his first little group of log-cabin settlers, was to set up the machinery of law and of government, crude though it may have been. In those days they did not eternally talk of law enforcement; they practiced law observance. Law was something very real to them. For example, before there were more than a corporal's guard of pioneers in all Kentucky, 17 of them met at Boonsboro in 1775 and laid the political foundations of that State. If you think that the passion for political and parliamentary disputation is a characteristic of our day, I commend you to a reading of the proceedings of that first pioneer convention.

They were not supermen, but brave men and women proceeding upon their great adventure. Self-reliant, self-respecting, independent, alert, resourceful, optimistic—asking charity from no one; ready to face "the diet hard and the blanket on the ground"; willing to hoe their own row; full of the spirit of initiative and enterprise; prepared to face sacrifices and to render them: These were our ancestors. This is the inspiration and the example they hand us who are now asked to "take up the task eternal, the burden and the lesson." Are we keeping faith?

I think we are. In spite of all the gospels of despair and all the prophets of gloom and disaster, I am confident that the pioneer spirit is not dead.

We still have many frontiers to cross and to explore. What is all education but a pioneer crossing of new frontiers—a crossing by old trails into new and unexplored and still pathless areas to a better and more complete life? This great adventure known as "life" goes on to new climaxes, and, if one looks at the matter properly, it is a vastly interesting and constantly unfolding drama in which the most obscure individual may take a vital part.

You may say the world into which you are to go forth on the morrow is vastly changed from that of the early days. And that is so. Or you may say that this era into which you are born is one of such changed conditions that the ancient virtues and the spirit of the pioneers are outmoded or will not function. That is not so. Never before was the need for this old spirit and these old virtues so urgent nor its rewards so certain. Your own opportunities are all the greater precisely because it is a changed and ever-changing world. Tested from every angle these changes are sources of strength and not weakness, if the spirit of man is equal to them. Do not be disheartened or misled by all the talk about revolutionary transitions, chaos, crisis, and collapse. We talk too much about being in the midst of a crisis. Every era is one of crisis and transition just as every era is and ever has been one of change. Continuous change marks not only our celestial system and organic world but it inheres in every form of life from polyps to politicians. Ideals change. Beliefs change. What was heterodox in one period becomes orthodox in another. Time plays havoc with dogmas and, also, with institutions. We build up to tear down and tear down to build up. Only in a static world could it be otherwise. Science reveals to us that from the infintie heavens to the finite atom everything is constantly moving from somewhere to somewhere else; and in the world of man's own making the same is true. All economic life, as John Stuart Mill pointed out, is largely a matter of taking something from somewhere and putting it somewhere else. Ceaseless activity and ceaseless change is a law of life and of progress. To exist is to change; to change is to mature, says Bergson. When you no longer change you are dead. The same is true of nations.

You go forth indeed into a world of amazing complexities and conflicts, but I bid you face it with the faith and courage of your pioneer fathers. Remember it is a big world and also an old world. Don't get into your heads, after the apparent manner of so many radicals and reformers, that the world starts de novo with your day and your entry into it. Youth often acts as if the dead past could, indeed, bury its dead. It cannot, and the future would be in desperate straits if it could. I regard reverence for the past—for its traditions, its lessons and its experiences—as your greatest source of strength.

I spoke of changes and confusions. Don't let them frighten you. If the times seem a little out of joint, yours is the glorious opportunity to help set them right. Civilization is not doomed. The sanity of man will see to that. All that is happening is that some of those obvious and curable defects which time has revealed are awaiting your pioneer attentions. The fields of initiative and enterprise are as great as ever or greater—only they are new fields—and this is exactly what you should want.

You have inherited the richest Nation on earth in which to make your way to success and the good life. The increasing complexities of modern civilization demand some pioneer to find the path to necessary simplifications. Is it absurd, for example, to hope that some day the spirit of America will find a means of eliminating the causes of war, or that, with all that pioneers in science and industry have done to create wealth, others may not find efficient means of dealing with undeserved poverty? Is it too much to hope that this spirit can find some way of restoring agriculture and bringing the urban and the rural into equilibrium, or of protecting the weak from the strong without devitalizing society? Surely there is a call for pioneers to master the terrors of dependent old age, of unemployment, of crime, of injustice. Like the pathfinders of old, blazing their way through the wilderness, it is now your opportunity to master a man-made world, and to explore the fields of science, of art, of beauty, of life.

And of these I put life first. When I graduated from college we talked much of success. We were the children of a materialistic era and perhaps helped to create a spirit of materialism which it is now your duty to remold to better uses. I think, or at all events I hope, that the youth of today regard success

more in terms of life as life, and riches as wealth accumulated more within than without. Of course, you cannot neglect the so-called "practical aspects of success", but as pioneers you will find new ways of life and attach new values to new vocations. Industrialism has taught us the need of the expert and the specialist and has rewarded them handsomely. Government and the social order, in an endless variety of aspects, has equal need of them. Its rewards in material wealth may be relatively small, but in real wealth its recompense will be great.

Every social and political problem resolves itself into one of the individual. If democracy is to succeed it will be because you and I as individuals have the spirit of democracy in our hearts. If justice is to prevail, it is because you and I truly love justice and do justice. If liberty is to thrive it is because we truly love liberty. If government is to be free, it will be because you and I first govern ourselves.

I believe passionately in individualism and I believe we shall see it develop into new and more vital forms. The antidote to all the failures of former government, as Emerson years ago pointed out, is in "the growth and strength of the individual"—in the substance of his character, his ideals, his will. To develop the individual the state exists—and as he is, so is the state.

A few days ago I ran across a curious passage in an ancient book, attributed to a Chinese sage talking 25 centuries ago. Even then he was drawing a lesson from the misty past. "The ancients", he says, "ordered well their own states. Wishing to order well their states, they first regulated their families. Wishing to regulate their families, they first cultivated their persons. Wishing to cultivate their persons, they first rectified their hearts. Wishing to rectify their hearts, they first sought to be sincere in their thoughts. Wishing to be sincere in their thoughts, they first extended to the utmost their knowledge. Such extension of knowledge lay in the investigation of things. Things being investigated, knowledge became complete. Their knowledge being complete, their thoughts were sincere. Their thoughts being sincere, their hearts were rectified. Their hearts being rectified, their persons were cultivated. Their persons being cultivated, their families were regulated. The families being regulated, their states were rightly governed. Their states being rightly governed, the whole kingdom was made tranquil and happy."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had concurred in the concurrent resolution (S. Con. Res. 17) providing for the disposition of certain obsolete Government publications stored in the folding rooms of Congress.

REMOVAL OF PREFERENCES AND PREJUDICES AGAINST PORTS

The VICE PRESIDENT. The question is on the motion of the Senator from New Jersey [Mr. MOORE] that the Senate proceed to the consideration of the bill (S. 1633) to amend the Interstate Commerce Act, as amended, and for other purposes.

Mr. WALSH. Mr. President, I can express my views on this bill in a very brief period of time. The issue is a very simple one, and if I may have the attention of Senators present I shall appreciate it.

First of all, who brought this bill here and why is it here? The Interstate Commerce Commission filed this bill and asked that the Congress enact it into law. It is supported by the Interstate Commerce Commission, and one of the chief witnesses in favor of it was the Federal Coordinator of Transportation, Mr. Eastman, who has been a leader in the protection of the public interest where it conflicts with the demands of common carriers. It is also supported, so far as the evidence presented to the committee goes, by the public officials and authorities of every port of the country, except one. So much for the support of this bill.

What does the bill propose to do? We have to go back to the purposes in creating the Interstate Commerce Commission to understand the scope of this bill. It was not monopoly upon the part of the common carriers that led to the Interstate Commerce Commission being created; it was competitive abuses; it was discrimination; it was preferences given by common carriers which led to the enactment of the Interstate Commerce Commission law.

Mr. President, I wish to read the law with respect to a carrier being prevented from discriminating in its schedule of rates. Here is the language:

> It shall be unlawful for any common carrier, subject to the provisions of this act, to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, or locality, etc.

When it appears that a schedule of rates made by a common carrier is prejudicial to a person, a firm, a corporation, or a locality, the Interstate Commerce Commission has jurisdiction. From 1887 to 1929 the Commission assumed that the word "locality" included "any place", and this included, naturally, a port. A decision of the Supreme Court in 1929 held that the word "locality" did not include the word "port", though the Interstate Commerce Commission had assumed it was the intent of Congress, and tried case after case and decided case after case, holding that the word "locality" did include the word "port."

There is no tribunal anywhere in the Government which can prevent a common carrier from making a schedule of rates which will injure one port as against another.

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

Mr. WALSH. No; I decline to yield.

Mr. LONG. I do not want the Senator to make——

Mr. WALSH. I decline to yield. I prefer to finish my argument before yielding.

The sole issue is, Do we want to broaden the word "locality" to include the word "port", so that the Interstate Commerce Commission may hear complaints presented alleging that discrimination is being practiced in the rate schedule of a common carrier to the advantage of one port against another? This is the whole issue. We may talk all day long about principles of rate making, but that is the point at issue. Do we want the Interstate Commerce Commission given the right to try a case of rate discrimination between ports?

I shall conclude what I have to say by reading two quotations. I have quoted from the original act. I am going to quote what Mr. Eastman said about the bill:

> All this bill undertakes to do is to enable a port to complain when it is unjustly treated by a railroad, and that a port can be unjustly treated by a railroad is perfectly clear and ought to have a right to complain when that situation exists.

What did Mr. Eastman say further in his testimony? He said:

> We are now doing what has been done many, many times. When the Supreme Court has found some flaw in the construction of a statute, and after it has pointed that flaw, Congress corrects it.

The flaw is that the word "locality" does not include "port."

> We were asking Congress to correct it, because my belief is that there never was any intention on the part of Congress that the word "locality" should not include "port." As a matter of fact, I never heard of that contention until the case came before the Supreme Court, and when our general counsel came to me one night and said, "The question has come up whether a port is a locality", I said, "I would not spend much time on that." I was wrong about that.

That is what Mr. Eastman said.

Now I am going to quote from the minority opinion, written by Mr. Justice Stone, in which he gave his conception of the public interest involved in the right to have a trial as to whether discrimination exists as between ports. He said:

> A rate structure—

We are dealing with rate structures, understand, and whether there is going to be a tribunal to decide whether or not there is discrimination—

> A rate structure which diverts from one port to another a portion of the ocean-borne traffic, which would otherwise naturally pass through the former, sufficient to destroy the business of banks, marine-insurance companies, freight forwarders, freight and ship brokers, stevedores, tonnage companies, pilots, drydocks, ship supply and bunker-coal merchants, customs brokers, export and import commission houses centered there, would seem to have an effect upon the commerce and general welfare of the country of precisely the kind which the act was intended to prohibit and the Commission empowered to prevent.

I repeat, the issue is not whether the Interstate Commerce Commission may violate their trust and obligation if we give them this power. When common carriers make a rate schedule which is unfair, which is discriminatory, which is prejudicial to one port or another, the question is whether we shall have a tribunal where a port may go and have

that issue decided and determined. Do we want to include the word "port" as well as the words "person", "firm", "corporation", and "locality"? That is the sole issue.

Mr. LONG. Mr. President——

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

Mr. WALSH. I yield.

Mr. LONG. Does the Senator understand that no one can take a schedule of rates to the Interstate Commerce Commission where that schedule of rates involves foreign commerce? Is that his understanding of the law?

Mr. WALSH. I understand the Supreme Court decided that the clause which defines what the Interstate Commerce Commission may treat in matters relating to unfair practices and prejudices, is limited to firms, persons, corporations, and localities, and that it does not include ports, unfortunately, though the Interstate Commerce Commission for 30 years construed it to include ports.

Mr. LONG. The Senator does not answer my question. I do not know whether he understands my point. Does the Senator understand that a person who wishes to ship goods from Indiana to Liverpool through whatever port he wants to send them has not the right to complain about a rate through any particular port or all the ports? Is that his understanding of the law?

Mr. WALSH. It may be that a shipper, if he claims to be hurt, has a right to make complaint, but the port itself cannot raise the question of discrimination.

Mr. LONG. The shipper has such a right.

Mr. WALSH. Then why does the Senator object to the word "port" being included? Is it now covered by law?

Mr. LONG. Yes.

Mr. WALSH. The Senator claims that "port" is now included in the law?

Mr. LONG. A shipper can bring a complaint.

Mr. WALSH. Does the Senator claim that the word "port" is now embraced within the law?

Mr. LONG. Yes.

Mr. WALSH. Very well. Then why does the Senator object to being doubly certain by having the word "port" actually written in the law?

Mr. LONG. The reason is this: A farmer or merchant in Indiana, Idaho, or Nebraska, who is shipping through Baltimore or Norfolk or New Orleans or San Francisco, has a right to go before the Interstate Commerce Commission and say that he is a party affected, and demand a readjustment of that rate; but the law is that neither San Francisco nor New Orleans nor Norfolk nor Baltimore, as a port, has a right to come before the Commission and make an issue out of that matter.

Mr. WALSH. I wish the Senator would speak in his own time and not mine.

Mr. LONG. Very well; I shall do so.

Mr. WALSH. I yield the floor.

Mr. LONG. Mr. President, I desire to take just a moment to answer the Senator from Massachusetts, because the Senator does not understand the situation.

Mr. BORAH. Mr. President, before the Senator from Louisiana proceeds, I should like to ask the Senator from Massachusetts a question.

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

Mr. LONG. I yield.

Mr. BORAH. It was contended yesterday, I thought with some force, that the Interstate Commerce Commission would be compelled in fixing rates to disregard the facilities of the port in the shipment of commodities abroad. That is to say, it was contended that under the law as it would be established by this amendment the rates would be adjusted, say, to Dallas, although the ships would not be there to take care of the commerce; still the Interstate Commerce Commission would have to make the adjustment just the same and send the freight to Dallas. Is there anything in that contention?

Mr. WALSH. I am quite sure that there is nothing in it. There is no change in the yardstick. The same yardstick or the same method of reaching a decision by the Interstate Commerce Commission will exist with the word "port" in the law that now exists with the words "person, firm, corporation, or locality" in the law. It is simply an extension of the jurisdiction, where discrimination exists, to include "port" and embrace it within the word "locality."

Mr. BORAH. I understand the simple issue; it seemed to me to be a simple issue; but can the Interstate Commerce Commission take into consideration in adjusting this rate anything except the rate itself?

Mr. WALSH. I think they could take into consideration distance and other factors.

Mr. LONG. That is all. The measure of distance is all they can consider.

Mr. WALSH. That is not my understanding. I will say to the Senator from Idaho that the question of the long-and-short haul is in no way at all involved in this issue. That is covered by a different section of the Interstate Commerce Act and in no way relates to the question of a hearing and complaints where other than long-and-short-haul discrimination is alleged between persons, corporations, firms, and localities.

Mr. LONG. Mr. President, if I can have this case understood, I think the Senator from Massachusetts will have all the reason in the world to desist from the endeavor to press this measure.

Here is the law: The Interstate Commerce Commission has complete authority to hear a case whenever any party who has an interest in it desires to bring it before the Interstate Commerce Commission. The person receiving the freight has a right to complain about the rate, or the shipper who is sending the freight has a right to complain about the rate, whatever port it may be destined to, or through whichever port the shipper wishes to have the traffic go. But the court says, and rightfully says—and it has been the law of this country ever since there has been a court—that the particular locality through which the freight may pass, or through which the port desires it to pass, has no business to bottle up the farmers and say to them, "No, no; you cannot ship except through the port that happens to be, from a mileage standpoint, the nearest."

The Interstate Commerce Commission has jurisdiction of the matter, but I will read you from the farmers' representative in just a minute. The farmers, however, have maintained, and still maintain, their right to pick the port that can accommodate their business, and there has been a wide diversity. In order that I may illustrate, let me read just what the figures are on some of them. Do not take my port; do not take your own port; take Indiana as an example. I will show you an exhibit here. I wish to show just what this means. I will take Indiana as a typical farm State:

> Taking scattered representative points in the State of Indiana as origins, it will be found that the average haul to New York is 762 miles, with 1,012 to Portland and 1,226 to St. John. Portland is 132 percent of the New York distance and the St. John distance is 160 percent of the New York distance.

But the Indiana farmer can pick his port wherever there is the best accommodation and the best market for his crop. He can pick Portland, he can pick New York, he can pick St. John. If the Indiana farmer thinks the rate is too high to Portland, or too high to New York, he has a right, or the chamber of commerce representing him has a right, to go before the Interstate Commerce Commission and there to demand a hearing; but the port of New York has not a right to say, under the law, that the Indiana farmer cannot take his choice between ports. That is the case before you. They want to have it so that the nearest port can say, "You will have to make the rate to Portland double what it is to New York, and give that farmer one outlet instead of three."

Mr. WALSH. Mr. President——

Mr. LONG. I yield to the Senator from Massachusetts.

Mr. WALSH. Does the Senator admit that where a city claims that the schedule of rates by the common carrier for

that city is unfair and prejudicial to it, and to the advantage of another city, it has the right to be heard before the Interstate Commerce Commission?

Mr. LONG. If it is either the point of origin or the point of destination; yes.

Mr. WALSH. But if it happens to be a port, it cannot?

Mr. LONG. That is the point.

Now may I have the Senator's attention? There is just as much reason for every transit point on the rail lines to insist that the trains shall come through it as there is for a port to claim that the foreign commerce shall go through it.

For instance, I start in New Orleans to go to New York with a trainload of products. St. Louis says, "That freight ought to come over these rail lines and go through St. Louis." Indiana says, "It ought to come over these rail lines and go through Indianapolis." We reach another railroad, and they say, "We are all interior ports. We have transit rights that this commerce should pass through here." But the shipper says, "No; I do not want that done. I can move my goods more expeditiously, and I can find a better market and a quicker market through another route." But on this very rule you would say, "No; each transit point has the right to have the freight come through it." And so, in this case, the only argument you are making is that here is a port, whichever one you want to take—because you will not have many ports left—here is a port which is willing to destroy all water transportation because it is necessarily circuitous, and involves a longer route of travel. Here is one that says, "All right; we want this port to get all this business from Oklahoma." "Why?" "Because Oklahoma is a hundred miles nearer to this port than it is to another port."

There is an immense demand on the Pacific coast for Oklahoma wheat to go to China. There is a demand in New York for Oklahoma wheat to go to Liverpool. There is no demand, there are no facilities, perhaps, at another port, no ships to take it; but, none the less, the freight has to be penalized 5 cents a bushel if it goes to any port except the one where there is no business for it; and that happened. It happened right in our own midst. It happened in the Galveston case, where they had the wheat sprouting, no market for it, and ships lying over in New Orleans and Mobile desiring to carry that wheat, and unable to carry it.

Mr. BORAH. Right there, Mr. President, let me ask was it not within the power of the Interstate Commerce Commission to take into consideration the fact that Galveston had no means by which to take care of that wheat after it got there?

Mr. LONG. I do not know. All I can tell the Senator is that the Interstate Commerce Commission considers it its duty, apparently, to place everything on a mileage basis. Now, I do not know; if I were on the Interstate Commerce Commission I might take a different view. I can only tell the Senator what happens—that they take the view that the shorter route has a lower rate and the longer route has a higher rate in each and every case.

Mr. BORAH. If the Interstate Commerce Commission, considering those facts and those facts alone, has done what the Senator says with reference to sending grain to a point from which it could not be shipped, it seems to me the need of legislation is somewhere else than here.

Mr. LONG. Not only that, but I want to show the Senator what the Supreme Court said. The Supreme Court said it would not presume that Congress would do such a foolish thing as to vest in the Interstate Commerce Commission any such power as that to wreck all the established trade that had been built up with foreign commerce. I will show you what the Supreme Court said on that point. The Supreme Court looked upon it as being something as to which they did not think Congress would exercise any such judgment as that. They never thought Congress would go in such interminable circles. Here is what they said——

Mr. ROBINSON. Mr. President, from what case is the Senator reading?

Mr. LONG. I am reading from a case that was decided 40 years ago—the case of Texas & Pacific Railroad against Interstate Commerce Commission. This is the first case deciding this question, in 1896. This case is 40 years old. For 40 years we have been improving rivers and harbors and establishing waterways under the law that we thought Congress could not change, or at least would not change, and they brought the same case back to the court, and the Supreme Court decided it again the same way last year, or year before last.

Now let me read from this decision in One Hundred and Sixty-second United States Reports. I am reading at page 218.

> As we have already said, it could not be supposed that Congress—

They say "Congress"—

> in regulating commerce, would intend to forbid or destroy an existing branch of commerce, of value to the common carriers and to the consumers within the United States. Clearly, express language must be used in the act to justify such a supposition.

Just before this, as the Senator will note, they say, "As we have already said."

Turning back a few pages, they point out that a man in South America makes a contact with a merchant in North America, or a banker in Liverpool makes a contact with some merchant handling grain in Idaho or Indiana or Nebraska, or perhaps in Canada, and they point out that those banking contacts and those routes and those methods of distribution are built up over a course of 100 years, that it is the work of centuries, and that they would not presume that a Congress would ever authorize an Interstate Commerce Commission to break down those established routes and contacts that had been built up through all those lengths of time, and the Supreme Court said:

> It will take express language from Congress to convince us that they will ever empower a body to destroy all that has been built up through these many hundreds of years of contacts with some countries, and at least 100 or so years with this country.

Now, I should like to give an illustration to the Senator from Idaho and to the Senator from Massachusetts.

This is what happens: As a result there is one port that is known to be a distributing point for perishable products out of New Orleans, La. A carload of bananas comes in from Honduras, and that carload of bananas can be distributed to the central points of the United States in a day, but if the same carload of bananas landing at another port on the Gulf of Mexico, it makes no difference what the port may be—Galveston, Mobile, or Savannah, or New York on the other coast—the bananas will absolutely perish before they can be distributed throughout the United States.

It would take 50 years to build up anything like the present condition. The maps show that the train service of the United States has been built up, not in a day's time, not in a year, not in 10 years, but in the course of 100 years it has been so built that trains coming out of New Orleans with perishable products meet the trains which have been coordinated for service throughout the entire United States, and it means that the perishable products are distributed in a short length of time.

As a result that port receives as much in the way of imports coming to the United States as it receives in the way of exports going from the United States, so that a ship coming to New Orleans can return loaded. But when the Interstate Commerce Commission said, "No; we are not going to let this traffic of the United States go to New Orleans", what was the result? It meant that the box car which went to New Orleans loaded had to leave there empty.

Mr. BORAH. Mr. President, did the Commission say that the freight should not go to New Orleans?

Mr. LONG. Yes; it did.

Mr. BORAH. Under what authority did it say that?

Mr. LONG. Under no authority. The Supreme Court held that they had no authority. The Supreme Court reversed them on that, and it did what was right. They would have absolutely laid waste many hundreds of miles of railroad track.

Mr. BORAH. What the Senator desires to obviate is the right of a port itself to bring this type of litigation?

Mr. LONG. The right of a port to require any such differential in favor of a port. The shipper should have the right to select any port he chooses.

Mr. BORAH. Suppose this amendment should be agreed to, and one port had the right to bring action, with reference to the rate; would the Interstate Commerce Commission, in deciding the question, be bound to disregard the fact that New Orleans, for instance, had the facilities for taking care of the products which would be shipped to it, and that another port, to which the rate might be cheaper, did not have such facilities?

Mr. LONG. They never have done it. I was for 10 years engaged in this kind of work, and I can only tell the Senator that the farther away the port the higher was the rate. Notwithstanding the fact that in the Galveston rate case it was shown that they exported several times the amount they imported—I may not be exactly correct in the figures, to an exact point of arithmetic, but I am approximately accurate—notwithstanding the fact that Galveston had no import traffic to speak of, so that ships could take back tonnage that was being flooded in there, nonetheless the Commission forced them to double that business in there, and the wheat sprouted there that summer, the farmers lost the wheat, it went to ruin. It never was shipped out of there. Yet New Orleans was available with the ships ready to carry that wheat to South America.

Mr. BORAH. And the Interstate Commerce Commission felt compelled, under the law, to do that thing?

Mr. LONG. Yes; and it made the rate 5 cents a hundred higher. They said they had to do it. They not only permitted it but they compelled it.

To go a little bit further, the perishable products in this country have been moving always with a balanced traffic. There are some things which the United States does not raise. We do not raise bananas in the United States, for illustration. The banana boats come in; they are a very fine vehicle for South American business, because if a banana boat comes into the port of New Orleans, naturally it is looking for a cargo to take back.

Here is the Texas & Pacific Railroad, which the Government built. The Government put up the money and built the Texas & Pacific Railroad so that it might accommodate the farmers who were seeking an outlet for the things they raised to go to foreign countries.

Lo and behold, in comes the Interstate Commerce Commission. The Texas & Pacific Railroad starts with a load of grain at El Paso, destined to South America, and there is a ship at New Orleans waiting to take the grain to South America, but the Interstate Commerce Commission says, "No; when you get to Fort Worth you have to unload it off the train of the Texas & Pacific Railroad; we will not let the Texas & Pacific Railroad"—which the Government built with Government money, and a land grant—"take it to this other port. You have to unload and pay 5 cents a hundred more because there is another route to another port, Corpus Christi, or Galveston, or some other port; therefore it has to go there."

That has been what has happened in exactly this particular case under a ruling which the Supreme Court of the United States has twice annulled. The Commission have come back to Congress twice in the effort to have this authority restored to its jurisdiction.

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

Mr. LONG. I yield.

Mr. MINTON. Bearing upon the question of the Senator from Idaho as to what the Interstate Commerce Commission may consider in determining whether a rate or practice is unreasonable or unjust, what would the Senator's idea be about this provision of the statute, the Interstate Commerce Commission Act, section 15 (a), which reads?—

> In the exercise of its power to prescribe just and reasonable rates the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic; to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management, to provide such service.

Mr. LONG. Mr. President, I can only tell the Senator that it was shown in the Galveston rate case that because of a balanced tonnage the Texas & Pacific Railroad was making a good deal more money hauling its freight into the port of New Orleans and back than it would have made had it hauled it a shorter distance to another port. Notwithstanding that, the Interstate Commerce Commission said, "We are committed to a mileage differential in rates. The only system of rates that will ever work in this country is a mileage system."

I went before the Interstate Commerce Commission for 10 years, and I know of no case, nor does anyone else know of a case, that has ever been adjudicated when they did not prescribe a higher rate for a longer distance.

Mr. MINTON. Mr. President, I should like to have the Senator's view as to whether or not this provision of the statute——

Mr. LONG. Mr. President, will the Senator let me respond a little further? I always like to give a Senator an illustration from his own State. I will tell the Senator what would happen to Indiana under the order heretofore made by the Interstate Commerce Commission if this bill should be enacted into law, and the rule were to apply to his State as it is said it would apply to all.

The Senator represents a State that takes its choice, on an equality, of rates; it can have a very low rate for its commerce. In Indiana the shipper can ship to New York for export, 762 miles, or, if he does not want to ship to New York, he can ship a thousand miles to Portland, or 1,226 miles to St. John. Under the proposed legislation the shipper could no longer ship to San Francisco or to St. John out of Indiana. It would mean that the rate would not be lowered to New York, but that it would be raised to the other ports. That is what it would mean.

Mr. TYDINGS and Mr. PITTMAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Louisiana yield; and if so, to whom?

Mr. LONG. I yield first to the Senator from Maryland, who rose first. Then I shall be pleased to yield to the distinguished Senator from Nevada.

Mr. TYDINGS. Taking the case which the Senator has cited, namely, where the car had to be detached and put into another freight train going to Corpus Christi, as against going to New Orleans——

Mr. LONG. I used that merely as an illustration.

Mr. TYDINGS. Is it not a fact that it would cost the shipper more to send the freight to New Orleans?

Mr. LONG. On the contrary, it would cost the shipper less.

Mr. TYDINGS. What would be the advantage?

Mr. LONG. What I mean is that, while it would cost him the same, it would cost the railroad less. The rate would be the same, but the railroad would make more money taking the freight to New Orleans.

Mr. TYDINGS. Where the point of detachment came, the road is longer to New Orleans than to Corpus Christi.

Mr. LONG. That is true.

Mr. TYDINGS. Therefore, even if the shipper pays the same amount, the railroad makes less profit.

Mr. LONG. No. Let me explain. When the box car reaches Corpus Christi, it has to come back empty; but when it gets to New Orleans, there is a load for it to bring back. In other words, there is a two-way haul.

Mr. TYDINGS. There may be or there may not be.

Mr. LONG. Oh, yes; there is.

Mr. TYDINGS. That is only an assertion. Just because the port receives imports does not mean that that box car is going to be loaded and go right back to where the grain originated.

Mr. LONG. As a general rule, 99 times out of 100 that happens; or it will go to some other place loaded.

Mr. TYDINGS. In Baltimore, for instance, and San Francisco——

Mr. LONG. I will take up the case of Baltimore.

Mr. TYDINGS. The imports and exports of Baltimore more or less offset each other. They vary a little in favor of exports at the present time. If the rule advocated by the Senator were ever to be followed, no port would ever have a chance to develop. The ports which already handle imports and exports would have all the business, including Baltimore and San Francisco.

Mr. LONG. I do not blame the Senator from Baltimore for looking on this question in a little different light.

Mr. TYDINGS. I am trying to look at it in a little bigger way than from the standpoint of New Orleans or Baltimore. A shipper is entitled to ship his products at the lowest possible cost, and if he ships them so that it costs the railroad more to haul them than it would cost over another line, it lays the foundation for an increase in freight rates.

Mr. LONG. That is just what happened in this case. The Texas & Pacific Railroad showed that if they were to move from Fort Worth, Tex., to New Orleans, La., there was 400 miles of their railway line that was the same as though it never had been built.

Mr. TYDINGS. The Senator's argument would likewise apply if all this traffic were taken off the Corpus Christi line and shipped to New Orleans.

Mr. LONG. I will give the Senator the Baltimore illustration, if he will listen.

If the carload of goods has to go to Corpus Christi, where they have not been handling any grain, where they have not any return tonnage, the train going down there loaded comes back empty. Not only that, but do not forget that the farmer has not a market through Corpus Christi. There is no ship there which has come in from Honduras and is ready to take a load back, but there is a ship over at some other port which came in loaded and will go back empty, but it could haul that grain back for much less than it would cost if the grain were shipped to a port where the boat came in empty and the grain were shipped from that port. Let me get to the Baltimore illustration.

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

Mr. LONG. Not right now, Mr. President.

Mr. TYDINGS. Let us take the case of the port of Corpus Christi.

Mr. LONG. Just a moment, Mr. President. I do not wish to yield right now.

Mr. TYDINGS. How old is the port of Corpus Christi?

Mr. LONG. It is about as old as any of the ports. They have all been in existence about the same length of time. God created them all.

Mr. TYDINGS. I think the Senator will find—I happen to have been to Corpus Christi—that the port of Corpus Christi is new.

Mr. LONG. I am using that port as an example. Corpus Christi has been there since God made them all. It has always been there.

Mr. TYDINGS. But it has not been developed as a port until comparatively recently.

Mr. LONG. It never will be.

Mr. TYDINGS. Yes; it will be.

Mr. LONG. No, Mr. President; it never will be.

Mr. TYDINGS. There has been considerable dredging and harbor development there during the last 10 or 15 years.

Mr. LONG. If it were developed into a port, it would take away the business of the port of Galveston and the business of the port of Port Arthur. Now, if the Senator from Maryland will wait a moment we will come to the case of Baltimore. This is what happened in Baltimore City, and this is why Baltimore is in this case. Shipments destined to Liverpool were coming from the West and going through the port of New York. They were going to foreign countries through New York. The Baltimore & Ohio Railroad wanted the business. The New York Central and the Pennsylvania Railroads had their connections. The shipper in the West had a right to send his traffic to New York or to send his traffic perhaps to Boston—I do not know about that rate—or to send it to Baltimore, or to send it to Norfolk, or to send it to any other port. Up jumps Baltimore. It is not satisfied with an equality of rates.

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

Mr. LONG. No; I will not yield right now. As I said, Baltimore is not satisfied with an equality of rates. Baltimore does not want to have the farmers' wheat going through New York for the same rate at which it goes through Baltimore, and so, although there are more ships coming to New York, there are more ships coming to the harbors of the New Jersey ports, perhaps, Baltimore gets a rate of about 1½ cents a bushel under what New York gets.

Mr. TYDINGS. Mr. President, will the Senator now yield?

Mr. LONG. No, Mr. President; I do not wish to yield just yet. Baltimore did not get a rate of 1½ cents under New York, but had the Interstate Commerce Commission raise the rate to New York 1½ cents over the Baltimore rate, so that the farmer could not have a right to pick his port. He had to go through Baltimore in order to accommodate the Interstate Commerce Commission.

I now yield to the Senator from Maryland for a question.

Mr. TYDINGS. The Senator from Louisiana has presented a specific case with reference to Baltimore. If the Senator knows what he is talking about——

Mr. LONG. I do.

Mr. TYDINGS. If he knows what he is talking about, he will know that Baltimore is closer to the grain-producing centers than is New York.

Mr. LONG. Yes, sir.

Mr. TYDINGS. And therefore the farmer can get his wheat hauled at less expense to a nearby port than he can to a far-off port.

Mr. LONG. Is that a question?

Mr. TYDINGS. Therefore if both ports are given the same rate for hauling different distances, all the advantage which Baltimore naturally has is by law given to New York. Further than that, the farmer who should advocate giving the same rate to Baltimore as is given to New York, for example, would only be laying the foundation for an increase in freight rates, because it is the policy of the Interstate Commerce Commission to have a ton of cargo hauled at the lowest possible expense to the common carrier.

One more point. As a matter of fact, Buffalo, in the State of New York, is closer to the port of Baltimore than it is to the port of New York, and all the West is closer to the port of Baltimore than it is to the port of New York.

Further than that, they can get all the ships they want at Baltimore, either going or coming, to handle all the traffic, and what the Senator is doing is indirectly to penalize the western grain shipper by making him pay more eventually to have his grain hauled to a port.

Mr. LONG. Now let me answer the Senator, not on what he is prophesying, but on what has happened. The settlement of this question will take hindsight and not prophecy. Here is what happened. Baltimore had the same rate as New York, the same rate as Norfolk, and of other ports on the Atlantic.

Mr. TYDINGS. Which was wrong.

Mr. LONG. Wait a minute and we will see. It was wrong, because the Senator from Maryland did not get some of the pie, or, rather, I will say that Maryland did not get its part of the pie. I will put it in that way.

Mr. TYDINGS. Let me say to the Senator from Louisiana, in order to keep the RECORD straight, that he ought to state facts.

Mr. LONG. Let me get through with the question which we are now discussing, if the Senator will permit me.

Mr. TYDINGS. The Senator from Louisiana should say that Baltimore's rate ought to be less than New York's, because it is closer to the interior market.

Mr. LONG. Mr. President, let me get through with this part of the discussion. I wish to answer the Senator.

Mr. TYDINGS. The Senator from Louisiana does not say that, but he ought to say that.

Mr. LONG. The Senator from Maryland will not wait for me to tell the facts. The Senator still wants to keep out of that field, because I am going to tell him what has happened, and he is going to worm and squirm here for several

minutes. Here is what happened: The shipper of grain from Indiana, the shipper of grain from Kansas, the shipper of grain from Illinois, the shipper of grain from Idaho, and from all other States of the West had a right to go through either one of these ports. They ship through Baltimore to Liverpool, or they could ship through New York. Wherever the farmers could get the best price for their wheat they had the right to ship it for export.

Along comes Baltimore, and does it bring a suit to reduce the rate for the farmer's wheat to Baltimore? Is that what it does? No. It brings a suit to raise the rate for the farmer's wheat shipped to New York, and to raise the rate for farmer's wheat to Norfolk on the ground that Baltimore City is up the Chesapeake Bay, a little bit inland. What did the Interstate Commerce Commission do? It raised the rate to New York a cent and a half or two cents and a half over the rate to Baltimore. It did not reduce the rate to Baltimore. But what did that do? It diverted the grain tonnage, and it cost the farmers of the United States, as we showed, millions and hundreds of millions of dollars by preventing the farmer having a choice of ports. Why? Because no banking connections had been made at Baltimore, and banking connections at Baltimore to enable the distribution of any such amount of commerce could not be made, because there was not a balanced tonnage at that port, and there never will be.

Mr. President, Baltimore is not as large a place as New Orleans, La., was [laughter], and, for that particular reason, Baltimore came in later on and prevented a choice of ports to the farmers. Did it give anybody a rate reduction? No; but what did it cost the farmers? American farmers moved into Canada so that they would get away from this discriminatory ruling, and the Canadians began to raise wheat in southern Canada which went through the port of Winnipeg, and New York never saw it, and Baltimore never saw it. The farmers who had been raising wheat in America had to move to Canada on account of the heavier burden which had been placed upon their commerce, and sent the grain through a foreign port. As the result of such discriminatory rulings farmers who formerly planted wheat in America have been planting wheat in Canada ever since.

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

Mr. LONG. I yield.

Mr. TYDINGS. As I understand, Mr. President, we vote at 2 o'clock this afternoon.

Mr. LONG. Yes; on whether or not we shall take up this bill.

Mr. TYDINGS. Yes. The Senator has had a great deal of time to discuss the question, and I only ventured to ask him some questions because 2 o'clock is getting closer all the time. I ask the Senator if he proposes to give those who have views contrary to the views which he has expressed an opportunity to present their side to the Senate before the hour of 2 o'clock shall arrive?

Mr. LONG. I think the Senator will agree that I have used very little of my time. The Senator from Maryland has had about half of it.

Mr. TYDINGS. Does the Senator intend to talk until 2 o'clock?

Mr. LONG. No; I do not. If the Senator from Maryland does not take all my time, there will be considerable time left.

Mr. TYDINGS. The Senator from Maryland has not taken 5 minutes of the time of the Senator from Louisiana. The Senator from Louisiana has already spoken for nearly an hour this morning, but I do not desire to interrupt the Senator if I am to have a chance to reply.

Mr. MINTON rose.

Mr. LONG. If the Senator from Maryland wishes to speak, I will not interrupt him. I will now yield to the Senator from Indiana [Mr. MINTON].

Mr. TYDINGS. Just one moment. Of course, the Senator spoke all day yesterday, and he has spoken for nearly an hour today. If his case is so very strong, he ought not to be afraid to let the opposition have a chance to be heard.

Mr. LONG. Oh, no; I hope the Senator from Maryland will not take that view. I am willing to extend the time.

I now yield to the Senator from Indiana.

Mr. MINTON. Mr. President, I should like to recur to the question asked by the Senator from Idaho [Mr. BORAH] a while ago. In an effort to throw some light on the question he asked, I read the Senator from Louisiana a provision of the existing statute and asked him if he did not think that provision might change the situation, and he replied to me by citing the T. & P. case decided in 1895.

Mr. LONG. And the Baltimore case.

Mr. MINTON. And the Baltimore case. When was that case decided?

Mr. LONG. About 1924 or 1926.

Mr. MINTON. However, the statute which I called to the Senator's attention, and which I read, was not enacted until 1933.

Mr. LONG. Is that section supposed to affect foreign as well as interstate commerce? I presume it would, but I do not know.

Mr. MINTON. I think so.

Mr. LONG. I do not know. I have not read the transportation statute for some years.

Mr. MINTON. Assuming that the statute was enacted after those cases were decided, does the Senator still think that it would not affect the ruling of the Interstate Commerce Commission?

Mr. LONG. No; it would not affect the Interstate Commerce Commission's ruling. The Interstate Commerce Commission is bound to a system of mileage rates. The Senator from Indiana was on a public-service commission himself and should be acquainted with the matter. However, those of us who have been before the Interstate Commerce Commission know, and every transportation man will tell us, that the Interstate Commerce Commission acts on a mileage system of rates for foreign commerce and interstate commerce, and they cannot get away from that, and they never will get away from it.

Mr. MINTON. Does the Senator from Louisiana think that this statute might be directed toward broadening the base of their consideration?

Mr. LONG. Oh, no; on the contrary, what Mr. Eastman said in his testimony was that the Commission prescribed a mileage differential as between ports. I hope the Senator from Indiana gets this. Mr. Eastman says that the Interstate Commerce Commission is asking for this bill because they prescribed a mileage differential as between ports, and the Supreme Court knocked it out. That is what he complained about. The Supreme Court knocked it out on the ground that the Commission prescribed a mileage differential in which they said that if the cargo went 100 miles farther—100 miles, now mind you—the rates should be somewhere around 5 cents a hundred higher. Mr. Eastman said, "We have been prevented from putting into effect that differential in rates on account of distance."

Mr. MINTON. If I am correct in my construction of the statute, would not the Interstate Commerce Commission have the right to consider something other than the mere distance. Would it not, for instance, have the right to consider the port facilities and all other facilities for handling cargo at New Orleans, we will say, as against Corpus Christi?

Mr. LONG. I can only say that, with the exception of the reading which the Senator has given of that particular part of the statute which would apply to all commerce, I have never heard of it except in connection with justifying the mileage differential of rates, and that has been the ruling of the Interstate Commerce Commission and courts on the statute ever since the statute has been in existence. I should like to read a little bit more of the statute to show what it provides.

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

Mr. LONG. I yield.

Mr. MOORE. With reference to the case of New York and New Jersey ports, did the mileage factor settle the case of the New Jersey ports?

Mr. LONG. Mr. President, may I have the attention of the Senator from New York? The Senator from New Jersey is now propounding a question about New York. May I ask the Senator from New Jersey to repeat the question? I did not hear all of it.

Mr. MOORE. Was the factor of mileage the settling factor in the case? Did that settle the case of the New Jersey ports?

Mr. LONG. No, Mr. President. Here is what the situation was——

Mr. MOORE. I know what the situation was. I am asking the Senator a question. The Senator from Louisiana made the statement that if anyone would show him a case where anything else but mileage figured in he wanted to know it.

Mr. LONG. Yes.

Mr. MOORE. The Senator said that he had never heard of anything else but mileage figuring in a case.

Mr. LONG. Yes.

Mr. MOORE. And now the Senator from Louisiana says that this case was not decided on mileage. That is all I wish to know.

Mr. LONG. New York and the New Jersey ports are the same distance from the interior, they have the same harbor. There is no difference in distance.

Mr. MOORE. Trenton is not the same distance, and why should the Senator say so? He knows it is 50 miles from New York, the mileage did not enter into it, and yet a moment ago the Senator said the mileage did enter into it.

Mr. LONG. Very well, let us take the case of Trenton. I am willing to stand on that. That may be an exception, but the other ports of New Jersey are not.

Mr. MOORE. That is but one case.

Mr. LONG. That is but one, but let us see as to Trenton. I will refer to the case of Trenton. Now, we are getting down to whether we want this proposed law or not. I thank my friend. He has enabled me to illustrate this case. Do we want the interior of the whole United States to stop their traffic at Trenton? That is what this bill means.

Mr. MOORE. Mr. President, if the Senator will yield, it does not mean anything of the kind, and the Senator knows it.

Mr. TYDINGS. Mr. President, I thought Baltimore was going to get some of this.

Mr. LONG. Just a moment; they will get some of Baltimore; these fellows will take it from one another before they get through. Here is what it means, and if my two illustrious friends will listen to me for a moment I will have them fighting at one another if they will look at the map and see which is the farthest inland point. If my friend from New Jersey or my friend from Maryland will take a little time out and go look at the map, whichever one discovers that his town is miles farther inland is going to come back at the other in 5 minutes.

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

Mr. LONG. I yield.

Mr. TYDINGS. The Senator from Louisiana must not assume that the Senator from New Jersey and the Senator from Maryland take only the provincial viewpoint which the Senator from Louisiana himself takes.

Mr. LONG. Oh, no; far be it from such, but it just happens that the men from Trenton and Baltimore are right here together.

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

Mr. LONG. I yield.

Mr. MOORE. Are we going to have a chance to have any time?

Mr. LONG. If I can get the Senator from Maryland and the Senator from New Jersey to give me a minute now, I will yield to the Senator from New York [Mr. COPELAND].

Mr. MOORE. The Senator from Louisiana had 6 hours yesterday.

Mr. LONG. Oh, no; 4½ hours.

Mr. COPELAND. Mr. President, I want to take advantage of the privilege given me by the Senator from Louisiana to ask the Senator from New Jersey does the famous lighterage case have anything to do with this matter?

Mr. MOORE. It has nothing whatever to do with it. This affects Albany; I have here the case of Albany.

Mr. COPELAND. I know the Senator has the case of Albany, but he has not anything about New York.

Mr. MOORE. New York has no interest in the matter, because, in the first place, the bill does not affect New York, but there is a city which is opposite New York which has no port, for it is owned by the railroads, as the Senator knows.

Mr. COPELAND. I want to be sure about this. Has the Senator had any communications or any contacts with the Port Authority or with the Merchants' Association of New York about this matter?

Mr. MOORE. Yes; and they have no objection.

Mr. COPELAND. What do they say?

Mr. MOORE. They have no objection to it whatever. I do not wish to make a speech, but I will say it is only a question of fair play.

Mr. COPELAND. It is certainly beclouded, so far as I am concerned.

Mr. MOORE. The Senator may call up New York or the shipping department there and ascertain the accuracy of the statement.

Mr. LONG. Mr. President, the Senator from New Jersey nearly told the Senator from New York all about it a moment ago, unless he is going to take backwater on it. The Senator asked what about the case of Trenton and Jersey ports against New York. Here is what happened.

Mr. MOORE. The Senator will find that mileage does not enter into the case of Trenton or New York. The Senator made the statement that no case had been decided on anything else except mileage, but I proved he was wrong, and he admitted that he was wrong.

Mr. LONG. I admitted that there was one case where mileage did not come in, but now let me give the Trenton case. Here is why the case is here. This case is here because New Jersey ports are trying to compel a decision against the New York ports. That is why the case is here. Let me read the Senator's letter.

Mr. MOORE. Mr. President——

Mr. LONG. Just a moment. I will read a letter written by the Senator from New Jersey when he was Governor, and I was a Governor about that time, too. I know the Senator had written some letters; I saw one of his letters here this morning when I was running through some papers.

Mr. MOORE. I will say to the Senator that as Governor I did all that I could in the lighterage case. Why should I not?

Mr. LONG. The Governor of New Jersey was trying to get some business certainly; let us all be honest about it. The Governor of New Jersey was trying to get some business away from somebody else.

Mr. MOORE. No, indeed; I was not.

Mr. LONG. And the Senator from Maryland was trying to get some business for Maryland, and the Senator from Louisiana is trying to save some business for Louisiana and to look after the other 47 States at the same time. [Laughter in the galleries.]

Mr. CONNALLY. Mr. President, I make the point of order that the occupants of the galleries are not in order and we cannot hear back here what is going on. I insist that the Chair enforce the rule. This is not a vaudeville show, in theory at least, and I insist that the occupants of the galleries be made to behave themselves or retire.

The PRESIDING OFFICER. The point of order is well taken. The occupants of the galleries must maintain order.

Mr. LONG. Here is a letter from my friend from New Jersey. I will not read it, but it is addressed to Hon. C. C. Dill and complains that there is discrimination against the Jersey ports. What had the Jersey ports contended for? They appeared here and testified in this case. I was one of the members of the committee listening to the testimony of New Jersey. The New Jersey people contended that New York was getting business that belonged to New Jersey ports. That is what they were contending. That is what

the case was about. They contended that advantages were being given to New York that New Jersey ports were entitled to; and, if this case is carried out to its logical conclusion, Trenton, N. J., being farther inland than New York—and it may be farther inland than some of the Baltimore local points—will claim the business on the ground that when a cargo reaches the nearest port it ought to be unloaded, and they would be entitled to the business under the Galveston rate case, as the shipper ought to unload and ship from the nearest port. Never mind about that harbor at New York, never mind about those banks up there.

Mr. MOORE. Where is it said that they must go to the nearest port?

Mr. LONG. That was the decision rendered in the New Orleans rate case.

Mr. MOORE. But not in this particular case.

Mr. LONG. No, a little later; they are coming a little better.

Mr. MOORE. They are coming much better. The Senator will find that there are other elements and factors which enter into the equation besides mileage.

Mr. LONG. No.

Mr. MOORE. The Senator has already admitted it. There are many factors such as—

Length of haul.

Cost of transportation service.

Value of the service to the shipper.

Density and volume of the tonnage.

Sporadic or steady movement of freight and general transportation conditions.

Susceptibility of the freight to loss or damage.

Value and price of the articles transported.

Raw materials versus manufactured products—

And so forth.

The Senator as a lawyer knows that all these things must be brought into the case for the Interstate Commerce Commission to consider in determining what the rate shall be.

Mr. LONG. I do not care what they consider. I will cite the Senator to the order. The order read that whenever the distance to one port was farther than 100 miles as compared to another port there must be a differential established of from 5 to 7 cents a hundred pounds. You can put all the reasons you want to in it, but the rulings of the Interstate Commerce Commission and the order of the Interstate Commerce Commission were that whenever a farmer was 100 miles farther away from New York than he was from Baltimore or 100 miles farther away from New Orleans than he was from Corpus Christi or a hundred miles farther away from San Francisco than he was from Tillamook—if he happened to be out there in the woods—that there had to be a differential established under the Galveston order.

Mr. MOORE. Why did they not apply it in this particular instance?

Mr. LONG. I do not know. They did apply it in the other case.

Mr. MOORE. There is a hundred miles difference in distance, and they did not apply it.

Mr. LONG. When was this? To what year does the Senator refer?

Mr. MOORE. To 1933.

Mr. LONG. The reason they did not do it that year was because the Supreme Court of the United States had annulled the order. I did not understand the Senator. Now I understand what he is talking about. He is talking about something that could not have been done.

Now, let me go a little further and give another example. These examples are pretty tough. One who appreciates them almost has to hold his nose if he votes for this bill. I would have to hide my head to vote for this proposition:

Taking scattered representative points in the State of Indiana as origins, it will be found that the average haul to New York is 762 miles, with 1,012 to Portland, and 1,226 to St. John. Portland is 132 percent of the New York distance and the St. John distance is 160 percent of the New York distance.

Map B covers port equalization as applied to export traffic moving under commodity rates. Here, again, New York is used as the base point, and taking scattered origin points in the State of Ohio, it will be found that average distances to the ports located north of New York range from 150 percent at Portland to 231 percent at St. John of the New York mileage.

Now, this witness says as to map C:

Now, as to map C, traffic moving under import commodity rates, the base port is changed from New York to Baltimore and the Baltimore rates are applied from Portland, from the Canadian ports as well as St. John and Halifax. Assume that Cincinnati is the destination: Distances in miles are 567 from Baltimore, 1,067 from Portland, 1,285 from St. John, and 1,560 from Halifax, and even those differences in distance are disregarded and port equalization voluntarily applied by carriers.

Even sacred Baltimore itself has got this kind of a thing and it is still complaining, wanting the law changed. Why did they not kick about these other ports? Because the other ports did not have the business. We are willing to say we want the carrier to be allowed to equalize the ports.

I ask my friends of the Senate to listen to me read this. I want Senators to hear it. Here is Baltimore, Md., and Cincinnati, Ohio, today has a choice of ports:

Distances in miles are 567 from Baltimore, 1,067 from Portland, 1,285 from St. John, and 1,560 from Halifax.

From all of those points there is an equality of rates for the carriers. They have the same equality of rates from 760 miles to 1,560 miles, and even those differences are disregarded. This witness said, and nothing has been said here to dispute it:

What I have said is representative with respect to voluntary port equalization. The North Atlantic situation is not an isolated one, as port equalization to the extent of voluntary action by carriers exists at the South Atlantic ports and those located on the Pacific coast. The same is true at Texas gateways on Mexican traffic.

For instance, there is the same rate to apply from Galveston or from Houston or from other Texas ports on business moving through them to Mexico and to some South and Central American countries.

When mileage is ignored in the making of domestic rates, the resulting adjustments may control either the origin or destination of goods handled by the carrier, to the hurt of a particular producer or consumer. Such is not the case, however, when distance is disregarded in export and import adjustments, the only effect of such disregard being that several routes instead of only one are made available to the shipping public, just as a similar disregard of distance in the making of proportional rates opens up several routes.

Mr. President, I want to give the opposition part of the time that is left to make any reply they may wish to make. My time has been greatly taken up by interruptions.

I have here the testimony of a witness who appeared for the shippers of the State of Texas. I want to read what the farmers and merchants of Texas had to say about this.

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

Mr. LONG. I yield.

Mr. CONNALLY. The Senator said the witness represented whom?

Mr. LONG. Texas. I will read a list of those whom he said he represented.

Mr. CONNALLY. Whom did he purport to represent?

Mr. LONG. I will read what he said. His name is Calloway. Does the Senator from Texas know Mr. Calloway? He said:

I represent, among others, what is known as the "Interior Protective and Development Association of Texas." I think it important for you gentlemen to know who that is. * * *

In addition to that organization I represent about 25 chambers of commerce who have not only asked me to represent them through the organization but have asked me to represent them individually—such towns as Marshall, Sherman, Greenville, Waco.

Also I might add that Dallas, Tex., has the same view, and I understand Fort Worth, Tex., holds the same view, and that east Texas holds the same view. This man was employed by these interests to protect the interior shipper. He said:

One of the greatest objections is that the shippers are not so organized as properly to protect themselves against somebody that has no interest in it.

This is one of the cases. These ports have no interest in this business. The shipper is trying to get some way to send

his goods to somebody who wants to buy them. The farmer is trying to sell his products, and up bobs one of these little 2-by-4 port representatives and sticks up his flag and says, "No, no; you cannot ship unless you come this way and give me a little something out of it." What has he to do with it? He ought to keep his mouth out of it. If the farmers want to ship his way, that is all right, but a farmer ought to have the right to ship wherever he can get his goods the quickest and at the best price and where he can get the best accommodation. The farmers are in this case asking the Congress not to interrupt this business—the farmers of Texas, and plenty of them, too.

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

Mr. LONG. I yield.

Mr. CONNALLY. I have no objection to the Senator quoting, but he is assuming to represent east Texas and Dallas, Tex.

Mr. LONG. No; I say the witness claimed that.

Mr. CONNALLY. I think the Senator ought to state just whom the witness is supposed to represent.

Mr. LONG. I named the places he represented and gave his name. His name is Calloway.

Mr. CONNALLY. The Senator interlards his own testimony with testimony of the witness, so that no one can tell when the Senator from Louisiana is testifying and when the witness before the committee is testifying.

Mr. LONG. I shall read another line.

Mr. CONNALLY. I suggest that when the Senator is quoting he should hold up his hand so we may know when he is quoting and when he is merely asserting.

Mr. LONG. I am not given to experimenting with language like my friend from Texas and do not even know how to do as he suggests. His mind is groping with the situation, and I shall read another line so he will understand I am not overstating the case.

Mr. CONNALLY. The Senator from Texas is not groping with the situation, but the Senator from Texas insists that when the Senator from Louisiana is assuming to quote testimony from a hearing he shall quote the testimony and not fill it up with his own comments. If he were not assuming to quote my own constituents and assuming to say what the people of my State desire, I should not be so much concerned about it, but I do insist on some degree of accuracy.

Mr. LONG. Very well. I shall quote him now. I shall make the Senator from Texas perfectly complacent about the whole thing when I get through. Here is the testimony of the witness:

I think it important for you gentlemen to know who that is.

He was referring to the "Interior Protective and Development Association of Texas."

About 2 years ago, because of questions similar to this and because of the fact that the interior farmers and merchants, the business men of the interior, had no organization to speak for them, no agency to fight their battles, a little town in Texas by the name of Greenville, the chamber of commerce there conceived the idea of forming just such an agency. The secretary of that chamber of commerce and its president visited about 150 communities in Texas, interior communities, and pointed out to them the need of such an agency, and as a result of that this Interior Protective and Development Association was formed.

He said further that he represented about 25 chambers of commerce of interior Texas cities, and then said:

One of the greatest objections is that the shippers are not so organized as properly to protect themselves against somebody that has no interest in it, and if they were, it is so expensive. Litigation is expensive, and of all litigation this character of litigation is the most expensive.

Mr. President, they want to be left alone. They want to be allowed to sell their goods and to be left alone. That is what they are trying to get.

The witness continued:

Let me tell you what will happen under this, Senator—and I am putting the last of my argument first because of your question. If this bill passes, this is what will happen: You are not only going to make a port a locality; you are going to make, according to some of these amendments, a transit point or a gateway a locality. Here will be a shipment of grain originating up here, say, in the Panhandle of Texas.

I am sorry my friend the Senator from Texas has left the Chamber. I wanted him to hear what his constituents had to say about the matter.

It can go either through New Orleans or through Galveston. Also it can go either through Dallas or Fort Worth. Certain shippers up there own that grain, and they want to send it to South America. It can be sent to South America, say, over the Texas & Pacific through New Orleans at a rate that is compensatory to the Texas & Pacific. If it goes through New Orleans and it just passes through there, and those shippers can make satisfactory arrangements to have it done, they do make those arrangements.

Then this happens: Nobody in Houston is hurt, because they have got a right to do that; but Houston as a locality steps in and says, "Oh, no; we don't want that to go through New Orleans. We want it to go through Houston." Then Dallas says, "Dallas is interested here." The Dallas Chamber of Commerce steps in and says, "We don't care whether it goes through New Orleans or Houston, but we want it to go through Dallas." Then the latest organizations for the protection of Fort Worth step in and say, "We don't care whether it goes through Houston or Galveston, but it ought to go through Fort Worth instead of Dallas." Galveston has got all the lawyers in the world. So has Houston. Mr. Fulbright doesn't do much else. He is one of the best friends I have got, and is one of the finest commercial lawyers in the United States.

Galveston has got her attorneys and Dallas has hers and Fort Worth has hers and New Orleans has hers, and they start the ball rolling, and the case is not decided for 4 or 5 years, and in the meantime these shippers up here haven't got much but a little grain that they want to ship. They finally attend a hearing, and then they attend another one, and then another one, and finally the thing gets up to be argued before the Interstate Commerce Commission, and somebody says: "Well, we have heard from everybody but these shippers." The chairman says, "All right, we will hear from them." Then somebody gets up over in the far corner of the room and says, "Mr. Chairman, I am not sure, but I think the shippers have run out of money and gone home."

That is what these interior farmers have to say about the matter and they are asking that this bill be not passed.

Mr. BARBOUR. Mr. President, will the Senator yield to me for a question?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New Jersey?

Mr. LONG. I yield.

Mr. BARBOUR. As a sporting proposition, I should like to ask the Senator from Louisiana if he will be good enough to desist from talking any further at this time.

Mr. LONG. I am going to stop right now. I am just fixing to quit.

Mr. BARBOUR. The Senator, without regard to anyone or anything, consumed all of yesterday on this bill; and in justice to my colleague [Mr. MOORE], who has waited patiently to discuss his own motion, I think the time has certainly come, to put it very mildly, when the Senator from Louisiana should sit down and give someone else a chance to say something. Will the Senator concede that?

Mr. LONG. If my friend from New Jersey were not the strongest and largest Member of this body I might be tempted not to do it; but I believe the suggestion is a good one, coming from the source that it does. [Laughter.] So I yield to my friend.

Mr. BARBOUR. I thank the Senator.

Mr. MOORE obtained the floor.

Mr. LONG. Mr. President, would the Senator like to have me call a quorum?

Mr. MOORE. The Senator can do that before the vote is taken. Other Senators may wish to speak.

Mr. LONG. Very well, if the Senator does not yield for that purpose.

Mr. MOORE. I am perfectly willing to yield for that purpose.

Mr. LONG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Barkley	Brown	Byrnes
Ashurst	Bilbo	Bulkley	Capper
Bachman	Black	Bulow	Caraway
Bankhead	Bone	Burke	Carey
Barbour	Borah	Byrd	Chavez

Clark	Hatch	Metcalf	Sheppard
Connally	Hayden	Minton	Shipstead
Coolidge	Holt	Moore	Smith
Copeland	Johnson	Murphy	Steiwer
Dickinson	Keyes	Murray	Thomas, Okla.
Dieterich	King	Neely	Townsend
Donahey	La Follette	Norbeck	Trammell
Duffy	Lewis	Norris	Truman
Fletcher	Logan	O'Mahoney	Tydings
George	Lonergan	Overton	Van Nuys
Gibson	Long	Pittman	Wagner
Glass	McAdoo	Pope	Walsh
Gore	McCarran	Radcliffe	Wheeler
Guffey	McGill	Reynolds	White
Hale	McKellar	Robinson	
Harrison	McNary	Schall	
Hastings	Maloney	Schwellenbach	

The PRESIDING OFFICER. Eighty-five Senators have answered to their names. A quorum is present.

Mr. MOORE. Mr. President, the Senator from Louisiana [Mr. LONG] has taken 4½ hours to tell what might happen if this bill should become a law. I am afraid he has built up a straw man, a terrible thing to behold, and, in his best style, has wrestled with it, torn it apart straw by straw, and kicked it under his desk; but it means nothing to this bill. Very little that the Senator from Louisiana has said appertains in any way to the bill we are considering.

The Senator has screamed about his love for America; and yet America, as he knows it, is bounded on the north by Arkansas, on the west by Texas, on the east by Mississippi, and on the south by the Gulf of Mexico.

We do not blame the Senator for this. Every one of us, to a great degree, sees in his own little State, America; but we admit it. The Senator does not. That is the only difference. The Senator talks of America, and thinks only in terms of Louisiana. We are trying to train him so that he will get a broad view of this great Nation.

The Senator from Louisiana believes that there is no port but New Orleans. We do not blame the Senator for trying to hog all the business in the United States, but we ask him to be honest about it; to say to the Members on this floor, "Yes; we want the business for America", meaning Louisiana.

The Senator, as a matter of fact, would say to the other 47 States of the United States, "You do not dare pass this bill which will affect Louisiana." Think of that. Think of this man who would share the wealth of the Nation, except Louisiana, saying such a thing to 47 other States. Are the representatives of 47 States going to sit here and let their States be robbed of their birthright, of their right under the Constitution of the United States?

I had a long answer to the Senator prepared, but I do not need it, I am quite sure, because you are all intelligent men. He has beclouded the issue. The Senator is an expert at that. He has made it appear as though there were something hidden behind all this. There is not anything hidden except what the Senator is hiding from us in the port of New Orleans.

Let me, as a sample, remind you that the Senator said the farmers of the Midwest made great objection to this bill; that they appeared before the committee. Nothing is further from the fact. There was one gentleman there who said he was the secretary of the Interior Protective and Development Association of the State of Texas, and his objection was this:

> The bill is, in effect, a mandate to the Interstate Commerce Commission to reverse a decision of the Supreme Court.

All that the Court held, Mr. President, all that the Court said, was that Congress had not passed any legislation which prohibited unjust discrimination against ports or transit points, and all that the bill does is to supply that deficiency. It is simple enough. There is nothing mysterious about that; is there? Anyone can understand that. On the other hand, State officials came from Washington, Oregon, Boston, Albany, Philadelphia, Norfolk, Baltimore, Newark, Chicago, and Houston urging the passage of this bill.

Mr. President, not one port in the United States outside of New Orleans has objected to this bill. That in itself, it seems to me, should indicate how the ports of the States of our Nation feel about it.

The Senator said that New Orleans was the only publicly owned port in the world.

Mr. LONG. No; in the United States.

Mr. MOORE. Of course the Senator did not mean that. New York owns its own docks. New York has just finished building a great, magnificent pier for the new *Normandie*. There was no other pier large enough, and they had to build one to suit it, which they did because of their efficiency and of their desire to hold their business.

Newark, N. J., has spent $75,000,000 on a port. The Senator is afraid the people of his State may not be able to pay the interest on the bonds for the port of New Orleans. What about poor Newark, with $75,000,000 stuck there in their port without any redress? They have no right to appear before any tribunal in this Nation unless this bill can be gotten through. All they ask is fair consideration, not for Newark alone.

The Senator told you that the freight rate to Jersey City, my home town, is greater than the freight rate to New York, and therefore that I am in favor of this bill. Nothing could be farther from the truth than that. The freight rate is the same; and Jersey City has not any port. Our port was filched from us 100 years ago by the railroads. The whole water front of Jersey City is owned by the railroads. Jersey City has not any port at all, so the bill means nothing so far as Jersey City, my home city, is concerned.

Then the Senator wanders a bit, and talks about the subcommittee, and he says that we hurried the bill through.

The Senator knows better than that. The Senator from Maine [Mr. WHITE] and I attended every session. The Senator from Louisiana attended one.

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

Mr. MOORE. No; I desire to conclude.

Mr. LONG. I did not say the Senator hurried it through. I said I was sorry I did not attend.

Mr. MOORE. We gave the Senator 2 months to add to the report before we brought it in.

I must not take too much time. Briefly, let us see what the bill is all about. It is very simple. The bill was introduced at the request of the Interstate Commerce Commission. The Senator from Louisiana thinks they should be legislated out of office, but in the meantime they are in office and they are doing their work, and I am sure doing it very well.

Let me quote Mr. Eastman in the Senator's case. I think all Senators will agree that Mr. Eastman has no ax to grind. He stated:

> So far as this amendment is concerned, all that it undertakes to do is to include in the act the words "port and gateway", so that there will be no question as to ports being included. And so far as your case—

Then, referring to the Senator from Louisiana, he said:

> And so far as your case of Galveston and New Orleans is concerned, that amendment would not in any way affect the second point made by the Court with respect to the Texas & Pacific.

The Senator has spoken of the rate. Let me state what the second part of the decision was. In the first instance they referred to the particular port, and said they could not consider the case from that angle. The second point is that the Texas & Pacific has no substantial interest in the Galveston business and that they could not control the rate to Galveston. So the Senator does not have to worry; there is the second part of the decision, which protects him completely.

Mr. Eastman went on to say that he was in favor of the bill, and he read the paragraph of the Interstate Commerce Act which is to be amended, as follows:

> It shall be unlawful for any common carrier subject to the provisions of this act to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, or locality, or any particular description of traffic in any respect whatsoever—

And so forth.

He said further:

> This section in substantially that same form has been part of the law ever since 1887, and from 1887 until the end of 1929, so far as the Commission was concerned, no doubt was entertained that the word "locality" used in that section was broad enough to include any place, including a port.

It is interesting to note that the counsel for New Orleans did not raise the question of whether a port was a locality or a locality a port. The Court raised the question itself, and decided the case on that point. There was no other point on which to decide it.

Just to prove this, I may state that Mr. Walter was the counsel for New Orleans, and he was asked this question:

I would like to ask Mr. Walter if that contention, that ports are not localities within the meaning of section 3, was raised by counsel in the Supreme Court until the Supreme Court raised it itself?

Mr. WALTER. Certainly we did not.

So even New Orleans considered that ports were comprehended in the term "locality."

Let me read briefly one or two statements from witnesses representing different localities. First I quote Mr. Henry E. Foley, corporation counsel of the city of Boston, who stated:

The city of Boston recommends that section 3, paragraph (1), be amended as suggested in Senate bill 1633 to provide what commission and port lawyers had generally assumed was the law until the Galveston decision. In other words, we ask that the railroads be barred from unduly prejudicing or giving advantages to ports and gateways. On its face that seems almost an obvious proposition that railroad discrimination against ports should not be permitted.

Mr. W. D. B. Dodson, executive vice president of the Portland Chamber of Commerce, of Portland, Oreg., made this statement:

We believe that it is absolutely essential that the ports, the ports areas, the business that revolves around ports, and is some of it produced in the ports, and shipped through ports, must have the protection of nondiscrimination, which is all that is asked in this bill.

There is just one more statement which I will use out of the many others, which answers, I think, one of the claims of the Senator from Louisiana.

Mr. W. W. Weller, of the Weyerhouser Timber Co., of Newark, N. J., made this statement:

Mr. Chairman, we are manufacturers and distributors of lumber and forest products and avail ourselves of distribution through most of the ports, particularly the north Atlantic ports.

We feel that for that purpose, I might say, flexibility is in the interest of economic distribution of the products not only from the standpoint of the shipper and manufacturer but also from the standpoint of the consumer. That, likewise, applies to transit points, through which we occasionally ship lumber by rail.

We handle wood pulp through the port of Boston in substantial quantity for both local distribution and inland distribution. By "inland" I mean the more distant points, such as the central territory, the Michigan paper mills, and Ohio paper mills. The rates from Boston at that time to those points were the same as from Portland, Maine, to Baltimore, Md., and Newport News, Va.

The railroads, out of a clear sky, increased the Boston rate, as was indicated by Mr. Fitzgerald, and we as shippers in connection with receivers at Kalamazoo, Mich., protested to the Interstate Commerce Commission this increase in rate, and those rates were suspended and we had hearings, and briefs were filed, and so forth, with the result as indicated.

Senator LONG. What result?

Mr. WELLER. By Mr. Fitzgerald, namely, that the Interstate Commerce Commission stated that these rates applied on export traffic, the increased rates, and because of this so-called "Galveston case" they said they had no authority or jurisdiction to require the railroads, whether the rates were reasonable or not, to maintain that level.

This is the case of an individual shipper—one of the poor little men about whom the Senator from Louisiana speaks. There he is, being put into bankruptcy because he has no redress; coming from the port of Newark, sending his goods to one place where they are to be shipped to another.

Do not Senators know that if wheat is being shipped, and it is sent to Kansas City, there to be milled, and then to be passed on to Europe, the railroads can charge any rate they please to Kansas City, and Kansas City cannot object? It has no redress. They can close every warehouse in that city, because only under the bill about which we are talking would they have the right to appear and demand their rights.

I shall not take more time. I only wish to say that if this bill should be defeated we would be untrue to all those principles of fair play for which America stands. When we say to the little shipper with his pile of lumber, "You cannot have any redress", we are saying to him that the Constitution of the United States means nothing. We are saying to him that it applies only to the Senator from Louisiana. If we follow what the Senator from Louisiana has asked us to follow, we are saying that our flag is only the symbol of privilege and of monopoly. I know Senators are not the kind of men to take such a position as that.

Mr. BARBOUR obtained the floor.

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

Mr. BARBOUR. I yield for a question.

Mr. LONG. Did I understand the junior Senator from New Jersey to say he thought that the shipper could not bring a case? I thought I had made that clear, and that everybody understood that shippers could bring cases. It is only the port which cannot bring a case. The shippers have the right to bring a case.

Mr. MOORE. Not when the traffic is passing through.

Mr. LONG. Oh, yes; the shippers have the right to bring any case.

Mr. MOORE. The Senator is mistaken.

Mr. LONG. Oh, no.

Mr. BARBOUR. Mr. President, the time left for discussion of the motion of my colleague, the junior Senator from New Jersey [Mr. MOORE], to take up the bill which we have been discussing is very short, and I have just been informed also that the Senator from Maryland [Mr. TYDINGS] desires very much to add some remarks of his own before 2 o'clock—the hour when we must vote.

As a matter of fact, even if I had an unlimited length of time I do not feel that I could add very much, if anything, to what has been so ably disclosed by my colleague the junior Senator from New Jersey [Mr. MOORE] and the senior Senator from Massachusetts [Mr. WALSH], and others.

We have had to listen for hours to the senior Senator from Louisiana [Mr. LONG]. We all know that there is what can be termed a monopoly of certain shipping, so far as New Orleans is concerned. As my colleague has said, we have no quarrel with any Senator for putting up as sturdy a fight as he possibly can in behalf of his own State. If we are honest enough and frank enough to admit it, we would all do the same thing ourselves.

The only quarrel—and perhaps it should be called a complaint—which I have with the Senator from Louisiana is that I think he was selfish and inconsiderate in the matter of the time he consumed, and could have said all he needed to say, or all he could say, in a very much shorter time. He has purposely, as he has done so often, consumed and wasted just as much time as he possibly could.

Mr. President, in a word this bill has no other purpose than simply to give to a port what is given under the law to shippers, localities, and so forth. It simply gives a port its day in court and the protection it undoubtedly was originally intended ports should have. In other words, because of the decisions that have been mentioned which declared the law faulty in a technical sense, so far as certain definitions are concerned, a port today cannot go before the Interstate Commerce Commission if it feels that some injustice has been done it, unfairness has been shown it, or it has been discriminated against.

I feel that ninety-nine one-hundredths of all the Senator from Louisiana has said, and said very skillfully, I might add, is a smoke screen. It is an effort, on his part, to prevent a vote being taken. Now, I myself am not going to add to that delay, for I feel that a great majority of Senators understand the true facts. The facts are clear, and they are very simple. I desired to say what I have just said simply to show that, so far as I am concerned, I am anxious to have the Senate take up the bill and pass it; and, so far as I know—although I do not profess to speak for others—the vast majority of the Senators on this side of the aisle are anxious to take up the bill, and, I believe, will vote for it.

Mr. TYDINGS. Mr. President, the pending bill makes provision for the benefit of the country as a whole, and presumably we are making laws for the benefit of the country

as a whole. It would be natural, in a controversy of this kind, for the railroads to divide on one side or the other, accordingly as they supposed their interests would better be served. It would be natural, likewise, for Senators to consider the interests of their own States in this matter. I shall not discuss that phase of the subject at all. I should like to dwell on the national significance of this proposal.

Let me start out with the taxicabs in Washington. Most of the cabs in Washington operate on a four-zone system. When a person rides to the end of one zone he has to pay more fare to cross the second zone, and more still to pass the third zone, and more still to pass into the fourth zone. If a person rides as a passenger on a railroad system, it costs more to go from here to Chicago than it costs to go from here to Pittsburgh.

The philosophy is that the service rendered must to a large extent reflect itself in the rates charged for the transportation of the person or the commodity. I think that rule is basically sound and fundamental and that any attempt to depart from it on a wide scale would lead to confusion which would complicate very greatly rather than serve the purposes of transportation systems.

What is the proposal of this bill? Let us assume that it costs no more to ship a carload of cotton from Jackson, Miss., to Portland, Oreg., than it does to ship that carload to Los Angeles, Calif., notwithstanding, we will assume, that Portland, Oreg., is 1,000 miles farther removed from Jackson, Miss., than is Los Angeles. Under the philosophy expressed by the opponents of this bill, the rates should be the same. But does not the cotton farmer know that the railroad, by virtue of the fact that it has to haul his cotton 1,000 miles farther for the same rate, must get a commensurate return which will permit it to meet its carrying charges and return some interest on the investment, whereas if the same cargo were shipped to the closer port obviously the railroad could haul it there at less expense?

Stripped of all the arguments there is only one question involved in this bill, and that is: Are the shipper, the producer, and the consumer entitled to ship and to receive shipments at the lowest possible cost? If Senators believe in that fundamental philosophy, then they should be in favor of taking up this bill. If they believe that regardless of the service rendered, the rate should be the same, then they should vote not to take up this bill. When they vote to make all the rates the same, in the illustration I used, they vote to penalize every shipper, every producer, and every consumer of commodities, because railroads are not hauling persons or commodities for nothing; and if, for a certain rate, one railroad can haul a commodity a thousand miles farther than the line of another railroad extends and make a profit, then the shorter line railroad could haul the same commodity 1,000 miles less distance to its destination and charge the producer, the shipper, and the consumer less.

As the Senator from New Jersey [Mr. MOORE] has pointed out, the issue here is whether the great agricultural States, the great internal basin, the great West, the great South, are to be deprived of their natural port advantages and compelled to ship in such a way so that it will be no more expensive to ship a product from Charleston, S. C., to Portland, Maine, than it would to ship it from Columbia, S. C., to Charleston, S. C.

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

Mr. TYDINGS. No, Mr. President; I cannot yield now. I have only 5 minutes. I shall try to yield before I conclude, but now I wish to develop my argument.

As a matter of fact, the evidence shows that on one occasion it cost no more to ship a carload of cotton from Columbia, S. C., to New York than it did to ship a carload of cotton from Columbia, S. C., to Charleston, S. C., the seaport. If Senators think a railroad can haul a carload of cotton all the way to New York at no greater expense than to haul a carload of cotton from Columbia, S. C., to Charleston, S. C., then there is no use to argue.

As a matter of fact, we all know it cannot be done; and if the railroad is permitted to haul at greater expense to itself, but at a rate equal to that made by a shorter line railroad, that in turn must reflect itself in increased freight rates to justify the disparity of distance between the two places and the two lines I have mentioned.

The fundamental problem involved is: Shall the producer of manufactured goods or agricultural commodities be permitted to have and to be protected in having the lowest possible freight rates for the marketing of his goods, and shall the consumer of those goods be protected in having the lowest possible freight rates in having them transported from the producer to the consumer; or shall the rate be made regardless of the natural transportation advantages, and an extra burden placed upon the shoulders of every producer and consumer in the country? That is all that is involved in this question.

The question of terminal facilities and all that, of course, enters into the equation, but what I am attempting to bring out is the broad line of demarcation. There are certain railroads which, regardless of the extra distance they would have to haul freight, if the freight were given to them, would charge no higher rate than would be charged by a shorter line hauling the same freight between two places; but if the longer-line railroad is put to more expense in transporting those goods than the shorter railroad would be put to, then that increase in expense is reflected in the rate structure and in the operating expense of the longer railroad.

Any shipper or any producer who wishes to destroy his marketing advantage for cheap and economical transportation of the goods he produces ought not to be in favor of this bill; but any shipper who wishes to get his product to its ultimate destination in the least expensive way ought to be in favor of the bill. That is the broad, fundamental question, and the Senator from Louisiana [Mr. LONG] knows it just as all of us know it.

Mr. President, what the Senator from Louisiana is contending for is that, notwithstanding the fact that two railroads haul freight between two sections, and one of them may have to carry the freight 1,000 miles farther than the other, the shorter railroad should be required to charge as much to carry the freight as the longer railroad is required to charge in order to continue operating. If that system were carried to its ultimate conclusion it would destroy the whole philosophy of cheap transportation. There would not be "any such animal." Bear in mind that this is all happening when the railroads of the country in many cases are threatened with financial difficulty, and many of them are in bankruptcy or receivership.

The only way in which the railroads can stand on a firm foundation is by making the freight rates so attractive that people may market their products for more than it costs to produce them.

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

Mr. TYDINGS. One more minute, and I will yield.

For a long while I have heard it said on the floor of this body that the freight rates often are greater than the amount the farmer receives for his produce. I have heard Senators give illustration after illustration showing that the net return on a crop was not sufficient to pay the freight rate. Does the Senate propose to inaugurate a system which will make the freight rate still higher than it would be under a system whereby the natural advantages of transportation are utilized?

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

Mr. TYDINGS. I now yield to the Senator from Louisiana.

Mr. LONG. Does not the Senator know that there never has been anything but increases in rates imposed on the shipper under existing law?

Mr. TYDINGS. Yes; and under the policy which the Senator from Louisiana advocates the increase would go up in an almost vertical line, because the little railroad, the shorter railroad, forsooth, would have to charge as much to transport a ton of produce as a railroad which went 1,000 miles farther to the ultimate destination.

I do not think such a policy is sound. It is not sound for the transportation of passengers. It has never been sound; and I hope the Senate will vote to take up the bill so that we may end that practice.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, under the unanimous-consent agreement, a vote is now to be taken on the pending question, which is the motion of the Senator from New Jersey [Mr. MOORE] that the Senate proceed to the consideration of Senate bill 1633.

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

Mr. CLARK. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Lewis	Radcliffe
Ashurst	Copeland	Logan	Reynolds
Bachman	Dickinson	Lonergan	Robinson
Bankhead	Dieterich	Long	Schall
Barbour	Donahey	McAdoo	Schwellenbach
Barkley	Duffy	McCarran	Sheppard
Bilbo	Fletcher	McGill	Shipstead
Black	George	McKellar	Smith
Bone	Gibson	McNary	Steiwer
Borah	Glass	Maloney	Thomas, Okla.
Brown	Gore	Metcalf	Townsend
Bulkley	Guffey	Minton	Trammell
Bulow	Hale	Moore	Truman
Burke	Harrison	Murphy	Tydings
Byrd	Hastings	Murray	Van Nuys
Byrnes	Hatch	Neely	Wagner
Capper	Hayden	Norbeck	Walsh
Caraway	Holt	Norris	Wheeler
Carey	Johnson	O'Mahoney	White
Chavez	Keyes	Overton	
Clark	King	Pittman	
Connally	La Follette	Pope	

Mr. LEWIS. I announce that the Senator from Colorado [Mr. COSTIGAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Utah [Mr. THOMAS], the Senator from North Carolina [Mr. BAILEY], and the Senator from Rhode Island [Mr. GERRY] are detained from the Senate on important public business.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

The question is on agreeing to the motion of the Senator from New Jersey [Mr. MOORE].

Mr. PITTMAN. Mr. President, I am only going to take a very few minutes to explain my vote.

The VICE PRESIDENT. The question is not debatable. The time limit has expired under the unanimous-consent agreement. The question is on agreeing to the motion of the Senator from New Jersey.

The motion was agreed to, and the Senate proceeded to consider the bill (S. 1633) to amend the Interstate Commerce Act, as amended, and for other purposes, which had been reported from the Committee on Interstate Commerce with amendments on page 2, line 1, after the word "port", to insert "port district"; in the same line, after the word "gateway", to insert "transit point"; in line 4, after the word "port", to insert "port district"; and in the same line, after the word "gateway", to insert "transit point"; so as to make the bill read:

Be it enacted, etc., That paragraph (1) of section 3 of the Interstate Commerce Act, as amended, is hereby amended to read as follows:

"(1) It shall be unlawful for any common carrier subject to the provisions of this part to make, give, or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, or any particular description of traffic, in any respect whatsoever or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever."

The amendments were agreed to.

The VICE PRESIDENT. Without objection, the bill——

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Will be ordered to be engrossed for a third reading, read the third time——

Mr. LONG. Mr. President, do not let us pass it quite so fast.

Mr. PITTMAN. Mr. President, I wish to explain why I am not going to vote for this bill. I do not propose to enter into a discussion of the Texas case, the case between New Orleans and Galveston. I have found out, after serving for a great many years on the Interstate Commerce Committee of the Senate, that the Interstate Commerce Commission feels that it was created, not for the purpose of commerce, so far as the shippers of this country are concerned, but solely for the purpose of taking care of the railroads. In all their decisions the question has been what will aid the railroads, not what will aid the shippers.

The Supreme Court decided in the Texas case that the law which is now proposed to be amended was for the benefit of shippers; that it affected the shippers in the locality of the origin of the freight and of the destination of the freight, but did not affect the port nor the place through which the freight passed. What we are injecting into it is not the right of a port to bring an action before the Interstate Commerce Commission, for any port has a right to bring such an action before the Interstate Commerce Commission just as a chamber of commerce has the right to do so; but this bill goes further and provides that it shall be unlawful to discriminate against a port through which foreign trade passes.

How can there be discrimination against a port through which foreign trade passes except as it may be said that if the freight passes through A port instead of B port it is a discrimination against B port, or if it passes through A port instead of through C port it is a discrimination against C port? Are the shippers of this country interested through what port their foreign trade goes? They are not interested in the slightest; they are interested only in the expeditious transportation of their export trade at the lowest possible cost.

What is it proposed to do by this bill? It does not propose to grant a port the right to bring the question before the Interstate Commerce Commission, for, as I have said, any port has that right today the same as has any chamber of commerce. What is proposed is that it shall be unlawful to discriminate against a port.

What is meant by providing that it is unlawful to discriminate against a port? We know what the law means when it provides that it is unlawful to discriminate against a person or an individual or a corporation or a locality in the transportation of export trade from the place of origin to destination. But what is meant when it is proposed to put in the present law the provision that it shall be unlawful to discriminate against a port? Are we interested in that question? Are the exporters of this country interested in the question as to whether the Interstate Commerce Commission shall select New York or Baltimore? They are not interested in the slightest; they are interested only in the law as it now stands, providing that there shall be no discrimination between any exporters of the country. That is the way the ruling goes.

In the Texas case there was not any question as to the right of Galveston or New Orleans to raise the point as to discrimination against shippers. The question was new as to the right of discrimination as to a port. This bill provides that it shall be unlawful to discriminate as against a port. What is a port? What difference does it make to the shippers of this country through what port their foreign trade moves? What we are proposing by this measure is further to complicate the whole administration of interstate and foreign commerce.

By laws heretofore enacted we have granted to the Interstate Commerce Commission the power to prescribe higher rates for a short haul than for a long haul along exactly the same railroad system. Now, it is proposed further to complicate it and allow the Interstate Commerce Commission, in fact, to compel them to take into consideration whether or not freight shall go through this port or another port, and if it does not go through this port whether there is discrimination against that port.

Mr. MOORE. Mr. President——

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

Mr. PITTMAN. I yield.

Mr. MOORE. Does the Senator believe, then, that it is proper to discriminate against a port?

Mr. PITTMAN. I am not interested in any port.

Mr. MOORE. The Senator is not interested in whether or not ports are discriminated against?

Mr. PITTMAN. I do not think there is any such thing as discrimination against a port.

Mr. LONG. But if there is, the Senator does not care?

Mr. PITTMAN. I would very much rather be interested in the man who is shipping than in the man who lives in any city in the country.

Mr. MOORE. Then if that be the case, the Senator should be for the bill.

Mr. PITTMAN. I am trying to explain why I am not for the bill. I am not for the bill for the simple reason that we have laws affecting the whole transportation system of the country. We have directed the Interstate Commerce Commission not to consider the shipper but to consider the various railroads. Now, it is proposed further not to consider the shipper but to consider the various ports of the country. I do not mean to say a port should not have the right to appear on behalf of its citizens. I believe it has that right now. The bill says in plain words that it shall be unlawful to discriminate against a port. In other words, we are saying to the Interstate Commerce Commission, "You shall decide through which port traffic shall go"; when, as a matter of fact, the shipper is not interested in that point but is interested in having his goods moved as cheaply as he can have them moved.

Mr. COPELAND. Mr. President, I have been very much handicapped in this matter by failure to receive certain material which I had expected from New York. However, in order that I may protect the rights of those in whose behalf I speak, I desire to give notice of my intention to move a reconsideration of the vote by which the bill was passed, and to call up that motion at the proper time. May I have that notice recorded?

The VICE PRESIDENT. The bill has not yet passed. Previous to its passage, the Chair does not believe there is any possibility of the submission of even a notice of a motion to reconsider the vote by which it shall be passed.

Mr. COPELAND. Very well. I shall withhold my request until a later time.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

Mr. LONG. Mr. President, I desire to propose an amendment to the bill, as follows:

Where rates and charges of common carriers to ports are made as reductions to equalize rates to ports served by competing carriers, it shall not be termed undue preference or discrimination.

In the hearings there was no objection to the amendment. It simply provides that where a railroad reduces its rates for the purpose of affording a shipper transportation to competing ports, the reduction shall not be termed to be undue discrimination if it does no more than equalize rates. Some of those appearing before the committee had no objection to such an amendment. If it may be accepted, I should see no reason for further delay.

I have proposed the amendment, which merely provides that if a railroad is willing to reduce its rates in order that traffic may move, it shall not be termed to be undue discrimination; that if the railroad is willing to give the shipper a reduction in order that the railroad can be given no more than a chance to haul the goods and for that reason gives a reduction in rates, it shall not be termed to be forbidden by law.

It was said in the hearings that this amendment would not be objectionable. If we cannot get anything better than that, we should like at least to have the act provide that where there is a reduction made for the purpose of giving a carrier the right to carry goods at a cheaper rate in order that the shipper might have the advantage of a port where business is to be had and his goods may be sold, it should not be held to be a violation of the statute.

Mr. WALSH. Mr. President, much has been said in this debate against the practices and findings of the Interstate Commerce Commission. Perhaps those fundamental principles of law which guide the Commission ought to be changed. The bill now before us does not enter that domain. We are dealing here with schedules of rates made by common carriers. That is solely what we are dealing with. Should the Commission have jurisdiction if schedules of rates are discriminatory? We have said by existing law that they should be regulated; that the Interstate Commerce Commission should have control in preventing discrimination when the discrimination is against a person, a firm, a corporation, or a locality. Until 5 years ago, for over 40 years, the word "locality" had been construed to include "port." A schedule of rates today made by a common carrier, if discriminatory, can be investigated and an order or decree issued by the Interstate Commerce Commission; but if it is a port, no.

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

Mr. WALSH. I yield.

Mr. PITTMAN. If a city is the destination, yes; if a port is the destination, yes; if it passes through a city in foreign commerce, no.

Mr. WALSH. I repeat that the law today permits the examination of a schedule of rates if it is alleged they are discriminatory when the question is raised by a person, a firm, a corporation, or a locality, and until a few years ago "locality" was supposed to include any place and to include a port. The law was so administered until the Supreme Court rendered its decision. There is no provision of law which permits a shipper, who alleges discrimination in a schedule of rates to a port, to go anywhere to have that discrimination and that prejudice and that disadvantage removed.

The purpose of the bill is to permit a port, where a schedule of rates is discriminatory, wiping out one port to the advantage of another, boosting one port to the disadvantage of another, and to have the question of discrimination determined.

The question of whether the Interstate Commerce Commission has decided issues before it unfairly or unjustly is aside from the issue. The question is whether we shall give them this jurisdiction when they have it in those cases where a schedule of rates is alleged to be to the disadvantage and prejudice of a locality, a firm, a corporation, or a person. It seems to me the issue is exceedingly simple, and we ought to keep it simple and not attempt to decide now whether we are going to create new fundamental principles for the procedure of the Interstate Commerce Commission. The bill merely provides that a port, as well as a locality, a firm, a corporation, or a person, shall have a tribunal to which cases of discrimination may be presented. That is all the bill provides.

Mr. BORAH. Mr. President, I should like to ask the Senator from Massachusetts a question.

Mr. WALSH. Certainly.

Mr. BORAH. The Senator this morning stated that the amendment which the bill proposes to the law—not the one that is now pending—could have no effect whatever upon the long and short-haul clause of the interstate commerce law. Is that the Senator's opinion?

Mr. WALSH. I have that opinion and that statement on the authority of Mr. Eastman and the representative of the Interstate Commerce Commission, who is on the floor. It cannot have the slightest effect on that clause; it has no bearing at all on it. The bill deals with no other section of the law than the section stating that it is unlawful for prejudice to be exercised by a common carrier against a person, firm, corporation, or locality.

Mr. WHITE. Mr. President, I rise in opposition to the amendment proposed by the Senator from Louisiana [Mr. LONG]. My opposition rests upon the ground that the amendment projects into the bill an entirely new subject matter. It goes to the question of rates; it goes to the question of services and practices, and lays down a definite and a new rule of law to guide the Commission in the exercise of the general jurisdiction now imposed upon it.

I have been astonished at the controversy which has arisen over this proposed legislation. It had seemed to me—and I

speak primarily because I was a member of the subcommittee before which the hearing was held—that this was a perfectly simple, single proposition.

I had in mind the constitutional provision that—

No preference shall be given by any regulation of commerce or revenue to the ports of one State over those of another.

And I had assumed that the act of 1886, laying down the rule of law that it shall be unlawful for any common carrier subject to the provisions of this act to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, or locality, and so forth, was an implementing statute making effective the constitutional provision, and giving to a port—because everyone assumed that a port was included within the term "locality"—a tribunal before which it could go in order to assure to itself the constitutional guaranty of equality of right laid down in the article of the Constitution which I have read.

Mr. PITTMAN. Mr. President, may I ask the Senator a question?

Mr. WHITE. I yield.

Mr. PITTMAN. The statute to which the Senator is referring is an internal section of the Interstate Commerce Act.

Mr. WHITE. Yes.

Mr. PITTMAN. The one with which we are dealing relates to export trade. There have been quite a number of distinctions made with regard to export trade, have there not?

Mr. WHITE. I think that is true. Still I think this section of the Interstate Commerce Act did furnish, and was intended to furnish, a tribunal to which a port might go to secure to itself the effective advantage of the provision written into the Constitution. All that the amendment reported to the Senate by the committee proposes is to amend the existing law by including ports as entities which may appear before the Interstate Commerce Commission and there assert their rights. It is utterly inconceivable to me that we can justify a provision of law which gives to a person or a corporation a status under the law, and deny the same status to a great port of this country. That is all that is involved in the proposed legislation.

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

Mr. WHITE. I yield.

Mr. MINTON. As I understand, the act as it now exists has been interpreted by the Interstate Commerce Commission for some 30 or 40 years, and the word "locality" has been interpreted to mean a port. So we have actually lived under a statute interpreted for 30 or 40 years by the Interstate Commerce Commission, which has held that a port is a locality; and all the things which the Senator from Louisiana has been talking about and conjuring up have not happened for 30 or 40 years. Is that correct?

Mr. WHITE. The Senator is absolutely correct. We have lived since 1886, and up until 1929, under a statute which everybody understood to give this precise right to a port; and it was only when the decision of 1929 was rendered that doubt was thrown upon whether the word "locality" did or did not include a port.

Mr. PITTMAN. Mr. President, a port may be a locality if it is the point of origin of the freight; but if it is on the way, it is not a locality, and should not be described as a locality by calling it a port. I am perfectly willing to agree to an amendment inserting the word "port" when it is the point of origin or the point of destination.

Mr. WHITE. The Court, in the case which has been so much discussed, held that a locality included only a point of origin or a point of destination. Up to that time a port had been understood to be comprehended within the proper definition of the word "locality."

Mr. PITTMAN. Let us do it now, then. Instead of including a port through which traffic passes from another point of origin to another destination, let us describe a port as a locality if it is the point of origin or the point of destination. That would be proper.

Mr. WHITE. From my view, the question is larger than that. In my opinion, the present statute as it has heretofore been interpreted did give and make effective to a port the right which was intended to be given by the constitutional provision.

I very much hope the bill as reported from the committee may have the approval of the Senate.

Mr. LONG. Mr. President, the chairman of the committee and the chairman of the subcommittee in charge of the bill say they have no objection to my amendment. It merely proposes that the right of reduction shall not be interfered with.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on the amendment offered by the Senator from Louisiana [Mr. LONG].

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on the engrossment and third reading of the bill.

Mr. TYDINGS. Mr. President, what amendment was it which was just adopted?

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana.

Mr. TYDINGS. I ask that the vote by which the amendment was adopted be reconsidered, because many of us could not understand what the Chair was saying. The Senator from Massachusetts [Mr. WALSH] and I both were unable to vote because we could not tell what was being voted on.

Mr. LONG. Let the Senators read the amendment.

Mr. TYDINGS. Is that the other amendment, or a new amendment?

The PRESIDING OFFICER. Does the Senator from Maryland submit a unanimous-consent request for reconsideration of the vote by which the amendment was adopted?

Mr. TYDINGS. Has the vote by which the amendment was adopted been reconsidered? If so, we should like to have the amendment read. We may withdraw our objection.

The PRESIDING OFFICER. The Chair asked the Senator from Maryland if he desired to submit a unanimous-consent request.

Mr. TYDINGS. I ask unanimous consent that the vote by which the amendment was adopted may be reconsidered until some of us can understand what the amendment is.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Reserving the right to object, let me ask the Senator to look at the amendment first. No objection has been made to this amendment.

Mr. TYDINGS. Let us have the amendment read.

The PRESIDING OFFICER. The amendment which has just been adopted will be read for the information of the Senate.

The CHIEF CLERK. The amendment proposed to add at the end of the bill the following:

Where rates and charges of common carriers to ports are made as reductions to equalize rates to ports served by competing carriers, it shall not be termed undue preference or discrimination.

Mr. TYDINGS. Mr. President, may we have the amendment read the second time?

The PRESIDING OFFICER. The amendment will be restated.

The Chief Clerk restated the amendment.

Mr. TYDINGS. Mr. President, that might be a very good amendment——

Mr. LONG. It is.

Mr. TYDINGS. And it might not be. I can see how its application might work a hardship. I, for one, do not like to vote on an amendment which is so far-reaching as that without a little more information from the Interstate Commerce Commission. I therefore renew my request that the vote by which the amendment was adopted be reconsidered.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, I hope that will not be done. The Senator from Maryland and——

The PRESIDING OFFICER. The Senator from Louisiana objects.

Mr. TYDINGS. I may say to the Senator from Louisiana that possibly I shall not object, but I should like to have 5 minutes or so to study the amendment.

Mr. LONG. Let the Senator take 5 minutes.

Mr. TYDINGS. First of all, I desire to have it reconsidered. If necessary, I shall move to reconsider the vote. If the Senator will meet me on fair ground, I shall try to meet him on fair ground. If not, I shall have to fall back on my parliamentary prerogatives.

Mr. LONG. If the Senator moves to reconsider it, I will discuss the motion, and I believe he will withdraw his motion.

Mr. TYDINGS. I ask unanimous consent——

Mr. LONG. Go ahead. I do not object. Let it be reconsidered.

The PRESIDING OFFICER. Without objection, the vote by which the amendment was agreed to will be reconsidered. The question now is on the amendment offered by the Senator from Louisiana.

Mr. TYDINGS. Mr. President, the amendment reads:

Where rates and charges of common carriers to ports are made as reductions to equalize rates to ports served by competing carriers, it shall not be termed undue preference or discrimination.

May I ask the Senator from Louisiana what he has in mind by that?

Mr. LONG. It simply means this: Everyone knows we have been trying to get railroad rates down in this country. This amendment simply means that if a railroad is willing to make a reduction in rates that does not go below the rate of a competing line, it shall not be termed undue discrimination.

For instance, I will give the Senator a case. Here is the case of Boston, Mass., which wanted this amendment, as I understand. Boston, Mass., has been trying to get the carriers to make a reduction in rate that would not be below the rate of competitors, but would be equal to it. The rate now is somewhat high. If they can get the railroads to make that reduction, it will not be classed as undue discrimination.

I might say to the Senator that I know of no one in the hearing, not a single one, who opposed this amendment. If the Senator will look through the hearings and find questions asked by me, when I was on the subcommittee, in which this amendment was mentioned to the witnesses, he will see that those urging the passage of this bill had no objection to this form of an amendment.

Mr. TYDINGS. Let me point out to the Senator that the only danger of the amendment is that a railroad, of course, has to make a given amount of money—and I am not arguing for the railroads—in order to keep out of the hands of receivers.

Mr. LONG. The railroads do not have to reduce rates.

Mr. TYDINGS. I have no objection to the rates being lowered to the bottom rung of the ladder, but if some road that is not economically situated reduces its rate to compete with some road which is economically well situated to haul the particular commerce, it obviously must make up that reduction for that particular job on an increased rate on some other job.

I should prefer to leave rate making in the hands of the Interstate Commerce Commission, and I think it is unsound to try to write rate-making legislation on the floor of the United States Senate by adopting an amendment which no one saw except its author, until it was offered, and then have but 2 minutes' explanation.

Mr. SMITH. Mr. President, may I ask the Senator a question?

Mr. TYDINGS. Certainly.

Mr. SMITH. The object is to prevent further discrimination against ports where they are more advantageously situated by virtue of their nearness to the source of supply. If this amendment should be agreed to, we might just as well tear up the remainder of the bill——

Mr. TYDINGS. That is the way it appears to me.

Mr. SMITH. For the reason that any road which is farther away can reduce its rates to the given port in order to compete with those roads which are nearer to the port. Just strike out all the remainder of the bill and adopt this amendment, and we will have exactly the condition we now have.

Mr. TYDINGS. That is the way it appeals to me. Then the other road would be in the same position as if the measure had never been passed.

Mr. SMITH. As a matter of course.

Mr. TYDINGS. I do not wish to question the good faith and I do not question the good faith of the Senator from Louisiana in offering the amendment; but, as I see it in its application, it will be in effect rate making by Congress—setting up a discrimination where an effort is being made to eliminate one. Inasmuch as this is a Senate bill and none of us have had a chance to read the amendment very carefully, I will ask the Senator if it would not be better to submit it to the committee of one House or the other and, when the bill goes to the House of Representatives, to have it incorporated there?

Mr. LONG. I may say that the amendment was read and discussed in the hearings. I will get a copy of the hearings of last year.

Mr. TYDINGS. Then why did not the committee report it?

Mr. LONG. The committee did not report on it at all, as I understand. The bill came out with some few amendments suggested, which did not particularly affect it.

I did not urge this amendment. I did not think the bill ever would be reported. The amendment came from the Fort Worth Chamber of Commerce, of Fort Worth, Tex. Of course, those who do not want any rate reductions can argue against it. There seems to be some general sentiment that railroads may reduce their own rates too much. This does not compel a railroad to make any reduction. It simply permits a common carrier to make a reduction in its rates where it is necessary and is considered good business for the railroad to accommodate traffic, and to get traffic, and to help traffic.

Mr. TYDINGS. I might possibly be for the amendment, although the more I study it the less inclined I am to support it. It looks to me to be an amendment which in effect makes permissible discrimination, or rebates, if you please, to a port. It is nothing in the world but the equivalent of saying that a railroad may give to a particular port a rebate, as I read it, because the railroads could say to one port, "We will give you a lower rate under this amendment than we give to the other port, notwithstanding the fact that the distance and the circumstances and the expense and so on would not make the giving of the new rate economically sound."

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

Mr. TYDINGS. I yield.

Mr. SMITH. The point I wanted to stress was that this is in effect what we do under the fourth section to meet water competition. The amendment provides that a railroad, no matter how far distant, if it desired to carry freight to a given port regardless of distance, could lower its rate to meet the competition of a road which was nearer to the port, so that we would have, in effect, for the competition for a port, what is provided in the fourth section. We might just as well leave it as it is, for they are doing that now, and in order to place the ports in a situation where they can make a showing that they are entitled to consideration by virtue of their advantageous position, they have a right to have a rate for them.

This is a very ingeniously drawn amendment, which in its terms says, "Your bill is not worth bringing in. Just adopt this amendment and throw the bill out of the window."

Mr. LONG. Mr. President, if the Senator will yield, that is not the position that was taken by those at the hearing.

Mr. SMITH. Let me ask the Senator from Louisiana a question.

Mr. LONG. Very well.

Mr. TYDINGS. I yield to the Senator to ask a question.

Mr. SMITH. Honestly, would not this amendment practically accomplish just what the Senator has been contending for? Will not the Senator from Louisiana answer this ques-

tion? He has offered this amendment in order to bring about the result contended for by him in his argument of all day yesterday and all day today, has he not?

Mr. LONG. Oh, no; I do not think the bill ought to pass. I should not like to see the bill pass.

Mr. SMITH. But if it does pass, the Senator wants this amendment on it.

Mr. LONG. This removes from the bill a possibility that many of us do not want. As an example——

Mr. TYDINGS. Mr. President, I do not wish to take the Senator off the floor——

Mr. LONG. I can wait for the Senator to get through.

Mr. TYDINGS. I will yield for a question.

Mr. LONG. Oh, no.

Mr. TYDINGS. Let me point out the position into which the Senator from Louisiana has gotten himself with this amendment.

As I heard the Senator speak yesterday and this morning, what did he advocate? The Senator from Louisiana, in opposing the bill, advocated a philosophy which would take from any port the lower freight rate which might be offered to an internal shipper, and raise that lower freight rate to where the freight rate would apply to all shippers regardless of the circuitous route which some of them might have to take to reach the port.

Having argued that way all yesterday and all this morning, we now have an amendment which seeks to do the same thing in this way, instead of coming down from the North to the South, or going up from the South to the North on the other side of the proposition. In other words, as I see it, if the amendment is agreed to, the very condition about which the Senator from Louisiana complains he now embraces, because he assumes that under the amendment he can accomplish the result for which he has argued.

I do not intend to take up more of the time of the Senate. The vote by which the amendment was agreed to has been reconsidered, and I am content to have a vote on the amendment, because I assume that by now Senators have had a chance to read it.

Mr. PITTMAN. Mr. President, I am very curious to know whether the Senator thinks that the practice of the Interstate Commerce Commission, at the present time, of allowing the same rate between destination points to a longer road as to a shorter road, is unlawful.

Mr. TYDINGS. I may say to the Senator from Nevada that I am not discussing the long and short-haul question.

Mr. PITTMAN. Nor am I.

Mr. TYDINGS. I want to remove that from my discussion.

Mr. PITTMAN. I have not mentioned those words.

Mr. TYDINGS. I think that in a country so large as this there might be cases where uniform rates on two railroads, one going in a straight line, the other by a circuitous route, might be justified; but, as a general transportation policy, it seems to me that the Interstate Commerce Commission should force the lowest rate for the most expeditious route, rather than to have a general rate which would tend to raise the lower rate up to where both roads could compete evenly.

Mr. PITTMAN. I have been contending for that in the Senate for 23 years; but I am stating what I understand to be the present law, and this does not change that law, as I see it.

Mr. TYDINGS. I do not think it does.

Mr. PITTMAN. They reserve the right to grant to a circuitous system of railroads between destination points, we will say, a thousand miles apart, the same rate as that given to a shorter line. I am not going to comment on how they make it up, but that is the law at the present time.

Mr. TYDINGS. I do not approve of that any more than does the Senator.

Mr. PITTMAN. I do not approve of it, but this does not change it one iota.

Mr. TYDINGS. Although in certain cases there might be justification, which I am not able to visualize.

Mr. PITTMAN. I have not been able to visualize them, but I say that this does not change that situation.

Mr. TYDINGS. That is correct.

Mr. PITTMAN. They are not working on the theory that the shortest line can do the business cheaper than the long line. If that condition exists, they compensate the longer line in some way. I have never approved of that.

If we are to get down to the mileage basis on railroads—and I am not prepared to fight the mileage basis—if they charge so much a mile for moving freight over the same system backward and forward, I am for it, but that is not the law. They are not doing that.

When we come to the proposal before us, the only way on earth by which a long line reaching a more distant port could compete with a short line reaching a nearer port would be by reducing its mileage rate, and that is what the amendment proposes.

We will assume, for instance, that the farmers in the Middle West, or anywhere in the interior far enough away so that the distance would be practically the same from Gulf ports, Pacific ports, and Atlantic ports, want to have competing ports. If, for instance, we give the short line the best of it, then people in a certain section of the country on a short-line mileage basis could reach foreign markets cheaper than would be possible probably 200 or 300 miles south of that point. So, as a matter of fact, the policy with regard to foreign exports—not internal traffic—has been to give all exporters through all ports an equal opportunity to reach the foreign ports. We have made quite an exception with regard to export trade. Therefore, there is only one way in which a railroad having a greater mileage to a port can maintain its traffic, and that is by charging a lower rate per mile.

If we should declare that it is unlawful for railroads to do that, or that to do it is a discrimination against a port, we should again bring into the discussion the question of what is a port. As I take it, the Supreme Court decision in the case which has been referred to time and time again does not state that a port cannot be a locality. The Court was discussing a port, not as a point of origin or destination of export trade, but as a gateway through which the traffic passed. The Court held that a port, or a city, or a town—call it what you wish—comes within the definition of "locality" if the freight originates there, or if it is the destination of the freight. The question is not understood here.

Mr. President, when the present amendment is disposed of I shall offer an amendment which will bring the word "port" entirely within the definition of "locality" as it has been interpreted by the Interstate Commerce Commission for 40 years. The amendment reads:

Provided, That the port, port district, gateway, or transit point is a point of origin or destination of the traffic.

If that provision shall be made, we will be entirely within all the decisions which have been rendered by the Interstate Commerce Commission up to 1929.

Mr. TYDINGS. Mr. President, of course, I am not an expert in this matter. The Senator from Nevada has been on the committee and has studied the question much more than have I; but, off-hand, I personally see no reason why the Senator's point is not well taken. A locality not only includes a harbor or terminus itself, but it includes the city around it. They are interlocked. I think the amendment is a fair one, and it is proper that it should be included in this bill.

Mr. PITTMAN. Absolutely. I have read the case which has been so frequently referred to; and the reason for the confusion which existed in that connection was that in that particular case the question was not concerning a point of origin or destination, but it concerned the traffic going through a certain point. It led to the belief that a port or a city connected with a port could not come within that law.

Mr. MOORE. Mr. President, in order to correct any erroneous impression I wish to say that the amendment

offered by the Senator from Louisiana was not agreed to or accepted by our committee.

Mr. WALSH. Mr. President, may I ask if this amendment was ever presented to the subcommittee of which the Senator from New Jersey was chairman?

Mr. MOORE. No; it was not.

Mr. WALSH. I have read the record of the hearings, and I see no reference at all to it.

Mr. LONG. Mr. President, this amendment was presented during the hearings of last year. I could refer the Senate to the point at which the amendment was offered, but my copy of the hearings has been temporarily removed from my desk. This amendment was read last year in the hearings. I only undertook to attend one hearing this year.

Mr. President, no one can have any objection to this amendment unless he is mercenary and selfish. Anyone must be wholly mercenary and selfish to oppose this amendment, and he must be very narrowly selfish from a territorial standpoint if he understands the amendment and yet opposes it. All on earth it undertakes to do is to permit a reduction which can be voluntarily made by a carrier, not to undercut another carrier, but to meet the competition of the other carrier. The carrier does not have to make the reduction in rates.

As an example, there are quite frequently immense crops which have to be moved thousands of miles. The carriers would like to move them. There is no way in the world by which they can move them unless they are permitted to make a rate reduction which at least equalizes the rate with other rates. That is done in the matter of passenger traffic.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Idaho?

Mr. LONG. I yield.

Mr. BORAH. The amendment has come in rather hurriedly, but my reading of it leads me to believe that under it the rates cannot be reduced below those of competitive points.

Mr. LONG. That is all.

Mr. BORAH. And, secondly, that the reduction may be voluntary.

Mr. LONG. That is all.

Mr. BORAH. And cannot be made compulsory?

Mr. LONG. That is correct.

Mr. BORAH. What objection can there be to that?

Mr. TYDINGS. Mr. President, I did not hear the Senator's question.

Mr. BORAH. If a railroad sees fit voluntarily to reduce its rate to the competitive basis of another road, who has any right to object to its doing so?

Mr. TYDINGS. I think there is a great deal to be said on the other side of that question. If the Senator will bear with me, I shall try to show him. The whole principle would be one of discrimination.

Mr. BORAH. But the rates cannot get below the competitive point. The shipper cannot get below the line of competition.

Mr. TYDINGS. The Senator from Idaho knows that if one railroad charges $10 between two points, and another railroad, whose line is twice as long between those two points as the first railroad's line, also charges $10, the discrimination in rate must be reflected by increasing other rates on the longer road.

Mr. BORAH. The Senator, however, overlooks the fact that in the first place in this instance the reduction is voluntary. In the second place, it cannot be below the competitive rate which has been established. The trouble with the Interstate Commerce Commission and its machinery for the past 30 years is that it is impossible to have them reduce rates. It is always a matter of increasing rates. Any move which permits a reduction of rates is objected to somewhere at some place. This amendment provides for a voluntary act upon the part of the railroads. The reduction cannot go below a certain point. It may be beneficial to the shipper, and why in the name of heaven should it not be granted?

Mr. TYDINGS. Simply because the other customers of the longer railroad would have to make up, by means of increased rates, the loss due to the discrimination against the shipper on the shorter line. When we enter upon the subject of discrimination, a railroad cannot operate its business and lose on one kind of load and keep on operating without charging more on another kind of a load.

Mr. BORAH. If the railroad were permitted to reduce rates at its pleasure, to reduce them as it would like to reduce—perhaps in order to destroy its competitors—that would be a different thing; but it would not be permitted to do so under this amendment.

Mr. TYDINGS. Why not?

Mr. BORAH. Because the amendment provides the rate cannot be reduced below a certain point.

Mr. TYDINGS. I do not think so.

Mr. LONG. Oh, yes; it does.

Mr. TYDINGS. What does it say?

Mr. LONG. It provides for equality.

Mr. TYDINGS. Then the first one, we will say, reduces its rates, and the other one will reduce again, and in the end we should have a situation where neither of them could run except by losing money, and, perforce, would have to make up that loss by other charges.

Mr. BORAH. Mr. President, let us not be so sensitive about the railroads, and think something of the shipper who will get some benefit from the reduction. There is no danger of the railroads voluntarily reducing rates below a point where they are making money. They will do that only if they are compelled to do it. I can see no reason why they should not be permitted voluntarily to make the reduction; and if somebody else reduces as the result of that reduction, the shipper will get the benefit of it, and the country will get the benefit of it.

Mr. TYDINGS. The shipper gets that benefit until he begins to ship over the same railroad for a shorter distance, for which the same rate is charged as for the longer distance. We cannot rob Peter to pay Paul, and if we give Paul an advantage we must rob Peter in order to pay him.

Mr. BORAH. Assuming that Peter is the shipper, we have been robbing Peter to pay Paul for years.

Mr. TYDINGS. How?

Mr. BORAH. By rates which are constantly increased.

Mr. TYDINGS. Very well. Railroads are constantly going into the hands of the receivers.

Mr. LONG. Losing business.

Mr. BORAH. For different reasons, which have nothing to do with the question we are now discussing.

Mr. TYDINGS. One of the main reasons why the railroads have gone into bankruptcy is that they have less revenue now than they had heretofore.

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

Mr. TYDINGS. I will yield in just a moment. The net revenues of the railroads of the United States in the year 1929 were $5,200,000,000. How much are they today? Is there a Senator here who knows? They were $5,200,000,000 in 1929, and yet we are talking about reducing freight rates; and not a Member of the Senate knows how the railroad revenues last year compared with those in 1929.

Mr. BORAH. If the railroads have not had their income reduced since 1929, they are the only industry under the flag which has not.

Mr. TYDINGS. Of course; but I desire to tell the Senator that in 1929, as a class, the railroads were not rolling in wealth. Take the dividends of the railroads: One can read down the list of stock after stock which has not had a dividend payment for 4 or 5 years, and yet it is proposed here to write rates on the floor of the Senate without any hearing, without the Interstate Commerce Commission being consulted, and against sound policy. It is ridiculous for the Senate to attempt to set itself up as a rate-making body without a scintilla of evidence or fact upon which to predicate the rate making.

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

Mr. TYDINGS. I yield.

Mr. CLARK. Does the Senator find in the amendment of the Senator from Louisiana anything which has to do with rate making?

Mr. TYDINGS. Certainly.

Mr. CLARK. I shall be glad if the Senator will find it for me.

Mr. TYDINGS. If a railroad is permitted voluntarily to reduce its rates on certain commodities below the point where it can carry on, or at least break even, which will necessarily force that railroad, if it is to stay in business, to raise its rates on other commodities, is that not rate making? If not, I should like to know what rate making is.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. TYDINGS. I yield.

Mr. CLARK. The Senator a while ago stated that no one on the floor of the Senate could tell why the railroads were going into receivership except by reason of a falling off of business. I can give the Senator another reason.

Mr. TYDINGS. I did not say that was the only reason.

Mr. CLARK. I understood the Senator to say that.

Mr. TYDINGS. I did not say that. I said one of the principal reasons—in my judgment the greatest of the reasons, considering railroads as a whole—why they have gone into receivership is because their business has dropped to such a point that fixed operating expense overshadows fixed operating income, and anybody will be put out of business who tries to operate under that plan.

Mr. CLARK. I agree with the Senator entirely that that is one of the reasons why railroads have been going into receivership; but the primary and overshadowing reason why railroads have been going into receivership in the past few years is that they have been in the hands of New York bankers who have milked the railroads and plundered the stockholders and the consumers and the shippers along the routes.

Mr. TYDINGS. That is true of some railroads; but there are many railroads which would have gone into the hands of receivers even if all the New York bankers had moved to Philadelphia or St. Louis, Mo.

Mr. CLARK. It so happens that some of those railroads are domiciled in St. Louis, and that is the reason I chance to know about the situation.

Mr. TYDINGS. Take the Seaboard Air Line, the Atlantic Coast Line, or almost any other railroad that has recently been in receivership, and look at the traffic, and one can see that the drop in traffic is such as barely to allow enough to enable the road to pay taxes.

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

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Minnesota?

Mr. TYDINGS. I yield.

Mr. SHIPSTEAD. The gradual increasing of the rates charged by the railroads would drive any railroad into bankruptcy by driving away business.

Mr. TYDINGS. That may be true; I am not arguing that question here. What I am arguing is that wherever a railroad, in order to get business, reduces its rates to a point where it is operating at less than the cost involved to complete the transaction, it must raise its rates on something else or its operating income will be less than its operating expenses.

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

Mr. TYDINGS. Yes; I yield.

Mr. PITTMAN. As I understand, this amendment is voluntary with the railroads?

Mr. TYDINGS. That is correct.

Mr. PITTMAN. That is my understanding.

Mr. TYDINGS. That is also my understanding.

Mr. PITTMAN. Therefore, they cannot be compelled to reduce rates to a given point, but they have a right to do so.

Mr. TYDINGS. That is correct.

Mr. PITTMAN. On the other hand, no railroad may raise its rates without the consent of the Interstate Commerce Commission?

Mr. TYDINGS. I think that is correct.

Mr. PITTMAN. Therefore, does the Senator suppose that any railroad is going to be foolish enough to voluntarily reduce its rates, even within the limits of a competitive rate, trusting to raise some other rates when it cannot raise rates without the permission of the Interstate Commerce Commission?

Mr. TYDINGS. I should think the railroads would be ready to make a gamble, hoping they could attract sufficient business to their lines, and that they might eventually "make a go" of it, in which case the traffic would be sucked from the cheaper line which in turn would lose the revenue; but although it happened to be the shorter distance between two points, if its traffic—and of course the case is purely hypothetical—if its traffic income declined, necessarily it would be an unsound decline, because it would be induced by unfair competition.

Let me cite an illustration from the city of Washington. The taxicab fares here start at 20 cents for the first zone; they are 40 cents for the second zone; 50 cents, I think it is, for the third zone, and 80 cents for the fourth zone. Let us suppose that one man reduces his rate to 10 cents, 20 cents, 30 cents, and 40 cents, or that a fleet of taxicabs do so, how long could any of them remain in business? Suppose further that those taxicabs received less than it cost to operate them; in that case there would pretty soon be no taxicab system; and that is what apparently we are ready to do with the railroad systems. You cannot get something for nothing; you cannot give Peter an advantage without robbing a Paul to do it. I am opposed to these discriminations which are not built upon the geography of the country.

What is the use of a port located in a particularly advantageous place being there if by law its traffic may be twisted and diverted to go to an inconvenient port 1,000 or 2,000 miles distant? There can be no reason. This proposal is not sound; in the last analysis, it is nothing more nor less than giving to a port a rebate; that is all.

The idea of one transportation system being only a thousand miles long and another one being 2,000 miles long and that the one which hauls the 2,000-mile distance can have no greater freight rate than the one that hauls over the 1,000-mile distance is eminently unfair.

Mr. BORAH. Mr. President, this amendment does not provide for that.

Mr. TYDINGS. Yes, it does; because it permits the long railroad to lower its rate to the exact rate charged by the short railroad. If that would not put them even, I do not know what would; and if we shall permit that long railroad to lower its transportation charges to meet those of the short railroad, then it must, if it gives that advantage to Peter, rob some other shipper whose name is Paul to make up the advantage.

Mr. BORAH. The railroad could not rob the other shipper without the consent of the Interstate Commerce Commission.

Mr. TYDINGS. Yes, it could; because the railroad could lower its rates voluntarily; and if, by lowering its rates voluntarily, it should put into jeopardy its financial structure, the whole thing would go into receivership, and every shipper, both the favored and unfavored, would have to bear his burden of a curtailed train service because the receivers would have to make income and outgo balance.

I am not going to take up any more time. If the Senate wants to adopt an amendment of this character, if it wants to take to its bosom the policy of rebates, if it wants to take to its bosom the policy of discrimination, if it wants to adopt a policy which is unsound, and which, in the end, will only make the longer transportation system increase its rates on the short haul for the advantages that they are giving on the long haul, that is the business of the Senate. For my part, I believe that the place to make rates is in the Interstate Commerce Commission, and we either ought to make them there or make them here; we cannot make them in both places; and, obviously, we ought not to make them here unless we have the data upon which to bottom sound judgment.

Mr. LONG. Mr. President, I am surprised at the rate-making theory propounded by my friend from Maryland. He

tells us about the railroads not being allowed to reduce their rates. They do reduce their rates on thousands of items. They are, however, not allowed to increase their rates.

I am sorry the Senator from Maryland is leaving the Chamber.

Mr. TYDINGS. The Senator from Maryland is not leaving the Chamber; but let me say here that he will leave whenever he gets ready to leave, and he will not consider it a discourtesy to anyone, either.

Mr. LONG. I do not care whether the Senator from Maryland leaves or not, but I would prefer to have him stay and hear what I have to say, because I should like to refer to what he has said.

As I have said, I am surprised to hear the Senator say that the railroads cannot make reductions in rates. The railroads are allowed to make all kinds of reductions. It is the policy of every rate-making body that I know anything about, including the Interstate Commerce Commission, to permit rate reductions, and no one undertakes to prevent that being done.

In the case of the passenger service, no one forbids a railroad granting excursion rates or anything of that kind for the purpose of encouraging passenger movement. The argument of the Senator from Maryland is the first such argument I have ever heard; it is a railroad argument that would have made old man James J. Hill turn over in his grave. I never heard a colder-blooded argument made for the maintenance of higher railroad rates than has been made by the Senator from Maryland when he says that the amendment is a pitiable proposition; that we cannot even dare to trust the railroad to grant a reduction of rates that is going to equalize its charges even with those of a competitor, on the ground that it would put the railroad out of business, when the railroad is not even made to do it, and that the amendment would put the Senate in the rate-making business.

I wish to refer to the hearing on this case before the Interstate Commerce Commission last year. I wish to show by that document that this amendment was there proposed, and those who then were there urging this proposed law were either favorable or not opposed to this amendment being written into the bill.

The only argument we now hear against this amendment is made by the Senator from Maryland, and the only argument he makes is that the railroad is liable to make a reduction to equalize the cost which will later on force it to raise the rates charged someone else. That is more cold-blooded than Mr. James J. Hill or Mr. Vanderbilt or any of the other gentlemen interested in railroads ever advanced when they maintained that the public should not be considered at all when it came to the question of railroad rate making.

I think we are exceedingly solicitous about everybody except the people who are trying to ship things. As was said by another Senator here this morning, most of the harm the railroads have been doing to themselves has been done by driving business off their own lines. That is one of the greatest harms they have been doing.

Mr. President, I want to put a question to my friend from Massachusetts [Mr. WALSH], who, I understand, lives in Boston. Suppose tomorrow morning that the railroads going into Boston decided to equalize the port charges with New York, would the Senator from Massachusetts object? On the contrary, the Senator from Maryland does object; and I will tell the Senate why. Maryland happens to have the only port that has one little railroad that does not go anywhere else but to Baltimore, so they do not want the other ports to have anything to compete with Baltimore; that is all. The Senator from Maryland would impose a charge on the interior of millions and hundreds of millions of dollars and do nobody any good, on the ground that we are doing the railroads a terrible injustice by permitting them to reduce a rate to what point? To a point that is not below what their competitor is charging to render the same service to a competing port. I certainly hope that the Senate is not going to be so unmindful of the welfare of the country as a whole and of shippers in general, if this bill should pass, as to forbid rate reductions being made where carriers are willing to make them and do no harm to anybody.

What harm has anybody ever pointed out here will be done to anyone by such reductions? What is there in the way of injury that can be done to a single soul by allowing a railroad, if it wants to do so, not compelling it if it does not want to do so, to reduce its rates not lower than to a point as low as its competitor in order that the carriers may have the benefit of such rate reduction and that all shippers may have it?

I do not want to prolong the discussion. I was surprised that the Senator from Maryland, after this amendment had been voted on, should take the position he did. I took this amendment up with the Senators in charge of the pending bill and they told me they had no objection to it. I so stated on the floor of the Senate, and the amendment was voted on and adopted.

I will show that this matter was brought up last year in the hearings. In order that I may have time to look up the amendment which was suggested last year, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Coolidge	Lewis	Radcliffe
Ashurst	Copeland	Logan	Reynolds
Bachman	Dickinson	Lonergan	Robinson
Bankhead	Dieterich	Long	Schall
Barbour	Donahey	McAdoo	Schwellenbach
Barkley	Duffy	McCarran	Sheppard
Bilbo	Fletcher	McGill	Shipstead
Black	George	McKellar	Smith
Bone	Gibson	McNary	Steiwer
Borah	Glass	Maloney	Thomas, Okla.
Brown	Gore	Metcalf	Townsend
Bulkley	Guffey	Minton	Trammell
Bulow	Hale	Moore	Truman
Burke	Harrison	Murphy	Tydings
Byrd	Hastings	Murray	Van Nuys
Byrnes	Hatch	Neely	Wagner
Capper	Hayden	Norbeck	Walsh
Caraway	Holt	Norris	Wheeler
Carey	Johnson	O'Mahoney	White
Chavez	Keyes	Overton	
Clark	King	Pittman	
Connally	La Follette	Pope	

Mr. LEWIS. I reannounce the absences of Senators announced on previous roll calls.

The PRESIDING OFFICER. Eighty-five Senators have answered to their names. A quorum is present.

Mr. CLARK. Mr. President, I desire to occupy the floor briefly in support of the amendment of the Senator from Louisiana [Mr. LONG]. Let me read the amendment so Senators may understand it:

> Where rates and charges of common carriers to ports are made as reductions to equalize rates to ports served by competing carriers, it shall not be termed undue preference or discrimination.

My interest in the matter has to do with the interest which has been evinced and demonstrated over a very long period by myself and my predecessors in this body and in the body at the other end of the Capitol and by the people of the Middle West in behalf of an inland waterway system.

To my mind without the amendment suggested by the Senator from Louisiana the bill sponsored by the Senator from New Jersey [Mr. MOORE] would wipe out all the advantages which have been gained by the people of my territory—and when I say "the people of my territory" I mean all the people of the entire Middle West—through the development of a great inland waterway system at an expense to the Federal Government of a great many million dollars.

Let me cite an example. Unless the amendment of the Senator from Louisiana were adopted, as I see the situation, a farmer in Clay County, Mo., across the Missouri River from Kansas City, who is a producer and shipper of wheat, who desires to take advantage of the development of the Mississippi-Missouri River Waterway, would be hamstrung. Only within the last 3 weeks has barge-line service, at an expense of many million dollars to the Federal Government, been resumed on the Missouri River from St. Louis to Kansas City. We are now in a position to take advantage of

that service. Of course, under the necessities of nature New Orleans is the port to which we must send our products.

No one who is familiar with the development of competition between water rates and railroad rates can doubt that the railroad rates from Kansas City to New Orleans, in response to the competition of new water rates from Kansas City to New Orleans, will be reduced.

Under the bill, as I understand, unless the amendment of the Senator from Louisiana shall be adopted, because of the fact that there is a railroad line from Kansas City to Port Arthur, Tex., having a shorter mileage, shippers from Clay County, Mo., or Nodaway County, Mo., or Platte County, Mo., or the great agricultural section of Missouri and the great agricultural section of Kansas will be penalized in competition in taking advantage of the water rates from Kansas City to New Orleans via the new waterway provided by the Federal Government by reason of the fact that there happens to be a railroad short line from Kansas City, Mo., to Port Arthur, Tex.

If the bill is passed without the amendment of the Senator from Louisiana, then I believe the statement which the Senator from Louisiana made yesterday, that the Government has been squandering money in the perfection of an inland waterway, is absolutely well taken. As one who throughout his life has been a devotee and advocate of the development of an adequate system of inland waterways, I protest against any such course. I cannot understand how any Senator from the Mississippi Valley, from the States lying along the Mississippi River, or the Missouri River, or the Arkansas River, having access to this inland waterway system, can be willing to vote for the bill without the amendment of the Senator from Louisiana.

Mr. LONG. Mr. President, I desire to restate what I have previously stated, that this amendment was requested at the hearing even by the proponents of this bill. I have obtained the record of the hearings, and I now shall read a typical statement; and I am glad my friend from Massachusetts [Mr. WALSH] is here to hear me read it. I am reading from the Boston appearance.

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

Mr. LONG. I yield.

Mr. WALSH. There is now pending before one of the committees the petition of interested parties in Boston for a change in the basis of rate making which I should like to have made, but I do not desire to have it made on this bill. The trouble with the Senator's amendment is that he is trying to deal with a policy of regulation about which there is a wide division of opinion in connection with a measure which merely increases the jurisdiction of the Interstate Commerce Commission.

Mr. LONG. That is not what the Boston authorities thought.

Mr. WALSH. I know what they thought. They wanted a bill passed; and I also should like to have it passed.

Mr. LONG. All right; I have it here for the Senator. It is all here for him. Here is what they said. Among the typical questions which I asked, I asked this question of several of the witnesses appearing at the hearing:

> Then you would like to have written into this bill that the purpose is to try to establish an equality of ports; at least that there should be nothing done under this bill that would allow them to prevent an equality of ports?
>
> Mr. DOHERTY. That is absolutely right.

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

Mr. LONG. I yield.

Mr. CLARK. As I understand the Senator's argument, under the existing law shippers of wheat or corn or hogs or anything else from Kansas City to Europe or South America would get the benefit of competition from Kansas City to New Orleans between the waterways set up by the Government and the railroads if this amendment should be adopted.

Mr. LONG. That is correct.

Mr. CLARK. Without the amendment of the Senator from Louisiana, because of the fact that the Kansas City Southern has a rail route from Kansas City to Port Arthur, Tex., which is shorter than the rail route from Kansas City to New Orleans, we should be deprived of that advantage.

Mr. LONG. That is true. Not only that——

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

Mr. LONG. No; wait just a moment until I answer. I hope my friend from New Jersey is not going to speak on both sides of my amendment. I quoted him in favor of it last time.

Mr. MOORE. Mr. President, I rise to a point of order.

Mr. LONG. I will yield to the Senator.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. MOORE. The Senator from Louisiana has spoken four times on this amendment.

Mr. CLARK. Then, Mr. President, I claim the floor.

Mr. LONG. I have not talked at all yet; have I?

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

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

Mr. LONG. I have not said much that has been said. That may be true, but let me answer this question, and then I shall be glad to yield to my friend from Massachusetts. Let me answer the question of the Senator from Missouri and those who have been voting for waterways.

Not only is what the Senator points out true but the Santa Fe would tap another western territory and prevent the use of the waterway system, because from Kansas City through St. Louis down the Mississippi River is a considerably longer and more circuitous route than from Kansas City direct to the Gulf coast by either the Katy or the Kansas City Southern Railroad. Therefore, you would forbid the use of the waterway system through the particular imposition that you have made here, providing that traffic must go by the shorter route. There is no waterway route that I know of that is not a longer route than the one by rail; so naturally you would inflict upon the water route a penalty that it could not survive.

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

Mr. LONG. I yield.

Mr. CLARK. Of course, waterways run to ports where God has made them.

Mr. LONG. That is true.

Mr. CLARK. Competitive waterway and railroad routes run only to ports which God has made the end of the waterway route.

Mr. LONG. That is true; and this bill without this amendment ought to be entitled "A bill to undo everything the Lord has done." [Laughter.] That is what it ought to be entitled. That is what the bill is—a measure to undo what the Lord has done.

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

Mr. LONG. I yield.

Mr. BARKLEY. I have just read hastily the amendment of the Senator from Louisiana. It is not easy, at first blush, to gather just what it encompasses. As I understand, the amendment provides that reductions in rates to the ports provided for in this bill in order to equalize rates between competitive carriers shall not be regarded as discriminations.

Mr. LONG. That is correct.

Mr. BARKLEY. Does that include only rail carriers, or does it contemplate water carriers' competition, either actual or potential, such as was the basis, in part at least, of the fourth section of the Interstate Commerce Act?

Mr. LONG. I had in mind any carrier, but, of course, particularly the rail carrier. In other words, that was the particular thing I had in mind when I drew the amendment. I desire to say that I drew the amendment very hastily from an amendment which, as I remembered, was offered at the hearing. I have it here before me.

Mr. BARKLEY. As a matter of fact, though, most discriminations occur with respect to rates, preferences of all sorts, rebates that were formerly given by railroads to certain sections of the country in order to build up one section against the other. It was largely a matter of rates. If this amendment should be adopted, I am wondering whether it would not nullify the bill we are now considering.

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

Mr. LONG. I yield.

Mr. CLARK. I again call the attention of the Senator from Kentucky to the example I just used. There now is water competition in rates between Kansas City, Mo., and New Orleans, which necessarily brings down the rates of the rail competition. There is not water competition between Kansas City, Mo., and Port Arthur, Tex. As I read this bill without the amendment of the Senator from Louisiana, it prevents the effect of water competition between Kansas City, Mo., and New Orleans, La., because the rail route from Kansas City, Mo., to Port Arthur, Tex., is shorter than the water route.

Mr. BARKLEY. If the Senator will yield further, I do not desire to have anything done that will destroy any actual or potential water competition, although considerable effort is now being made, and there is quite a volume of opinion in favor of it, to have Congress enact legislation that will take away any advantage water may have as compared to rail.

Mr. CLARK. I will say to the Senator from Kentucky, if the Senator from Louisiana will permit me, that all my life I have been an advocate of waterway development in the United States for the purpose of bringing down transportation rates; and I am not willing now to have all the advantage which might have accrued to the people of the interior of the United States from those tremendous expenditures nullified.

Mr. BARKLEY. I appreciate that, and I agree; but it has not been my understanding that the bill as originally proposed really had anything to do with water rates. It had nothing to do with the lowering of rates, or permission by the Interstate Commerce Commission to lower rates in order to compete with water transportation; but it was intended to give an opportunity to ports against which there had been discrimination by railroads, either in competition with other railroads or through a desire to give advantage to some community over some other community. I did not think, and I have not yet been convinced, that the question of water competition is directly involved in the bill presented by the Senator from New Jersey.

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

Mr. CLARK. Will the Senator from Louisiana yield to me for just a moment to enable me to answer the Senator from Kentucky?

Mr. LONG. I yield.

Mr. CLARK. Of course, that is not apparent on the face of the bill. Water competition is not mentioned; but if water competition should be left out, and if it were only a question of the shipment of grain from Kansas City, Mo., let us say, and a differential rate were made between the shipment of grain from Kansas City, Mo., to Port Arthur, Tex., by one railroad having a straight line and by another railroad having a straight line to New Orleans so great that the railroad alone, in competition with the water route from Kansas City to New Orleans could not bring the rates down, that certainly would be a very great inhibition against the use and development of the waterway system of the United States.

Mr. BARKLEY. This bill grows out of a decision of the Supreme Court, back 5 or 6 years ago, which held——

Mr. CLARK. Two decisions of the Supreme Court, I will say.

Mr. BARKLEY. Which held that the word "port" not being used in the act of Congress, the port had no remedy; it had no forum at all where it could go. Without criticizing any court or anybody else, it seems to me rather a strained construction to say that when Congress mentioned "locality" or "community" it did not include a port. Of course, a port is a locality; it is a community; and, as I understand, this bill is simply to correct a situation brought about largely by that decision.

Mr. MOORE. That is exactly the case.

Mr. BARKLEY. For years and years before that decision this practice went on under the acts of Congress to regulate commerce, and railroads were permitted to reduce their rates to meet actual or potential water competition; and everybody supposed that a port, which was at least a part of a locality or a community, would have the same right that the entire community would have to appeal for redress against deliberate acts of preference and discrimination. I am still wondering whether the passage of this bill, as originally drawn, would have any bearing whatever upon changing the status quo which existed prior to the decision of the Supreme Court.

Mr. CLARK. If the Senator from Louisiana will yield——

The PRESIDING OFFICER. Does the Senator from Louisiana continue to yield?

Mr. LONG. I yield.

Mr. CLARK. Of course, the term "locality" might be understood to include ports which were individual municipalities in the same locality. For instance, to use the example which the Senator from Louisiana repeatedly used yesterday, it might be interpreted to include New Orleans and Lake Charles. In other words, the purpose of the act, as I see it, was to prevent discrimination between localities or regions, as we might call them.

Mr. BARKLEY. Yes.

Mr. CLARK. Under the existing law, in view of the two decisions of the Supreme Court—and there were two instead of one, as the Senator from Kentucky mentioned a moment ago—in view of the two decisions of the Supreme Court, any shipper who feels himself aggrieved either way has a right to appeal to the Interstate Commerce Commission.

Mr. BARKLEY. Yes.

Mr. CLARK. As I see it, the bill is to permit any port which happens to be located 1 mile closer to a market than another port to bring an action before the Interstate Commerce Commission.

Mr. BARKLEY. Let us overlook for the moment the question of rail competition. The law gives a remedy to any person, corporation, or association against any railroad which discriminates against it in favor of some other association, person, or corporation. That may not have any bearing at all on railroad competition. It may be a discrimination as between different points on its own line, where there is no competition of any sort.

If a corporation, or a person, or an association, or a community, has the right to go before a forum to obtain redress of grievances against a given carrier because that carrier has discriminated against it in favor of some other person, association, corporation, or community, it is difficult for me to find good reason for denying the same remedy to a port which just happens to be a port because it is on a body of water. I may be hopelessly confused on it, but I do not see where any harm could come by restoring the status quo. It was never charged, except in these suits which finally got to the Supreme Court, that there was any unfairness. It was just a matter of interpretation. I have no doubt that, when Congress passed the original act, if it had thought about it, or had thought there would be any difficulty about the interpretation, it would have written in the word "port."

Mr. CLARK. Mr. President, if the Senator from Louisiana will yield, I shall be glad to explain the point to the Senator from Kentucky.

Of course, the purpose of the original act, and what should now be the purpose of Congress, was to grant a cause of action to anyone who felt himself aggrieved. Congress originally used the term "locality", which is not a municipality, not a body politic.

Since ports have become organized bodies politic under the laws of various States, municipal bodies, the purpose of the pending bill is to make it possible for one municipality, so to speak, a municipal government, a port authority, organized under the laws of one State, to bring a complaint against another body politic, another port authority, organized under the laws of another State, to prevent shippers' exercising their private right to ship through the ports they may desire to use.

Mr. WALSH. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I am glad to yield.

Mr. WALSH. I think that perhaps some have the wrong idea as to when discrimination takes place and when the Interstate Commerce Commission has jurisdiction.

As I understand, a rate charged by two different railroads to different points, though the rate to one point may be much lower than the rate to the other, does not raise the question of discrimination. It is only when the same railroad picks out one port to give it business to the injury of another port that discrimination takes place.

Mr. CLARK. I do not so understand the Interstate Commerce Act.

Mr. WALSH. I have that fact from the gentlemen from the Interstate Commerce Commission now on the floor of the Senate. When a railroad is in competition with another railroad and establishes rates to two different points, there is not a question of discrimination.

Mr. CLARK. Will the Senator then explain his opposition to the amendment of the Senator from Louisiana?

Mr. WALSH. I am glad to answer the question. The principle involved is in part covered in another bill, and it is a highly controversial issue. There is a wide difference of opinion. If this amendment shall be agreed to, the bill of the Senator from New Jersey will be dead.

Mr. CLARK. Mr. President——

Mr. WALSH. Let me answer further. It is a highly controversial issue. The moment the amendment is adopted there will be telegrams from every section of the country, from those who say they are injured, and it will start a controversy and kill the measure now pending.

I want to see the measure now pending enacted without any interference with the fundamental principles guiding and directing the Interstate Commerce Commission. The bill merely increases the jurisdiction of the Commission and does not affect any policy or principle. The amendment goes into the question of changing on the floor of the Senate a highly controversial question dealing with a policy of the Interstate Commerce Commission.

Mr. CLARK. If the Senator from Louisiana will permit me, the Senator from Massachusetts wants the bill to go through without the consideration of any controversial question in which he is involved; but let me say to him that this question is as highly controversial as any question before his committee unless the amendment of the Senator from Louisiana is agreed to.

Mr. WALSH. I am not on the committee.

Mr. CLARK. The Senator from Massachusetts wants to eat his cake and keep it, too. The Senator from Massachusetts wants to get through things in which his port and his State happen to be interested and to regard as controversial anything which affects any other part of the country.

Mr. WALSH. As a matter of fact, the amendment the Senator from Louisiana is offering now and which I am opposing, has support in my State. I ask the Senator from Louisiana, Am I right?

Mr. LONG. Certainly; and I do not understand the Senator.

Mr. WALSH. The Senator is seeking to have me support an amendment which he knows interests in my State want, but which would result in defeating the bill presented by the Senator from New Jersey.

Mr. LONG. To the contrary. The Senator is mistaken. There will not be 5 votes against the bill if the amendment shall be accepted.

Mr. WALSH. Not here; but there will be when it gets to the House.

Mr. LONG. No; there will not be. I stake whatever I may have on being correct about the matter. I believe I am absolutely right.

As the Senator has said, what I am advocating came from the State of Massachusetts. There is a whole page of testimony to that effect. I am confident the Senator is for the amendment in principle.

Mr. CLARK. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. CLARK. Does the Senator think that the bill to which the Senator from Massachusetts refers as a controversial measure, which is now before his committee, is any more controversial than the pending bill without the Senator's amendment?

Mr. LONG. I do not think it is one-tenth of 1 percent so controversial. On the contrary, I think we would remove controversy from this whole structure of legislation if we put this exception into the bill. Instead of complicating it, I think it makes it something we can all support.

As I read a moment ago, and I do not mind reading it again:

> So all you are fighting on is the railroad question?
> Mr. DOHERTY. All we want is a right to live, the same as any other port, and we would be perfectly satisfied with equalization of rates, the same as every other port on the Atlantic coast, which we are not getting today, and we are entitled to it.

That is the testimony. Yet I am having to fight the gentleman who is sponsoring the legislation, and try to give him what he wants.

If the Senator from Massachusetts would adopt the attitude originally taken by the chairman of the subcommittee and the chairman of the main committee which reported the bill we would not have any controversy here. There is no one here who ought to raise this issue on the floor of the Senate, and the only argument that has been made is that made by the Senator from Maryland, that it is going to cause railroads to make reductions and give people rate reductions which the people ought not to have. That is the only argument that has been made.

This is no new principle. Railroads are allowed to make rate reductions without consulting anybody. The larger percentage of railroad rates are rates that are published, that are in the nature of reductions, or are not increases, at any rate, and they are not required to have a hearing of any kind before any commission of the Federal Government or of the State government in order to get that done.

Consider the question of passenger excursion rates. Down in Louisiana a few months ago the railroads ran five trains to Nashville, Tenn., with 20 cars to the train, charging $6 for the round trip, when the regular rate for a round trip would have been about $40 or $50 for the same trip. There was a rate reduction there on passenger travel of nearly 80 percent, the rate being one-fourth or one-half a cent a mile instead of 3.6 cents a mile.

Why did we not say in the Senate, "No; we will not allow that kind of a rate reduction to be made, because the railroads are likely to reduce the rate to too low a point"? The railroads would not have gotten that business at all if they had not reduced their rates. As it was, three or four or five thousand passengers rode at half a cent a mile, and paid the railroads a good profit, whereas their rails would have been idle and their cars rusting for the same length of time if they had not been allowed to make that reduction.

Mr. CLARK. Does not the Senator think that a good many railroads in the United States would not have been forced into receiverships in the last 10 years if they had met the competition of privately owned automobiles, and trucks, and busses, and reduced their rates?

Mr. LONG. I have been told that by some of the best railroad men I know. I met one of them who came up to the Congress during the time we were considering the railroad-bankruptcy bill, who said that one of their greatest troubles was that they had never met competition as they should have met it; that instead of raising railroad rates they should have reduced them in many cases largely below any figure they had had prior to the depression coming on.

They went to the Interstate Commerce Commission against the Louisiana Railroad Commission and the Arkansas Railroad Commission and I think perhaps the Texas Railroad Commission, and they won their case on the right to increase the rates on cotton. They raised the rate from 20 to 50 percent; and what was the result? Go down there today, and when the cotton season comes on you will see truck after truck coming into the ports loaded with cotton, and never again will the railroad lines see cotton brought from the places where that cotton was produced because they raised their rate instead of reducing the rate.

Today, after we have formulated a policy which certainly ought to mean something to us, after we have spent hundreds of millions of dollars for the development of navigation, and we have had a plan prepared by the War Department contemplating the expenditure of $9,000,000,000 more to give this country a complete waterway system, what do we say to the people in Montana, while undertaking to develop the Missouri River so that they will have the use of the water for navigation purposes down to the lower end of the Mississippi Valley? We say to them, "You cannot use the Mississippi Valley navigation development because we have decided that a rate discrimination exists there, and we will not allow any such reduction in rate as will cause you not to ship by way of the shortest route to a port which may accommodate or which may only half accommodate the shipments you are trying to send to foreign countries."

If the Senate votes down this amendment it will undertake to say that, even though God has created a natural port; the Congress shall undo His word—that is no. 1—and whatever increased rate a railroad has established to drive the boats off the river and to drive its own cars off its rail lines, the Congress of the United States is not going to allow it voluntarily to rectify by a rate reduction. It is the first case I have ever heard of where a proposition of this kind has been made in Congress to prevent rate reductions, the benefits of which are to be shared by the people using the rail lines, and no railroad is compelled to make them, and even those which are permitted to make them cannot reduce them below the point of competition.

The Senator from Maryland [Mr. TYDINGS] is absent now. Nonetheless, I have to answer some of the statements he makes. In speaking of the amendment, he says, "Suppose one railroad reduces its rate, and then the other railroad reduces its rate below the first reduction?"

Such a thing is not contemplated by the amendment, Mr. President. I am sorry the Senator has gone. The amendment provides that the railroad line can reduce the rate to a point of equality, but there is nothing which permits the other railroad to reduce its rate below that equality without the consent of the Interstate Commerce Commission. So the deplorable condition prophesied by the illustrious Senator from Maryland, who is fearful that railroads will do something in the way of giving people rates which will be so noncompensatory that the people will befuddle the railroads into bankruptcy, goes without any serious thing to back it up.

The speech which has been made in defense of the railroads is far beyond anything Mr. Vanderbilt ever said. "The public be damned" statement is in the background. It does not rank with the statement of our friend from Maryland that the railroads cannot be permitted or even trusted to make rate reductions to accommodate business and give the people a chance to ship stuff which otherwise could not move over their rail lines.

Who is opposing this amendment? The Senator from Massachusetts [Mr. WALSH] is not opposed to it. On the contrary, he states that he is in favor of the principle of it, but is fearful that if it shall be annexed to this bill it will accomplish its defeat. It will do no such thing. It will aid the passage of this bill rather than accomplish the defeat of the bill.

Who is opposing it? Does the chairman of the subcommittee [Mr. MOORE] say he is against this amendment? No; he has not said so yet. I quoted him on the floor of the Senate, in his presence, before this amendment was voted on the last time, as saying that he had no objection to the amendment. I quoted the Senator from New Jersey right here while he sat on the floor of the Senate, and it was not disputed that he was not opposed to the amendment being adopted, and thereupon the Senate adopted the amendment.

Did the Senator from Montana [Mr. WHEELER] oppose the amendment? I should like to know if anyone heard a word uttered by the Senator from Montana in opposition to rate reductions on railroad lines being permitted in favor of the people under an amendment which I proposed. I quoted the Senator from Montana on the floor of the Senate as not being opposed to the amendment, and it was thereupon adopted by the Senate.

Who is opposing this amendment, Mr. President? Who raises the flag here to defend the railroads—so much so that there can be no rate reductions or water competition as to anything they want to haul over their lines? This bill has turned into a pretty bill. It has turned into an unusual, manipulated, scientific piece of railroad juggling, as I view the matter now, compared to what we originally thought it was going to be, if the amendment I have proposed here is not going to be permitted to be written into the bill.

To show my good faith, I quote the amendment advocated at the hearings last year:

Provided, That such preference and/or prejudice, if any, as is found to result from equalizing, in whole or in part, the rates between competing ports on export, import, or coastwise traffic shall not be undue or unreasonable if said equalization is or was brought about solely by a reduction in the rate to or from the port or ports found to be preferred.

That was the amendment proposed last year, and I think anyone who will read the amendment I have offered will find that it is substantially the same thing. I hope there is no disposition on the part of the Senate to penalize unnecessarily the people and the waterways of the country.

Mr. President, there are but few Senators present at this time; and if no one else wishes to speak on this amendment now before it is voted on, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. NEELY in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Chavez	Johnson	Norbeck
Bachman	Clark	Keyes	O'Mahoney
Bankhead	Connally	King	Overton
Barbour	Coolidge	La Follette	Pittman
Barkley	Copeland	Lewis	Pope
Bilbo	Dickinson	Logan	Radcliffe
Black	Dieterich	Lonergan	Robinson
Bone	Donahey	Long	Schall
Borah	Duffy	McCarran	Schwellenbach
Brown	Fletcher	McGill	Sheppard
Bulkley	Gibson	McKellar	Steiwer
Bulow	Glass	McNary	Thomas, Okla.
Burke	Guffey	Maloney	Trammell
Byrd	Hale	Metcalf	Truman
Byrnes	Harrison	Minton	Tydings
Capper	Hastings	Moore	Van Nuys
Caraway	Hatch	Murphy	Wagner
Carey	Hayden	Neely	Walsh

Mr. LEWIS. Mr. President, I reannounce the absences of Senators as previously announced by me on earlier roll calls, and for the reasons previously stated.

The PRESIDING OFFICER. Seventy-two Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Louisiana. [Putting the question.] The ayes seem to have it.

Mr. TYDINGS. I call for a division.

The PRESIDING OFFICER. A division is requested.

Mr. LONG. I demand the yeas and nays.

The PRESIDING OFFICER. Is the demand for the yeas and nays seconded?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. GLASS (when his name was called). I have a general pair with the senior Senator from North Dakota [Mr. NYE], which I transfer to the senior Senator from Rhode Island [Mr. GERRY], and vote "nay."

The roll call was concluded.

Mr. LOGAN. I have a general pair with the senior Senator from Pennsylvania [Mr. DAVIS], who is necessarily absent. I transfer that pair to the senior Senator from Colorado [Mr. COSTIGAN] and vote "nay." I am not advised as to how either Senator would vote if present.

Mr. MCNARY. The Senator from Maine [Mr. WHITE] is unavoidably detained on official business. He has a general pair with the Senator from California [Mr. MCADOO].

Mr. MCKELLAR (after having voted in the negative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND], which I transfer to the Senator from South Carolina [Mr. SMITH], and allow my vote to stand.

Mr. LEWIS. I wish to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Oklahoma [Mr. GORE], the Senator from California [Mr. MCADOO], the junior Senator from Montana [Mr. MURRAY], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. GEORGE], the Senator from South Carolina [Mr. SMITH], and the senior Senator from Montana [Mr. WHEELER] are detained in important committee meetings of the Senate.

I wish further to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Colorado [Mr. COSTIGAN], the Senator from Rhode Island [Mr. GERRY], the Senator from West Virginia [Mr. HOLT], the Senator from Georgia [Mr. RUSSELL], and the Senator from Utah [Mr. THOMAS] are detained on important public business.

I announce the following general pairs:

The Senator from Georgia [Mr. RUSSELL] with the Senator from Vermont [Mr. AUSTIN];

The Senator from North Carolina [Mr. BAILEY] with the Senator from North Dakota [Mr. FRAZIER];

The Senator from Utah [Mr. THOMAS] with the Senator from Michigan [Mr. VANDENBERG]; and

The Senator from Georgia [Mr. GEORGE] with the Senator from Minnesota [Mr. SHIPSTEAD].

The result was announced—yeas, 23, nays 49, as follows:

YEAS—23

Borah	Donahey	Long	Pittman
Bulow	Fletcher	McCarran	Pope
Capper	Gibson	McGill	Schall
Caraway	Hatch	Murphy	Thomas, Okla.
Clark	Johnson	Norbeck	Trammell
Copeland	King	Overton	

NAYS—49

Adams	Carey	Keyes	Radcliffe
Bachman	Chavez	La Follette	Robinson
Bankhead	Connally	Lewis	Schwellenbach
Barbour	Coolidge	Logan	Sheppard
Barkley	Dickinson	Lonergan	Steiwer
Bilbo	Dieterich	McKeller	Truman
Black	Duffy	McNary	Tydings
Bone	Glass	Maloney	Van Nuys
Brown	Guffey	Metcalf	Wagner
Bulkley	Hale	Minton	Walsh
Burke	Harrison	Moore	
Byrd	Hastings	Neely	
Byrnes	Hayden	O'Mahoney	

NOT VOTING—24

Ashurst	Frazier	Murray	Smith
Austin	George	Norris	Thomas, Utah
Bailey	Gerry	Nye	Townsend
Costigan	Gore	Reynolds	Vandenberg
Couzens	Holt	Russell	Wheeler
Davis	McAdoo	Shipstead	White

So Mr. LONG's amendment was rejected.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

Mr. PITTMAN. Mr. President, the amendment which we have just rejected would have granted to the cities on the coast certain rights which are not granted to cities in the interior. We must recollect that this relates to export trade. We have to keep that in mind all the time, that this is export trade; that we have been referring to a "port", when, as a matter of fact, the traffic merely passes through some city to some foreign country.

We have now stated that a city through which this foreign trade passes has a right to claim that it is discriminated against. I contend that every other city in the line of movement of that traffic has exactly the same right as the city on the coast. It is in transit. Therefore, as we have already reduced this matter to an absurdity, I offer the following amendment:

On line 1 of page 2 of the bill, after the words "transit point", I move to insert the following: "city or municipality through which traffic passes."

The VICE PRESIDENT. The amendment offered by the Senator from Nevada will be stated.

The CHIEF CLERK. On page 2, line 1, after the word "point", it is proposed to insert "city or municipality through which traffic passes."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nevada.

Mr. MOORE. Mr. President, the representatives of the Interstate Commerce Commission with whom I have conferred say that this amendment would nullify all that would otherwise be accomplished by the bill. This amendment affects only ports of origination and of destination. The bill affects through traffic to Europe. It affects transit points.

I desire to say, as chairman of the subcommittee, that I am not in favor of the amendment.

Mr. LONG. Mr. President, I do not think the Senator from New Jersey means to oppose this amendment. He has in mind another amendment. This amendment not only gives ports a status under the act, but it gives the gateways and municipalities through which the traffic passes the right to appear before the Commission. All the people should have the right to be heard by the Commission, if one is to be heard by the Commission—not just one person. In other words, it is not fair to say to a big city like Birmingham, just because it is not on the Gulf, that it has not as much right to have its cut out of this business as Mobile, just because it is on the Gulf.

I hope there will be not a single vote against the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. PITTMAN].

The amendment was rejected.

Mr. PITTMAN. Mr. President, I have another amendment to offer. This is the amendment which the Senator from New Jersey had in mind.

At the end of line 7 on page 2, which is the end of the bill, I move to insert a colon and the following proviso:

Provided, That the port, port district, gateway, or transit point is a point of origin or destination.

I have already debated that proposal.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nevada.

The amendment was rejected.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

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

Mr. COPELAND. Mr. President, with no purpose whatever in mind as to delay in this matter, I wish to enter a motion to reconsider the vote by which we have just passed the bill.

I explained a little while ago the reason why I do that. It is because I am quite concerned about the port of New York in connection with this proposed legislation. I assume it is all right; but I should like to have, over the week-end, an opportunity to find out. Therefore, I enter a motion to reconsider. On Monday, if I find that everything is all right, as I assume will be the case, I shall ask consent to withdraw the motion.

Mr. MOORE. Mr. President, I move to lay the motion on the table.

The VICE PRESIDENT. The Senator from New York moved to reconsider the vote by which the bill was passed——

Mr. COPELAND. No, Mr. President; I gave notice of my intent to do so. I am entering the motion, and I appeal to the Senator from New Jersey. We have in the Senate what we call "senatorial courtesy"; I rarely take advantage of it, but certainly it is my privilege, in a matter of great concern to an important section of the country, to have at least opportunity, if I find it necessary, to raise the question.

The VICE PRESIDENT. Let the Chair state the parliamentary situation to the Senator from New York so that he may understand it. The Senator gives notice that he intends to make a motion to reconsider. That has no parliamentary status. The bill may be messaged over to the House prior to next Monday. The Chair thinks the Senator ought to be informed about that.

Mr. COPELAND. In order that I may test the question and the courtesy of the Senate, I move to reconsider the vote by which the bill was passed.

Mr. MOORE. Mr. President, I move to lay that motion on the table.

The VICE PRESIDENT. The question is on the motion of the Senator from New Jersey [Mr. MOORE] to lay on the table the motion of the Senator from New York [Mr. COPELAND] that the vote by which Senate bill 1633 was passed be reconsidered.

The motion to lay on the table was agreed to.

MESSAGE FROM THE PRESIDENT

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House receded from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, and 32 to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, and concurred therein, and that the House receded from its disagreement to the amendment of the Senate numbered 9 to said bill and concurred therein, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 29) to authorize and direct the Clerk of the House of Representatives, in the enrollment of the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, to add an additional section making the appropriations therein effective as of July 1, 1935, in which it requested the concurrence of the Senate.

LEGISLATIVE APPROPRIATIONS—CONFERENCE REPORT

Mr. TYDINGS. Mr. President, I present a conference report on the legislative appropriation bill, and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Is there objection? The Chair hears none. The report will be read.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, having met, after full and free conference, have been unable to agree.

MILLARD E. TYDINGS,
JAMES F. BYRNES,
CARL HAYDEN,
FREDERICK HALE,
JOHN G. TOWNSEND, JR.,
Managers on the part of the Senate.

LOUIS LUDLOW,
J. BUELL SNYDER,
M. A. ZIONCHECK,
JOHN F. DOCKWEILER,
EDWARD C. MORAN, JR.,
J. P. BUCHANAN,
D. LANE POWERS,
Managers on the part of the House.

Mr. TYDINGS. I move the adoption of the conference report.

The VICE PRESIDENT. The question is on the motion of the Senator from Maryland.

The report was agreed to.

Mr. TYDINGS. I ask the Chair to lay before the Senate the further action of the House of Representatives on the legislative bill.

The VICE PRESIDENT. The Chair lays before the Senate a resolution from the House of Representatives, which will be read.

The Chief Clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
July 2, 1935.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, and 32 to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, and concur therein; and

That the House recede from its disagreement to the amendment of the Senate numbered 9 to said bill and concur therein with the following amendment:

In lieu of the word "law" in said amendment insert "assistant."

Mr. TYDINGS. I move that the Senate agree to the amendment of the House of Representatives to the amendment of the Senate numbered 9.

The VICE PRESIDENT. The question is on the motion of the Senator from Maryland.

The motion was agreed to.

Mr. TYDINGS. I ask unanimous consent that the concurrent resolution, which is on the Vice President's desk, may be considered at this time. It will lead to no debate.

The VICE PRESIDENT. The Chair lays before the Senate a concurrent resolution from the House of Representatives, which will be read.

The concurrent resolution (H. Con. Res. 29) was read, considered by unanimous consent, and agreed to, as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, the Clerk of the House of Representatives is authorized and directed to change the numbering of section 4 thereof to section 5 and to insert a new section, as follows:

"SEC. 4. The appropriations and authority with respect to appropriations contained herein shall be available from and including July 1, 1935, for the purposes respectively provided in such appropriations and authority. All obligations incurred during the period between June 30, 1935, and the date of the enactment of this act in anticipation of such appropriations and authority are hereby ratified and confirmed if in accordance with the terms thereof."

Mr. TYDINGS. Mr. President, the conferees on the part of the Senate have agreed with the conferees of the House that the following statement shall be read to each body, so that it will govern future consideration of the legislative appropriation bill:

The managers on the part of both Houses at the conference on the Legislative Branch Appropriation Act, 1936, in considering certain amendments pertaining to the creation of new positions and the increase in compensation of certain existing positions under the Senate, unanimously agreed that it should be within the province of each House to determine without interference from the other the number and compensation of its own employees; and that in the future they will, so far as within their power, insist that all new positions and changes in compensation for either body shall be authorized by separate legislative enactment or by simple resolution of either House before any such new position or change in compensation is incorporated in the annual appropriation bill. It was further agreed that there should be joint action of the two Houses by a legislative measure other than the regular appropriation bill to effect a survey of all positions, and the compensation thereof, under the Senate and House of Representatives, for the purpose of establishing, so far as may be practicable, uniformity in the number of positions and in the compensation for similar positions under each House.

Hereafter, when the legislative appropriation bill is before the Senate, it will facilitate the consideration of the bill and keep our agreement with the House if Senators desiring to have new positions created, or desiring to have the compensation of existing positions increased, will have a resolution of the Senate passed authorizing the committee to make the necessary changes in the bill, rather than to put them up to the committee.

THIRD WORLD POWER CONFERENCE

The VICE PRESIDENT 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 of America:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State to the end that legislation may be enacted requesting the President to invite the World Power Conference to hold the Third World Power Conference in the United States in 1936 or 1937, and providing an appropriation of the sum of $75,000 for the necessary expenses of organizing and holding such a meeting.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 2, 1935.*

REGULATION OF TRANSPORTATION BY WATER

Mr. WHEELER. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1632, the bill looking to the regulation of carriers by water.

Mr. COPELAND. Mr. President, reserving the right to object—I do not like to be in the position of appearing to object to anything, in spite of the treatment I have just received, but may I ask the Senator what his thought is about the bill?

Mr. WHEELER. I will say to the Senator from New York that I do not intend to have the bill proceeded with this evening, but I intend to have it taken up tomorrow, and I shall explain it at that time.

Mr. COPELAND. And that will take a couple of hours?

Mr. WHEELER. It will probably take a couple of hours.

Mr. COPELAND. While I am in deadly opposition to the bill, I think the Senator is entitled to the courtesy of having it considered, and therefore I shall make no objection.

Mr. ROBINSON. Mr. President, it seems to me well to state that it is my hope that the Senate may proceed with the consideration of the bill. It may be necessary to lay it aside in order to consider some other measures early next week, if the bill should not be disposed of tomorrow.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1632) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by water carriers operating in interstate and foreign commerce, and for other purposes, which had been reported from the Committee on Interstate Commerce with amendments.

The VICE PRESIDENT. The clerk will state the first amendment of the committee.

The first amendment of the committee was, on page 2, line 4, after the words "Congress to", to strike out the words "promote, encourage, and", and on line 5, after the words "as to", to strike out the word "develop" and to insert in lieu thereof the words "recognize and preserve the inherent advantages of", so as to read:

DECLARATION OF POLICY, DELEGATION OF JURISDICTION, AND REPEAL

SEC. 302 (a). It is hereby declared to be the policy of Congress to regulate transportation by water carriers in such manner as to recognize and preserve the inherent advantages of—

And so forth.

The amendment was agreed to.

ORDER OF BUSINESS

Mr. ROBINSON. Mr. President, I understand from the Senator from Montana that he does not desire to proceed with the consideration of the bill today. Let me state that unless something shall arise to make necessary or desirable a change in the purpose, in all probability at the conclusion of tomorrow's session a recess will be taken until Thursday noon, with the tentative agreement and understanding that no business will be transacted on Thursday, and that on Thursday a recess or adjournment over the week-end will be taken.

Until today there was no other measure of general importance ready for consideration than the one which the Senator from Montana has now brought forward. Other bills have been reported today which the Senate will be ready to proceed with next week.

Mr. McNARY. Mr. President, may I call to the attention of the Senator the fact that Thursday will be the Fourth of July? He meant to say Friday, did he not?

Mr. ROBINSON. No; I said what I meant to say, and I thought the Senator from Oregon understood. The purpose is to meet Thursday, but to transact no business.

Mr. McNARY. I appreciate that, but I thought that inasmuch as Thursday would be a holiday, we would meet on Friday and accomplish the same purpose.

Mr. ROBINSON. The only reason why that is not done is that Senators who would find it necessary to be here in order to take action which is essential to a recess or adjournment might desire to be absent from the city on Friday. In other words, the action can be taken without inconvenience to anyone save the Chair and myself, if that meets with the approval of the Senate. I prefer to take the action on Thursday unless there is objection.

Mr. FLETCHER. Mr. President, the Committee on Banking and Currency voted today to report what is known as the "Banking Act of 1935", and I hope that we will be able to proceed with it very soon. The senior Senator from Virginia [Mr. GLASS] has presented the report of the committee.

Mr. McNARY. Mr. President, there was some confusion; did I understand the Senator from Florida to say that he hoped to bring the banking bill before the Senate tomorrow?

Mr. FLETCHER. No. I stated that we had today voted to report it, and that we hoped to take it up as soon as the Senate could conveniently do so.

Mr. McNARY. So we may not expect to have it brought before the Senate before some time during next week?

Mr. FLETCHER. I think that is likely; under the announcement made by the Senator from Arkansas we probably cannot reach it until next week. I am simply giving notice that the committee has voted to report it, and that we hope to deal with it as soon as the Senate can reach it.

Mr. ROBINSON. Mr. President, I think my statement is fully understood, and I have nothing further to say in the matter. Unless there is some other motion to intervene, I am ready to move that the Senate proceed to the consideration of executive business.

Mr. COPELAND. Mr. President, I had hoped that we might dispose of the river and harbor bill.

Mr. ROBINSON. Very well. I myself concur in the suggestion.

RIVERS AND HARBORS

Mr. KING. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of my motion to reconsider the vote by which the Senate passed the bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes.

The VICE PRESIDENT. Is there objection? The Chair hears none; the unfinished business is temporarily laid aside, and the question is on agreeing to the motion of the Senator from Utah.

Mr. KING. Mr. President, immediately after the pending bill passed the Senate I entered a motion to reconsider the vote by which it passed. I did so after conferring with a number of Senators whose States have interests and rights in and to the waters of the Colorado River. It was feared that the rights of the so-called "upper basin States" in the Colorado River Basin were not sufficiently guarded and protected, and that an amendment should be offered to afford such protection. Even though it were thought that the interests of upper basin States were not jeopardized, it was regarded as proper that as a precautionary measure such a provision by way of amendment should be offered to the bill. For that purpose the motion to reconsider was interposed, and an amendment having been agreed upon, I am ready to have the motion to reconsider acted upon for the purpose of having such amendment adopted.

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

Mr. KING. I yield.

Mr. JOHNSON. As I understand, the amendment which the Senator from Utah desires to present concerns an amendment which at my instance was adopted to the river and harbor bill; and, understanding the amendment as it has just been stated to me, I have no objection to a reconsideration of the river and harbor bill, and the adoption of the amendment which has been indicated to me by the Senator from Utah.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 32, line 22, after the word "authorized", it is proposed to strike out the period and insert a comma, and add the following:

and none of the waters conserved, used or appropriated under the works hereby authorized shall be charged against the waters allocated to the upper basin by the Colorado River compact, nor shall any priority be established against such upper basin by reason of such conservation, use, or appropriation.

Mr. ROBINSON. Mr. President, I think that amendment should be explained. The language does not make clear to my mind what is to be accomplished by it.

Mr. KING. Mr. President, while the matter may not seem important to some Senators, those who are familiar with irrigation and the vital necessity of conserving water for irrigation, will appreciate the significance of the amendment and the question involved therein.

The Colorado River rises in Wyoming and its principal tributaries are found in Utah and Colorado. New Mexico also makes an important contribution to the flow of the river. I might also add that several Arizona streams flow into the Colorado River.

The common-law riparian doctrine in its technical sense does not apply in the intermountain States and in two or more of the Pacific Coast States. The rights of individuals in and to the waters of streams within the geographical limits referred to are determined by appropriation. Those persons who first apply the water to beneficial use acquire interests and rights therein, subject, however, to the laws of their respective States. Some conflicts arose among the States and their residents as to their respective rights in and to the waters of the Colorado River. Arizona and California were so advantageously situated that they were in a position to take the lead in the appropriation of waters for irrigation and other purposes. It was believed for the best interests of the States concerned, as well as for the Federal Government, that an agreement be reached defining the rights of the States in the waters of the Colorado River. Accordingly, a conference was called in which the States referred to and the Federal Government participated. Hon. Herbert Hoover, then Secretary of Commerce, was named by the President of the United States to represent the Federal Government and he presided over the deliberations of the conference. The needs of the various States were canvassed and an agreement reached which was embodied in what is known as the "Colorado River compact." It was approved by the Federal Government, and the States likewise approved the compact, speaking through their legislative bodies.

Under the compact the waters of the Colorado River were divided between the lower-basin States and the upper-basin States. Seven million five hundred thousand acre-feet of the waters of the river were allocated to the upper-basin States, namely, Wyoming, Colorado, Utah, and New Mexico, and the residue was allocated to the lower-basin States consisting of California, Arizona, and Nevada.

I mentioned the fact that water rights are acquired by appropriation. It was understood that California and Arizona were so geographically situated with reference to the river that they could more quickly appropriate any waters allocated to them, and it was believed that perhaps they might be in a position to utilize a larger quantity of water than that allocated. The upper-basin States were not so favorably situated for agricultural development and for the prompt utilization of the waters allocated to them and to which they were entitled. Accordingly they have been interested in protecting their rights and taking whatever steps that they believed were necessary to attain that result.

Owing to the fact that Arizona did not ratify the compact, and to the further fact that the use of the waters of the river by the lower-basin States was being enlarged, the upper-basin States have been concerned to see that no appropriation should be made, or claims advanced, that would militate against their rights as set forth in the Colorado River compact. In other words, they have insisted that whatever appropriations were made by the lower-basin States should be made under and pursuant to the terms of the Colorado River compact. The importance of adherence to the terms of the compact is obvious to all. It is vital to the upper-basin States in order that their growth and development may be assured.

A large appropriation was made by Congress for the construction of the Colorado River Dam, and contracts have been executed under the terms of which California will obtain a large amount of water for power purposes and also for culinary and other beneficial uses. The bill before us authorizes the construction of an irrigation project known as the "Head Gate Rock project." I am advised that when the project is completed and the necessary canals constructed, a large area of land will be cultivated. The project also authorizes the construction of the Parker Dam for the irrigation of lands in California.

There is no objection to Arizona and California utilizing the waters of the Colorado River to which they are entitled under the compact, but the upper-basin States are interested in seeing that any appropriations made by these States shall not initiate rights in and to the waters of the Colorado River which will in any way interfere with the rights of the upper-basin States to the use of the 7,500,000 acre-feet allocated to them under the terms of the Colorado River compact. I might add that California has ratified the compact and her legislative enactment is a clear recognition of the rights of the upper-basin States to the uninterrupted use of the waters of the river allocated to them. Senators from the upper-basin States believe this amendment should be incorporated in the bill in order to make it clear beyond any possibility of doubt that the appropriations of water of the Colorado River authorized by the pending measure shall be made under the terms of the Colorado River compact and that in any developments in the future that none of the waters conserved, used, or appropriated under the works authorized by the bill shall be charged against the waters allocated to the upper-basin States.

It seems to me that the amendment is justified and should be accepted.

Mr. ADAMS. Mr. President, it occurs to me that in confirmation of the statement made by the Senator from Utah it might be well to have an explanation by the Senator from Arizona [Mr. HAYDEN], who knows the details, and can put into the RECORD his understanding of the matter; and he also has some opinions from the attorney general of Arizona which will bear out his understanding and ours.

Mr. HAYDEN. Mr. President, I ask Senators to look at the map hanging on the rear wall of the Senate Chamber. Senators will observe that Boulder Dam, about which we had so much controversy, is located on the boundary between Nevada and Arizona. That dam is now nearing completion, and beginning to impound water. The dam first mentioned in this amendment to the river and harbor bill is the Parker Dam, located just below the mouth of the Bill Williams River. The construction of the Parker Dam was stopped by the State of Arizona. The Supreme Court of the United States sustained the objection of the State of Arizona to the construction of the Parker Dam because it was not authorized by Congress.

This amendment proposes to authorize the construction of the Parker Dam. When the matter was presented to the Senators from Arizona we said we had no objection to the construction of the Parker Dam, which is primarily for the benefit of California, provided an authorization was also made to construct a dam at Head Gate Rock, just above the town of Parker and about 20 miles below the Parker Dam. That authorization is contained in this amendment to the river and harbor bill in these words:

The construction by the Secretary of the Interior of a dam in and across the Colorado River at or near Head Gate Rock, Ariz., and structures, canals, and incidental works necessary in connection therewith is hereby authorized.

In connection with that authorization, I desire to point out that the lands to be irrigated by the dam at Head Gate Rock, the canals, and other works are wholly within the Colorado River Indian Reservation. The Government of the United States proposes to take certain water out of the Colorado River and irrigate certain lands for its Indian wards.

Our contention is, and to support it I shall place in the RECORD an opinion by a special assistant to the attorney general of Arizona, Mr. James R. Moore, who represented the State of Arizona in the Parker Dam case in the Supreme Court, which is to the effect that the United States is bound by the Colorado River compact, and, therefore, in taking any water out of the Colorado River for the benefit of its Indian wards the United States takes such water subject to the Colorado River compact. The Colorado River compact provides that seven and one-half million acre-feet of water shall be reserved for the use of the States of the upper basin.

Therefore it seems to me that the amendment offered by the Senator from Utah [Mr. KING] is mere surplusage. It is merely for the purpose of quieting certain fears and says nothing more than the special assistant attorney general of Arizona has stated in his memorandum addressed to Senator ASHURST and myself.

There is only one point I want to make perfectly clear. The Colorado River compact provides that "nothing in this compact shall be construed as affecting the obligations of the United States of America to Indian tribes." It is my understanding that the adoption of this amendment in no manner changes the Colorado River compact. If there is any obligation of the United States to the Indian tribes which now rests upon the upper basin, such obligation will continue to rest against the upper basin regardless of the adoption of the amendment offered by the Senator from Utah.

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

Mr. HAYDEN. Certainly.

Mr. ADAMS. If I understand correctly the Senator's position, representing the State of Arizona, it is that there is nothing in the authorization contained in the bill which will take from the States of the upper basin any water to which they are now entitled under the Colorado River compact?

Mr. HAYDEN. That is a correct statement.

Mr. ADAMS. That it is not the intention to make any claims because of the appropriation of water which was allocated to those States by reason of this construction?

Mr. HAYDEN. That is also correct.

Mr. ADAMS. That this construction will not be the initiation of any right or any claim adverse to the rights or claims of the water users or prospective water users or the States of the upper basin?

Mr. HAYDEN. To which they may be entitled under the Colorado River compact.

I want an answer from the Senator from Colorado. If there is any obligation under the Colorado River compact which rests against the upper-basin States by reason of the language in that compact, which says "nothing in this compact shall be construed as affecting the obligations of the United States of America to the Indian tribes", that same obligation will continue. In other words, we are not attempting to change the compact by the adoption of the King amendment?

Mr. ADAMS. It is our understanding that the legal condition as to the water rights in the Colorado River shall be the same after this bill becomes a law as it is today and shall not be changed by reason of the appropriation of water over the dam authorized to be constructed.

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

Mr. HAYDEN. I yield.

Mr. HATCH. Would it be possible, under the provisions of the amendment, to make any change in the Colorado River compact?

Mr. HAYDEN. We have a perfect understanding in that respect. I want to make it of record that there is no attempt on the part of the State of Arizona or the Federal Government in any manner to change the Colorado River compact by this amendment. The Federal Government, according to the attorney general of Arizona, is bound by the compact in connection with this matter because it is a party to it. The compact was ratified by the Congress and the action taken in this instance is for the benefit of Indians who are the wards of the Government. The compact could not be changed by Congress in any respect. I do not want it to be said in the future that the adoption of the King amendment in any manner affected the obligation of the United States with respect to the Indian tribes. Congress leaves that obligation in the exact status it was before the Senator from Utah offered his amendment.

Mr. President, for the benefit of Senators, I ask to have included in the RECORD at the conclusion of my remarks the memorandum by the special assistant attorney general of Arizona, Mr. Moore, to which I have referred. I also ask permission to have inserted in the RECORD at the conclusion of my remarks extracts from an opinion by the former attorney general of Arizona, Mr. LaPrade; extracts from a statement prepared by the Colorado River Commission of Arizona relating to the use of water in Mexico; and, finally, a letter from the Director of Irrigation of the Bureau of Indian Affairs relative to the Colorado River Indian irrigation project.

The VICE PRESIDENT. Without objection, permission is granted.

The matter referred to is as follows:

HEAD GATE DAM, ACROSS COLORADO RIVER IN ARIZONA

SENATE AMENDMENT TO H. R. 6732

1. The project and its purposes: Head Gate Rock Dam, the canal and incidental works, are designed to divert and use 500,000 acre-feet of Colorado River water per year for irrigation of 100,000 acres of Colorado River Indian Reservation in Arizona, about 150 miles south of Boulder Dam. Six thousand acres of this land are now under irrigation. None of it is in private ownership nor subject to entry or purchase.

The Indian Service plans to make the reclaimed reservation available for settlement by such members of the Navajo and other tribes as may elect to remove from their present locations, large areas of which have become barren and unproductive on account of erosion due to overgrazing.

2. The United States relation to the Colorado River compact: Article VII of the compact reads:

"Nothing in this compact shall be construed as affecting the obligations of the United States of America to Indian tribes."

By subsection (b) of section 13 of the Boulder Canyon Project Act, which ratified the compact, it is provided:

"(b) The rights of the United States in or to waters of the Colorado River and its tributaries howsoever claimed or acquired, as well as the rights of those claiming under the United States, shall be subject to and controlled by said Colorado River compact."

By paragraph (a) article III of Colorado River compact, the "exclusive beneficial consumptive use of 7,500,000 acre-feet of water" of the Colorado River per annum, in perpetuity, are apportioned to the upper-basin States, consisting of Colorado, New Mexico, Utah, and Wyoming, and the lower-basin States, consisting of California and Nevada, respectively.

As the United States, by the provisions of subsection (b) of section 13, Boulder Canyon Project Act, above quoted, agreed to be bound by the division of the waters of the Colorado as apportioned between the upper- and lower-basin States by the Colorado River compact it, in effect, became and is a party to that interstate treaty.

Therefore, it cannot draw upon water apportioned to upper-basin States for irrigation of public or Indian lands in Arizona, California, or Nevada, nor acquire any priority of right against the upper-basin States by a priority of use in the lower-basin States or in Arizona.

3. Arizona and the compact: While Arizona is named in the compact as a party and is designated as one of the lower-basin States, its legislature declined to ratify the treaty and accordingly it is not a party to it and its name, wherever it appears therein, should be disregarded.

4. Nevada and the compact: Due to topographic conditions, Nevada cannot economically put to use more than 300,000 acre-feet per year of Colorado River water.

5. California and the compact: Pursuant to the requirements of subsection (a) of section 4 of the Boulder Canyon Project Act, California, by act of its legislature, agreed "irrevocably and unconditionally with the United States and for the benefit of the States of Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming, that the (its) aggregate annual consumptive use (diversions less returns to the river) of waters of and from the Colorado River shall not exceed 4,400,000 acre-feet of the waters apportioned to the lower-basin States by paragraph (a) of article III of the Colorado River compact (7,500,000 acre-feet per year) plus not more than one-half of any excess or surplus waters unapportioned by said compact." The unapportioned water is estimated to be 1,500,000 acre-feet annually.

Hence, with California legally and Nevada topographically restricted to aggregate annual uses of 4,700,000 of the 7,500,000 acre-feet per year apportioned to the lower basin by paragraph (a) of article III of the compact, plus one-half of unapportioned waters, the remainder of the water so apportioned, amounting to

2,800,000 acre-feet per year plus one-half of the excess or surplus unappropriated water, estimated at 750,000 acre-feet per year, can be used in the United States only for irrigation of public and Indian lands in Arizona. There are no lands in private ownership in that State to which the water can be economically applied.

Therefore, unless so used, the water apportioned to the lower basin which California may not and Nevada cannot use, aggregating 3,550,000 acre-feet per year, necessarily will flow down the river, after generating power at Boulder Dam, and be available for use on about 1,000,000 acres of irrigable land in Mexico, just below the border.

A conservative, capital value of this water, with the regulated flow provided by Boulder Dam, for irrigation in Mexico is $25 per acre-foot or a total value of $88,750,000. Its value for use in the United States is twice as much.

The upper-basin States apparently would prefer to present this water to Mexico, free of charge, rather than to have it used in the United States. Such a gratuity was not intended by the Colorado River compact or by Congress.

JAMES R. MOORE,
Special Assistant Attorney General for Arizona.

WASHINGTON, D. C., *July 1, 1935.*

(The following extracts are taken from an opinion rendered to the Colorado River Commission of Arizona by Hon. Arthur T. LaPrade, attorney general of Arizona, and Mr. Charles A. Carson, Jr., his special assistant, on July 12, 1933, and relate particularly to paragraphs (c) and (d) of the Boulder Canyon Project Act, which reads as follows:)

(c) Also all patents, grants, contracts, concessions, leases, permits, licenses, rights-of-way, or other privileges from the United States or under its authority, necessary or convenient for the use of waters of the Colorado River or its tributaries, or for the generation or transmission of electrical energy generated by means of the waters of said river or its tributaries, whether under this act, the Federal Water Power Act, or otherwise, shall be upon the express condition and with the express covenant that the rights of the recipients or holders thereof to waters of the river or its tributaries, for the use of which the same are necessary, convenient, or incidental, and the use of the same shall likewise be subject to and controlled by said Colorado River compact.

(d) The conditions and covenants referred to herein shall be deemed to run with the land and the right, interest, or privilege therein and water right, and shall attach as a matter of law, whether set out or referred to in the instrument evidencing any such patent, grant, contract, concession, lease, permit, license, right-of-way, or other privilege from the United States or under its authority, or not, and shall be deemed to be for the benefit of and be available to the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming, and the users of water therein or thereunder, by way of suit, defense, or otherwise, in any litigation respecting the waters of the Colorado River or its tributaries.

EXTRACTS FROM THE LAPRADE-CARSON OPINION

Would the State of Arizona have authority to build a dam across the main stream of the Colorado River above Boulder Dam, and divert waters therefrom for irrigation and power through ditches, tunnels, and other works across the public domain, without the consent of the Federal Government?

* * * * * * *

Congress in the Boulder Canyon Project Act, (c) and (d) of section 13, makes the use of any right-of-way, license or privilege necessary or convenient for the use of the waters of the Colorado River or its tributaries, upon the express condition and with the express covenant that the rights of the recipients or holders thereof to waters of the river or its tributaries for which the same are necessary, convenient, or incidental and the use of the same, shall be subject to and controlled by said Colorado River compact. In view of the foregoing cases and decisions it is clear that Arizona could not construct a dam above Boulder Dam without agreeing to the conditions attached. It is provided in article 8 of the Colorado River compact:

"Present perfected rights to the beneficial use of waters of the Colorado River system are unimpaired by this contract. Whenever storage capacity of 5,000,000 acre-feet shall have been provided on the main Colorado River within or for the benefit of the lower basin, then claims of such rights, if any, by appropriators or users of water in the lower basin against appropriators or users of water in the upper basin shall attach to and be satisfied from water that may be stored not in conflict with article III.

"All other rights to beneficial use of waters of the Colorado River system shall be satisfied solely from the water apportioned to that basin in which they are situate."

It is thus apparent that the use of water in the lower-basin States is, according to the terms of the Colorado River compact, limited to that apportioned in article III (a) to 7,500,000 acre-feet per annum and article III (b), 1,000,000 acre-feet per annum included for the Gila River. Arizona, of course, is not bound by the terms of the Colorado River compact, not having ratified the same; but according to the condition attached to the rights-of-way, the use of such waters would be subject to the Colorado River compact although not ratified by the State of Arizona, and the total use of water in the lower-basin States, as defined by the Colorado River compact, would be limited as above set forth.

* * * * * * *

For the foregoing reasons, it is my opinion that your question must be answered in the negative, and that the State of Arizona does not have the legal right to build a dam across the main stream of the Colorado River, above Boulder Dam, and divert waters therefrom for irrigation and power, through ditches, tunnels, and other works across the public domain, without the consent of the Federal Government.

Yours very truly,

ARTHUR T. LAPRADE,
Attorney General.
CHAS. A. CARSON, JR.,
Special Assistant.

(The following extracts are from a statement prepared by the Colorado River Commission of Arizona, on Dec. 17, 1934, relative to the use of Colorado River water in Mexico:)

There are in Mexico about 1,000,000 acres of land susceptible of irrigation by the waters from the Colorado River (U. S. Geological Survey, Water Supply Paper 556). The Chandler interests of Los Angeles own about 830,000 acres of land in old Mexico, between 500,000 and 600,000 acres of which are level and irrigable from the waters of the Colorado River. Mr. Harry Chandler, of Los Angeles, Calif., on May 7, 1924, testified before the Committee on Irrigation and Reclamation of the House of Representatives that his company owned about 830,000 acres in old Mexico, between 500,000 and 600,000 acres of which are level and irrigable from the waters of the main stream of the Colorado River. (Hearings before the Committee on Irrigation and Reclamation, House of Representatives, 68th Cong., 1st sess., on H. R. 2903, pt. 7, p. 1563.)

The lands in old Mexico have never heretofore used in excess of 750,0000 acre-feet of water from the Colorado River in any 1 year, which allows of the irrigation of approximately 150,000 acres. (Report of the American Section International Water Commission, 1929.) In its uncontrolled state the river has been in alternate flood and extremely low flow. The limiting factor on Mexican developments has been the shortage of water in the river in the late summer, when it is particularly needed for irrigation of crops. As soon as the Boulder Dam regulates the flow of the river by discharging a regulated flow throughout the year, even though that be considerably less in quantity than the present annual flow of the river, it will be possible for the owners of lands in Mexico to utilize more of the water of the river than they have heretofore used.

* * * * * * *

The water will be stored in Boulder Dam Reservoir and will be released through the power plant for the generation of electrical energy, and if not used in the United States will go on down the Colorado River to Mexican lands owned by the Chandler interests of Los Angeles. This would result, despite the fact that Congress, in the first paragraph of the Boulder Canyon Project Act, stated:

"That for the purpose of controlling the floods, improving navigation, and regulating the flow of the Colorado River, providing for storage and for the delivery of the stored waters thereof for reclamation of public lands and other beneficial uses exclusively within the United States. * * *"

It would be almost inconceivable that any American States should desire to forever block and prevent the use by another American State of the waters of an international stream, when the only result of that action would be that the waters could never be used in the United States or in any State thereof, but must of necessity, without any treaty or obligation, be delivered for use on lands in a foreign country, particularly so when the States who undertake to block and prevent a sister State have forever foreclosed themselves and all of them from using any portion of the water thus denied to a sister State.

It is utterly beyond belief that the Government of the United States, or any officer or agency thereof, should ever consider lending support to such a program. Certainly it was never so intended by the compact, by the act, by Congress, or any other Federal agency.

MEMORANDUM BY THE DIRECTOR OF IRRIGATION

DEPARTMENT OF THE INTERIOR,
OFFICE OF INDIAN AFFAIRS,
Washington, May 23, 1935.

Memorandum for Senator HAYDEN.

The following information relative to the proposed Colorado River Indian irrigation project is submitted in answer to your inquiry of even date.

The ultimate area of the proposed irrigation project, Colorado River Reservation, is 100,000 acres. The irrigation works will consist of a 14-foot high diversion dam across the Colorado River near Head Gate Rock, together with the necessary canals, laterals, and drainage works. The total ultimate estimated cost of the project is $10,000,000, of which $6,400,000 is for the diversion dam and irrigation works and $3,600,000 is for subjugation.

Preliminary surveys are complete, and plans have been prepared so that work could be started within 90 days after funds become available. The work could be completed within 3 years, but it is not considered that it ought to be completed in less than 10 years. The development ought to be extended over a 10-year period as a minimum. The diversion dam headworks, and perhaps the major portion of the main canal, would necessarily have to be completed during the first year, and thereafter the project as a whole should be developed from that point in units of 10,000 acres.

In accordance with a 10-year development program, based on a total estimated cost of $10,000,000, funds would be required as

follows: $2,000,000 each year for the past 2 years; $1,000,000 per year for the next 4 years; $500,000 per year for the next 4 years.

It is estimated 6,000,000 man-hours of labor will be required for this total development, and the average number of men employed would be approximately 475.

A. L. WATHEN,
Director of Irrigation.

Mr. JOHNSON. Mr. President, as I understand, the amendment which has been suggested by the upper basin States is an amendment to a portion of the particular provision of the bill which was submitted by the Senator from Arizona [Mr. HAYDEN], and relates to the Indian Head Dam works and the like?

Mr. ADAMS. That is entirely correct.

The VICE PRESIDENT. Is there objection to the reconsideration of the votes by which the bill was ordered to a third reading, read the third time, and passed? The Chair hears none.

The question is on the adoption of the amendment submitted by the Senator from Utah [Mr. KING].

The amendment was agreed to.

Mr. COPELAND. Mr. President, there are four amendments which I desire to have considered at this time.

The VICE PRESIDENT. The first amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 37, after line 18, to insert the following:

New Jersey intracoastal waterway from Shrewsbury River to Delaware Bay above Cape May by way of the Manasquan Barnegat Canal, and including an entrance thereto through Barnegat Inlet.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. COPELAND. In behalf of the Senator from Connecticut [Mr. LONERGAN] I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 4, after line 10, to insert the following:

Connecticut River, at East Hartford, Conn.: The Secretary of War is authorized and directed to proceed with the construction of dikes, drainage gates, suitable pumping plants, and other facilities for controlling floods on the Connecticut River at East Hartford, Conn., pursuant to a special survey made by the district engineer at Providence, R. I., supplementing the survey in House Document No. 308, Sixty-ninth Congress, first session, and in conformity with either plan A or plan B designated in the report of said supplemental survey; selection of the plan to be executed shall be made by the Secretary of War with the approval of the town of East Hartford: *Provided*, That the cost of such work shall not exceed $658,000.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. COPELAND. In behalf of the Senator from Connecticut [Mr. MALONEY] I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 3, after line 8, to insert the following:

Indian Neck, Conn.: The Secretary of War is hereby authorized and directed to make a survey of Indian Neck Harbor, Conn., and report to Congress the facts of such survey, with recommendations concerning the practicability of additional dredging in the harbor to enlarge the harbor basins.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. COPELAND. In behalf of the Senator from Connecticut [Mr. MALONEY] I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 3, after line 8, to insert the following:

Milford, Conn.: The Secretary of War is hereby authorized and directed to make a survey of Milford Harbor, Conn., and report to Congress the facts of such survey, with recommendations concerning the practicability of additional dredging in the harbor to enlarge the harbor basins.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

The question is, Shall the amendments be engrossed and the bill read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. COPELAND. Mr. President, I move that the Senate insist on its amendments, request a conference with the House thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. COPELAND, Mr. FLETCHER, Mr. SHEPPARD, Mr. JOHNSON, and Mr. MCNARY conferees on the part of the Senate.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. FLETCHER, from the Committee on Banking aud Currency, reported favorably the nomination of Harry L. Hopkins, of New York, now Federal Emergency Relief Administrator, to be also Administrator of the Works Progress Administration.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar. If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

ALICE L. WOOLMAN

The legislative clerk read the nomination of Alice L. Woolman to be postmaster at Coweta, Okla.

Mr. McKELLAR. I ask that the nomination be passed over.

The VICE PRESIDENT. On request of the Senator from Tennessee the nomination will be passed over.

THE JUDICIARY

The legislative clerk read the nomination of John J. Morris, Jr., to be United States attorney, district of Delaware.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I ask unanimous consent that nominations in the Army be confirmed en bloc.

The VICE PRESIDENT. Without objection, the Army nominations are confirmed en bloc.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. ROBINSON. I ask unanimous consent that nominations in the Navy be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations in the Navy are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. ROBINSON. I ask unanimous consent that nominations in the Marine Corps may be confirmed en bloc.

The VICE PRESIDENT. Without objection, the Marine Corps nominations are confirmed en bloc. That concludes the calendar.

CONSIDERATION OF TREATIES

Mr. ROBINSON. Mr. President, I understand the Chairman of the Committee on Foreign Relations [Mr. PITTMAN] wishes to take up some treaties on the calendar.

Mr. McNARY. Mr. President, the Senator from Michigan [Mr. VANDENBERG] asked me to object to the consideration of Executive Calendar No. 22 during his absence. He is now in Michigan. I ask that that treaty go over.

Mr. PITTMAN. That is the treaty between the United States and Germany?

Mr. McNARY. Yes.

Mr. PITTMAN. That may go over.

The VICE PRESIDENT. The treaty will be passed over.

PROTECTION OF HISTORIC MONUMENTS

Mr. PITTMAN. I ask that Calendar No. 20, Executive N, may be taken up for consideration.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider Executive N (74th Cong., 1st sess.), a treaty on the protection of artistic and scientific institutions and historic monuments, which was signed in Washington on April 15, 1935, by the respective plenipotentiaries of the 21 American republics, which was read the second time, as follows:

TREATY ON THE PROTECTION OF ARTISTIC AND SCIENTIFIC INSTITUTIONS AND HISTORIC MONUMENTS

The high contracting parties, animated by the purpose of giving conventional form to the postulates of the resolution approved on December 16, 1933, by all the States represented at the Seventh International Conference of American States, held at Montevideo, which recommended to "the Governments of America which have not yet done so that they sign the 'Roerich Pact', initiated by the Roerich Museum in the United States, and which has as its object the universal adoption of a flag, already designed and generally known, in order thereby to preserve in any time of danger all nationally and privately owned immovable monuments which form the cultural treasure of peoples", have resolved to conclude a treaty with that end in view, and to the effect that the treasures of culture be respected and protected in time of war and in peace have agreed upon the following articles:

ARTICLE I

The historic monuments, museums, scientific, artistic, educational, and cultural institutions shall be considered as neutral and as such respected and protected by belligerents.

The same respect and protection shall be due to the personnel of the institutions mentioned above.

The same respect and protection shall be accorded to the historic monuments, museums, scientific, artistic, educational and cultural institutions in time of peace as well as in war.

ARTICLE II

The neutrality of, and protection and respect due to, the monuments and institutions mentioned in the preceding article, shall be recognized in the entire expanse of territories subject to the sovereignty of each of the signatory and acceding States, without any discrimination as to the State allegiance of said monuments and institutions. The respective Governments agree to adopt the measures of internal legislation necessary to insure said protection and respect.

ARTICLE III

In order to identify the monuments and institutions mentioned in article I, use may be made of a distinctive flag (red circle with a triple red sphere in the circle on a white background) in accordance with the model attached to this treaty.

ARTICLE IV

The signatory Governments and those which accede to this treaty shall send to the Pan American Union, at the time of signature or accession, or at any time thereafter, a list of the monuments and institutions for which they desire the protection agreed to in this treaty.

The Pan American Union, when notifying the Governments of signatures or accessions, shall also send the list of monuments and institutions mentioned in this article, and shall inform the other Governments of any changes in said list.

ARTICLE V

The monuments and institutions mentioned in article I shall cease to enjoy the privileges recognized in the present treaty in case they are made use of for military purposes.

ARTICLE VI

The states which do not sign the present treaty on the date it is opened for signature, may sign or adhere to it at any time.

ARTICLE VII

The instruments of accession, as well as those of ratification and denunciation of the present treaty, shall be deposited with the Pan American Union, which shall communicate notice of the act of deposit to the other signatory or acceding states.

ARTICLE VIII

The present treaty may be denounced at any time by any of the signatory or acceding states, and the denunciation shall go into effect 3 months after notice of it has been given to the other signatory or acceding states.

In witness whereof, the undersigned plenipotentiaries, after having deposited their full powers found to be in due and proper form, sign this treaty on behalf of their respective governments, and affix thereto their seals, on the dates appearing opposite their signatures.

For the Argentine Republic, April 15, 1935:
FELIPE A. ESPIL. [SEAL]
For Bolivia, April 15, 1935:
ENRIQUE FINOT. [SEAL]
For Brazil, April 15, 1935:
OSWALDO ARANHA. [SEAL]
For Chile, April 15, 1935:
M. TRUCCO. [SEAL]
For Colombia, April 15, 1935:
M. LOPEZ PUMAREJO. [SEAL]
For Costa Rica, April 15, 1935:
MAN. GONZALEZ Z. [SEAL]
For Cuba, April 15, 1935:
GUILLERMO PATTERSON. [SEAL]
For the Dominican Republic, April 15, 1935:
RAF. BRACHE. [SEAL]
For Ecuador, April 15, 1935:
C. E. ALFARO. [SEAL]
For El Salvador, April 15, 1935:
HECTOR DAVID CASTRO. [SEAL]
For Guatemala, April 15, 1935:
ADRIAN RECINOS. [SEAL]
For Haiti, April 15, 1935:
A. BLANCHET. [SEAL]
For Honduras, April 15, 1935:
M. PAZ BARAONA. [SEAL]
For Mexico, April 15, 1935:
F. CASTILLO NAJERA. [SEAL]
For Nicaragua, April 15, 1935:
HENRI DE BAYLE. [SEAL]
For Panama, April 15, 1935:
R. J. ALFARO. [SEAL]
For Paraguay, April 15, 1935:
ENRIQUE BORDENAVE. [SEAL]
For Peru, April 15, 1935:
M. DE FREYRE Y S. [SEAL]
For United States of America, April 15, 1935:
HENRY A. WALLACE. [SEAL]
For Uruguay, April 15, 1935:
J. RICHLING. [SEAL]
For Venezuela, April 15, 1935:
PEDRO M. ARCAYA. [SEAL]

I hereby certify that the foregoing document is a true and faithful copy of the original, with the signatures affixed thereto up to the present date, of the Treaty on the Protection of Artistic and Scientific Institutions and Historic Monuments (Roerich Pact) which is deposited in the Pan American Union and open to the signature or adherence of all States.

Washington, the 16th day of April 1935.

[SEAL] E. GIL-BORGES,
Secretary of the Governing Board of the Pan American Union.

The VICE PRESIDENT. If there be no amendments, the treaty will be reported to the Senate.

The treaty was reported to the Senate without amendment.

The VICE PRESIDENT. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive N, Seventy-fourth Congress, first session, a treaty on the protection of artistic and scientific institutions and historic monuments, which was signed at the White House in Washington on April 15, 1935.

The VICE PRESIDENT. The question is on agreeing to the resolution of ratification. [Putting the question.] Two-thirds of the Senators present concurring therein, the resolution is agreed to and the treaty is ratified.

RECESS

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

The motion was agreed to; and (at 4 o'clock and 48 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Wednesday, July 3, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 2 (legislative day of May 13), 1935

PROMOTIONS IN THE COAST AND GEODETIC SURVEY

The following-named officers of the Coast and Geodetic Survey in the Department of Commerce to be—

Hydrographic and geodetic engineer (with relative rank of lieutenant in the Navy) by promotion from junior hydrographic and geodetic engineer (with relative rank of lieutenant, junior grade, in the Navy)—

Carl Ingman Aslakson, of Minnesota, vice Carl A. Egner, promoted.

Junior hydrographic and geodetic engineer (with relative rank of lieutenant, junior grade, in the Navy) by promotion from aide (with relative rank of ensign in the Navy)—

John Crawford Ellerbe, Jr., of South Carolina, vice Carl Ingman Aslakson, promoted.

Aide (with relative rank of ensign in the Navy) by promotion from deck officer—

Harold John Seaborg, of Indiana, vice John C. Ellerbe, Jr., promoted.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

MARINE CORPS

The following-named lieutenant colonels to be colonels in the Marine Corps from the 30th day of June 1935:

Paul A. Capron	Edward A. Ostermann
John Potts	John Marston

Maj. David L. S. Brewster to be a lieutenant colonel in the Marine Corps from the 1st day of June 1935.

The following-named majors to be lieutenant colonels in the Marine Corps from the 30th day of June 1935:

Harold S. Fassett	Thomas E. Bourke
James T. Moore	LeRoy P. Hunt

Capt. David R. Nimmer to be a major in the Marine Corps from the 29th day of May 1934.

The following-named captains to be majors in the Marine Corps from the 30th day of June 1935:

Gus L. Gloeckner
Harold D. Shannon
Prentice S. Geer

The following-named first lieutenants to be captains in the Marine Corps from the 30th day of June 1935:

Reginald H. Ridgely, Jr.
Caleb T. Bailey.
John D. Muncie

First Lt. William E. Burke to be a captain in the Marine Corps from the 1st day of July 1935.

The following-named citizens to be second lieutenants in the Marine Corps, revocable for 2 years, from the 1st day of July 1935:

Wilmer E. Barnes, a citizen of North Carolina.
George H. Brockway, a citizen of Wyoming.
Custis Burton, Jr., a citizen of Virginia.
Kenyth A. Damke, a citizen of Colorado.
Willard C. Fiske, a citizen of Arizona.
Dixon Goen, a citizen of California.
Frank P. Hager, Jr., a citizen of South Carolina.
Bruno A. Hochmuth, a citizen of Texas.
Joe C. McHaney, a citizen of Texas.
Hoyt McMillan, a citizen of South Carolina.
Albert F. Metze, a citizen of California.
Raymond L. Murray, a citizen of Texas.
Herman Nickerson, Jr., a citizen of Massachusetts.
John S. Oldfield, a citizen of Oklahoma.
Wesley M. Platt, a citizen of South Carolina.
William E. Profitt, Jr., a citizen of Minnesota.
Thomas F. Riley, a citizen of Virginia.
George A. Roll, a citizen of Pennsylvania.
Robert E. Stannah, a citizen of Pennsylvania.
Leo F. Sulkosky, a citizen of Washington.
Harold G. Walker, a citizen of West Virginia.
Julian F. Walters, a citizen of Maryland.
Chevey S. White, a citizen of Kansas.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 2 (legislative day of May 13), 1935

UNITED STATES ATTORNEY

John J. Morris, Jr., to be United States attorney, district of Delaware.

APPOINTMENT BY TRANSFER IN THE REGULAR ARMY

Second Lt. Ralph Hemmings Davey, Jr., to Quartermaster Corps.

Second Lt. Avery John Cooper, Jr., to Coast Artillery Corps.

PROMOTION IN THE REGULAR ARMY

Arthur Eugene White to be captain, Medical Corps.

APPOINTMENTS IN THE REGULAR ARMY

AIR CORPS

To be second lieutenants

Ray Willard Clifton	Lester Stanford Harris
Randolph Lowry Wood	Eyvind Holtermann
Arnold Theodore Johnson	Donald Newman Wackwitz
John David Pitman	James Hume Crain Houston
Marvin Frederick Stalder	Charles Henry Leitner, Jr.
Noel Francis Parrish	Clair Lawrence Wood
Dolf Edward Muehleisen	Charles Bennett Harvin
Carl Swyter	George Henry Macintyre
Richard Cole Weller	Bob Arnold
Edward Morris Gavin	Burton Wilmot Armstrong, Jr.
Robert Edward Jarmon	Mell Manley Stephenson, Jr.
Harry Crutcher, Jr.	Harold Lee Neely
Jack Mason Malone	Erickson Snowden Nichols
Frank Neff Moyers	Jasper Newton Bell
Edward Schwartz Allee	Russell Lee Waldron
Harry Noon Renshaw	William Foster Day, Jr.
Joseph Bynum Stanley	Robert Strachan Fisher
Thomas Frederick Langben	Harry Coursey
Clarence Morice Sartain	Daniel Edwin Hooks
James Hughes Price	Raymond Patten Todd
Joseph Caruthers Moore	
Lawrence Scott Fulwider	

PROMOTIONS IN THE NAVY

To be captains

William F. Amsden	Jonas H. Ingram
Harry A. McClure	Schuyler F. Heim
Cortlandt C. Baughman	Patrick N. L. Bellinger
Newton H. White, Jr.	

To be commanders

William A. Teasley	Thomas C. Latimore
John B. W. Waller	Lloyd J. Wiltse
Charles F. Martin	Leon O. Alford
Benjamin S. Killmaster	William H. Porter, Jr.
Wilder DuP. Baker	Walter A. Hicks
Harold J. Nelson	Warner P. Portz
Ralph O. Davis	Benjamin F. Perry

To be lieutenant commanders

Augustus J. Wellings	John W. Higley
John P. Vetter	John F. Crowe, Jr.
John F. Gillon	Francis P. Old
Royal W. Abbott	William H. Wallace
Richard R. Hartung	Joseph U. Lademan, Jr.
Carleton C. Champion, Jr.	Hugh W. Turney
William H. Buracker	

To be lieutenants

Cameron Briggs	John H. Griffin
William L. Messmer	Russell S. Smith
Frederick N. Kivette	Thomas H. Tonseth
Ira E. Hobbs	Joseph H. Wellings
Monroe Y. McGown, Jr.	Clyde F. Malone
Harold O. Larson	Adolph Hede
John O. Lambrecht	

To be lieutenants (junior grade)

Samuel H. Porter	Charles F. Brindupke
Albert A. Wellings	John P. Roach
Thomas G. Warfield	William H. Raymond, Jr.

To be medical inspectors

Lyle J. Roberts	Bertram Groesbeck, Jr.
Morton D. Willcutts	Louis E. Mueller
John W. Vann	Carl A. Broaddus
Sterling S. Cook	

To be pay inspectors

William V. Fox	Charles L. Austin

To be paymaster

Julius J. Miffitt

To be naval constructors

Armand M. Morgan	Edward V. Dockweiler
Robert S. Hatcher	Wendell E. Kraft
John J. Herlihy	John J. Scheibeler
Edward W. Clexton	

THE MARINE CORPS

To be major general

Charles H. Lyman

To be captain

Arthur T. Mason

To be first lieutenants

Roger W. Beadle	James C. Bigler
Howard J. Turton	Hector de Zayas
Walter Asmuth, Jr.	Samuel D. Puller
George N. Carroll	Robert L. Denig, Jr.

To be second lieutenants

Earl A. Sneeringer	Dwight M. Cheever
Peter J. Negri	Richard H. Crockett
Alexander B. Swenceski	Marvin H. Floom
Leonard F. Chapman, Jr.	James G. Frazer
William T. Fairbourn	Gould P. Groves
Carey A. Randall	Donn C. Hart
Elmer C. Rowley	Ralph L. Houser
Harry A. Schmitz	Kenneth A. Jorgensen
John W. Stage	Mortimer A. Marks
Eugene F. Syms	William S. McCormick
Clayton O. Totman	Kenneth F. McLeod
Ronald B. Wilde	Floyd R. Moore
Herbert R. Amey, Jr.	Richard E. Thompson
Kenneth D. Bailey	Stanley W. Trachta
Elmer E. Brackett, Jr.	William J. Van Ryzin

POSTMASTERS

CALIFORNIA

Nolan W. Smith, Alturas.
Neil A. MacMillan, Eureka.

COLORADO

N. George Parsons, Central City.
Frank P. January, Cheyenne Wells.
Robert R. Lawson, Grover.
Derrett C. Smith, Kim.
Mary E. Dermody, Strasburg.
Leona E. Backus, Two Buttes.

ILLINOIS

Francis X. Hodapp, Bradley.
Singleton W. Ash, Canton.
Richard A. McAllister, Fairbury.
Wayne D. Herrick, Farmer City.
Thomas B. Raycraft, Normal.
John L. Anheuser, O'Fallon.
Charles F. Schmoeger, Peru.
James Shoaff, Shelbyville.

IOWA

John C. Wardlow, Montrose.
Walter W. White, Spirit Lake.

KANSAS

Louie Haller, Alma.
Archie D. Spillman, Buffalo.
Max Dolan, Clifton.
James Oscar Warren, Eskridge.
Clayton J. Connell, Fall River.
Henry W. Behrens, Lyndon.
Joseph S. Dooty, Melvern.
John L. Rogers, Quenemo.
Charles P. Gates, Wakefield.
Minnie J. Meidinger, Wathena.

NEW HAMPSHIRE

Michael J. Carroll, Laconia.
Julia L. Mayo, Lyme.

NEW YORK

Joseph J. Wienand, Alden.
Guy C. Hazelton, Coeymans.
Arthur I. Ryan, Delmar.
James E. Robinson, Hermon.
Elwyn S. Sloughter, Ithaca.
Frank J. Ball, Lancaster.
Edgar Griffin, Palenville.
Clifford J. Fleckenstein, West Valley.

OHIO

Florence M. DeChant, Avon Lake.
John R. Gunning, Chillicothe.
Frank E. Noland, London.
William Alexander, Miamisburg.
Louis J. Eberle, Nelsonville.

OREGON

Isaac R. Howard, Junction City.
Maud W. Thomas, Malin.
Sidney B. Powers, Molalla.

SOUTH CAROLINA

Bessie T. Cooper, Mayesville.
George H. Fogle, Ridgeville.
Olin J. Salley, Salley.

SOUTH DAKOTA

Warren S. Leeper, Blunt.
Amelia L. Rositch, Bowdle.
John H. Francis, Dupree.

VIRGINIA

Pitt M. Watts, Orange.
J. Frank Harper, Waynesboro.

WEST VIRGINIA

Samuel A. Cockayne, Glen Dale.
J. Bright Hern, Lewisburg.
Lewellen A. Douglas, Spencer.

WISCONSIN

Alfred J. Zorn, Elkhart Lake.
Raymond B. Hartzheim, Juneau.
Harry P. Bowen, Watertown.

HOUSE OF REPRESENTATIVES

TUESDAY, JULY 2, 1935

The House met at 11 o'clock a. m.

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

God be merciful unto us and bless us, and cause His face to shine upon us; that Thy way may be known upon earth; Thy saving health among all nations. Let the people praise Thee, O God; let all the people praise Thee. Oh, let the

nations be glad and sing for joy, for Thou shalt judge the people righteously, and govern the nations upon earth. Let the people praise Thee, O God; let all the people praise Thee. Then shall the earth yield her increase; God, even our own God, shall bless us. God shall bless us and all the ends of the earth shall fear him. Amen.

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

Mr. RANKIN. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

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

[Roll No. 113]

Bankhead	Dempsey	Higgins, Conn.	Ryan
Brown, Mich.	DeRouen	Kenney	Shannon
Bulwinkle	Dies	Lesinski	Sumners, Tex.
Cannon, Wis.	Dirksen	McLeod	Taylor, S. C.
Carter	Gasque	Oliver	Underwood
Cochran	Haines	Owen	
Cooley	Healey	Peyser	

The SPEAKER. Four hundred and three Members are present, a quorum.

On motion of Mr. TAYLOR of Colorado, further proceedings under the call were dispensed with.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had concurred in a concurrent resolution of the House of the following title:

H. Con. Res. 27. Concurrent resolution to print and bind the proceedings in Congress and in Statuary Hall upon the acceptance in the Capitol of the statue of Hannibal Hamlin, presented by the State of Maine.

HENRY GEORGE—SOUND ECONOMICS AND THE NEW DEAL

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

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

There was no objection.

Mr. ECKERT. Mr. Speaker, during the weeks and months that Congress has been in session much has been said on the floor of this House what was intended as a contribution to the cause of better government and greater economic security. The vexing problems now confronting the country have been ably and eloquently discussed from many angles. In the light of what has been said on these disturbing problems there comes a feeling of confusion and bewilderment.

Is the American Republic a failure?

Is our adventure in democracy doomed to defeat?

Have all the labors of the founders of this Nation been in vain?

Is the prophecy of Macaulay to be fulfilled? *

* In 1857 Lord Macaulay wrote a letter to H. S. Randall, biographer of Jefferson—a letter which President Garfield said startled him "like an alarm bell at night"—which reads in part as follows:

I have long been convinced that institutions purely democratic must sooner or later destroy liberty or civilization, or both. You may think that your country enjoys an exemption from these evils. I will frankly own to you that I am of a very different opinion. Your fate I believe to be settled, though it is deferred by a physical cause. As long as you have a boundless extent of fertile and unoccupied land your laboring population will be far more at ease than the laboring population of the Old World, and while that is the case the Jefferson politics may continue to exist without any fatal calamity. But the time will come * * * when wages will be as low and will fluctuate as much with you as with us. You will have your Manchesters and Birminghams, and in these Manchesters and Birminghams hundreds of thousands of artisans will assuredly sometime be out of work. Then your institutions will be brought to the test. * * *

I have seen England pass three or four times through such critical seasons as I have described; through such seasons the United States will have to pass in the course of the next century, if not of this. How will you pass through them? I heartily wish you a good deliverance. But my reason and my wishes are at war, and I cannot help foreboding the worst. * * *

I seriously apprehend that you will, in some such season of adversity as I have described, do things that will prevent prosperity from returning. There will be, I fear, spoliation. The spoliation will increase the distress. The distress will produce fresh spoliation. There is nothing to stop you. Your constitution is all sail and no anchor.

As I said before, when a society has entered on this downward progress, either civilization or liberty must perish. Either some Caesar or Napoleon will seize the reins of government with a strong hand, or your Republic will be as fearfully plundered and laid waste by the barbarians in the twentieth century as the Roman Empire was in the fifth, with the difference that the Huns and Vandals who ravaged the Roman Empire came from without, and that your Huns and Vandals will have been engendered within your own country by your own institutions.

These are some of the reactions that come to one as the result of some of the discussions that have engaged the attention of this House since January 3. And naturally the question mounts, "Is there no way out?"

Is there no guiding principle in the social theories of our time to point the way? We boast of ours as a scientific age. Of mathematics, chemistry, biology, and many other sciences we speak in terms of certainty and assurance. There our calculations and deductions are true and certain. Not so with the social sciences. To them in these moments of uncertainty and bewilderment we turn for light and guidance in vain. The science whose voice is the most important to civilized man in these moments of darkness and despair speaks in terms of doubt and confusion. She offers no guiding principle, no fixed standard of social behavior by which our policies and legislation can be checked and guaged. From the science that holds in its keeping the solution of the problems that in all civilized countries are crowding the horizon there comes no certain answer.

This House sometime ago had the privilege of listening to a very able, learned, and illuminating address directed to the historical development and the evolution of the social and economic progress of the new deal by the distinguished gentleman from New York, Dr. SIROVICH. We were reminded by our distinguished colleague that from the very dawn of civilization to the present day the many have always been exploited by the few; that methods have changed but that throughout the long, weary trek of man from ancient barbarism to modern civilization it is the same sad story of the few despoiling the many.

Our distinguished colleague called the roll of some of the pioneers in the great struggle of social justice. All honor to the brave souls who gave of heart and mind and body that others might live fuller, better, and nobler lives. It is to be noted, however, that among the honor roll of those who made contributions to the social thought of their time there does not appear the name of a single American. This roll is confined to Europe alone; and much credit is due the social thinkers of Europe for their contribution to the cause of social justice—especially the Manchester School of England and the physiocrats of France—whose work was largely responsible for the agitation both in America and in Europe that resulted in the independence of America and the abolition of royalty in France. From the teachings of Smith and the physiocrats the American revolutionists drew their strength and inspiration. Upon the principles underlying their philosophy the American Republic was founded; and, if she is to endure, our economic system must be developed in harmony with these two schools of thought.

There are those who say our modern economic system is so complex and so involved that the teachings of Smith and the physiocrats are outmoded; that the doctrine of laissez faire is obsolete; that the law of competition must not be allowed to function; that the natural laws of economics cannot be trusted. Happily there came upon the scene of economic discussion in 1879 a man who recast the scholastic political economy of his time and developed scientifically the teachings of Smith and the physiocrats. Some day this man will be accorded his rightful place in the niche of fame.

This man was born in 1839 within the shadow of Independence Hall in Philadelphia, and by the sheer force of his intellectual genius and love of truth, gave to the world in 1879 a treatise inquiring into the cause of industrial de-

pressions and increase of want with increase of plenty that is recognized by thinkers and scholars the world over as one of the greatest achieved by the genius of man. It has been described by an eminent American as a book—

That rests upon a granite pedestal of truth, face up, open for the thinking world to scan—a book matchless in logic, beautiful in diction, perfect in illustration, unchallenged and unchallengeable, unanswered and unanswerable; an everlasting monument to the intellectual and moral integrity of the man who wrote it.

Upon the occasion of the author's funeral in New York in 1897, eulogies were delivered by distinguished representatives of various creeds and nationalities. A contemporary, witnessing the last rites, wrote:

Voices from Plymouth's Congregation Choir sang the solemn hymns; Dr. Heber Newton read from the beautiful ritual that as boys he and the dead man had listened to each Sunday in old St. Paul's in Philadelphia; Dr. Lyman Abbott recounted the peerless courage; Rabbi Gottheil the ancient wisdom, John S. Crosby the civic virtue, and Dr. McGlynn feelingly and impressively said:

"The chair of the President of the United States were all too small for such a man! He was not merely a philosopher and a sage; he was a seer, a forerunner, a prophet, a teacher sent from God. And we can say of him as the Scriptures say: 'There was a man sent of God whose name was John.' And I believe that I mock not those sacred Scriptures when I say: 'There was a man sent of God whose name was Henry George.'"

The thinking world is beginning to bear witness of Henry George's greatness and genius. Let me call a few present-day witnesses. Dr. John Dewey, one of the world's greatest educators and philosophers, in speaking of this man, said:

It would require less than the fingers of the two hands to enumerate those who, from Plato down, rank with Henry George among the world's social philosophers.

Tolstoi affirmed:

People do not argue with the teachings of Henry George; they simply do not know it. And it is impossible to do otherwise with his teaching, for he who becomes acquainted with it cannot but agree.

Louis D. Brandeis said:

I find it very difficult to disagree with the principles of Henry George.

William Lloyd Garrison, 2d:

Henry George was one of the great reformers of the world. His conscience was active, his sympathies broad, his purpose indomitable, his courage unfailing, his devotion to principle absolute.

Woodrow Wilson:

All the country needs is a new and sincere thought in politics, distinctly, coherently, and boldly uttered by men who are sure of their ground. The power of men like Henry George seems to me to mean that.

Dr. John Haynes Holmes:

My reading of Henry George's immortal masterpiece marked an epoch in my life. All my thought upon the social question and all my work for social reform began with the reading of this book.

George Bernard Shaw:

I went one night, quite casually, into a hall in London, and I heard a man deliver a speech which changed the whole current of my life. That man was an American, Henry George.

Oswald Garrison Villard:

Few men made more stirring and valuable contributions to the economic life of modern America than did Henry George.

John Erskine:

I would say that the tax theories of Henry George have always seemed to me unanswerable, and I believe that when we have tried other forms of taxation long enough to be convinced of their injustice we shall be ready for his simple and convincing ideas.

Kathleen Norris:

Anyone who really fears a revolution in America ought to reread Henry George's Progress and Poverty, one of the great social documents of all time.

Helen Keller:

I know I shall find in Henry George's philosophy a rare beauty and power of inspiration, and a splendid faith in the essential nobility of human nature.

Newton D. Baker:

I am inclined to believe that no writer of our times has had a more profound influence upon the thinking of the world than Henry George.

Albert Einstein:

Men like Henry George are rare, unfortunately. One cannot imagine a more beautiful combination of intellectual keenness, artistic form, and fervent love of justice. Every line is written as if for our generation.

This is an indication of the estimate of the thinking world as to Henry George's place among social philosophers. As the years roll by this appraisement will grow firmer and deeper, for Henry George, unlike many other social reformers and would-be statesmen, tested his proposals by the hard rules of logic and, like a true scientist, followed truth wherever it might lead. In his economic explorations he was like a man who built a house and digged deep and laid the foundation upon a rock.

Henry George recognized, as everyone does, that with steam and electricity and modern labor-saving machinery the effectiveness of labor has been increased enormously, and he thought, as everybody did, that with the modern methods of production the condition of the laborer would be lightened; that the enormous increase in the power of production would make real poverty a thing of the past. But the facts about him disproved the expectations. And so he set himself heroically to the task of discovering the reason why the laborer, who is the creator of all wealth, should, with the increase of his power to produce wealth, find it more difficult to make a living. This fact has puzzled and baffled the thinkers of the modern world. At the time Henry George investigated the problem Thomas H. Huxley, contemplating this fact, exclaimed in despair:

I do not hesitate to express the opinion that if there is no hope of a large improvement of the condition of the greater part of the human family with the advance of progress, I should hail the advent of some kindly comet which would sweep the whole affair away as a desirable consummation.

Nicholas Murray Butler, president of Columbia University, in a recent commencement address, expressed his astonishment in these words:

Why is it that with all the progress which the world is making in so many directions—science, letters, fine arts, every form of industry, commerce, transportation—why is it that there still exists so much want, so much of all that, which for lack of a better name, may be summed up under the word "poverty."

Huxley, Butler, and others stand amazed and nonplussed in the face of this perplexing fact, while George, unperturbed and undismayed and with a faith beautiful and sublime in the rightness of things, makes a searching examination and, as a result, produces the one outstanding classic that has been written upon the subject of political economy. He did for social science what Copernicus did for astronomy, what Darwin did for biology.

The question, Why does the laborer not receive the full share of the wealth his labor produces? engaged Henry George in the preparation of his great book, Progress and Poverty. He recognized that a correct answer required correct and clear thinking and, as a true scientist, he proceeded first to define the elemental terms used in his reasoning. As the problem centered around wealth, he began by defining wealth as "natural products so secured, moved, combined, or altered by human labor as to fit them for human satisfaction", and discovered that in the production of wealth there are three factors, namely, land, labor, capital.

"Land" he defined as Mother Earth, the raw materials from which and out of which wealth is created by labor with the aid of capital, such as tools and machinery. The term "land" includes all natural opportunities or forces. It is the source of all wealth.

"Labor" he defined as human energy, exerted to satisfy human want, all human activity exerted in the production of wealth.

"Capital" he defined as wealth used for the production of more wealth, or wealth in course of exchange.

He made the observation that man comes into the world beset with physical needs; that he finds himself upon the surface of the earth on which and in which are found the elemental ingredients that sustain life; that man's primary need is food, clothing and shelter; that the earth is the storehouse from which his primary needs are obtained;

that they must be extracted from the earth and that this requires human exertion or labor. So, in the examination of the problem of the production and distribution of wealth, George discovered the simple fact that all wealth is produced by labor and that all wealth is produced from the earth—the natural resources—and that natural justice decrees that labor should be the recipient of the wealth which it produces. Abraham Lincoln, in his day, recognized this elemental fact and elucidated the principle in this fashion:

> Inasmuch as most good things are produced by labor, it follows that all such things ought to belong to those whose labor has produced them. But it has happened in all ages of the world that some have labored, and others, without labor, have enjoyed a large proportion of the fruits. This is wrong and should not continue.

Dr. SIROVICH, in his address already referred to, historically portrayed the story of the battle between those who labor and those, who without labor, enjoy a large proportion of the fruits—between the exploited and the exploiter. Through the mutations of time methods have changed, but the end has always been the same. The few get a large proportion of the fruits of the labor of the many. In the early history of the race, brute force was the means employed. This method, by gradual changes, gave way to the more subtle and furtive plan of legislative exploitation.

Albert Jay Nock, in an article in the Atlantic Monthly of July 1934, speaking of the principle that man attempts always to satisfy his needs and desires with the least possible exertion, comments as follows:

> A candid examination will show, I think, that this law is also fundamental to any serious study of politics. So long as the state stands as an impersonal mechanism which can confer an economic advantage at the mere touch of a button, men will seek by all sorts of ways to get at the button, because law-made property is acquired with less exertion than labor-made property. It is easier to push the button and get some form of state-created monopoly like a land title, a tariff, concession, or franchise, and pocket the proceeds, than it is to accumulate the same amount by work.

Nock here calls our attention to the discovery of Henry George that there are two kinds of property, and that these two kinds of property are wholly different in nature and origin. One is the product of industry, the other is the product of law. The product of industry is private property. The product of law is public property. Private property must be held inviolate, while public property must be treated and administered as public property. Grants of power or privileges are held by the few in derogation of common right and hence the first duty of government is to control and administer those grants or privileges in such fashion that the interest of the people will be safeguarded and protected. In this the Government in the past has been guilty of indifference, neglect, and incompetence. The beneficiaries of privilege were not slow in availing themselves of this remissness on the part of the Government and appropriated the social values of privilege or law-created property to their own private use. It is this fact that has enabled them to build private fortunes and financial empires that have been the astonishment and amazement of the modern world. To this fact many of our social ills may be traced. The public-utility companies, such as control transportation, communication, electric power, gas, water, and so forth, issued billions of dollars worth of securities that represent nothing save the capitalized value of their franchises or rights-of-way. In the franchises or rights-of-way the public-utility companies have no proprietary rights. Franchises are delegations of sovereign power and in no sense are private property. And now, when the people are beginning to assert their rights attaching to these privileges or law-made property, the public-utility companies are facing serious trouble and are accusing the Government of undue and unjustified interference with their business. The slave master made the same complaint during the agitation of the slavery question. But obviously, if the slave master had never transgressed the natural rights of the slave, there would have been no slavery question.

Likewise, if the public-utility companies had observed the rights of the people in the grants and privileges which they received at the hands of the Government, instead of using them for private gain, there would be no trouble ahead for the utility companies now. But, being guilty of conversion of the people's property by appropriating it to their own use, the penalty must be paid. The wrong must be righted.

The public-utility field is a shining example of a sector of the present economic order that is reeking with special privilege—with law-made property. Every public-utility company—whether in the field of transportation, electrical power, communication, gas, water, or any other utility engaged in a public service enjoys a privilege that automatically absorbs social benefits. The social benefits that attach to franchises or rights-of-way are socially created and ought to accrue to all the people. Under our present benighted dispensation of public housekeeping we graciously permit the few to appropriate for private use practically all the benefits. It is estimated by trustworthy authority that these benefits amount to billions of dollars annually. These billions are a direct exaction from legitimate capital and labor, and in the every nature of things must unbalance the economic order.

President Roosevelt, in his annual message to Congress, recognized the inequalities existing in our economic order when he said:

> We find our population suffering from old inequalities, little changed by past sporadic remedies. In spite of our efforts and in spite of our talk, we have not weeded out the overprivileged and we have not effectively lifted up the underprivileged.

This is a Presidential challenge of the association of poverty with progress. It is the same challenge that confronted social thinkers and statesmen for the past hundred years. Henry George stated the challenge in these words:

> This association of poverty with progress is the great enigma of our times. It is the central fact from which springs industrial, social, and political difficulties that perplex the world and with which statesmen and philanthropists and educators grapple in vain. From it come the clouds that overhang the future of the most progressive and self-reliant nations. It is the riddle which the sphinx of fate puts to our civilization and which not to answer is to be destroyed.

For an answer to the riddle of the sphinx of fate, we must look to the natural laws of the distribution of wealth. George discovered the natural laws of distribution to be the law of rent, the law of wages, and the law of interest.

"Rent" he defined as meaning "the net profit of the use of land; that is, that portion of the products of labor and capital that must be yielded to the landowner for the permission to use his land."

"Wages" he defined as meaning "that part that is paid to the worker and constitutes the reward of human exertion."

"Interest" he defined as meaning "the part that is paid to the owner of capital and constitutes return for the use of capital."

In the operation of these laws he saw clearly what others are beginning to see dimly now. He saw that the values attaching to franchises are simply a manifestation of the law of rent and that wherever this law expresses itself there are to be found social benefits—benefits that rightfully belong to the people. He saw clearly what is beginning to dawn dimly upon the minds of many people now, that values attaching to land anywhere are social benefits that rightfully belong to the people.

To illustrate the operation of the laws of distribution, let us suppose a worker applies his labor to free land by gathering nuts or berries. The nuts or berries gathered would constitute his wages, and the economic equation would be: Wages equal wealth.

In time he used containers in which to put the nuts or berries. Then capital appeared and the equation became: Wages plus interest equal wealth.

Finally, as the community increased, the value of land became private property and immediately tribute was levied on the worker for the privilege of gathering nuts or berries. Then the equation became: Rent plus wages plus interest equal wealth.

And thus it stands today. All products of labor and capital are divided among the landowner as rent, the laborer as wages, and the capitalist as interest. Since all wealth

is distributed as rent, wages, and interest, it is clear that whatever is meted out to any one factor leaves that much less to be divided between the other two, and the proportion on which the allocation is made affects the prosperity, progress, and stability of society. Furthermore, whether rent is paid to the privileged few who own the earth inside and out, or paid in whole or in part for the support of government, would make a vast difference to capital and labor, which in the latter case would receive easement from extortionate prices and relief from multitudinous taxes. But if rent is paid exclusively to privilege, it will tend to absorb the earnings of capital and labor, bringing about depressions, and economic disasters, followed by the decline of civilization, as proved by ruins on the highway of history.

In a speech delivered on the floor of this House on the 9th day of January 1935, Mr. EATON, our distinguished colleague from New Jersey, made the striking observation:

> The President of the United States says we have not "weeded out the overprivileged." This is a fateful statement for the Chief Executive of this Nation to make. Whom does he mean by the "overprivileged" and how does he propose to weed them out? Is he going to weed them out by confiscation of their property? Is he going to weed them out by taxing them on a different basis than other citizens?
>
> How is he going to weed them out, and who are the overprivileged? Let us ask a question or two. Supposing a gentleman is fortunate enough to have had intelligent ancestors who invested in real estate, we will say, for example, on Manhattan Island, and now, without having lifted a finger in productive toil or produced a dollar, he is able to enjoy the privilege of a million-dollar yacht, a city mansion, and a country estate. Does the President hold this gentleman to be overprivileged? I think, myself, he is. But how, by fair and constitutional methods, are you going to get rid of him?

I agree with our distinguished colleague from New Jersey. I think he is entirely correct. The gentleman in this case, who happened to select intelligent ancestors is one of the overprivileged. The privilege he enjoys enables him to ride the seven seas in a million-dollar yacht, live in a city mansion, enjoy a country estate, and all this without lifting a finger in productive toil. A million-dollar yacht, a city mansion, a country estate represent the fruits of thousands of toilers. The gentleman who selected intelligent parents is enjoying the fruits of other men's toil as surely and effectively as the slave owner enjoyed the fruits of the labor of his slaves. Yea, even more so, for the slave master was bound to maintain his slaves, while the gentleman who selected intelligent parents is free from that burden and trouble. Lincoln said:

> To enjoy the fruits of other's toil without labor is wrong.

We all know it is wrong. The institution of slavery became offensive to a large portion of the people of America, and, after a long, bitter, and devastating struggle, it was abolished. Today the method of getting the fruits of other's toil is subtle and furtive. Yet the results are the same. The producer is robbed of the products of his toil. There are indications that the modern method of the exploitation of the producer is becoming offensive to the people of America, the same as slavery. The fact that a person by the mere ownership of a privilege, such as a franchise, a title to a valuable land site, or other governmental concession, can, without lifting a finger in productive toil or adding a dollar to the national income, sport a million-dollar yacht, live in a city mansion, and enjoy a country estate is beginning to put the country on inquiry as to its ethical and economic soundness.

Our worthy colleague from New Jersey asks:

> Is he going to weed them out by the confiscation of their property? Is he going to weed them out on a different basis of taxation than other citizens?

I yield to no one in my respect for a genuine capitalistic system of production and for the institution of private property. I hold that they are sound and the institution of private property inviolate. I stand with Henry George in the statement—

> This and this alone I contend for—that he who makes should have; that he who saves should enjoy. I ask in behalf of the poor nothing whatever that rightfully belongs to the rich.

But, like George, I recognize that there are two kinds of property—private property and public property. Private property, let me repeat, is the product of industry. Public property is the product of law. The product of industry is the result of the application of labor and capital applied to the natural resources and is rightfully private property, for the natural basis of private property is production; while the products of law are legal privileges, such as rights-of-way, an estate in land, or other grant or power from the State. Such grants constitute public property.

It is the duty of government to protect the citizen in the full enjoyment of his rightful private property. It is the function of government to administer public property in the interest of all the people. In the execution and administration of these functions the Government has lamentably failed in the past. It has neither protected the citizen in the full enjoyment of his private property nor administered the public property in the interest of all the people. On the contrary, it has invaded the rights of the citizen in the use of private property by collecting for public revenue a large percentage of the products of his toil and permitted the profits of public property from which public revenue ought to be derived, to be appropriated by certain groups of citizens for their private use. For example, a franchise for the use of the streets of a city granted to a public-utility company has a great value—a value that inherently belongs to the people. Yet, under the custom that prevails, the social values attaching to public-utility franchises are capitalized and appropriated for private use. This is a wrong that cries to high Heaven and must be reformed. This iniquitous practice enables the possessors of public-utility franchises to acquire gigantic fortunes without lifting a finger or adding a penny to the national income. It is a gross and palpable remission on the part of the Government in the performance of its rightful and proper functions, and is one of the primary causes of the unjust distribution of wealth and the resultant unemployment and social unrest.

The American Republic was founded on the principles of freedom and equality. Thomas Jefferson set forth as a cardinal tenet of genuine democracy that "equal and exact justice must be done to all men." Abraham Lincoln envisioned the Republic as having been "conceived in liberty and dedicated to the proposition that all men are created equal"; and Woodrow Wilson declared that "America stands for a free field and no favors."

In order to meet the standards set up by these eminent Americans, as well as the founding fathers, involving as they do the problem of establishing justice, preserving the blessings of liberty, maintaining economic freedom for all, our social system must be developed in a way so that the social benefits attaching to land and rights-of-way due to organized government and progress will be diffused equally among all the people.

Henry George demonstrated beyond a doubt that the major social benefits due to government and progress are reflected in the value of land and rights-of-way. These benefits are an expression of the economic law of rent. Rent is the automatic reflector of social benefits as well as the absorber of social benefits. It is clear that if these benefits are left in private hands the few will get what ought to accrue to the many. Since they are common benefits, they must be diffused equally among all the people. Therefore, the simple and rational way to bring this about is to socialize the thing in which all modern methods of production are reflected; that is, the capitalized value of land and rights-of-way.

And so, as a remedy for the paradoxical problem of want and starvation in the midst of plenty, Henry George proposed the simple device of collecting for public use the economic rent of land and rights-of-way.

It might be well to remind ourselves that in all our efforts to build our economic order on the basis of social justice, the power of taxation can be used more effectively to achieve this end than any other power of government. In a celebrated case, the Supreme Court of the United States said:

> The power to tax is the one great power upon which the national fabric is based. It is not only the power to destroy, but also the power to keep alive.

This dictum of the Supreme Court contains a very important and vital truth that statesmen, if they want America to develop upon principles of freedom and equality, must learn to apply wisely and sanely. The incidence of taxation is a very vital factor in the upbuilding of human society. It may be used as the Supreme Court has said, to destroy, but it can also be used to keep alive. Wisdom would dictate that it be used in such fashion that the prosperity and happiness of the people will be promoted. Inasmuch as the social benefits of government and progress are absorbed in the value of land and franchises, would not reason and natural justice dictate that the social benefits be taxed for the use of all the people? The question, by what constitutional means are the overprivileged to be weeded out, is quite pertinent. The answer is found in the case of Providence Bank against Billings, in which Chief Justice Marshall said:

Land, for example, has in many, perhaps all, of the States, been granted by Government since the adoption of the Constitution. This grant is a contract, the object of which is that the profits issuing from it shall inure to the benefit of the grantee. Yet the power of taxation may be carried so far as to absorb these profits. Does this impair the obligation of contracts? The idea is rejected by all.

So it would seem that under existing law the Government has the power to take for public use all the benefits issuing from land and franchises. By taking for public use the social benefits that are absorbed by land, by franchises, and by other governmental concessions, the products of capital and labor would be distributed honestly and equitably, and with the products of labor distributed honestly among producers, the purchasing power of the people would be immeasurably increased and consumption limited only by the people's willingness to work and produce. Under this plan production and consumption would automatically balance and the problem of involuntary unemployment solved.

It is estimated by reliable authority that the exactions of privilege in normal times absorb one-third of the national income. In other words, if the national income per year is $60,000,000,000, the privileged interests—those who possess the power to appropriate the social benefits attaching to governmental concessions, receive, without lifting a finger in productive toil, $20,000,000,000 of the products of capital and labor. From this vast quantity of the products of capital and labor government ought to appropriate enough for all public purposes and then the business-wrecking and depression-breeding taxes now levied upon the products of capital and labor could be abolished.

The claim is not made that the collection of all public revenue from the social benefits attaching to legal privilege would solve all our economic ills. But it is claimed that we cannot get rid of our basic troubles without doing so. Henry George himself made the same claim and concession in these words:

I do not say that in the recognition of the equal and unalienable right of each human being to the natural elements from which life must be supported and wants satisfied, lies the solution of all social problems. I fully recognize that even after we do this, much will remain to do. But whatever else we do, as long as we fail to recognize the equal right to the elements of nature, nothing will avail to remedy that unnatural inequality in the distribution of wealth which is fraught with so much evil and danger. Reform as we may, until we make this fundamental reform our material progress can but tend to differentiate our people into the monstrously rich and the frightfully poor.

Manifestly our major economic ills center around the problem of the distribution of wealth. We have observed that all wealth is the creation of labor, and by every rule of logic, reason, and justice labor ought to be the recipient of its products. It has been noted, however, that a large portion of the products of labor are enjoyed by those who do not labor. The conscience of the Nation is awakening to this fact, and the cry is everywhere heard that the parasites—the drones, those who have and enjoy but do not labor nor create—must be removed from our economic order. The American people are determined to weed out the parasites, the overprivileged. This is a sign of promise for the future. But this task must be approached in a spirit of justice and fair dealing. The indiscriminate sharing of the wealth of the Nation, as proposed in ever so many ways, is an offense against the moral sanctions of mankind. The problem must be solved in the spirit of reason and natural justice, and therefore the distribution of the fruits of productive effort must have the sanction of good morals and sound economics. In order to escape the pitfalls that beset the indiscriminate distribution of wealth by such proposals as " soak the rich ", " share the wealth ", " revolving pension funds ", " limitation of income ", and the like, we can well afford to turn to the natural laws governing the distribution of wealth, for these laws, when allowed to function freely and normally, will neither favor nor harm the richest or the poorest.

The Roosevelt administration is making a sincere and earnest attempt to solve the problem of distributing the national income. This is the first time in all the years of our national existence that a Federal administration deliberately set itself the task of grappling seriously with this age-old problem. In the years gone by the Government at Washington was concerned little, if any, about the problem of social justice or the rights of the citizen to the bounty of nature. Given a great and wealthy domain, the Government at Washington, during all the years of our national life, was content to let its fabulous possessions to be ravaged by the adventurous and the strong. It was open season for the plunderers and the despoilers of our land. Timber, oil, coal, mineral, urban, agricultural, and grazing lands in all sections of the Nation, and rights-of-way over the city streets and country highways were seized and appropriated by private individuals and corporations. Opportunities that these natural resources for self-improvement and self-advancement offered are now available only on the payment of a handsome ransom. The resources of the Nation are now in the grip of a comparatively few, and these few have possession of the economic life of the people. Serious and intelligent consideration must be given the problem of not only asserting but restoring to the citizen his rights to the social benefits attaching to the bounty of nature, for this is the fundamental reform upon which the success of all other reforms depend.

The new deal, in its deeper meaning, is a long-range program. It is designed to serve a dual purpose: First, temporary recovery; and second, permanent social justice. Much has been done in the name of the new deal for temporary recovery. Some steps have been taken looking toward permanent social justice and others are in contemplation. That every measure proposed either for temporary relief or permanent recovery is sound is not to be expected. No one pretends that the new deal is perfect. Attempts will be made to achieve its purpose that will seem awkward, futile, and illogical. It no doubt contains features that are undemocratic. These, by trial and error, can be discovered and eliminated, and only those in harmony with sound economics and genuine democracy retained. This is the task ahead for the new deal.

In a letter to President Roosevelt upon the adjournment of the extraordinary session of the Seventy-third Congress, I said:

In your speech, The Philosophy of Government, delivered before the Commonwealth Club, San Francisco, September 23, 1932, you stated: " Government includes the art of formulating a policy and using the political technique to attain so much of that policy as will receive general support; persuading, leading, sacrificing, teaching always, because the greatest duty of a statesman is to educate."

But in teaching, persuading, leading, we must be sure of our ground. There is in social affairs a natural order, and it is the duty of the statesman to discover and follow it. Not to discern clearly and distinctly the natural order is fraught with danger. When the natural order is clearly perceived, the task of steering the ship of state is as sure and certain and definite as the control of an ocean greyhound under the guiding hand of a skilled and trained navigator.

The program set up by the administration in the present crisis may be likened to the work of a certain railroad company that recently erected a bridge across the Ohio River at Steubenville, Ohio. The new bridge was built on the foundations of the old, and during the entire period of the construction of the new bridge not a single train was delayed, nor traffic interrupted in any way. The old bridge and the new in the course of construction were so flanked with temporary trestles that both the old and the new structures lost their semblance as bridges. But after the temporary trestles and the old bridge were removed the structure was there in all its beauty, grandeur, and strength. And so let us hope that the work of the administration thus far is but a temporary

device set up for use while the permanent structure of social justice is being fashioned and molded and constructed in harmony with the great order of things.

"For there is in human affairs one order which is the best. That order is not always the order which exists, but it is the order which should exist for the greatest good of humanity. God knows it and wills it; man's duty it is to discover it and establish it."

The new deal, in its deeper aspect, is designed to end the exploitation of the many by the few; to permanently weed out and eliminate the parasites and overprivileged; to forever silence the threnody of unrequited toil; to bring equal opportunity and economic freedom to all; and to make America in fact what it is in name, a land of "equal rights for all, special privileges for none."

To the task of developing, amplifying, and perfecting the new deal in its deeper meaning let us dedicate our political activities in the years ahead, and for light and leading and guidance we are privileged to drink deep at the fount of economic truth as revealed in the inspiring message of Henry George.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to address the House for 4 minutes.

The SPEAKER. The Chair hopes the gentleman will withhold that request until after the disposition of the pending matter.

Mr. HOEPPEL. I withhold the request, Mr. Speaker.

PUBLIC UTILITY ACT OF 1935

Mr. RAYBURN. 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 (S. 2796) to provide for the control and elimination of public-utility holding companies operating or marketing securities in interstate and foreign commerce and through the mails, to regulate the transmission and sale of electric energy in interstate commerce, to amend the Federal Water Power Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2796, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The question now recurs on the adoption of the committee amendment to the Senate bill.

Mr. CROSSER of Ohio. Mr. Chairman, I again ask unanimous consent to revert to page 229, for the purpose of offering an amendment. I have talked with the gentleman from Ohio [Mr. COOPER] about it and I think he agrees that what I am suggesting ought to be done.

Mr. SNELL. Mr. Chairman, reserving the right to object, let the amendment be reported.

The CHAIRMAN. The Clerk will report the proposed amendment.

The Clerk read as follows:

Amendment offered by Mr. CROSSER of Ohio: Page 229, line 11, after the word "person", insert a comma and the words "State, or municipality."

Line 13, strike out the words "of such person" and insert the word "thereof" in lieu thereof.

Mr. SNELL. Mr. Chairman, this bill will go to conference and I shall object to going back.

Mr. CROSSER of Ohio. Mr. Chairman, will the gentleman reserve his objection to let me explain the matter?

Mr. SNELL. I reserve it, Mr. Chairman.

Mr. CROSSER of Ohio. Both the Senate and the House bills are identical on this matter and therefore it will be impossible to change the language in conference. This is the reason I am anxious to have the amendment adopted and I really think it is what the gentleman from Ohio [Mr. COOPER] and the folks on that side would like to do. This amendment requires municipal corporations to be supervised like all other corporations.

Mr. SNELL. Mr. Chairman, I object.

Mr. CROSSER of Ohio. Then, Mr. Chairman, I submit another amendment and ask unanimous consent for its consideration.

The CHAIRMAN. The Clerk will report the proposed amendment.

The Clerk read as follows:

Amendment offered by Mr. CROSSER of Ohio: Page 229, lines 11 to 13, strike out subsection (5) and renumber the succeeding subsections accordingly.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to return to page 229 for the purpose of offering the amendment which has just been reported. Is there objection?

Mr. COOPER of Ohio and Mr. WADSWORTH reserved the right to object.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman explain this amendment?

Mr. CROSSER of Ohio. Mr. Chairman, the only purpose of this amendment is to do what the other amendment would have done more satisfactorily. Since we do not have municipal corporations included under the definition contained in the bill, this amendment proposes to strike out subsection (5) and in this way we will not discriminate against private corporations in favor of municipal corporations.

Mr. COOPER of Ohio. Do I understand the gentleman from Ohio to say that the last amendment he offers will do the same thing that the amendment which was just objected to would do, but in a little better way?

Mr. CROSSER of Ohio. No; the language of the bill as it now stands specifically leaves out municipalities. If my other amendment had been adopted it would have included municipalities, so they would be supervised with regard to accounting, and so forth, just like private corporations. This will not be true as the bill now stands, and I really should think the gentleman from Ohio and the gentleman from New York would want this amendment more than myself.

Mr. WADSWORTH. Mr. Chairman, reserving the right to object, may I ask the gentleman from Ohio this question. Does his last amendment strike out the entire definition of licensee?

Mr. CROSSER of Ohio. Yes; paragraph (5), which defines licensee, does not include municipal corporations.

Mr. WADSWORTH. Then if the last amendment offered by the gentleman is adopted, there will not be any definition of licensee in the bill?

Mr. CROSSER of Ohio. That is right.

Mr. WADSWORTH. Then where do we get?

Mr. CROSSER of Ohio. We have corporations, persons, and so on.

Mr. WADSWORTH. The word "licensee" is used very often throughout this bill, and if you strike out the definition of "licensee" you will cast the bill in doubt.

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

Mr. COOPER of Ohio. Mr. Chairman, if what the gentleman from New York has said is true, I shall have to object.

The CHAIRMAN. The gentleman from Ohio objects.

The question now recurs on the adoption of the committee substitute for the Senate bill.

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

Mr. Chairman and members of the Committee, we are going to vote now on the motion to substitute the House bill for the Senate bill. Those of us who are opposed to the House bill will vote "no." If we vote down this motion, then the vote recurs on the adoption of the Senate bill, and then our vote will be "aye." If that vote is carried, then the bill goes to the White House. It does not have to go to conference.

On the other hand, if you vote "aye" on this motion and it is carried, you are voting for the House bill, which is the very bill that the Power Trust wants as against the Senate bill.

Mr. DINGELL. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. DINGELL. Does the Senate bill have any control provision over the pipe lines?

Mr. RANKIN. The gentleman knows what the Senate provision does. Those of you who are with us know that it comes down to a vote for the people or the Power Trust. A vote

for the Senate bill is a vote for the American people and against the Power Trust. [Applause.]

The first roll call will come on adopting the House bill as a substitute for the Senate bill. That vote will show where every Member stands—whether he is with the administration or with the Power Trust.

Our vote will be "no." The Power Trust vote will be "aye."

If we win on that roll call and defeat the motion to substitute the House bill for the Senate bill, then the next vote will be on the passage of the Senate bill.

On that proposition our vote will be "aye"; the Power Trust vote will be "no."

If we win on that vote, then the bill will go directly to the White House and become the law.

Mr. RAYBURN. Mr. Chairman, I owe it not only to myself, but I owe it to the Members of the House on both sides of the aisle who stood alongside me yesterday on the vote on section 11, to make this statement. I have stated in this debate that there were provisions in the Senate bill that I liked better than I did the provisions in the House bill. I gave evidence of that yesterday.

I also stated that I thought many provisions in the House bill have been better considered than those in the Senate bill, and therefore I stood for them.

Therefore, I cannot vote to substitute the entire Senate bill for the entire House bill. [Applause.]

Furthermore, when this roll is called you are going to further tie the hands of the House conferees. You are going to make it more impossible for the Senate committee to yield for the House committee measure and to get any sort of a bill. I feel, therefore, that I owe it to those who have known my position to make this statement. I now yield to the gentleman from New York.

Mr. SNELL. The chairman of the committee in the Senate has announced publicly that the Senate will never yield. Why are we making it any harder to get a bill if we vote direct on the substitutions?

Mr. RAYBURN. Well, I think sometimes we talk off the record. [Laughter.]

Mr. McFARLANE rose.

Mr. RAYBURN. I yield to the gentleman from Texas.

Mr. McFARLANE. I wish the gentleman would point out just what specific provision in the House bill is better than the specific provision in the Senate bill. I think that every amendment of the House bill to the Senate bill has greatly weakened it.

Mr. BLANTON. That can be left to the chairman of the committee.

Mr. RAYBURN. There are thirty-odd sections in this bill, and the most remarkable thing that we have seen in this House occurred the other day when 10 vitally important sections of the bill were read in the House and but two small amendments were offered, and one of them, after consideration, withdrawn.

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

Mr. RAYBURN. Yes.

Mr. DINGELL. We are very much interested in the control of natural-gas pipe lines, one of the biggest violators and the biggest obstacle in the way of some of the large cities getting natural gas. That title has been stricken from the House bill.

Mr. RAYBURN. Yes; it was stricken from the House bill in committee on a vote of 11 to 12.

Mr. DINGELL. Would the gentleman tell me whether that has any chance of reinstatement?

Mr. RAYBURN. It will not be in conference. There is no chance to consider it.

Mr. DINGELL. Has the committee anything in mind to bring that out at any future day?

Mr. RAYBURN. One of the reasons of those who opposed putting title III in the bill was that the Federal Trade Commission was making a thorough investigation of the subject, and their hope was to report on the matter next December or January. Under Dr. Splawn, however, the argument on the other side, which was made by me and the others, was that he had made a very thorough investigation of it, and we have enough facts, therefore, on which to put title III in, but we were not able to do it.

Mr. DINGELL. The Senate bill contains no such provision.

Mr. RAYBURN. It contains no title III.

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

Mr. RAYBURN. Yes.

Mr. WOODRUM. In order to understand a little more clearly the gentleman's position, as I understand it, the question we vote on now is whether or not we shall substitute the House bill for the Senate bill. I understand the gentleman's position to be that he will support the House bill as against the Senate bill.

Mr. RAYBURN. My position is this: I should like to see this bill in conference. I have pointed out a great many things in both bills. I think there are frailties in the House measure and also in the Senate measure, but I think we can do a better job in conference than we can here.

Mr. COOPER of Ohio. Mr. Chairman, I rise only to say that after weeks and weeks of consideration of this measure in the Committee on Interstate and Foreign Commerce, the committee was never permitted to take a direct vote as to whether or not we were for the "death sentence." You could not have gotten the bill out of the Committee on Interstate and Foreign Commerce with the "death sentence" in it. It is not a question this morning of what the Senate has done. The question we have to consider is the work of the House committee after almost 5 months, working night and day on the bill. [Applause.] Then again, my good friend, the chairman of the committee, said it would be impossible to get the conferees of the House and the Senate together if we passed the House bill. I remind the House that the "death sentence" provision in the Senate bill was adopted by only 1 vote in the Senate, so the House and the Senate cannot be very far apart on this great question.

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

Mr. COOPER of Ohio. That is all I have to say.

Mr. HOEPPEL. Mr. Chairman, I rise in opposition to the pro forma amendment. Before a vote is taken on this bill I think the Membership should know something in reference to the pressure which is directed against Members who appear to be in opposition to the President's plan. I received the following telegram this morning:

LOS ANGELES, CALIF., *July 2, 1935.*

Hon. JOHN H. HOEPPEL,
Member of Congress, Washington, D. C.:

Please do not fail to vote for legislation against utility holding company. Democratic Party of California expects you to support the President's righteous stand on this issue. Failure to do so would be great disappointment to your constituency. Kind regards.

CULBERT L. OLSON,
Chairman Democratic State Central Committee.

I understand that another Representative from Los Angeles County, who, like myself, voted against the "death sentence" in this measure, received a similar telegram. I have the highest regard for Mr. Olson, the chairman of our Democratic State committee and hope that he may be our next Governor. I do not know whether he was inspired by the administration to send this telegram to me, but I do know that the administration did not give our party the proper support last year, and as a result we now have a Republican Governor in California.

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

Mr. HOEPPEL. One more important point, my friend. From a source which I will not divulge, it was brought to my attention today that the relief funds for California may be more liberal in the event I support the President in his "righteous stand." I also received a telephone call from the head of a certain organization of California, apparently inspired by the administration, requesting that I support the President.

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

Mr. HOEPPEL. For the information of the House, I wish to state that the dangling before my eyes of relief funds for our impoverished citizens will not impel me to desert or

deviate from what I consider to be my duty as a Representative—that is, to vote without coercion and according to the dictates of my conscience and in what I consider to be the best interests of all the people. The mere fact that pressure of this sort is being directed toward Representatives who voted yesterday against the "death clause" is a danger signal to democracy, and, in my opinion, there is no longer any necessity for a Congress of the United States if we are to be controlled on legislation before us by pressure from administrative sources.

I am not in favor of destroying wealth, but I do believe in regulation. If we wish to be fair with the investors of America, I would suggest that all holding companies be incorporated under Federal laws and that regulation, through taxation and other methods, should be sufficient.

I wish to go on record as one Democrat from the State of California who will not sell his vote for a mess of pottage or patronage.

Mr. BLANTON. Mr. Chairman, I offer the following preferential motion, which I send to the desk.

The Clerk read as follows:

Mr. BLANTON moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The gentleman from Texas moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out. The gentleman from Texas is recognized for 5 minutes.

Mr. BLANTON. Mr. Chairman, I have made this motion in order to get the floor, so as to enable me to emphasize and make plain the position taken by our Chairman of the Interstate and Foreign Commerce Committee [Mr. RAYBURN]. I am backing the chairman of our committee.

I am uncompromisingly against the holding companies controlling the utilities of this Nation. I am in favor of putting teeth into this bill. I am in favor of this Government properly regulating and controlling all utilities, and of abolishing and putting out of business all unnecessary and improper holding companies.

But the main question now before us is how is the best way to bring that about. In the teller vote yesterday, we were defeated by a decisive vote. We who insisted on putting teeth in this bill were outvoted. If we press our issue here again today, we are going to be outvoted again, under the present atmosphere and environment, and we will not accomplish what we desire.

Sometimes it is necessary for a good general to retreat temporarily. The chairman of our committee has made a good fight both in his committee and on this floor. He deems it best just now to make a strategical retreat. He thinks it is best to pass the House provisions and let the bill go to conference, as there are some sections of the House bill which are better than the Senate bill, and there are some sections of the Senate bill which are better than the House bill, and such action will put the provisions of both bills in conference, and there our committee chairman can make his fight for a proper bill to bring back to the House. Therefore, I am going to back our chairman, and vote with him to let the House bill pass.

Our chairman has given his time and attention assiduously to this bill. He knows exactly what he has in mind when he made the statement a moment ago. I think that those of us, including the gentleman from Mississippi——

Mr. McFARLANE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. McFARLANE. The gentleman has made a motion to strike out the enacting clause, and then he is speaking against his own motion.

Mr. BLANTON. Mr. Chairman, I have the right to use my own method of debate.

The CHAIRMAN. The gentleman from Texas will proceed in order.

Mr. BLANTON. Certainly. This bill is in such position that I think in case my motion should not prevail, and I know it will not, we should vote for the House bill, as the gentleman from Texas [Mr. RAYBURN] says he wants us to do. He is our leader in this matter. [Applause.] He is our Democratic leader respecting this legislation now before us. [Applause.]

Mr. MONAGHAN. Will the gentleman yield?

Mr. BLANTON. No. I am sorry. Mr. Chairman, I am going to follow our Democratic leader [Mr. RAYBURN].

Mr. O'MALLEY. Mr. Chairman, a point of order. The gentleman is not speaking to his motion.

The CHAIRMAN. The gentleman from Texas has the floor and will proceed in order.

Mr. BLANTON. Surely, I have the floor, and I know how to proceed in order.

Mr. Chairman, in case my motion should not prevail, and I know it will not prevail, because I am going to vote against it myself, this is what will happen: If we vote for the House bill, then we surely will have the Republicans with us on that, and then all of the provisions of the Senate bill will go to conference, and when that bill comes out of conference I predict the gentleman from Texas, the great chairman of this committee [Mr. RAYBURN], and his other conferees will bring back to us a bill that the majority of the Members of this House will be satisfied with and can vote for, even my friend from Mississippi [Mr. RANKIN], with whom I voted in the teller vote yesterday and with whom I stand shoulder to shoulder in fighting Power Trusts. [Laughter and applause.]

Mr. RANKIN. Oh, no; you do not. [Laughter and applause.]

Mr. BLANTON. Yes; I do. But I have got sense enough, Mr. Chairman, to use a little strategy [applause and laughter] in order to get proper legislation through this House.

Mr. McFARLANE. Will the gentleman yield?

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to withdraw my motion to strike out the enacting clause.

Mr. MARCANTONIO. Mr. Chairman, I object.

Mr. RANKIN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard to the request of the gentleman from Texas [Mr. BLANTON] to withdraw his motion.

The Chair recognizes the gentleman from Massachusetts [Mr. CONNERY] for 5 minutes.

Mr. CONNERY. Mr. Chairman, I have the highest respect for my friend and colleague, the Chairman of the Committee on Interstate and Foreign Commerce [Mr. RAYBURN]. I regret that I cannot go along with him today. I think today we are facing one of the most important votes that we have faced, at least in my time in Congress in the last 13 years.

I do not suggest to any Member of this House how he should vote, or attempt to guide any Member of this House. Yesterday when I stood down in the Well of the house I explained afterward to my colleagues the reason why I mentioned the stand of the American Federation of Labor on this bill. [Applause and laughter.] That reason was that many Members had asked me not my position but the position of the American Federation of Labor, and for that purpose I expressed that position as it was made known to me.

Today it seems to me in this vote we are deciding for 125,000,000 people of the United States whether the power interests of the United States are going to continue to run this our country roughshod or whether the United States Government is going to run the country. [Applause.]

I repeat, I think it the most important vote we have been faced with in this House in many years. I hope the House will stand with President Roosevelt in his great fight against the Power Trust and vote down this motion when it is made, to substitute the House amendment for the Senate bill. I think this is a mighty battle between the United States Government and the Power Trust, and I hope, for the sake of the great masses of the people exploited and strangled by the Power Trust octopus of big business that the United States Government wins this all-important battle here and now. [Applause.]

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

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. CONNERY] has expired. All time has expired.

The question is on the motion of the gentleman from Texas [Mr. BLANTON] that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The question was taken; and on a division (demanded by Mr. MARCANTONIO, Mr. O'MALLEY, and Mr. PATMAN) there were ayes 1 and noes 82.

So the motion was rejected.

Mr. RANKIN. Mr. Chairman, I move to strike out the section.

The CHAIRMAN. The Chair is unable to recognize the gentleman from Mississippi. All debate has expired.

The question now recurs to the adoption of the committee substitute for the Senate bill.

Mr. MARCANTONIO. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. RAYBURN and Mr. MARCANTONIO to act as tellers.

The Committee divided; and the tellers reported there were ayes 246 and noes 133.

So the committee substitute was agreed to.

The CHAIRMAN. The Committee rises under the rule.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 2796, the Public Utility Act of 1935, pursuant to House Resolution 276, he reported the same back to the House with an amendment.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee substitute adopted in the Committee of the Whole? If not, the question is on the adoption of the amendment.

Mr. SNELL. Mr. Speaker, on the adoption of the amendment I ask for the yeas and nays.

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. If this motion is voted down, then the Senate bill will be before the House for passage. That is correct, is it not?

The SPEAKER. That is correct.

Mr. RANKIN. Then our vote is nay.

The question was taken; and there were—yeas 258, nays 147, not voting 24, as follows:

[Roll No. 114]

YEAS—258

Adair	Carmichael	Duffey, Ohio	Greever
Allen	Carpenter	Duffy, N. Y.	Griswold
Andresen	Cary	Duncan	Guyer
Andrew, Mass.	Casey	Dunn, Miss.	Gwynne
Andrews, N Y.	Cavicchia	Eagle	Haines
Arends	Celler	Eaton	Halleck
Ashbrook	Chapman	Edmiston	Hancock, N. Y.
Bacharach	Christianson	Ekwall	Hancock, N. C.
Bacon	Church	Engel	Harlan
Barden	Claiborne	Englebright	Hart
Beam	Clark, Idaho	Evans	Harter
Bell	Clark, N. C.	Faddis	Hartley
Berlin	Coffee	Farley	Hennings
Blackney	Cole, Md.	Fenerty	Hess
Bland	Cole, N. Y.	Fernandez	Higgins, Mass.
Blanton	Collins	Fiesinger	Hobbs
Bloom	Cooper, Ohio	Fish	Hoeppel
Boehne	Corning	Fitzpatrick	Hoffman
Boland	Costello	Focht	Hollister
Bolton	Crawford	Frey	Holmes
Boylan	Crosby	Fuller	Hope
Brennan	Crowther	Fulmer	Houston
Brewster	Culkin	Gambrill	Huddleston
Brooks	Cullen	Gasque	Imhoff
Brown, Ga.	Darden	Gassaway	Jenckes, Ind.
Brunner	Darrow	Gavagan	Jenkins, Ohio
Buchanan	Delaney	Gifford	Johnson, Tex.
Buck	Dietrich	Gingery	Johnson, W. Va.
Buckbee	Ditter	Goodwin	Kahn
Burch	Dobbins	Granfield	Kee
Burnham	Dondero	Gray, Pa.	Kelly
Caldwell	Doutrich	Green	Kennedy, Md.
Carlson	Drewry	Greenway	Kerr
Kimball	Mason	Rayburn	Sutphin
Kinzer	May	Reece	Taber
Kleberg	Meeks	Reed, Ill.	Tarver
Kloeb	Merritt, Conn.	Reed, N. Y.	Taylor, Tenn.
Knutson	Merritt, N. Y.	Reilly	Thom
Kopplemann	Michener	Rich	Thomas
Lambeth	Millard	Richards	Thompson
Lamneck	Mitchell, Ill.	Richardson	Thurston
Lanham	Montague	Robertson	Tinkham
Lea, Calif.	Montet	Robinson, Utah	Tobey
Lehlbach	Mott	Robsion, Ky.	Tolan
Lewis, Colo.	Nichols	Rogers, Mass.	Treadway
Lloyd	Norton	Rogers, N. H.	Turpin
Lord	O'Brien	Rogers, Okla.	Umstead
Lucas	O'Connell	Rudd	Vinson, Ga.
Ludlow	O'Connor	Russell	Wadsworth
McAndrews	O'Leary	Sanders, Tex.	Walter
McCormack	O'Neal	Schaefer	Warren
McGehee	Palmisano	Schuetz	Weaver
McGroarty	Parsons	Sears	Whelchel
McKeough	Patton	Secrest	Whittington
McLaughlin	Perkins	Seger	Wigglesworth
McLean	Peterson, Fla.	Shanley	Wilcox
McMillan	Peterson, Ga.	Short	Wilson, La.
McReynolds	Pettengill	Smith, Conn.	Wilson, Pa.
McSwain	Pittenger	Smith, Va.	Wolcott
Maas	Plumley	Smith, W. Va.	Wolfenden
Maloney	Polk	Snell	Wolverton
Mansfield	Powers	Somers, N. Y.	Woodruff
Mapes	Ramspeck	Spence	Woodrum
Marshall	Randolph	Stefan	
Martin, Mass.	Ransley	Stewart	

NAYS—147

Amlie	Dunn, Pa.	Lemke	Sauthoff
Arnold	Eckert	Lewis, Md.	Schneider
Ayers	Eicher	Luckey	Schulte
Beiter	Ellenbogen	Lundeen	Scott
Biermann	Flannagan	McClellan	Scrugham
Binderup	Fletcher	McFarlane	Sirovich
Boileau	Ford, Calif.	McGrath	Sisson
Buckler, Minn.	Ford, Miss.	Mahon	Smith, Wash.
Buckley, N. Y.	Gearhart	Marcantonio	Snyder
Burdick	Gehrmann	Martin, Colo.	South
Cannon, Mo.	Gilchrist	Massingale	Stack
Cartwright	Gildea	Maverick	Starnes
Castellow	Gillette	Mead	Steagall
Chandler	Goldsborough	Miller	Stubbs
Citron	Gray, Ind.	Mitchell, Tenn.	Sullivan
Colden	Greenwood	Monaghan	Sweeney
Colmer	Gregory	Moran	Taylor, Colo.
Connery	Hamlin	Moritz	Terry
Cooper, Tenn.	Healey	Murdock	Thomason
Cox	Hildebrandt	Nelson	Tonry
Cravens	Hill, Ala.	O'Day	Truax
Cross, Tex.	Hill, Knute	O'Malley	Turner
Crosser, Ohio	Hill, Samuel B.	Parks	Utterback
Crowe	Hook	Patman	Vinson, Ky.
Cummings	Hull	Patterson	Wallgren
Daly	Jacobsen	Pearson	Wearin
Dear	Johnson, Okla.	Pfeifer	Welch
Deen	Jones	Pierce	Werner
Dickstein	Keller	Quinn	West
Dingell	Kennedy, N. Y.	Rabaut	White
Disney	Kniffin	Ramsay	Williams
Dockweiler	Kocialkowski	Rankin	Withrow
Dorsey	Kramer	Romjue	Wood
Doughton	Kvale	Sabath	Young
Doxey	Lambertson	Sadowski	Zimmerman
Driscoll	Larrabee	Sanders, La.	Zioncheck
Driver	Lee, Okla.	Sandlin	

NOT VOTING—24

Bankhead	Cooley	Higgins, Conn.	Peyser
Brown, Mich.	Dempsey	Kenney	Ryan
Bulwinkle	DeRouen	Lesinksi	Shannon
Cannon, Wis.	Dies	McLeod	Sumners, Tex.
Carter	Dirksen	Oliver	Taylor, S. C.
Cochran	Ferguson	Owen	Underwood

So the amendment was adopted.

The Clerk announced the following pairs:

On this vote:

Mr. Cooley (for) with Mr. Brown of Michigan (against).
Mr. McLeod (for) with Mr. Cochran (against).
Mr. Dirksen (for) with Mr. Taylor of South Carolina (against).

Until further notice:

Mr. Dies with Mr. Carter.
Mr. Sumners of Texas with Mr. Higgins of Connecticut.
Mr. Oliver with Mr. Ryan.
Mr. Bankhead with Mr. Cannon of Wisconsin.
Mr. Bulwinkle with Mr. Lesinski.
Mr. Underwood with Mr. Dempsey.
Mr. Ferguson with Mr. DeRouen.
Mr. Peyser with Mr. Owen.

Mrs. NORTON. Mr. Speaker, my colleague the gentleman from New Jersey, Mr. KENNEY, is unavoidably delayed. He called me over the long-distance telephone and authorized me to state that if he were present he would vote "yea."

The result of the vote was announced as above recorded.

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

Mr. HOLMES. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. HOLMES. I am.

Mr. RANKIN. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. Mr. Speaker, I make the point of order that the gentleman from Iowa [Mr. EICHER] is entitled to make this motion to recommit for the reason that under the rule the motion to recommit goes to the minority. When a bill is being considered in the House and the majority in charge of the bill is defeated on a major issue, control of the bill then passes to the other side. The control of this bill has passed to the other side of the House, or to the other side of this issue. I make the point of order, therefore, that the gentleman from Iowa [Mr. EICHER], a member of the committee representing the minority now, is entitled to be recognized to make the motion to recommit.

Mr. O'CONNOR. Mr. Speaker, may I be heard on the point of order?

The SPEAKER. The Chair will hear the gentleman.

Mr. O'CONNOR. Mr. Speaker, it is so well known that the precedents are to the contrary of the position stated by the gentleman from Mississippi that it is not even necessary for me to argue it.

Mr. RANKIN. Mr. Speaker, it is a great relief to the House not to have to strain the ponderous intellect of the gentleman from New York [Mr. O'CONNOR] on this point of order.

The SPEAKER. The Chair is ready to rule.

The motion to recommit was first adopted in order to protect the minority, not necessarily the political minority, but the minority in the House. It has been the uniform practice without one single exception since this rule was first adopted that the political minority in the House shall be given the preference on motions to recommit, provided they qualify, recognition first being given to members of the committee which reported the bill.

On May 7, 1913, this express point was ruled upon by the late Speaker Champ Clark, and the Chair will quote briefly from what the Speaker said on that occasion in response to an inquiry from the Honorable Victor Murdock, at that time a Representative from Kansas. Speaker Clark said:

> The Chair laid down this rule, from which he never intends to depart unless overruled by the House, that on a motion to recommit he will give preference to the gentleman at the head of the minority list, provided he qualifies, and then go down the list of the minority of the committee until it is gotten through with. And then, if no one of them offer a motion to recommit, the Chair will recognize the gentleman from Illinois [Mr. Mann] to make it; but if he does not do so, will recognize the gentleman from Kansas [Mr. Murdock] as the leader of the third party in the House. * * * Of course, he would have to qualify (63d Cong., 1st sess., RECORD, p. 1373).

As the Chair has stated, without one single exception this has been the ruling of all the Speakers who succeeded Speaker Clark.

The Chair feels that this rule having been adopted primarily to protect the minority, and in order to give the minority a right to express itself, that the previous rulings should be followed. The gentleman from Massachusetts, a minority member of the committee, has stated that he is opposed to the bill and is therefore in the same class as the gentleman from Iowa [Mr. EICHER], a member of the majority on the committee; therefore, the Chair overrules the point of order and recognizes the gentleman from Massachusetts [Mr. HOLMES] to offer the motion to recommit.

The Clerk read as follows:

> Mr. HOLMES moves to recommit the bill to the Committee on Interstate and Foreign Commerce with instructions to report the same back forthwith with the following amendment: Strike out all of section 11, beginning on page 196, line 14, and ending on page 200, line 3, both inclusive.

Mr. SNELL. Mr. Speaker, on that I ask for the yeas and nays.

Mr. RANKIN. Mr. Speaker, I offer an amendment.

Mr. SNELL. Mr. Speaker, I move the previous question on the motion to recommit.

The SPEAKER. The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. RANKIN) there were—ayes 295, noes 94.

So the previous question was ordered.

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. What would be the situation in the event the motion of my colleague the gentleman from Massachusetts was agreed to striking out section 11? What would be the parliamentary situation?

The SPEAKER. The bill, of course, would be without section 11.

Mr. CONNERY. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. In reference to my parliamentary inquiry, what I am after is this: The adoption of the House bill as a substitute for the Senate bill did away completely with the Senate bill. There would be no possibility by the adoption of this amendment striking out section 11 to revert to a consideration of section 11 of the Senate bill?

The SPEAKER. The gentleman is correct.

Mr. SNELL. Mr. Speaker, on the motion to recommit I demand the yeas and nays.

The yeas and nays were ordered.

Mr. McFARLANE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McFARLANE. If we vote to strike out section 11 on this motion to recommit, then that section could not be considered in conference. In other words, we who favor the Senate bill should vote "no"?

The SPEAKER. The gentleman will have to determine that for himself.

The Clerk will call the roll.

The question was taken; and there were—yeas 93, nays 312, not voting 24, as follows:

[Roll No. 115]

YEAS—93

Allen	Dondero	Kennedy, N. Y.	Rich
Andresen	Doutrich	Kimball	Rogers, Mass.
Andrew, Mass.	Eagle	Kinzer	Seger
Andrews, N. Y.	Eaton	Knutson	Short
Arends	Ekwall	Lehlbach	Snell
Bacharach	Engel	Lord	Stewart
Bacon	Englebright	McLean	Sutphin
Blackney	Fenerty	Maas	Taber
Bolton	Fish	Mapes	Thomas
Buckbee	Focht	Marshall	Thurston
Burnham	Gifford	Martin, Mass.	Tinkham
Carlson	Goodwin	May	Tobey
Cavicchia	Guyer	Merritt, Conn.	Treadway
Christianson	Gwynne	Michener	Turpin
Church	Halleck	Millard	Wadsworth
Claiborne	Hancock, N. Y.	Mott	Wigglesworth
Cole, N. Y.	Hartley	Perkins	Wilson, Pa.
Collins	Hess	Pittenger	Wolcott
Cooper, Ohio	Hoffman	Plumley	Wolfenden
Crawford	Hollister	Powers	Wolverton
Crowther	Holmes	Ransley	Woodruff
Culkin	Hope	Reece	
Darrow	Jenkins, Ohio	Reed, Ill.	
Ditter	Kahn	Reed, N. Y.	

NAYS—312

Adair	Buck	Corning	Driver
Amlie	Buckler, Minn.	Costello	Duffey, Ohio
Arnold	Buckley, N. Y.	Cravens	Duffy, N. Y.
Ashbrook	Burch	Crosby	Duncan
Ayers	Burdick	Cross, Tex.	Dunn, Miss.
Barden	Caldwell	Crosser, Ohio	Dunn, Pa.
Beam	Cannon, Mo.	Crowe	Eckert
Beiter	Carmichael	Cullen	Edmiston
Bell	Carpenter	Cummings	Eicher
Berlin	Cartwright	Daly	Ellenbogen
Biermann	Cary	Darden	Evans
Binderup	Casey	Dear	Faddis
Bland	Castellow	Deen	Farley
Blanton	Celler	Delaney	Ferguson
Bloom	Chandler	Dickstein	Fernandez
Boehne	Chapman	Dietrich	Fiesinger
Boileau	Citron	Dingell	Fitzpatrick
Boland	Clark, Idaho	Disney	Flannagan
Boylan	Clark, N. C.	Dobbins	Fletcher
Brennan	Coffee	Dockweiler	Ford, Calif.
Brewster	Colden	Dorsey	Ford, Miss.
Brooks	Cole, Md.	Doughton	Frey
Brown, Ga.	Colmer	Doxey	Fuller
Brunner	Connery	Drewry	Fulmer
Buchanan	Cooper, Tenn.	Driscoll	Gambrill

Gasque	Kocialkowski	Norton	Shanley
Gassaway	Kopplemann	O'Brien	Sirovich
Gavagan	Kramer	O'Connell	Sisson
Gearhart	Kvale	O'Connor	Smith, Conn.
Gehrmann	Lambertson	O'Day	Smith, Va.
Gilchrist	Lambeth	O'Leary	Smith, Wash.
Gildea	Lamneck	O'Malley	Smith, W. Va.
Gillette	Lanham	O'Neal	Snyder
Gingery	Larrabee	Palmisano	Somers, N. Y.
Goldsborough	Lea, Calif.	Parks	South
Granfield	Lee, Okla.	Parsons	Spence
Gray, Ind.	Lemke	Patman	Stack
Gray, Pa.	Lewis, Colo.	Patterson	Starnes
Green	Lewis, Md.	Patton	Steagall
Greenway	Lloyd	Pearson	Stefan
Greenwood	Lucas	Peterson, Fla.	Stubbs
Greever	Luckey	Peterson, Ga.	Sullivan
Gregory	Ludlow	Pettengill	Sweeney
Griswold	Lundeen	Pfeifer	Tarver
Haines	McAndrews	Pierce	Taylor, Colo.
Hamlin	McClellan	Polk	Taylor, Tenn.
Hancock, N. C.	McCormack	Quinn	Terry
Harlan	McFarlane	Rabaut	Thom
Hart	McGehee	Ramsay	Thomason
Harter	McGrath	Ramspeck	Thompson
Healey	McGroarty	Randolph	Tolan
Hennings	McKeough	Rankin	Tonry
Higgins, Mass.	McLaughlin	Rayburn	Truax
Hildebrandt	McMillan	Reilly	Turner
Hill, Ala.	McReynolds	Richards	Umstead
Hill, Knute	McSwain	Richardson	Utterback
Hill, Samuel B.	Mahon	Robertson	Vinson, Ga.
Hobbs	Maloney	Robinson, Utah	Vinson, Ky.
Hoeppel	Mansfield	Robsion, Ky.	Wallgren
Hook	Marcantonio	Rogers, N. H.	Walter
Houston	Martin, Colo.	Rogers, Okla.	Warren
Huddleston	Mason	Romjue	Wearin
Hull	Massingale	Rudd	Weaver
Imhoff	Maverick	Russell	Welch
Jacobsen	Mead	Sabath	Werner
Jenckes, Ind.	Meeks	Sadowski	West
Johnson, Okla.	Merritt, N. Y.	Sanders, La.	Whelchel
Johnson, Tex.	Miller	Sanders, Tex.	White
Johnson, W. Va.	Mitchell, Ill.	Sandlin	Whittington
Jones	Mitchell, Tenn.	Sauthoff	Wilcox
Kee	Monaghan	Schaefer	Williams
Keller	Montague	Schneider	Wilson, La.
Kelly	Montet	Schuetz	Withrow
Kennedy, Md.	Moran	Schulte	Wood
Kerr	Moritz	Scott	Woodrum
Kleberg	Murdock	Scrugham	Young
Kloeb	Nelson	Sears	Zimmerman
Kniffin	Nichols	Secrest	Zioncheck

NOT VOTING—24

Bankhead	Cooley	Higgins, Conn.	Peyser
Brown, Mich.	Cox	Kenney	Ryan
Bulwinkle	Dempsey	Lesinski	Shannon
Cannon, Wis.	DeRouen	McLeod	Sumners, Tex.
Carter	Dies	Oliver	Taylor, S. C.
Cochran	Dirksen	Owen	Underwood

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Dirksen (for) with Mr. Taylor of South Carolina (against).
Mr. Higgins of Connecticut (for) with Mr. Cooley (against).
Mr. McLeod (for) with Mr. Cochran (against).

General pairs:

Mr. Dies with Mr. Carter.
Mr. Oliver with Mr. Ryan.
Mr. Bankhead with Mr. Cannon of Wisconsin.
Mr. Bulwinkle with Mr. Lesinski.
Mr. Underwood with Mr. Dempsey.
Mr. Peyser with Mr. Owen.
Mr. Cox with Mr. Brown of Michigan.
Mr. Sumners of Texas with Mr. DeRouen.

Mr. BELL changed his vote from "yea" to "nay."

Mr. CROSS of Texas. Mr. Speaker, my colleague the gentleman from Texas, Mr. DIES, is unavoidably absent. If he were here, I would vote "no" on the motion to recommit.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. RAYBURN and Mr. SNELL demanded the yeas and nays.

Mr. RANKIN. Mr. Speaker, there is nothing in this bill now worthy of the attention of Congress.

The yeas and nays were ordered.

The question was taken; and there were—yeas 323, nays 81, not voting 25, as follows:

[Roll No. 116]

YEAS—323

Adair	Ashbrook	Beam	Berlin
Amlie	Ayers	Beiter	Biermann
Arnold	Barden	Bell	Binderup
Bland	Farley	Lanham	Reilly
Blanton	Ferguson	Larrabee	Richards
Bloom	Fernandez	Lea, Calif.	Richardson
Boehne	Fiesinger	Lee, Okla.	Robertson
Boileau	Fish	Lemke	Robinson, Utah
Boland	Fitzpatrick	Lesinski	Robsion, Ky.
Boylan	Flannagan	Lewis, Colo.	Rogers, N. H.
Brennan	Fletcher	Lewis, Md.	Rogers, Okla.
Brewster	Ford, Calif.	Lloyd	Romjue
Brooks	Ford, Miss.	Lucas	Rudd
Brown, Ga.	Frey	Luckey	Russell
Brunner	Fuller	Ludlow	Sabath
Buchanan	Fulmer	Lundeen	Sadowski
Buckler, Minn.	Gambrill	McAndrews	Sanders, La.
Buckley, N. Y.	Gasque	McClellan	Sandlin
Burch	Gassaway	McCormack	Sauthoff
Burdick	Gavagan	McFarlane	Schaefer
Caldwell	Gearheart	McGehee	Schneider
Cannon, Mo.	Gehrmann	McGrath	Schuetz
Carlson	Gilchrist	McGroarty	Schulte
Carmichael	Gildea	McKeough	Scott
Carpenter	Gillette	McLaughlin	Sears
Cartwright	Gingery	McMillan	Secrest
Cary	Goldsborough	McReynolds	Shanley
Casey	Granfield	McSwain	Sirovich
Castellow	Gray, Ind.	Mahon	Sisson
Celler	Gray, Pa.	Maloney	Smith, Conn.
Chandler	Green	Mansfield	Smith, Va.
Chapman	Greenway	Mapes	Smith, Wash.
Christianson	Greenwood	Marcantonio	Snyder
Citron	Greever	Martin, Colo.	Somers, N. Y.
Clark, Idaho	Gregory	Mason	South
Clark, N. C.	Griswold	Massingale	Spence
Coffee	Guyer	Maverick	Stack
Colden	Gwynne	May	Starnes
Cole, Md.	Haines	Mead	Steagall
Colmer	Hamlin	Meeks	Stefan
Connery	Hancock, N. C.	Merritt, N. Y.	Stubbs
Cooper, Tenn.	Harlan	Miller	Sullivan
Corning	Hart	Mitchell, Ill.	Sweeney
Costello	Harter	Mitchell, Tenn.	Tarver
Cox	Healey	Monaghan	Taylor, Colo.
Cravens	Hennings	Montague	Taylor, Tenn.
Crosby	Higgins, Mass.	Montet	Terry
Cross, Tex.	Hildebrandt	Moran	Thom
Crosser, Ohio	Hill, Ala.	Moritz	Thomason
Crowe	Hill, Knute	Mott	Thompson
Culkin	Hill, Samuel B.	Murdock	Thurston
Cullen	Hobbs	Nelson	Tobey
Cummings	Hoeppel	Nichols	Tolan
Daly	Hook	Norton	Tonry
Darden	Hope	O'Brien	Truax
Dear	Houston	O'Connell	Turner
Deen	Huddleston	O'Connor	Umstead
Delaney	Hull	O'Leary	Utterback
Dickstein	Imhoff	O'Malley	Vinson, Ga.
Dietrich	Jacobsen	O'Neal	Vinson, Ky.
Dingell	Jenckes, Ind.	Owen	Wallgren
Disney	Johnson, Okla.	Palmisano	Walter
Dobbins	Johnson, Tex.	Parks	Warren
Dockweiler	Johnson, W. Va.	Parsons	Welch
Dorsey	Jones	Patman	Werner
Doughton	Kee	Patterson	West
Doxey	Keller	Patton	Whelchel
Drewry	Kelly	Pearson	White
Driscoll	Kennedy, Md.	Peterson, Fla.	Whittington
Driver	Kennedy, N. Y.	Peterson, Ga.	Wilcox
Duffey, Ohio	Kerr	Pettengill	Williams
Duffy, N. Y.	Kleberg	Pfeifer	Wilson, La.
Duncan	Kloeb	Pierce	Withrow
Dunn, Miss.	Kniffin	Polk	Wolverton
Dunn, Pa.	Kocialkowski	Quinn	Wood
Eckert	Kopplemann	Rabaut	Woodruff
Eicher	Kramer	Ramsay	Woodrum
Ellenbogen	Kvale	Ramspeck	Young
Engel	Lambertson	Randolph	Zimmerman
Evans	Lambeth	Rankin	Zioncheck
Faddis	Lamneck	Rayburn	

NAYS—81

Allen	Dondero	Kinzer	Rogers, Mass.
Andresen	Doutrich	Knutson	Sanders, Tex.
Andrew, Mass.	Eagle	Lehlbach	Seger
Andrews, N. Y.	Eaton	Lord	Short
Arends	Edmiston	McLean	Smith, W. Va.
Bacharach	Ekwall	Maas	Snell
Bacon	Englebright	Marshall	Stewart
Blackney	Fenerty	Martin, Mass.	Sutphin
Bolton	Focht	Merritt, Conn.	Taber
Buckbee	Gifford	Michener	Thomas
Burnham	Goodwin	Millard	Tinkham
Cavicchia	Halleck	O'Day	Treadway
Church	Hancock, N. Y.	Perkins	Turpin
Claiborne	Hartley	Pittenger	Wadsworth
Cole, N. Y.	Hess	Plumley	Wigglesworth
Collins	Hoffman	Powers	Wilson, Pa.
Cooper, Ohio	Hollister	Ransley	Wolcott
Crawford	Holmes	Reece	Wolfenden
Crowther	Jenkins, Ohio	Reed, Ill.	
Darrow	Kahn	Reed, N. Y.	
Ditter	Kimball	Rich	

NOT VOTING—25

Bankhead	Bulwinkle	Cochran	DeRouen
Brown, Mich.	Cannon, Wis.	Cooley	Dies
Buck	Carter	Dempsey	Dirksen

Higgins, Conn.	Peyser	Shannon	Underwood
Kenney	Ryan	Sumners, Tex.	Wearin
McLeod	Scrugham	Taylor, S. C.	Weaver
Oliver			

So the bill was passed.

The Clerk announced the following additional pairs:

On this vote:

Mr. Taylor of South Carolina (for) with Mr. Dirksen (against).
Mr. Cooley (for) with Mr. Higgins of Connecticut (against).

Until further notice:

Mr. Dies with Mr. Carter.
Mr. Cochran with Mr. McLeod.
Mr. Oliver with Mr. Ryan.
Mr. Bankhead with Mr. Cannon of Wisconsin.
Mr. Bulwinkle with Mr. Buck.
Mr. Underwood with Mr. Dempsey.
Mr. Sumners of Texas with Mr. DeRouen.
Mr. Brown of Michigan with Mr. Wearin.
Mr. Scrugham with Mr. Weaver.

Mr. CROSS of Texas. Mr. Speaker, my colleague the gentleman from Texas, Mr. DIES, is unavoidably absent. If present, he would vote "aye."

Mrs. NORTON. Mr. Speaker, my colleague the gentleman from New Jersey, Mr. KENNEY, is unavoidably detained. If present he would vote "aye."

Mr. COX. Mr. Speaker, my colleague the gentleman from Georgia, Mr. OWEN, is not recorded as having voted on any of the roll calls except the last. I desire to make the explanation that his absence from the House is due to illness. If he had been present, he would have voted against substituting the House amendment for the Senate bill. He was in favor of clause 11 of the Senate bill.

Mr. KVALE. Mr. Speaker, my colleague the gentleman from Minnesota, Mr. RYAN, is unavoidably absent. If present, he would vote "aye."

The result of the vote was announced as above recorded.

The title was amended.

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

EXTENSION OF REMARKS—PUBLIC UTILITY ACT OF 1935

Mr. EAGLE. Mr. Speaker, during the several months the bill now under consideration has been discussed by the public throughout the country I have received 1,618 wires and letters from my constituents giving expressions of their views and wishes. As an answer to each and all of them, as well as a statement to the House of the views I entertain and the position I am taking, I make the following statement:

First. The national Democratic platform promised legislation to regulate, and not to destroy, utilities' holding companies.

Second. Section 11 of the Senate bill would utterly destroy nearly all utilities' holding companies. I voted today to substitute the House bill merely to regulate and not utterly to destroy them.

Third. The holding-company structure was built up under State laws permitting such procedure, when no Federal law prohibited their formation and operation, and investors poured billions into such stocks under those conditions. I am not willing to wreck those investments by arbitrarily tearing down the holding companies' structure.

Fourth. I am not willing to ruin our oil pipe-line structure in Texas of holding-company ownership or management, nor the gas holding-company structure, nor the light and power holding-company structure, under which those utilities have been furnished most of the money for their construction and extensions and improvements. That destruction would throw oil and gas and light and power into utmost confusion, resulting in less efficiency and probably higher rates with myriads of managements.

Fifth. Besides, or primarily, section 11 of the Senate bill, and also section 11 of the House bill as substituted today for the Senate section, are unconstitutional. I am sworn to uphold and defend the Constitution. That is my plain, sworn, first duty. The Supreme Court decision in the N. R. A. case recently handed down clearly holds that the Congress has no power to delegate legislative discretionary authority to a board, even when created by act of Congress. Yet that is exactly what section 11 of both Senate bill and House bill does. It is not right for me to violate my oath of office. And it would be useless as well to enact something that the Supreme Court would kill as soon as it reaches that Court, while causing injury to all innocent stockholders and the public in the meantime.

Sixth. On final passage I shall vote against the bill itself, whether containing section 11 of the Senate bill or of the House bill. I deeply regret that I have no opportunity to vote for a bill properly to regulate the utilities' holding companies, as promised in the national platform of the Democratic Party, to which I owe and keep faith and allegiance.

Mr. LUDLOW. Mr. Speaker, I am for the House holding-company bill because it provides a solution for the holding-company problem that is sane, reasonable, and altogether in the public interest. It does not destroy any legitimate holding company and it does not permit any illegitimate one to live. It does not destroy the holdings of innocent investors, but it purges the entire holding-company structure of the evils that beset it.

The House bill brings every public-utility holding company in the United States to the bar of judgment, and that is where they should be brought. The judge is the Federal Securities and Exchange Commission, appointed by President Roosevelt, who chose for its personnel competent men in whom the entire country has confidence. Before this judgment seat every public-utility holding company must reveal every detail of its operations, and if it cannot show its right to live it will be given a "death sentence." If it shows that it has a right to live; if it shows that it can function in the public interest, it will be permitted to live and to operate under rules that will make it a real servant of the people. That, in brief, is the essence of the House bill. What could be fairer, what could be more in harmony with the public welfare?

Lobbyists do not bother me. I guess they regard me as too tough and stubborn to fool with or maybe they compliment me by thinking that the gates of hell will not prevail against me when I make up my mind as to what is a just and right course of action.

I have been contacted by only one lobby in connection with this controverted holding-company bill and that is a lobby which I confess has a good deal of standing in my heart. It is an epistolary lobby which does its work at long range. It is composed of hundreds upon hundreds—I think I may even say thousands upon thousands—of persons residing in Indianapolis and Indiana, innocent investors in stock of holding companies who are figuratively trembling with fear that they will lose their investments if the "death sentence" is imposed on all holding companies. Many of them have no other sources of income and they are faced by an awful alternative—either we Members of Congress must modify the holding-company bill as it passed the Senate or it is the poorhouse for them. I am told that scattered throughout America there are 5,000,000 good, ordinary citizens who in perfect faith have put their earnings in stocks that will be rendered absolutely valueless unless the Senate bill is amended. Is it any wonder that they are worried and scared when they see themselves looking right into the doors of the poorhouse? The Twelfth Indiana District, which I have the honor to represent, evidently has its full share of these poor people who are shivering with fear lest their last financial props be knocked from under them, and when I cast my vote on this measure I shall have them in my mind's eye and I shall be thinking of them.

I will go as far as anybody in uprooting pernicious holding companies and in seeing to it that crooked financiers get long terms at hard labor and no favors in our most undesirable penitentiaries, but I cannot see any wisdom in wiping out all holding companies, the good as well as the bad, on account of the crookedness of the few, thus destroying the property of millions of innocent investors, including thousands in my own congressional district who have a right to look to me for protection. I would feel that I could not go home and look them in the face if I should yield supinely to the passage of an unjust measure that would rob them of the only means they have of keeping out of the poorhouse.

On general principles I am not much in favor of the destruction of property, whether tangible or intangible. While I am in harmony with the great humanitarian aims of the national administration and glory in many of its achievements, I never could agree that it was advisable to kill 5,000,000 pigs and convert them into soap grease instead of giving this meat to the hungry and I never could see anything but folly in plowing up every third row of cotton. I think the saner, more sensible plan is to produce all we can so that those who are hungry may be fed and those who are naked may be clothed and I am no more in favor of destroying stock certificates, honestly acquired and in the hands of innocent investors, than I am of destroying pigs and cotton or any other form of property.

The right, the just, the humane solution of this holding-company problem is not wholesale destruction but reasonable regulation—the destruction of those that should be destroyed and the regulation of the others so as to eliminate the evil practices and retain the good holding companies in order that they may provide employment and operate for the benefit of all. I am heartily for this plan which places holding companies under the jurisdiction of the Federal Securities and Exchange Commission, with full power to investigate and to find out what holding companies are against the public interest and to eliminate those, while seeing to it that all others function legitimately and in a way that redounds to the benefit of the people as a whole. Surely no fault can be found with this program. Surely it is a sound solution of the problem. The Securities and Exchange Commission is appointed by the President. Its duty is to visa the issuance of all stocks and securities so as to protect the buyer and to see that no one is fleeced. The President has appointed on that Commission men of the highest probity and standing who hold and who deserve the confidence of the country. Let us commit into their hands the task of straightening out the holding-company situation instead of rushing into a policy of wholesale destruction of property of millions of small investors—a policy which is all the more to be avoided because it will freeze the fear of honest business men who are already greatly disturbed over national trends.

It seems to me that this problem is really easy of solution. Let us not destroy holding companies that have not offended against the law, that perform a useful function and whose securities are held by millions of people of small means as their only support, but let us find the way to wipe every pernicious holding company out of existence and to send to the penitentiary every guilty crook who fleeces innocent investors. The best solution that is suggested is the one that is proposed in the House bill which leaves to the Securities Commission the execution of the details of this program. I believe it is the rational solution and I am for the House bill.

Mr. GRISWOLD. Mr. Speaker, this bill is to me a medley of contradictions. There may be some here who can reconcile its inconsistencies. If so they are more adept at mental gymnastics than I.

Almost every member of the committee has either openly admitted a fear that the bill is unconstitutional or refused to pass on the question. The most favorable thing that can be said of this phase of the debate is that all speakers on the Democratic side "hope" that it will be constitutional. In the face of such faint faith on the part of those who have studied the bill for months, the average Member who was never permitted to read it until last Wednesday should be at least excused for looking upon it with suspicion.

One thing at least is certain and stands out as prominently as a sore thumb. The public has been led to believe that this bill will outlaw all holding companies. People have been convinced that after the passage of this bill the "death warrant" of all holding companies will be written. They fully expect to be present when the victim is killed. The investor has been led to believe that because of this "killing" the value of his investment will depreciate; that he will suffer a sure and certain loss. This is only a half truth. The real truth is that if he invested in certain holding companies, he will lose. If he was so unfortunate as to invest in the smaller companies, he will lose. If he invested in a company which is a part of a "geographically integrated system", he will not lose on his investment. In such a case the value of his investment will increase because competition of the smaller companies will be destroyed. Only the little fish will be caught in the meshes of this bill.

In my district I have two counties and two cities served by the American Gas & Electric Co. Ninety-five percent of all the letters and telegrams I received on this bill came from the city of Marion. They came from those who favored it and from those who were opposed.

The American Gas & Electric Co. is financed by the Electric Bond & Share Co. The American Gas & Electric, through its subsidiaries, does business in more than 20 States. It has an "integrated system" that extends from North Carolina through and across the State of Indiana and into the State of Michigan. It is controlled by one of the largest holding companies in the United States. Dr. Splawn, who was the chief investigator for the committee, testified in the hearings that it is "the perfect" utility system. That eminent authority testified that the American Gas & Electric with its subsidiary companies is an "integrated system." Under section 11 of both the House and Senate bills—even under the so-called "death clause" in the Senate bill—the American Gas & Electric would not die. The law would not kill it. True, many little utility companies with their holding companies would die, but not the giant American Gas & Electric. The most that could happen to it would be that it might be forced to dispose of its holdings in two places. Those two places are Scranton, Pa., and Atlantic City, N. J. Therefore, the investors in this stock will not be affected by this bill. The same may be said of Consolidated Gas & Electric. It too is an "integrated system" that cannot be dissolved or eliminated under the terms of section 11 of this bill. I am interested in this phase of it. I am interested because despite the fact that some in my district may hold that an innocent investor in utility stock has no rights and should be deprived of his holdings without trial, I cannot bring myself to such an opinion.

I believe that those people who placed their small month-by-month savings in something their banker told them was good and on which the State Security Commission placed its stamp of approval have a right to have that saving protected as well as the man or woman who labored to obtain a farm or home has a right to protection in that farm or home. I believe also that the men who manipulated these companies merely as propositions of financial chicanery—the men who as officers of utility companies gouged both the innocent investor and undefended consumer should be punished. Neither this bill nor the Senate bill attempts to punish those guilty of such crimes. That much for the side of those who object to the passage of this bill and the "death sentence" clause. It is the side of the investor. It is the facts of this bill stripped of its legal phraseology and reduced to the language a layman may understand.

Now let us look at it from the side of those who favor the "death sentence." They consist largely of the consumer class. They have been vitally affected through the pyramiding of stock and the creation of fictitious values on which rates are based. Will the "death sentence" in this bill help citizens of my district who have been so treated? It will not! Why? Because they are consumers of the American Gas & Electric, the company that both Dr. Splawn and members of the committee hold up to the House as the "perfect system."

I call their attention to the fact that insofar as the report of the committee is concerned, insofar as the Government is concerned, so far as the bright young lawyers who drew up the bill for the administration are concerned, they do not quarrel with the American Gas & Electric, but, instead, compliment it. So pleased are they with its operation that they specifically exempt it by inserting in section 11 of both the House and Senate bills that phrase, "an integrated system."

These consumers evidently had not been told of that part of section 11 dealing with "integrated systems." If they did, they would not request me to vote for the "death sentence" on the holding companies of other States while at the

same time voting to let live the company that controls the utility which serves the very people who write me from my own district. Is this what the people of my district want? I do not think so. I think they have not been told the whole truth about the bill.

For 3 days I have listened attentively to the debate. I have listened to gentlemen present the side of the utilities and those gentlemen did not tell the whole truth. They told only part of it. They left some things unsaid. I listened carefully to the gentlemen who presented the argument of the administration in behalf of the "death sentence", and they also told only part of the truth. They, too, left much unsaid.

I have waited patiently to hear the one fact that was not told. That fact is that so far as my district is concerned, whether they be privately or municipally owned, the "death sentence" clause written into either the House or Senate bill will have no effect on the utility situation whatsoever, either from the standpoint of the consumer or the investor. The "death sentence" would make no change in the operation of the utilities in the Fifth District of Indiana. As it relates to my district all the talk about the "death sentence" is a tempest in a teapot. It is "much ado about nothing."

I shall vote for the House bill as it was reported by the committee, because it provides for regulation and control. Under it the power companies can be regulated and it makes no difference how large or how small they are. The regulation will apply to all alike. There will be no discrimination. There is need for regulation and control. It is needed to protect both the consumer and investor, and it is the duty of the Government to protect both. The citizen who has been fleeced of his savings and the consumer who has been gouged by exorbitant rates are both interested. A line should be drawn for these companies and they should be required to toe the mark. The law should say "these things you may do and these things you may not do", and that law should be enforced.

The House bill will set a standard and force compliance with it. The House bill will stop the evil. The Senate bill says, "We are going to inflict the 'death penalty' on the little company but we will let the big company live." The House bill says, "We will let you all live so long as you live right. If you go wrong, you act at your peril." The House bill has as its basis regulation, limitation, and control. I am of the opinion that this is the right way, the just way, and the proper way to handle a bad situation.

There is an instruction that it is customary to give to juries in criminal cases in Indiana. It has been held error for a court to refuse to give it when requested. I favor it as good law. It reads:

> It is better for 100 guilty persons to escape than for 1 innocent person to be punished.

It is applicable in the case of the People against The Utility Holding Companies.

FIGHT FOR FULL PAYMENT

Mr. PATMAN. Mr. Speaker, it will be interesting to the veterans of this country to know, and especially those members of the American Legion who are not in possession of all the facts, just exactly what has occurred in the fight for full and immediate cash payment of the adjusted-service certificates. The Legion publications will not carry my statements nor present my side of the issue, and I am seriously handicapped in getting the information to the members of that great organization, as I do not have and cannot obtain a list of the names of the posts throughout the country, or of members residing in different sections. Since I have been attacked by National Commander Frank N. Belgrano and Legislative Representative John Thomas Taylor, of the American Legion, I expect to fully and candidly present the true facts to the country which will disclose corroboration of charges of double-crossing, deceit, fraud, treachery, and disloyalty.

WHAT ST. LOUIS CONVENTION SHOULD DO

The St. Louis convention of the American Legion which will be held September 23 to 26, inclusive, 1935, should go on record favoring, first, full and immediate cash payment of the adjusted-service certificates without interest charges after October 1, 1931, on previous loans and should ask that the payment be made in Government money backed 100 cents on the dollar in gold that the Government now has in its possession that may be used for that purpose. It should be understood that the method of payment is secondary, but the plan is presented in order to make it easy to sell the country on such payment which requires neither additional tax-exempt bonds nor new taxes to make the payment.

CONGRESSIONAL INVESTIGATION

The convention should also go on record asking for a congressional investigation of Wall Street's connection with important, influential officeholders and legionnaires in the American Legion and former leaders of the American Legion, in view of sworn testimony which has heretofore been presented to a congressional committee that $74,000 in actual money was carried to the Chicago convention in the fall of 1933 and was used to buy the influence of certain leaders of the American Legion to get a so-called "anti-inflation resolution" through the Chicago convention, having for its purpose protection of Wall Street's and international bankers' interests. All of the American Legion leaders are not guilty. Only a few are guilty. Those who are not guilty will be exonerated by this investigation as they should be. If this testimony under oath is true, certain leaders of the American Legion have deliberately and willfully sold out to Wall Street interests and have become disloyal to the American Legion. This sworn testimony discloses that former commanders of the American Legion, including the present commander, Frank N. Belgrano, were members of a sound-money committee; that enormous and tremendous sums of money were used by this committee in connection with well-known "king makers" of the American Legion to further the interest of this special-privileged group.

One of the "king makers", it is alleged, received $100 a day—over $9,000 in all—for his work in connection with the committee. This sound-money committee was organized to do under-handed and under-cover work for big interests against the payment of the adjusted-service certificates. All true legionnaires should resent their leaders being used as hirelings and puppets for such a group for a consideration. This sworn testimony cannot be ignored.

Only a congressional committee can get at the facts, as the testimony must be obtained under oath, and it must be in a position to sit at different places in the United States and compel the attendance of witnesses from any section of this Nation and make satisfactory arrangements for testimony from witnesses abroad if necessary.

BELGRANO DODGED INVESTIGATION

March 5, 1935, when Mr. Belgrano was testifying before the Ways and Means Committee, he was asked by Mr. McCORMACK, of Massachusetts, the following question:

> Do you propose to investigate the matter on which this resolution was adopted? [Meaning, of course, the so-called "anti-inflation resolution" adopted at the Chicago convention in 1933, which it is charged was sponsored by the Wall Street crowd and which I have referred to herein.]
>
> Mr. BELGRANO. I propose to propose to have this matter put on the agenda of the executive committee meeting, which may be held in May at Indianapolis, and ask that a resolution be adopted at that committee meeting to appropriate enough funds to cause an investigation of the entire subject. Yes, sir.
>
> Mr. McCORMACK. I am glad to hear that (p. 120 of hearings).

Mr. Belgrano admitted in his testimony that many of those that were mentioned as members of this sound-dollar group were prominent members of the American Legion; others not.

The point is, Commander Belgrano promised to make an investigation of this matter through the American Legion and to furnish sufficient funds to cause the investigation of the entire subject. I am informed that he did put it on the agenda, as he promised to do. The presiding officer at the May meeting, when that point had been reached on the agenda, said: "I will now entertain a motion to investigate the sound-money scandal", or words to that effect.

There were assembled 56 executive committeemen from different departments. I am told that you could have heard

a pin drop and that they remained just as silent as 56 monuments in a cemetery at midnight. No word was spoken and no motion was made, so that part of the agenda was behind them, and Mr. Belgrano failed to carry out his promise.

SUGGESTIONS TO LEGIONNAIRES

As an humble member of the American Legion and as one who believes in its principles and believes it is one of the greatest organizations in the world, I suggest that the local posts of the American Legion and State conventions should keep in mind the following facts:

First. That delegates should be sent to the national convention that will represent the wishes and views of the rank and file of the American Legion.

Second. That they should be instructed to vote against any "king maker" candidate for commander and should vote for the congressional investigation of the unfortunate scandal occurring at the Chicago convention, which smells to high heaven.

Third. That the next national commander should be pledged to clean up the national headquarters of the American Legion and to especially oust John Thomas Taylor, who has become harmful instead of helpful to the organization.

Fourth. That a large group of those who attend the convention will be there on the expense of the national organization and will feel obligated to support the national commander, since he is authorizing their expenses. Many of this group will make every effort to hamper and hinder rank-and-file representatives.

Fifth. It is a well-known fact that strong influences emanate from national headquarters down to State organizations through certain favors the national organization can extend and by holding out hope that these State officers will be taken care of in the future with national headquarters positions. Hope is held out to these State officials of political advancement in the American Legion and committee assignments that will permit them to receive their traveling and hotel expenses at national conventions. I urge that the rank and file of the American Legion and the posts throughout each State see that their group is properly represented in both State and national offices and assignments. The "king makers" would not last a minute were it not for their interlocking arrangements with many State officials of the Legion throughout the country.

Sixth. The Legion Monthly should be converted into an instructive and informative magazine in the interest of the veterans.

METHOD OF PAYMENT SECONDARY

In the beginning, I want to make it plain that my fight for the payment of the adjusted-service certificates commenced before the depression with one thought in mind—the payment of this just and honest debt. The method of payment with me has always been secondary, although we were forced to suggest a method of payment in order that we could convince the country that a debt that is not legally payable until 1945 should be paid now. In doing that, it was necessary for us to advocate a plan that would not increase the national debt and would not cause new tax-exempt bonds to be issued or new taxes to be raised. The plan of payment made the measure popular and brought to our support business men, farmers, wage earners, and many groups and classes throughout the Nation that would not have, under any circumstances, favored the payment by any plan that would have increased their taxes or increased the national debt. We recognized the fact that the veterans alone could not put this proposition over; that we had to have help from the people in general, and in order to do that, this method was used to popularize it. I have also been interested in a plan that would put actual money into the pockets of the veterans and not merely secure the enactment of another law that would give the veterans promises only, such as the Vinson-Belgrano bill, that merely authorized Congress to make an appropriation to pay this debt. That bill would have given the veterans another promise but no money.

MIAMI RESOLUTION

The Miami convention of the American Legion in October 1934 passed a resolution asking for the full and immediate cash payment of the adjusted-service certificates. At the same convention what we know now to be a grievous and fatal mistake for the veterans was that Frank N. Belgrano, Jr., a Wall Street and international banker, foisted on the Legion by the "king makers", was selected as national commander to carry out that mandate. A coin was flipped by the "king makers." Belgrano won and the veterans have lost.

ANOTHER MISTAKE

Another great mistake was made when this national commander selected John Thomas Taylor legislative representative for the Legion, for the purpose of carrying out this mandate, as Taylor was representative of the Legion in 1924, when the present act, which was unfair in many ways and cheated the veterans out of 7 years' interest, was enacted into law. Taylor, sharing the views of his fellow Pennsylvanian, Andrew W. Mellon, opposed the cash payment in 1924, permitted many injustices to go into the act, and made the Members of Congress believe that the great American Legion was behind such an act, caused it to be enacted. Remember, Taylor was the man for the American Legion who put the stamp of approval upon the law that causes each veteran to receive an adjusted-service certificate due 27 years after his services were rendered. The act that permitted the banks to get the larger part of each certificate as interest on a few small loans. And he was the man who was being called upon by Commander Belgrano to go before the same Congress that had enacted the law in compliance with his wishes and get it revised to do the opposite of what he had advocated in 1924.

TAYLOR SAYS IGNORANCE OF VETERANS CAUSED AGITATION

As evidence of the fact that Taylor was not the man to lead this fight and should never have been considered for it a moment, he appeared before a Senate committee April 23, 1935, and let the committee members know that so far as he was concerned, the act of 1924 was all right and further gave them to understand that it was by reason of the ignorance of the veterans on the subject that caused so much agitation.

Taylor testified—page 93 of the hearings (Apr. 23, 1935):

> There was no necessity for any changes in that law until the depression came along.

This is contradictory to every argument we have ever made in favor of full payment, since the only thing we have to base our claim on is the justice of our claim, which is supported by the unanswerable arguments that the veterans were unlawfully defrauded out of 7 years' interest on what was confessed was due them. Taylor further gave the committee members to understand on the same page of the hearings that the veterans were ignorant, did not understand how the amount they were receiving was arrived at, and by reason of this ignorance, they had gained the impression that they were entitled to all of it now.

The truth is that the veterans of this country are better informed on the subject than John Thomas Taylor. They understand that Andrew W. Mellon caused them to be cheated out of 7 years' interest and that Mr. Taylor O. K.'d the wrong. They understand, too, that if they are given this $1 and $1.25 a day as of the time they rendered the services, with a reasonable rate of interest from that time, that they were entitled to an amount equal to the full face or maturity value of their certificates on October 1, 1931. If Andrew W. Mellon had hired a person to carry out his wishes and perpetrate wrongs on veterans in 1924, he could not have received better cooperation and more efficient service than John Thomas Taylor rendered.

I resent what Mr. Taylor said on page 94 of the hearings, in which he stated:

> But out in the country the millions of veterans in the remote sections of the country did not understand it.
>
> Things that are done here in Washington on veterans' legislation, by the time they are 200 miles from Washington, the veteran does not understand it.

In another part of his testimony, on page 94, Mr. Taylor, discussing the question of interest, said:

> There was no necessity for explaining that to them. • • •

Thereby leaving the impression that the veterans of this Nation are so ignorant that they cannot understand simple

questions of computing interest from the time that the services were rendered instead of from 1925.

BELGRANO'S POSITION

Let me briefly discuss the national commander's position. In the fall of 1932 the American Legion convention at Portland, Oreg., passed a resolution providing for the full and immediate cash payment of the adjusted-service certificates. After that time, the resolution was a continuing one. So after that time and until January 14, 1935, it was presumed that the American Legion was supporting my bill, which was receiving the support of the other veterans of the country. As the American Legion did not cause to be introduced another bill and being mandated to support the legislation, it was presumed to be supporting the bill before the country. However, Mr. Belgrano found himself in this position: If he supported the bill that the American Legion was presumed to have been supporting from the fall of 1932 and during the years of 1933 and 1934, it would cause the veterans to be paid in a way that the bankers would be denied their usual cut or rake-off on Government securities. This was contrary to what he calls an orthodox method of financing. Presuming he was acting in what he thought to be the interest of the American Legion in opposing such a bill, it was very convenient for him to advocate a bill that would give the bankers $2,000,000,000 in the form of a bonus in order to pay the veterans $2,000,000,000 on a debt. Like a thunderbolt out of a clear sky, on January 14, 1935, Commander Belgrano caused to be introduced in the House of Representatives, H. R. 3896, known as the "Vinson bill" or "Belgrano's bankers' bonus bill", providing for the payment of these certificates in what he called the orthodox method of financing.

EXCUSE FOR VINSON-BELGRANO BILL

The excuse for the introduction of the bill was that many bills providing for the payment in silver, by inflation, by levying taxes, and other methods were pending and it was necessary for him to cause to be introduced a bill that would carry out the Miami resolution and nothing more. The truth is at that time there was no bill pending in the House calling for the payment of these certificates in silver, by inflation, or by levying taxes. This statement was absolutely untrue and may be cited as an illustration of the type of propaganda that was used to excuse Belgrano for taking up the bankers' side.

NO MONEY FOR VETERANS IN BELGRANO BILL

Furthermore, the bill, if passed and enacted into law, would not permit the veterans to get a single penny; it merely authorized the payment to be made. However, when it is appropriated the bankers will have a cinch on their usual drag or no money for the veterans. I obtained from the Secretary of the Treasury an official ruling to the effect that if such a bill were to become a law another bill would then have to be introduced and the same hard fight conducted in order to get the veterans their money. Many years ago, in the early days of this campaign, I made the same mistake by introducing an authorization bill. It was soon discovered, corrected, and never made again. Belgrano refused to profit by my experience.

ANOTHER FAKE EXCUSE FOR BELGRANO-BANKERS' BONUS BILL

Another excuse was given for the introduction of this bill that a careful check-up had been made in the Senate and the Vinson-Belgrano bill could receive a two-thirds majority over a veto there. This statement was absolutely untrue, and I challenge now Commander Belgrano and Legislative Representative Taylor to name two-thirds of the Senators who would have voted for the Vinson bill over a Presidential veto, as claimed by them when the Vinson bill was introduced.

The truth is that our bill, H. R. 1, the Patman bill, had considerably more support in the Senate than any other bill. As positive and unmistakable evidence that the statement that two-thirds of the Senators would support the Vinson-Belgrano bill over a veto was absolutely untrue, Commander Belgrano did not even have the Belgrano bankers' bonus bill introduced in the Senate. He cannot make the veterans of this Nation believe that that bill was so strong in that body in the face of the fact that it never has until this good day been introduced in the Senate of the United States. If it were so strong, it would have been easy for the bill to have been introduced in the Senate instead of in the House on January 14, 1935, and passed in the Senate, and by that time our bill would have been passed in the House, and a conference committee would have been appointed from each House, differences would have been ironed out, a bill passed that would have received the maximum support in overriding the veto, and no differences would have come up between the veterans of this country. The fact that the bill was introduced in the House and not in the Senate was proof that both Taylor and Belgrano were more interested in defeating the proposal by causing a fight among veterans themselves than in receiving the payment of these adjusted-service certificates.

Both Taylor and Belgrano were drafted into the fight for this proposal. They were both against it, and have opposed it for 6 years. Certainly it was not very displeasing to them for it to be lost. I have had to fight not only the opposition of our opponents but these leaders of the American Legion, who were supposed to help me.

H. R. 1 SUPPORTED BY NONVETERANS

March 4 and 5, 1935, there was a hearing before the Committee on Ways and Means on House bill no. 1, the Patman bill, and H. R. 3896, the Vinson-Belgrano bill. At this hearing I was the first witness and presented every argument that could be presented, based upon my 6 years' experience, that would justify this payment. I answered every question that could possibly arise that was considered unfavorable to our proposal. We had the side of right and justice, and logic and reason were used to support the arguments. Upon every occasion I said that my primary interest was full cash payment and was secondarily interested in the method that was used.

Many others, representing farmers, wage earners, and business men, testified before the committee in support of our bill. It was the only bill that had nonveterans' support. James E. Van Zandt, commander in chief of the Veterans of Foreign Wars, presented a logical, convincing, and unanswerable argument in favor of the proposal and advised the committee that his organization, as well as a majority of the three or four million unorganized veterans, were 100 percent behind our bill.

Contrast this with the testimony of Taylor, Belgrano, and two other members of the official family of the American Legion, who presented not a single new argument in favor of the payment of these certificates, but spent almost their entire time denouncing me, my proposal, and disclosing a deliberate intention to divide the veterans, and the nonveterans as well, on this great question which would cause defeat. Taylor criticized me before the committee for having filed discharge petitions to force consideration of my bill in 1932, 1934, and 1935. He said that he was opposed to that method. The veterans of this country believe that I was working in their interest when I was doing everything that I possibly could do to get consideration of the bill that they were vitally interested in, yet Taylor in his testimony criticized me severely for being so active in their behalf.

BELGRANO VIOLATED INSTRUCTIONS BY OPPOSING ANY FULL-PAYMENT BILL

It is true that Belgrano did not have a mandate from the national convention to support my bill, although it was the only one that complied with the important parts of the resolution and the only one considered by Congress and the country for years. It is also true, however, that Belgrano was violating the resolution when he opposed my bill or any other bill that provided for full and immediate cash payment of these certificates, regardless of the method of payment proposed in the bill. He violated his instructions when he opposed any bill that carried out the Miami resolution.

HOUSE FAVORED PATMAN BILL

A majority of the members of the Ways and Means Committee, who favored any bill, favored my bill. Taylor and Belgrano, by getting a combination between the Republican

bloc on the committee and the Democrats who opposed any bill, succeeded by a vote of 14 to 11 in getting the Vinson bill reported out favorably to the House. On the House floor, the Vinson bill never did, at any time, receive more 120 votes out of 435 of Members who favored paying the adjusted-service certificates in full according to any method whatsoever.

The bill's main support came from those who opposed any type of legislation on this subject. The House, after a fair hearing, voted 207 to 204 in favor of the Patman bill.

BELGRANO REFUSES HELP IN SENATE FIGHT

If, at that time, we had gone to the Senate with the help of the American Legion leaders, we would have doubtless obtained a two-thirds majority in the Senate, but Belgrano still refused to support the bill and continued his fight before the Senate Finance Committee in opposition to my bill. Taylor also appeared in opposition to my bill. It will disgust any member of the American Legion to read Taylor's and Belgrano's testimony before that committee. Taylor defended the 1924 act and, in effect, said if it were not for the ignorance of the veterans, they would not be asking for full payment; that only those within 100 or 200 miles of Washington had any information; and Belgrano did not intelligently present the subject. He disclosed gross ignorance of the entire subject matter and even said that if the veterans are given credit for the 7 years' interest, the full amount will not be due until October 1935. He hurt our cause instead of helping us. If he had in mind securing the enactment of a bill that would give the bankers their usual drag or no bill at all, he could not have done more effective work to that end.

Before that committee I very quickly and promptly said that I was primarily interested in full and immediate payment of these certificates and only secondarily interested in the method of payment, that if I could not get approval of any bill I would gladly support the Vinson-Belgrano bill. On the other hand, Mr. Belgrano, after much questioning, would not come out and say that he would like to see the veterans get their money according to the Patman plan if Congress would not adopt any other plan, thereby showing that he was for the bankers first and the veterans second. In answer to questions he said the Senators could vote any way they wanted to on the floor if the Vinson-Belgrano bill was defeated, and the vote was on the Patman bill or no bill (Senate hearings, p. 117, Apr. 23, 1935).

WHAT I HAVE DONE IN FIGHT

Since I as author of this legislation have been attacked by the elected leader of the American Legion, I feel it my duty to tell you something about the fight I have made, even though I may be accused of dealing in personal matters. You probably want to know something about the man that introduced the first bill in the House of Representatives providing for the full and immediate cash payment, which was on May 28, 1929, and who has consistently and persistently continued the fight until this good day.

First. I have visited every State in this Nation in behalf of this cause, have visited practically every principal city, and in many places engaged in joint debate on the platform and over the radio with those who were attacking the veterans and especially this proposal.

Second. Prepared at an enormous expense to myself and almost 2 years' time a table that discloses approximately the amount of money the veterans in each county in the United States will receive in the event a bill is passed providing for full payment, with no interest charge on loans after October 1, 1931. That table is just as new today as the day it was made, as the bill now pending will cause the payments as indicated in that table. Making this computation was a tremendous job and very expensive. Each county, 3,071 in all, represented a separate problem and many factors received consideration.

Third. Prepared and caused to be distributed a booklet for the sole and only purpose of selling this cause to the people. This booklet caused me a personal loss of more than $1,000. My loss would have been much greater had not the Veterans of Foreign Wars minimized it by purchasing several thousands of booklets. The national headquarters of the American Legion purchased 10 for $2.50 and used my information that I had spent years of time to compile at my expense without even giving me credit for it.

Fourth. The satisfaction of knowing that I have been working for a cause that will not only help the veterans, but all the people of the country as well, I have been amply and fully repaid for everything that I have done and my fight will continue. My successful efforts for the disabled and their families have many, many times repaid me for the sacrifices in time or money that I have made for the veterans' cause. The knowledge that just one veteran and his family received a substantial sum in 1931, which relieved distress in his family, doubly and amply repays me for any sacrifice made, and there were thousands of such cases.

No one will deny that I have traveled more miles, made more speeches, spent more hours of investigation and searching for valuable information that would help our cause, advanced more reasons why this debt should be paid, than any other person in America.

Probably many would be interested in knowing that I am not a rich man; I am a poor man; have always been poor and probably always will be, not looking for riches or personal private fortune, but hope as an insignificant Member of Congress and as an humble member of the American Legion to render the veterans and the country a constructive service. When I entered Congress I owed $5,000 which probably would have been repaid by this time had I not been compelled to spend large sums of money answering such attacks that have been made upon me by both Belgrano and Taylor, both inside and outside of the Legion and in selling this cause to the country and Congress. Instead of owing $5,000 today, I owe $10,000. I am not complaining about it in the least; I am happy over the fact that I have, in a small way at least, caused good, constructive thoughts to be disseminated throughout the rank and file of this country, which will not only help the veterans and their dependents but the entire Nation and all the people as well.

VETERANS OF FOREIGN WARS

Taylor and Belgrano, in order to try to arouse the members of the American Legion against me, tried to make the Vinson-Belgrano bill and the Patman bill an issue between the American Legion and the Veterans of Foreign Wars, an excellent way to drive a wedge between the veterans. Many Legionnaires, doubtless, acting under their instructions, even went so far as to claim that I was sponsoring the Veterans of Foreign Wars, trying to hurt the Legion. It is absolutely untrue. It is true the Veterans of Foreign Wars have been with me in this fight. I express gratitude and appreciation for their help, not only for myself, but for all other veterans as well, including the rank and file of the American Legion, who are sponsoring our cause. My policy has always been and is now as a Member of Congress to work with, cooperate with, coordinate my efforts with every person and organization who is sincerely working in the same direction that I am working for a cause, but not to sponsor any of them. I have not been sponsoring any organization in this fight. If any organization benefits by reason of their cooperation with me, their leaders are entitled to credit for using good judgment and manifesting a spirit of cooperation in the direction that will likely get the best results.

MEMBER OF ALL THREE WORLD WAR VETERANS' ORGANIZATIONS

I have been an active member of the American Legion since 1920, helped to organize the first post in my home town, and was the post commander of it the first year; have been a delegate to State and National conventions ever since, and have at all times worked in what I believed to be in the interest of the American Legion. I am also a member of the Disabled American Veterans, having a service-connected disability, which prevented my going overseas during the war. I am also proud of my membership as an honorary member of the Veterans of Foreign Wars. It is a militant organization, whose leader, James E. Van Zandt, is one of the most effective crusaders for the veterans' cause in this Nation. George K. Brobeck, legislative representative of the Veterans of Foreign Wars, is also a militant and cooperative friend of the veterans and an effective campaigner for their cause. There

is plenty of room in this country for these three great organizations. The spirit of noncooperation with other organizations and friends of the veterans' cause that has been manifested in the recent past by certain leaders of the American Legion should be discontinued and a spirit of cooperation should be invoked instead. Veterans are not helped by fighting among themselves. I have tried to keep down such fights, but received no cooperation from the present leadership of the American Legion.

MEETING OF STEERING COMMITTEE FOR H. R. 1

About 2 weeks ago the steering committee in the House of Representatives for the passage of H. R. 1 had a meeting which was attended by practically all of the 22 members. It was decided that we will continue to fight primarily for the full and immediate cash payment of the adjusted-service certificates, and that we are only secondarily, as we have always been, interested in the method of payment; that we stand ready and are on the alert during this session of Congress to take advantage of any opportunity that will permit us to secure the passage of a law to pay these certificates. The members of that committee are as follows:

Wright Patman, chairman; Abe Murdock, secretary; Adolph J. Sabath, Illinois; James G. Scrugham, Nevada; Arthur H. Greenwood, Indiana; William M. Colmer, Mississippi; Jennings Randolph, West Virginia; Clarence Cannon, Missouri; Wm. P. Connery, Jr., Massachusetts; William M. Berlin, Pennsylvania; Frank Hancock, North Carolina; Jed Johnson, Oklahoma; James P. Richards, South Carolina; Gerald J. Boileau, Wisconsin; Andrew J. May, Kentucky; Fred H. Hildebrandt, South Dakota; Martin F. Smith, Washington; Martin Dies, Texas; John E. Miller, Arkansas; George A. Dondero, Michigan; Paul J. Kvale, Minnesota; Roy E. Ayers, Montana.

I am personally greatly indebted to the members of this steering committee for their very able, loyal, and effective support of this cause. The House victory was not my victory, it was our victory. Without this good steering committee, success would not have been possible.

There are many other Members of this House who are also entitled to receive the greatest recognition possible for their contribution to this successful battle.

SUCCESS AGAINST GREAT ODDS

Many people wonder how it was possible for our bill, H. R. 1, the Patman bill, to be successful in the House when it was opposed by the following groups:

First. Those who were opposed to any bill.

Second. Those who were in favor of any other proposal.

Third. Those who were in favor of the Vinson-Belgrano bankers' bonus bill.

Fourth. The Republican minority.

Fifth. A majority of the Ways and Means Committee.

Sixth. The House leadership.

Seventh. The administration forces.

Notwithstanding all of this opposition, out of 531 Members of the House and Senate we lacked only 9 votes of receiving a two-thirds majority in each House. Our bill received over 75 percent of the combined votes of the two Houses. This is the only bill that ever stood five tests in the House of Representatives in 2 days. The Vinson-Belgrano supporters were allowed two of these tests. We won because we had the right side, because we had a good organization to keep the Membership and the country informed, and because we had logic and reason to support every argument that was made. In fact, our arguments could not be answered.

H. R. 1

This bill is not dead. It is pending before the Ways and Means Committee at this time, and if the issue is not disposed of at this session of Congress, when Congress meets again, either in special session or on January 3, 1936, the passage of the bill will be insisted upon. It is unnecessary to file a new bill. H. R. 1 is very much alive and will remain alive until it is either enacted into law or until the end of the Seventy-fourth Congress, which will be January 3, 1937.

If we are not successful this session of Congress, those of us who are sponsoring this bill expect to make the same vigorous, determined, and persistent fight when Congress meets again that we have always made.

If the American Legion convention at St. Louis elects a commander who will work with us and will appoint representatives who will work with us, I can personally assure the veterans that they will get their money in a very short time when the next Congress meets if we are unable to secure full payment at this session.

BELGRANO AND TAYLOR EITHER WITHHOLDING MONEY FROM VETERANS OR DELIBERATELY TELLING FALSEHOODS

Commander Belgrano and Legislative Representative Taylor are either willfully preventing the veterans from receiving their money in full payment of their certificates or they have deliberately and willfully made false statements to the veterans. This statement is based upon the fact that they claim that the Vinson-Belgrano bill had pledged to its support two-thirds of the Members of the United States Senate. If that statement is true, there was no reason on earth why the bill was not introduced in the Senate the very day that the President's veto was sustained or the next day or any day after then, or even today, and the bill passed in the Senate, passed in the House, and if vetoed, it would have been overridden, if they are telling the truth. Therefore, if they have told the truth, it is within their power to immediately get a bill passed that will give the veterans their money. Have they deliberately told a falsehood or do they desire to withhold the money from the veterans? The truth is the Vinson-Belgrano bill has never had the support in the Senate that the Patman bill had. Belgrano and Taylor know this.

THE SENATE VOTE

If the Vinson-Belgrano bill had been placed on final passage in the Senate this year, it would not have received near as many votes as the Patman bill received, because many senators would not vote for the Vinson bill since it would require additional bonds and new taxes, but would gladly vote for the Patman bill, which would pay the debt to the veterans without creating a new debt. Therefore, the Patman bill received the maximum strength in the Senate. However, if the test should come again, every Senator who voted for the Patman bill will be under obligations to vote for any bill that provides for full and immediate cash payment. If he does not, he will be accused of favoring the issuance of new money first and the veterans second. I am sure they will not place themselves in that position.

Even with this added strength, evidently the supporters of the Vinson-Belgrano bill do not believe that they have a two-thirds vote in the Senate or they would have it introduced in the Senate immediately and passed. If it has a two-thirds vote and they know it, they are withholding the money from the veterans if they do not cause it to be introduced in the Senate at once and passed.

NO MONEY FOR VETERANS IN ORIGINAL VINSON-BELGRANO BILL

Section 5 of the Vinson-Belgrano bill stated—

There is hereby authorized to be appropriated such amount that may be necessary to carry out the provisions of this act.

That meant that if the bill should pass and become a law another hard fight would then have to be made to get the money. It was estimated that full and immediate cash payment with remission of interest as provided in the Patman bill at the most would cost the Government $2,263,545,684. The veterans would get about $2,000,000,000 of this. On May 3, 1935, when the bill was pending in the Senate, Senator THOMAS of Oklahoma offered the following amendment:

SEC. 6. There is hereby appropriated from any funds in the Treasury not otherwise appropriated the sum of $2,263,545,684 to carry out the provisions of this act.

There was a roll-call vote on this question; 57 Senators voting for it and 23 against. Eighteen of these 23 voting against it also voted against the bill on final passage. The bill in its original form gave Congressmen a good storm cellar. They could vote for the bill and then fall out over the method of payment, which would result in the veterans getting a law passed but no money.

SENATE CHANGED BILL

After the adoption of this amendment the bill was no longer the original Vinson-Belgrano bill, but was amended over their protest to put the money into the bill, so that the veterans would get their money if the bill passed.

If the American Legion ever offers another bill asking for an appropriation of such a large sum of money, it should never under any circumstances offer a mere authorization bill, but should actually put the appropriation in the proposed bill.

NO ATTACK ON AMERICAN LEGION

Belgrano and Taylor continue to insist that I am attacking the American Legion and the American Legion officials. This is not true. I am a loyal legionnaire; have never attacked the American Legion, but have attacked certain elected and appointed leaders like Taylor and Belgrano, who have betrayed the rank and file. My efforts in this direction are constructive and will have a tendency to save the Legion instead of harming it.

It grieves me to take issue with any national commander of the American Legion. I respect the position that he holds. My belief, however, is that no really red-blooded American who has worn the uniform of this country will expect me to sit idly by and not defend myself from the wild propaganda and vicious attacks made upon me by the kingmaker selected national commander of the American Legion and his hired hand, John Thomas Taylor.

WHO STARTED FIGHT

I did not start the fight between myself and Belgrano and Taylor. It will probably be interesting to many to know how this fight started. On January 14, 1935, the Vinson-Belgrano bill was introduced. If that had been all that was done, I probably would not have said a word, but would have continued to fight for my own proposal and left the matter to the House without making any attack whatsoever on the elected leader of the American Legion who caused the bill to be introduced. However, Belgrano and Taylor did not stop with the introduction of the bill. They immediately got out a statement for the American Legion in which I was denounced in the most critical and caustic terms, and all of those supporting my proposal were called idiots and lunatics. Even then I hesitated to get up a fight with the American Legion leaders, so my steering committee was called together, and upon the motion of Congressman SCRUGHAM, which was unanimously adopted, we sought a conference with Commander Belgrano for the purpose of ironing out our differences, and reuniting our forces for the purpose of presenting a united shoulder-to-shoulder fight before Congress and the country for the one purpose of getting the adjusted-service certificates paid in full. Although Commander Belgrano was in Washington and accepted our invitation, he refused to attend the meeting after the appointment was made, and refused to confer with our committee. There was nothing left for us to do except to answer the unjustified attack made upon the supporters of our bill, and to disclose to the veterans the possible motives behind their actions.

SENATORS WHO OPPOSED ANY BILL SUPPORTED VINSON-BELGRANO BILL

In the Senate on May 7, 1935, on a direct vote to substitute the Vinson bill for the Patman bill the vote was 35 for to 52 against. Democratic leaders and the strongest administration supporters were about equally divided on the vote.

Forty-five of the 52 who voted against the Vinson bill and in favor of the Patman bill were Democrats. Thirty-two of these Democrats supported the bill on final passage and only 13 voted against it. This is a complete answer to the argument that the Patman bill was supported largely by those who were opposed to the legislation. Just the reverse is true.

Out of the 35 who voted to substitute the Vinson bill for the Patman bill 19 of them voted against the bill on final passage, and only 16 of the 35 voted for the bill on final passage, which goes to show that the Members of the Senate who were opposed to any bill were making an effort to substitute the Vinson bill, knowing it had no chance over a Presidential veto. The same tactics were used in the House. This information is contrary to reports put out by Belgrano and Taylor. The figures may be verified by consulting the CONGRESSIONAL RECORD of that date, pages 7066–7068.

Seven Republican Members voted against substituting the Vinson bill for the Patman bill and all of them voted for the bill on final passage. Contrast this with the 15 Republicans who voted to substitute the Vinson bill for the Patman bill. Only 5 of them voted for the bill on final passage, while 10 voted against it on final passage.

IN SENATE AMENDMENTS WERE IN ORDER TO PATMAN BILL AFTER VINSON BILL DEFEATED

Belgrano and Taylor falsely claim that after the enemies of any bill in the Senate succeeded in substituting the Patman bill, they then voted against the bill on final passage. The truth is the Patman bill passed the House and was referred to a Senate committee. The Senate committee reported it to the Senate with a recommendation that it be passed with an amendment, which was the Harrison bill. When the bill came before the Senate the first question was whether or not the Harrison bill would be substituted as an amendment for the Patman bill. The Vinson bill was substituted for the Harrison bill. Then the vote was on substituting the Vinson bill for the Patman bill. The Vinson bill lost. It was then in order for any Senator to move to amend the Patman bill by changing it in any way that he desired. He could have sent up an amendment to strike out the money feature and insert a provision that it be paid directly out of the Treasury if he had desired. The reason it was not done was because they did not have a majority of the votes and certainly did not have two-thirds as claimed. Any inference that the Vinson supporters were maneuvered into a parliamentary situation that caused them to lose, although having a majority, is absolutely unfounded for the reasons I have herein outlined.

AFTER BILL PASSED SENATE

After the bill passed the Senate by a tremendous vote, and for several days while it was pending before that body on a friendly motion to reconsider, which would enable us to have time to get all the friends of the measure together for the purpose of coordinating our efforts and making an appeal to the President not to veto the bill, or, in the event the bill was vetoed, to pass it over a Presidential veto, there were many conferences attended by the House steering committee for the passage of H. R. 1, and the Senate steering committee, which was composed of 10 or 12 Senators who were leading the fight in that body. At these meetings we made every effort to get Commander Belgrano or Legislative Representative Taylor to attend and work with us. This they absolutely refused to do. They made no effort, so far as I know, to get the bill passed in the Senate after the Vinson-Belgrano bill was defeated. Neither did they make any effort to get the veto overridden. The next day after the bill passed the Senate, Belgrano was on the firing line at Ogden, Utah. Neither Taylor nor Belgrano were seen on Capitol Hill after the bill passed the Senate, so far as I know, until the veto was sustained, except Taylor was seen one time near the Senate floor. They refused to aid us in any way, but, on the other hand, caused us to lose, we know, 4 votes on the vote to override the President's veto. If these leaders had really wanted this legislation passed, I believe the American Legion was worth the necessary 9 votes in the Senate, and this number could have been obtained if they had really tried to obtain them, but as it was the American Legion leaders did not help us to get one single vote but caused us to lose 4 votes.

AFTER VETO SUSTAINED ANOTHER ATTACK ON ME

After the veto was sustained, instead of making an effort to pass a bill that Taylor and Belgrano claimed had more than two-thirds pledged to its support in the Senate—and we all know any bill of this nature will receive more than two-thirds vote in the House—they caused to be issued in the June 1935 National Legionnaire another attack on me, in which they referred to me as follows:

An upstanding fellow and the bonus racket had served him as a most reliable vehicle. As a vote getter it can't be beat. JOHN RANKIN, of Mississippi, had a monopoly on it for a while, but when he became bigger of stature, so to speak, when his interests broad-

ened to the point of having designs on the leadership, he turned the veterans' vehicle over to Wright.

It is not helpful to have the cause publicized as a racket, and, secondly, although Judge RANKIN has been an able supporter of this movement, he never did claim to have the leadership of it. I introduced the first bill in the House on the subject and have continued the fight ever since. The statement in another part also refers to the bill as an inflationary bill, which is absolutely untrue. It is not inflationary, and Belgrano and Taylor know that it is not inflationary. Dr. O. W. M. Sprague, Hon. Jesse Jones, Chairman of the Reconstruction Finance Corporation, Mr. Eccles, Governor of the Federal Reserve Board, and former Secretary of the Treasury Mr. McAdoo said it was not an inflationary bill. If Belgrano and Taylor continue to say it is, we must presume that they are deliberately attempting to mislead the veterans. In this same publication there were many other attacks upon me, and the article indicates that Taylor and Belgrano are very, very sore because I have persistently advocated this cause. They have always been against it, and it is evidently pleasing to them that the veto was not overridden. Remember, this is attack no. 2, after the veto was sustained, when I had not said or done anything, except to try to get this bill passed, that would justify this attack.

THE THIRD ATTACK ON ME

Attack no. 3 is in the American Legion Monthly for July 1935, by Banker Belgrano and Hired-Hand Taylor. I would like to answer this article and get it published in the American Legion Monthly, but I know that this publication will never carry a line favorable to me as long as king-maker commanders control it as they are doing now. This message will reach very few veterans and very few people compared to the publications put out by Belgrano and Taylor. However, with my limited means, and to the full extent of my ability, I expect to continue to defend the veterans' cause for the full payment of these certificates even though I have the opposition of those who claim to be friendly to the cause but who are betraying the veterans who elected them. Belgrano and Taylor in their fight against me have had the assistance of Wall Street and international banking groups that we know have spent enormous sums of money in opposition to the cause which I advocate. The $74,000 that was spent at Chicago was chicken feed compared to the total amount expended for the purpose of defeating this cause. A witness testified under oath that Belgrano and other high officials of the American Legion were members of the sound-dollar committee who represented the front for these big bankers in opposing this legislation.

THE FOURTH ATTACK ON ME

The National Legionnaire for July 1935 contains new and additional attacks on me by Belgrano and Taylor. In this publication they infer that everybody has given up in the fight except themselves. The truth is, they have never gotten in the fight, and no one who has been carrying on has given up. They also quote a few editorials from newspapers which say that the inflation issue beat the veterans. They failed to print the editorials from some of the greatest newspapers in this country favorable to my side of the question and showing my bill was not inflationary. They are just picking out unfavorable editorials and printing them, giving the veterans only one side, and refusing to give my side.

VETERANS PICTURED AS IGNORANT CLASS

Belgrano and Taylor evidently believe, as Taylor testified before the Senate committee, that the veterans are a very ignorant class, and very few of them who live more than 100 or 200 miles from Washington know what it is all about. With that assumption and with the means of communication within their grasp, which I do not possess, they probably expect to crush me and thereby destroy the cause that they have always opposed but have been pretending to defend.

BELGRANO'S BANKERS' BONUS BILL OR PATMAN BILL

If the Vinson-Belgrano bankers' bonus bill had passed, it would have increased the earnings of Commander Belgrano's banks in California; New York City; Rome, Italy; and London, England, from $5,000,000 to $10,000,000 a year. It would have increased the earnings of his California banks alone more than three and a half million dollars a year, without being out a penny and without running any risk whatsoever, whereas under the Patman bill the Government would have used its own credit free and the commander's banks would have been denied this $5,000,000 to $10,000,000 annual bonus.

HOW OUR CAUSE WAS HARMED

Our cause for full payment of these certificates was not helped but was harmed when the American Legion officials published a statement to the effect that the average member of the American Legion has an income of twice that of the average general income. This was a falsehood and led the country to believe that all veterans were twice as well off as other people. These leaders also declared that 94 percent of the American Legionnaires carry insurance policies averaging over $12,000. I do not believe there is a word of truth to this. It looks like both of these statements were made for the purpose of hurting our cause by causing the people of the country to believe that the veterans are twice as well off as any other class.

Every veteran in this country who has all of the information on this subject knows that we are criticized by Belgrano and Taylor because we would not put our heads in the bankers' laps and permit them, if any bill were passed and enacted, to receive a bonus of $2,000,000,000 in order that we might pay the veterans a debt of $2,000,000,000. They know that Banker Belgrano and John Thomas Taylor are not displeased because the bill was defeated, and they also know that they did not make an honest, sincere effort to secure passage of the legislation.

HOUSE FORCES SHOULD NOT AGAIN BE DIVIDED

If the leaders of the American Legion are determined to sponsor another bill for the payment of the adjusted-service certificates, they should certainly not commence such a bill in the House where our forces are united. They should commence the bill in the Senate, the body that has always killed the legislation. Furthermore, no bill should be introduced that merely provides an authorization for an appropriation as the Vinson-Belgrano bill. It should actually carry the appropriation.

EXAMPLE OF MISLEADING

As an example of how Belgrano and Taylor have attempted to mislead the veterans, I refer you to the fact that the Vinson-Belgrano bill does not carry out the mandate of the Miami convention. I will call your attention to one specific instance—the Miami resolution says that the American Legion asked for a refund of all interest paid. The Vinson-Belgrano bill does not contain such a provision, yet Belgrano and Taylor continue to say that the bill complies exactly with the Miami resolution. Other instances can be cited. It is true that the Miami resolution was embodied in the bill in the preamble, but a preamble never becomes a law. It is thrown in the wastebasket because it is before the enacting clause of the bill and does not have the effect of law.

ANOTHER FALSE REPRESENTATION

Belgrano and Taylor have attempted to make the members of the American Legion believe that I claimed in my speech on January 30, 1935, in the House that the Miami convention of the American Legion endorsed my bill. I never did make such a claim and do not make such a claim now. In answer to a question propounded to me by Representative FISH, of New York, I stated positively that I did not claim that my bill was endorsed by this convention. I did say then, I do say now, that my bill was the only one that complied with that part of the resolution which says that the payment should be made in a way that no new or additional debt will be created. All other bills will create a new debt.

MEMBERS OF CONGRESS KNOW WHO HAS CARRIED ON THIS FIGHT

Many veterans know me and know Belgrano and Taylor, and know our records. I am sure as to what their judgment will be. There are many thousands of legionnaires, however, who do not know any of us personally. I suggest that they write their Congressman regardless of the way he voted, whether for the Patman bill, the Belgrano bill, or

against any bill, and I am convinced that you will need no other evidence to refute the wild propaganda that Belgrano, Taylor, and the American Legion national headquarters are using against me in an effort to justify the double-crossing they gave their members. Members of Congress are fair, and I am willing to abide by their judgment. They know I have done and am now doing everything within my power to get these certificates paid.

ADDITIONAL STRENGTH EACH SESSION

Our bill passed the House June 15, 1932, by a vote of 211 for to 176 against.

March 12, 1934, it passed the House by a vote of 295 for to 125 against.

On March 22, 1935, it passed the House by a vote of 318 for to 90 against.

It passed the Senate May 7, 1935, by a vote of 55 for to 33 against. An effort was made to substitute the Vinson bill, which lost by a vote of 35 for to 52 against. It is ridiculous to say that two-thirds of the Senators wanted a certain bill and could not get it.

On May 22, 1935, on the question of overriding the President's veto, 322 voted to override with 98 against in the House.

May 23, 1935, the Senate voted to override the President's veto as follows: Fifty-four yeas to 40 nays, lacking 9 votes of being two-thirds, a sufficient number to override in the Senate, although in the combined Membership of the two Houses, consisting of 531 Members, less than 25 percent voted against our proposal. In other words, more than 75 percent favored our bill.

HOW STRENGTH INCREASED FOR PATMAN BILL AT EACH ELECTION

In 1930, 77 new Members of the House of Representatives were elected, 54 of them were pledged for my bill to pay the adjusted-service certificates and 23 were against it. In 1932, there were 181 new Members of the House elected, 133 favoring my bill and only 48 against it. In 1934, there were 108 new Members elected to the House of Representatives, 91 for the bill to only 17 against it.

This indicates how the bill has grown in strength, and the only bill pending before the country during this time for the full and immediate cash payment of the adjusted-service certificates that was being considered was the Patman bill to pay in new currency without creating a new debt.

RECENT TREASURY STATEMENT

According to the June 29, 1935, daily statement of the United States Treasury, the Government holds $9,115,380,809.40 in gold. The title to this gold is in the United States Government. The Government has outstanding today less than five and a half billion dollars in actual money, including paper money, silver, and other coins. Therefore, the Government can issue $2,000,000,000 in gold to pay the veterans or issue $2,000,000,000 in paper money secured by $2,000,000,000 in gold and still have more than $7,000,000,000 to retire the five and a half billion dollars in outstanding money.

PAY VETERANS IN NEW MONEY

We are asking in H. R. 1, the Patman bill, that sound money be issued to pay this debt. It will be issued in a way that no inflation will possibly result. It will distribute purchasing power to three and one-half million veterans who reside in every nook and corner of the Nation, but will not cause the issuance of more nontaxable bonds or an increase in taxes. It is not sound governmental policy to pay this debt with bonds that will cause the bankers to get a $2,000,000,000 bonus in order to pay the veterans a $2,000,000,000 debt when we have the idle gold in the Treasury to pay the debt with.

SALARIES AND EXPENSES, BELGRANO AND TAYLOR

The national commander of the American Legion receives $10,000 a year and expenses. Belgrano's expenses the first 2 months were $2,286.99, or over $1,100 a month and at this rate will be over $13,000 for the year. Taylor receives $6,000 a year and expenses. His department, the legislative, cost the American Legion $23,482.79 in 1934.

These charges would not be excessive if Taylor and Belgrano were working for the American Legion. The veterans would be much better off without the kind of assistance they have been rendering.

Wall Street interests should be compelled to pay their own lobbying expenses and not make the individual legionnaires over the Nation pay their bill. Neither should they be allowed to use leaders of the American Legion as a front to put over their propaganda.

LEGION SHOULD HAVE 2,000,000 MEMBERS

The American Legion should have at least 2,000,000 members. If there is the right kind of house cleaning, commencing at the top, I predict the membership will reach that figure in a very short time.

Mr. SCHNEIDER. Mr. Speaker, the Wheeler-Rayburn bill for governmental control of public utility holding company practices is the most misrepresented and misunderstood legislation which has come before this session of Congress. The army of lobbyists, which has not only infested the corridors of the Capitol but has been active throughout the country by personal solicitation and by letter, has attempted to lead investors in all utility stocks and bonds, and even in other investments, to believe that all of their securities will be adversely affected by this proposed legislation.

As a matter of fact, opponents of this legislation admitted at the hearings before the Senate committee that only one-fifth of the investment in utilities is in the holding companies, four-fifths being in regular operating companies. Much of the holding-company investment is controlled by large banks and financial combinations. Instead of adversely affecting securities of operating companies this bill is aimed to take the financial leeches off these companies and their stockholders and enable them to give good service at reasonable rates to consumers, with a fair return to investors, relieving them of the obligation to carry the old man of the sea, who has fastened himself on their backs in the form of holding-company organizations.

The bill as passed by the Senate calls only for elimination of unnecessary holding companies over a period of years, with a reasonable time given for an orderly liquidation. Holding companies which control properties located close to each other, where the operating units could obtain some advantage by cooperative action, are deemed desirable and are allowed to continue under the bill.

This bill is aimed at abuses such as those illustrated when an official of one of the large holding companies located in New York appeared recently before a Senate committee. He was asked about an operating company on the Pacific coast and indicated he knew nothing about the company. He was then asked if he was not the president of the company named and did not draw a salary of $7,500 a year from the company, holding such position by virtue of the control over the operating company by his holding-company organization. After a whispered consultation with his attorney he confirmed the fact that he was an officer and drew the salary, although later testimony showed he had never even visited the company offices while on a trip to the Pacific coast.

During the Senate debate on this measure charts were submitted showing a spider's web of holding-company affiliations in which as many as 12 holding companies were pyramided on top of a lone operating company, which is expected to provide sustenance for the bloodsuckers which feed upon its activities to the detriment of the consumers of electricity and the investors in utility stocks.

We are here attempting to remedy these injustices under which the holding companies hold the voting stock in the operating companies while investors who furnish most of the capital in the operating companies hold the bag. Through this control, although actually owning only a small proportion of the capital invested, the holding companies dictate the business policies of the operating companies. They tell them from whom they are to buy materials, at what prices, and from whom they shall hire engineering and legal services, frequently furnishing both supplies and services at exorbitant rates. In one case it was shown that a holding company charged $2,000,000 for legal services which had actually cost $1,000,000.

Section 13 of this bill, which would control the practices cited above, has unfortunately been emasculated and hamstrung by action of the House committee, and should be restored as approved by the Senate, so that legal racketeering of the type described above can be effectively stopped.

Section 11 of the bill has also been emasculated, those responsible for wrecking this section arguing that it is not necessary to arrange for dissolution of the holding companies whose activities extend beyond all economic borders and result in control in New York, Chicago, and other financial centers of properties located thousands of miles away and having no economic connection with the financial bosses controlling them.

This bill is merely an attempt to cut down these gigantic octopuses to a size where they can reasonably be controlled by the States, so far as possible. Regulation of their activities is impossible under the present organizations, as is shown by the statements on the floor of this Congress by two former Governors of sovereign States who made an honest effort while serving as chief executives of their Commonwealths to control holding-company practices.

Senator BROWN, of New Hampshire, who, following his term as Governor of his State, served for 7 years on the public-utilities commission, stated on the floor of the Senate:

> New Hampshire is not a large State. It has an area of something less than 10,000 square miles. Nor is it densely populated, having a population of 465,000. The utility problem in that State ought not to be extremely complicated, yet our commission could never even be certain as to the number of holding companies doing business in the State, because it is impossible for a State commission to discover the truth. I have seen them juggle their books, juggle their cash where they were both buyer and seller, juggle their taxes, juggle their lawyers, their accountants, and their engineers.
>
> In my opinion, under the present set-up nobody can effectively regulate such an organization. It is too big, too powerful, its officials are too fast, and its lawyers are too smart.

Our colleague here in the House, former Governor PIERCE, of Oregon, told us of similar experiences he has had in the State of Oregon.

Holding companies are here making a fight for these emasculating amendments, saying, "We are willing to submit to reasonable regulation, and we will be good." The investigation of the Federal Trade Commission shows, however, that every holding company from Insull up or down has been guilty of unfair practices. Those who operate this financial octopus know regulation cannot be made effective. That is why they are advocating it here today. These same interests have lobbyists at legislative sessions of every State fighting to the last ditch to prevent any strengthening of the laws regulating their evil practices. They attempt to control and, if necessary, corrupt public officials from the lowest town or city officer to the highest legislative body, the United States Congress.

The average citizen need but refresh his recollection of activities of public-utility officials in his community and he will not doubt the charges made about the practices of holding companies and their attempts to control the Government for private interests.

Mr. Speaker, many years ago the late Senator La Follette, with far-reaching vision, secured passage of an antimerger law in the District of Columbia making it unlawful for a holding company to own more than 10 percent of the capital stock of any District utility corporation. Despite this effort to regulate, People's Counsel Roberts, of the District, whose experience in attempting to regulate these practices prompted him to make a radio address a few nights ago in support of this legislation, pointed out that all of the District utility corporations are now controlled by holding companies.

The argument is being advanced that these financial pirates, like Insull, should be allowed to continue their operations because any action by Congress might decrease the value of investments in holding companies. Legislation which has been enacted, and which is being proposed here to protect the innocent victims of lying propaganda, is said to be responsible for the shrinkage in the value of utility securities. The facts are, however, that between 1929 and 1933, during the era of unrestricted individualism, the market value of securities of 25 leading holding companies decreased from $19,245,157,757 to $2,879,000,000. A loss in securities' values which brought a decrease from 19 to 2 plus certainly demonstrates that something more effective than the benevolent management of Insull and his kind is needed to protect the American investor.

Mr. Speaker, I believe we should reject the House committee amendments, sponsored by the Power Trust in an effort to make this bill ineffective. We should then move promptly to pass the bill. The workers and farmers are in need of this protection against centralized industrial control. They pay the higher rates which the present system foists upon them, and groan under the exploitation.

The investors, who are being used by the power trust as a smoke screen, need the protection of this bill, which is aimed to preserve the rights and property of those who have invested in securities representing honest value.

Mr. SAUTHOFF. Mr. Speaker, President Roosevelt delivered his special message to the Congress of the United States on March 12, 1935. In that message he said, among other things:

> We do not seek to prevent the legitimate diversification of investment in operating utility companies by legitimate investment companies. But the holding company in the past has confused the function of control and management with that of investment and in consequence has more frequently than not failed in both functions.

And again—

> But where the utility holding company does not perform a demonstrably useful and necessary function in the operating industry and is used simply as a means of financial control, it is idle to talk of the continuation of holding companies on the assumption that regulation can protect the public against them.

And again—

> And it offers too-well-demonstrated temptation to and facility for abuse to be tolerated as a recognized business institution. * * * It is a corporate invention which can give a few corporate insiders unwarranted and intolerable powers over other people's money. * * * it has built up in the public-utility field what has justly been called a system of private socialism which is inimical to the welfare of a free people.

President Roosevelt's views on this subject were founded largely on the report of the National Power Policy Committee. This committee in its report gives us some startling information which may well cause the average citizen to pause and consider whither we are drifting. I take the liberty here of quoting from the committee's report:

> In 1925 holding companies controlled about 65 percent of the operating electric-utility industry. By 1932, 13 large holding groups controlled three-fourths of the entire privately owned electric-utility industry, and more than 40 percent was concentrated in the hands of the three largest groups—United Corporation, Electric Bond & Share Co., and Insull. Even these three systems are not totally independent. United Corporation has a stock interest in Electric Bond & Share Co. In the latter system have been brought certain Insull properties since the collapse of the Insull empire. In 1929 and 1930, 20 large holding company systems controlled 98.5 percent of the transmission of electric energy across State lines.
>
> The rise to power of the large holding company in the gas-utility industry has been no less startling than in the field of electricity. In 1932, 11 holding company systems controlled 80.29 percent of the total mileage of natural-gas trunk pipe lines, upon which the gas fields are almost completely dependent for the marketing of their product.

I quote again:

> For all this concentration so dangerous to his democracy, the American consumer pays the bill. With a large and often unsound capitalization to support, many holding companies have not been able to be satisfied with reasonable dividends on the securities of their operating companies. They have compelled the consumer to bear the burden of various fees, commissions, and other charges which they levy against their subsidiaries. They take fees, usually a percentage of the gross revenues of the subsidiary, under contracts for the performance of management, engineering, accounting, publicity, legal, tax, and other general and special services. They make profits on the sale of materials to their subsidiaries. They make profits from construction contracts which they negotiate and perform for their subsidiaries; they often control one or more construction companies to which is awarded most of the building work for the entire system. They take fees for handling the issue, sale, and exchange of securities for their subsidiaries.

And again—

The investigation of the Federal Trade Commission shows, for instance, that in 1929 Associated Gas & Electric Co. acquired 94,005 shares of Barstow Securities Corporation, a utility-holding company which controlled General Gas & Electric Corporation which controlled a chain of operating companies. The price paid was $531.04 a share. According to the accountants of the Federal Trade Commission, the stock had a book value of $2.97 per share and had earned $4.16 per share in the preceding year. The acquisition was a victory for Associated Gas over the United Gas Improvement Co. (a member of United Corporation group) which had bid against Associated Gas for the property. To finance its purchase of these Barstow securities, with annual earnings of about $391,000, Associated Gas incurred obligations whose annual interest charges were $2,800,000. The example is an extreme one, but acquisitions of properties were common at two, three, or more times their book value, an entry not likely to be understated in an industry where returns are regulated in relation to property value.

And again—

The public-utility holding companies have become Nation-wide institutions. Their subsidiary operating companies are located in every State. Electric Bond & Share Co. has operating companies in 36 States and 8 other systems have units in 11 to 29 States. Many holding companies have affiliations, sometimes amounting to control, with banking interest, construction companies, coal mines, newspapers, and other interests.

The committee report also points out that there is no Government regulation of these huge holding-company structures because holding companies are very careful to incorporate in a State which is outside of the limits of a State or States in which the operating companies are located. This places them beyond the reach of the public service commission of any State, and makes it impossible to exercise any governmental control over their operations. Needless to say, legislation is necessary to take care of these huge corporate empires that are now outside the limits of Government control. This is the objective set forth in the President's message.

OTHER PEOPLE'S MONEY

Early English law was extremely rigid. Forms and technicalities were strictly observed. The court of common law gave no remedy, unless a writ fitted exactly to the case could be found. The interests of cestui que use were not protected by the common-law courts, because no writ existed to fit the case. Therefore, for many years uses and trusts existed in honorary obligations, but had no legal standing. If money was delivered to A, to be paid to B, the common-law action of account lay. If a chattel were delivered to another for the use of a third, detinue could be brought by the beneficiary.

But the development of the court of chancery wrought a change. Gradually a practice of petitioning the king arose for relief where the law courts gave no remedy. These petitions were referred to the chancellor. As a result the chancellor became the custodian of the king's conscience, and his court the court of conscience. Equity and fairness were supposed to govern, instead of technicality.

It was natural that cestui que trust who had been injured, due to a failure of their trustees to hold their property for their use, should apply to the chancellor for relief. The chancellors of those days were churchmen, and their consciences were naturally shocked by the unfairness of allowing a trustee to make away with his beneficiary's property. The process by which the chancellor acted was known as a subpena. It commanded the defendant to do or refrain from doing a certain act. (Bogart, Trust and Trustees, vol. 1, sec. 3.)

The common-law trusts were employed for the voluntary association of individuals pursuing a common cause. The trust received no corporate franchise, its members complied with no general corporation law. They derived whatever power for authority they had from the voluntary action of the individuals forming the trust. Naturally, the individuals forming such a common-law trust were greatly concerned as to their personal liability.

In order to secure exemption from personal liability for the shareholders the trust had to be one in which the shareholders reserved no powers of control over the business of the trust. Of course, no modern Napoleon of industry would ever consent to surrender control, and yet at the same time he would not want to inflict upon himself any personal liability. The answer was, the holding company, a corporation which could hold the stock of another corporation. This has solved the problem of the promoter, the investment banker, and the stock manipulator who has used other people's money to buy a business for himself. But you say, "How could this possibly be done?" Let me give you a very simple illustration:

Let us say that the Madison Operating Co. furnishes gas and electricity to the public in a very rich territory. It is an excellent company with splendid modern equipment, with an able and efficient manager, and enjoys the best of patronage and earns large dividends. The capital structure of this company consists of $150,000,000 divided into three equal groups—$50,000,000 of 6-percent bonds, $50,000,000 of 6½-percent preferred stock which has no voting power, and $50,000,000 of common stock which has voting power and thereby controls the company.

Let us say that three men—Smith, Jones, and Brown—conceive the idea of getting control of this splendid operating company. In order to get control all they need is 50 percent of the common stock of the company, because that is the stock that has voting rights. Smith and Jones are bankers and Brown is a broker of considerable prestige. They very quietly buy up $25,000,000 worth of common stock of this company wherever they can get it at a reasonable price.

When once they have secured this $25,000,000 worth of common stock in the Madison Operating Co., the rest is very simple. They now form the Dane Holding Co., the capital structure of which is $25,000,000, being the $25,000,000 with which they bought 50 percent of the operating company's common stock. The Dane Holding Co. is divided into $12,500,000 of common stock, $6,000,000 of preferred stock and $6,500,000 worth of bonds, which reduces the investment of Smith, Jones, and Brown by one-half. But the end is not yet. Thereupon these gentlemen incorporate the Columbia Holding Co. with a capital structure of $12,500,000 divided into $6,250,000 of common stock, $3,000,000 of preferred stock and $3,250,000 of bonds.

Times being good and the business showing a nice profit, they now incorporate the Dodge Holding Co., with a capital structure of $6,250,000, consisting of $3,125,000 of common stock, $1,500,000 of preferred stock, and $1,625,000 worth of bonds. Next they incorporate the Jefferson Holding Co., later on the Waukesha Holding Co., and finally the Wisconsin Holding Co.; in each case reducing their investment by one-half, until finally by owning one-half of the common stock of the Wisconsin Holding Co., or with an investment of $195,312.50, they completely control the Madison Operating Co., a $150,000,000 enterprise.

The Madison Operating Co. ($150,000,000):	
Bonds	$50,000,000
Preferred stock	50,000,000
Common stock	50,000,000
The Dane Holding Co. ($25,000,000):	
Bonds	6,500,000
Preferred stock	6,000,000
Common stock	12,500,000
The Columbia Holding Co. ($12,500,000):	
Bonds	3,250,000
Preferred stock	3,000,000
Common stock	6,250,000
The Dodge Holding Co. ($6,250,000):	
Bonds	1,625,000
Preferred stock	1,500,000
Common stock	3,125,000
The Jefferson Holding Co. ($3,125,000):	
Bonds	1,000,000
Preferred stock	562,500
Common stock	1,562,500
The Waukesha Holding Co. ($1,562,500):	
Bonds	500,000
Preferred stock	281,250
Common stock	781,250
The Wisconsin Holding Co. ($781,250):	
Bonds	200,000
Preferred stock	190,625
Common stock	390,000

You must also realize that the Madison Operating Co.'s profits must pay the interest on the bonds and preferred

stock of all these holding companies, and that the profits of the Madison Operating Co. can come from only one source, namely, the users of gas and electricity in the territory served by that company. Of course, the investor, being a bondholder of the Wisconsin or the Waukesha Holding Co., thinks he has a first lien on some valuable property, but when you stop to analyze it you can readily see, by examining the chart, that the first lien against the Madison Operating Co.'s property is the $50,000,000 of bonds which form the senior security; the second lien, or junior security, is the $50,000,000 of preferred stock. Therefore, the holders of bonds of the Dane Holding Co. have only a third mortgage, and so on down the line until you come to the bondholders of the Wisconsin Holding Co., which are so far out on the limb that they do not have any secure footing.

However, you must note this fact about these different corporations. The first corporation is naturally a Wisconsin corporation with its principal office in Madison where the operating company is located. The next corporation, the Dane Holding Co., and all the succeeding holding companies, namely, the Columbia, the Dodge, the Jefferson, and the Waukesha, are incorporated in another State in order that the Wisconsin Public Service Commission will have no jurisdiction over them, cannot examine their books, records, documents, and so forth, and can issue no orders in regard to them whatsoever. The last-named holding company, the Wisconsin, incorporated in New York State, where Smith and Jones are bankers, buys all the equipment for the Madison Operating Co. It gives the contract for all equipment to the Waukesha Holding Co. and charges a fee for that service. The Waukesha Holding Co. furnishes the equipment to the Madison Operating Co. but charges more than the market price and keeps the difference as its profit.

The Wisconsin Holding Co. also hires the Jefferson Holding Co. as the accountants of the Madison Operating Co., and pays a stiff fee to that company for keeping the books, making out corporation reports, pay rolls, preparing income-tax reports, making yearly audits, rendering any and all service in connection with this part of the Madison Co.'s business. The Jefferson Co. charges a pretty stiff fee for this service and retains the money as a profit.

The Wisconsin Holding Co. also gives a contract to the Dodge Holding Co. for all lumber and hardware used by the Madison Operating Co., and the Dodge Co. charges in excess of the market price for these commodities. That profit goes to the Dodge Holding Co. The Wisconsin Co. also gives a contract to the Columbia Holding Co. for all advertising, legal service, education and promotional campaigning, which, in plain language, means lobbying. For this service the Columbia Co. charges a good stiff fee and pockets the profits. Next, the Wisconsin Co. gives a contract to the Dane Holding Co. for all construction work with the express proviso that materials must be purchased from the Dodge Holding Co. The Dane Holding Co. charges more than the market value for these services and pockets the profit.

Now, we ask, "Where does the Madison Operating Co. get the money to pay off all these excessive charges?" And the answer is, "From its customers who use gas and electricity." In these arrangements which I have mentioned there is not one single solitary thing that the manager of the Madison Operating Co. could not hire at a much cheaper price than he has to pay to these holding companies. This is the unjust and unfair burden that the consumer is called upon to bear. Of course, he would be much better off, and so would the Madison Operating Co., if it did not have all these holding companies piled upon its back. Perhaps some of you feel that I exaggerate in mentioning these things, but every one of them can be verified by actual experience. In his address to the Senate on March 27, 1935, Senator BURTON K. WHEELER, of Montana, furnished the following example:

In 1923 Cities Service undertook, through Lakeside Construction Co., to construct a plant at Valmont, Colo., for one of Cities Service subsidiaries, the Public Service Co. of Colorado, operating in Denver. The cost of construction, as computed in the books of the Lakeside Construction Co., was slightly less than four and one-half million dollars. That figure included the salaries of Cities Service experts on the job and special contractors' and engineering fees paid by Cities Service Co. For this job Public Service Co. of Colorado, the operating company, paid Lakeside Construction Co., the dummy construction company, over $10,000,000 par value in securities of Public Service Co. Furthermore, that $10,000,000 in securities was paid in advance of construction, and during the period of construction the subsidiary paid that dummy construction company dividends and interest on those securities amounting to almost three-quarters of a million dollars. The operating subsidiary, therefore, paid almost $11,000,000 for the construction of a plant, the cost of which was less than four and one-half million dollars as the holding company computed its own records. The securities which the operating subsidiary gave the dummy construction company were transferred immediately, without even notation upon the books of the construction company, to the Cities Service Co., the top holding company. When the Cities Service Co. received these securities, it kept out of them for purposes of control the common stock of two and one-half million dollars par value, and then sold the bonds and debentures to the public for almost six and three-fourths million dollars cash. The actual construction, you will remember, had cost, according to the Cities Service books, less than four and one-half millions. So that at the end of the transaction the Cities Service Co. had a cash profit of over $2,000,000 in addition to the two and one-half million dollars par value of common stock of the operating subsidiary which it retained, and in addition to its contractors' and other fees.

Another illustration of exhorbitant fees paid to holding companies for service which they (the operating company) did not need is the case of the Associated Gas & Electric Co., and also the Cities Service Co., which collected as taxes from their subsidiary company approximately $3,000,000, respectively, which neither Associated Gas nor Cities Service had to pay to the Government. The way it was done was this: The holding companies kept the books for the subsidiaries. At the end of the year they would compute the income tax for the subsidiary company and get its check for the amount of the tax. If your system had 200 subsidiary companies in it these sums would amount to a very substantial sum of money. Under the law the corporations which were part of a holding company group were permitted to file one return for all the companies lumped together. This was a very convenient method of computation because the loss of one company could offset the profit of another in the same group. By pursuing this method of computation the holding company was able to reduce the tax against its subsidiaries by millions of dollars, but it did not return to any of the subsidiaries any of this tax money, but kept it for itself. One could hardly call this rendering a valuable service.

The reports of the Federal Trade Commission contain many other abuses of a similar character, all pointing out overcharges by the controlling holding company against the operating subsidiaries. It was a very common practice not to have any competitive bidding in making purchases of supplies, equipment, or material of any kind. By not having competitive bidding it was possible to charge the operating company an excessive price and pocket the difference. The user of gas and electricity paid the bill, and he is still paying it because we have not yet ended these abuses.

One of the outstanding figures in the utility world is Samuel Ferguson, president of the Hartford Electric Light Co., of Hartford, Conn. Mr. Ferguson, in commenting upon these abuses of the holding companies, among other things, wrote as follows:

The results of such abuses as have been perpetrated by certain speculative holding companies have been and will continue to be far worse for the investing public than for the consuming public, since the latter is protected from abuses by the regulatory control of the States over the operating companies, which control is exercised by public-utility commissions.

For years I have anticipated the results of the past few years, namely, that the public would visit the sins of the speculative holding company upon the head of the operating utility. But it is very heartening to see clear evidence on all sides that the public is now beginning to differentiate intelligently, and to lay blame where it properly belongs, instead of indiscriminately, though it is very sad that the knowledge had to be acquired at so great expense and sorrow to a great multitude of investors. (Electric World, Jan. 21, 1933.)

Let us see what the holding companies did with the investors' money. The United Corporation is a super holding company operated by the Morgan syndicate. The corporation gave perpetual option warrants to the organizers of the company to subscribe at any time to the holding company stock. The organizers paid $1 each for these options. J. P. Morgan & Co. held a large block of these options and realized a profit of $68,000,000 on an investment of $1,750,000. There is no excuse on earth for any corporation issuing these options. They do not serve any useful purpose whatever to the corporation or to the public which invests in the corporation's securities. It is merely a high-class method of robbing and cheating the investing public by lawful means.

The Federal Trade Commission made a report in which it set forth that "91 operating companies in holding company control, having combined capital assets of nearly $3,307,000,000, revealed write-ups and other improperly capitalized items amounting to not less than $842,995,000. This meant an increase of purely fictitious values which exceeded 34.2 percent. In other words, they merely opened a new set of books in which they raised the valuation of the fixed assets and the other assets over one-third of their original value.

The New York Times on March 15 contained an amazing story. Promoters had sold to the public $100,000,000 worth of holding company securities in 1 year out of which they took a profit of $34,000,000. The testimony disclosed that not one dollar of this money was put back into purchasing generating plants, dynamos, transmission lines, poles, or anything else, but was used solely in stock-market manipulations and purchasing of stocks of holding companies.

The Electric Bond & Share Co. on November 1, 1930, wrote up the capital accounts of the Tennessee Public Service Co., one of its properties, $4,388,157, or over 33⅓ percent. When we remember that the depression was already under way, how can anyone justify writing up a company's assets by over one-third? The Florida Power & Light Co., a member of the Electric Bond & Share system, wrote up its book value 126 percent. Its book value was $28,213,209.01. They wrote it up to the amazing sum of over $64,000,000 and, of course, sold the investing public stocks and bonds without voting rights.

Mr. RAYBURN, Chairman of the Committee on Interstate and Foreign Commerce in the House, spoke on this matter on Thursday, June 27, and referred to 17 abuses of which the holding companies were guilty in their transactions and manipulations. Mr. RAYBURN gave many examples to bear out his contention relative to these abuses. I cannot repeat all of them here, but I wish to point out several of them which must be of interest to everyone. Among other things, Mr. RAYBURN said:

> It may surprise you, but about 50 holding companies completely control these 2,000 operating companies. One holding company, Electric Bond & Share, controls so many operating companies that the grand total value of the properties of all of the companies in that system amounts to $3,000,000,000. That is, just one holding company dominates one-seventh of all the property operated by electric-light companies.
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> * * * * * * *
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> And then the banking houses control the holding companies which control the operating companies. One big banking house, through a company called United Corporation, has an arrangement by which 8 or 10 of these big holding companies are tied together, so that more than one-fourth of the electric-light companies in the entire United States are subject to that banking influence.

This startling statement would seem to indicate that if these stock manipulations and combinations continue unchecked it will not be long before every consumer in the United States of gas and electricity will be paying tribute to an unknown and unseen overlord more powerful than the President of the United States.

I quote again from Mr. RAYBURN's able address:

> In 1929, 25 holding companies had securities outstanding in the hands of the public with nominal market value of $19,245,157,757. This enormous volume of securities had been issued by these 25 holding companies alone, although the total claimed fixed capital of the entire electric light and power industry was at that time less than $12,000,000,000.
>
> Now, remember these stocks had a nominal market value in 1929 of more than $19,000,000,000. By the end of February 1933, just before the present administration came into office, these securities had declined to a market value of $2,879,000,000.

For the past 6 months every Member of Congress has been receiving letters, telegrams, telephone calls, and in some instances personal visits protesting against "destruction of all utilities." Newspaper articles have appeared daily referring to the so-called "death sentence." One would think from this mass of propaganda that the Congress was engaged in absolutely destroying and wiping out all public utilities. The intelligence of the average American citizen should tell him how foolish such a contention is, because every Member of Congress is conscientiously striving to help the people of his district, not to injure them. It is the President's contention that the control of the holding company evil and the compulsory reduction of vast holding company empires to more simple forms where everything is plain and aboveboard will mean more security to the investing public and a square deal to the consumer of gas and electricity. To me it seems amazing that the people who have invested their money in utility securities—87 percent of which was lost before this session of Congress ever met—should now place their faith and trust in the very people who robbed them. How much better it would be to trust somebody else, somebody raised in your own community, somebody who is accountable to you for his actions, somebody whose home is where yours is, whose wife and whose children live in your midst, somebody whom you see daily, than an unknown holding company in New York City.

Senator BROWN, of New Hampshire, a very able man who served for 7 years as a member of the New Hampshire Public Service Commission, made a speech on this question in the United States Senate June 5, 1935. I am sorry that I cannot quote at length from Senator BROWN's very able and interesting address. However, let me give you only a few excerpts:

> Between the destruction of the holding company and the destruction of our democracy, the choice for me is not difficult, because I know that the choice is inevitable. I have seen these giant holding companies come into our State, where the utility problem should be a very simple one, and bring to the people, not the benefits of operating economies or of improved services, but all the corrupting and corroding influences of irresponsible absentee management and misused economic power.
>
> I have seen them juggle their books, juggle their cash, juggle foreclosure sales where they were both buyer and seller, juggle their taxes, juggle their lawyers, their accountants, and their engineers.
>
> When we attempted to investigate the operations of these holding companies we were overwhelmed with wave after wave of lawyers, accountants, engineers—a new crowd of shock troops every week—gathered from different sections of the country.
>
> More than once have I seen the person in charge of an operating company claim and insist that he did not know where the company was located which was over him; did not know the name of his boss; and did not know where he lived.

Senator BROWN further pointed out that holding companies furnish managerial, purchasing, construction, engineering, financial, accounting, advertising, and legal services. In relation to these he said, enumerating them:

> First. A management contract where the holding company is paid by the operating company 2½ percent per annum of gross earnings of the operating company, payable monthly, plus certain expenses.
>
> Second. A construction contract giving to the holding company or affiliate a fee of 7½ percent of the gross amount charged or chargeable to the plant or property accounts of the operating company, payable monthly, and certain expenses.
>
> Third. A purchasing contract where the holding company or affiliate receives 1½ percent of the amount paid for purchases by the operating utility.
>
> Fourth. A plan as to appliances where the holding company or affiliate gets a margin of 30 percent profit on the sales by the operating utility.
>
> Fifth. An advertising arrangement in which a fee is charged.
>
> The New Hampshire commission was never able to get any information with respect to the amount of profit accruing to the holding company or affiliate on any of these contracts. I have always maintained, and still do, that where companies are commonly owned or have a common interest no profit should be allowed in their dealings one with the other.

Senator BROWN also points out in the same able address that the consumer of gas and electricity has a larger investment than that of the utility but that his investment is never referred to. Senator BROWN showed that in 1933 the utilities had an investment of $12,900,000,000 in capital equipment. At the same time the consumers of gas and electricity had an investment of $13,200,000,000, one-half of which was in household appliances. The housewife who buys a washing machine, an electric refrigerator, a toaster, a mixing machine, or an electric iron also is an investor, and she is the main investor, because she uses the current daily and replaces the appliance when it is worn out. Therefore her interest is fully as important as that of the investor in

stocks and bonds. Senator BROWN also denies that Government regulation would injure the investing public:

How does it hurt the investor to be given a security in a sound business for one that has been unsound and always will be unsound? I recall one of the days of the financial crash in 1929. Going into a building, I saw people standing around a woman who had fainted. It developed that she has saved up a couple of thousand dollars scrubbing floors over a long period of time. Someone had persuaded her to put her entire savings into Cities Service securities, and she was still buying more on the installment plan.

The following from the proceedings of House of Representatives of July 1, 1935:

Mr. Chairman, I am offering an amendment, which I am sending to the Clerk's desk.

The Clerk read as follows:

"Amendment offered by Mr. SAUTHOFF: On page 183, after line 20, add a new subsection, as follows:

"'(d) Every registered holding company and every subsidiary company thereof, on or before January 1, 1936, shall take such steps as may be necessary to give to the holders of each class of preferred stock, common stock, or any other stock of such company voting rights equal, dollar for dollar, to the voting rights had by the holders of that class of stock of such company which has the greatest voting rights. Every registered holding company, and every subsidiary company thereof, on or before January 1, 1936, shall take such steps as may be necessary to give to the holder of each bond or debenture of such company contingent voting rights equal, dollar for dollar, to the voting rights had by the holders of that class of stock of such company which has the greatest voting rights; such voting rights shall be contingent and exercisable upon any default in the payment of interest or principal upon such bond or debenture and shall be effective during the continuance of any such default.'"

Mr. SAUTHOFF. Mr. Chairman, on January 27 the minority leader of the committee, the gentleman from Ohio [Mr. COOPER] made the statement that this bill would destroy all holding companies. To this statement I take exception. The bill does nothing of the kind. What does this bill do? It exempts from its provision—and I wish you would note these four classes—first, all operating companies. What does this mean? It means that for every dollar invested in holding company utilities there are $4 of the public's money invested in operating utilities—$4 to $1. This is the ratio, and all the $4 are exempt, and, therefore, four-fifths of the public's money invested in utilities is entirely exempt from the provisions of this act.

The second class is composed of all operating companies engaged in purely intrastate commerce.

The third class consists of all operating and holding company systems which are engaged predominantly in the operation of the generation and transmission of gas and electric power, which systems are in contiguous States, even though engaged in interstate commerce; and last, but not least, all holding and operating systems which are geographically and economically integrated, even though engaged in interstate commerce. Those are the four classes that are exempt, constituting 91 percent of the investments that are in holding and operating companies. The only thing this bill touches is the 9 percent of the money that is invested in holding and operating systems; and what does it do as to the 9 percent?

Does it destroy them? No; absolutely not. What does it provide about that? It simply provides that they can continue as they are, saying to them that they do not have to change their corporate existence, or to make one single solitary operation as to their by-laws or organization, but that they must surrender control, and that is the one thing on earth that they do not want to do.

What does my amendment provide? My amendment merely provides that those who put their money, the vast investing public, into this business shall have the right to vote as to what is to be done with their money.

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

Mr. MAVERICK. Mr. Chairman, I ask unanimous consent that his time be extended for 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

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

Mr. SAUTHOFF. Yes.

Mr. COOPER of Ohio. Is the gentleman speaking of the House bill or the Senate bill?

Mr. SAUTHOFF. I am speaking of the Senate bill.

Mr. COOPER of Ohio. That is what I thought.

Mr. SAUTHOFF. And the House bill tries to evade what is in the Senate bill. To get back to my point, all my amendment does is to give to the public that is investing its money in public utilities a right to vote, and I say now that the public bought and paid for every utility in the United States, and why should it not have the right to vote as to what is to be done with its money? They paid for them; it is their money. Why should they be shut out from a voice in what is to be done with their money? All this amendment asks is for you to give the holders of preferred stock a right to vote.

One more provision in my amendment is, that in case there is a default in payment either of interest or principal on the bonds held in the holding company, that the holder of the bonds shall have the right to vote. What is wrong about that? It is his money. The President recently said that this bill inflicted no death sentence. That is a specious phrase used to frighten children. It cannot frighten anyone who analyzes the bill, because it is not true. The President said it does not destroy, it does not pass the death sentence. He made the statement that this bill is an emancipation proclamation for the investor in utility securities. I go a step further than that. There is an earlier American doctrine on which our very existence has been founded, and that is the doctrine enunciated by the immortal Virginian, Patrick Henry, when he said that taxation without representation is tyranny. The public has been taxed in buying the preferred stock and in buying bonds in the entire utility structure. We have been taxed, but we have not been allowed to be represented, and all I ask in this amendment is that those who are taxed be allowed to have representation in the control of these companies.

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

Mr. SAUTHOFF. Yes.

Mr. MAY. I agree with the gentleman absolutely in the statement that the vast majority of the money that is in the utilities of this country has been put in by the people, including the employees of the company. What does the gentleman think of the provision of the House bill that where 10 percent of the stock in any operating company is owned by a holding company it comes within the domination of the bill?

Mr. SAUTHOFF. I am in favor of it, if thereby the holding company has control.

Mr. Speaker, anyone who is apprehensive as to the rights of the investor or as to the security of his investment can vote this provision into the bill and feel that he has given the investor every opportunity to protect himself by having a voice in the proceedings and having the majority of the voting rights at all the meetings.

Some question has been raised as to the constitutionality of this measure and that point is urged with considerable vigor by those who are opposed to the Senate bill. My answer to their objection is this: If the Senate bill is unconstitutional, then how much more is the House bill unconstitutional which delegates all the powers to the Securities Exchange Commission, a delegation of powers which might well be questioned in view of the decision of our Supreme Court in the Schechter case. In that case delegation of great powers was held unconstitutional. How can you justify it in this case in view of the decision in that case? However, I do not feel that the Senate bill is unconstitutional. The only theory upon which the Federal Government can exercise its jurisdiction in the utilities field is through the interstate commerce clause of the Constitution. In *People* v. *Katz* (249 N. Y. S. 719), the Court said among other things:

"Commerce" embraces transportation of persons or property by land, water, or by air travel, and extends to all instrumentalities so employed.

Let us examine the authorities to see what particular matters have been held to constitute interstate commerce. The following cases will be of interest:

The term "interstate commerce" includes instrumentalities and agencies by which it is conducted and the power of Congress extends to the regulation of such instrumentalities, including the right to legislate for the welfare of persons operating them (*Loyd* v. *N. C. Ry. Co.* (162 N. C. 485)).

"Interstate commerce" as used in the Constitution and the Anti-trust Act, comprehends every contract, trade, and dealing between citizens of one State and those of another, which contemplates the transportation of goods, persons, or information from one State into another, and every initiatory, negotiating, and intervening act of the parties to that trade or deal, from the time the intercourse relating to it commences until the transportation and delivery have been completed (*United Leather Workers International Union* v. *Herbert & Meisel Trunk Co.* (284 F. 446)).

Electricity transported from one State to another is interstate commerce, even though an independent or municipal purchases the current from an operating company and then sells it to the consumer (*Pub. Ut. Com.* v. *Attleboro Steam Elec. Co.* (273 U. S. 83)).

Gas and oil are likewise proper subjects of interstate commerce and this is true even when such gas and oil is stored, inspected, and held, the destination being undetermined at the time, if subsequently it is transported into another State even though some of this gas and oil is commingled with other gas and oil in the same pipe lines used for local consumption (*Eureka Pipe Line Co.* v. *Hallanan* (257 U. S. 265)).

Telephoning and telegraphing from one State into another is interstate commerce (*C. B. & Q. Ry. Co.* v. *Reed* (217 Pac. 322)).

Transmission of a telegram between two points in the same State over the ordinary route passing out of the State is interstate business (*Shannon* v. *W. U. T. Co.* (152 Ark. 358)).

Cleaning, repair, and adjustment of large stationary gas engines constituting part of a compressor plant of a company producing, transporting, and selling natural gas, both within and without this State, used in the collection of such gas, from the wells and draw-

ing and forcing it through pipe lines from the wells to places of sale and consumption by means of pumps and other instrumentalities, are parts of its interstate business (*Smith* v. *Fuel Co.* (91 W. Va. 52)).

Every negotiation, contract, trade, and dealing between citizens of different States, which contemplates and causes such importation, whether it be of goods, persons, or information, is a transaction of interstate commerce (*Little* v. *Smith* (124 Kans. 237)).

Courts well realize that interpretations of the law must grow with the expansion of the activities of the citizens of the State. Law is not a dead instrument that was established thousands of years ago and has made no progress, nor can it be interpreted in the light of ancient history. Law must grow with the times; it must expand to fit industrial, economic, and social conditions. We cannot possibly apply the rules of the Dark Ages to the conduct of our citizens of today. We must, therefore, apply our rules and our interpretations thereof to conditions as they exist now. The evidence of the various agencies of the state have disclosed that holding companies, through absentee ownership and through interstate commerce, control the destinies of millions of our citizens. To effect their purpose they employ all the instruments of interstate commerce. The steam railway, the airplane, the automobile, the radio, the telephone, and the telegraph, all of these are used daily in interstate commerce to effecuate their purposes—namely, to furnish managerial skill, to furnish construction contracts, to furnish purchasing contracts, to furnish advertising arrangements, to furnish accounting and legal skill, to furnish electric appliances, and in short to do everything necessary to completely dominate the business of their subsidiary companies. Cut off their interstate commerce and they would be rendered helpless and impotent.

In 1890 the New York court ordered the Sugar Trust to dissolve, and in 1892 the Ohio court ordered the Standard Oil Co. to dissolve. These decisions were based upon the fact that these huge combinations were in restraint of trade, constituted a monopoly, and were contrary to the public interests. Those decisions were held and the trusts were dismantled, yet no investor lost a dollar in the transaction because they had invested in something of value. In the case of the utility companies, however, the investor has been cheated and defrauded. He has been sold write-ups and inflations, and too often nothing of value. What we are seeking to do is to put an end to this legalized form of financial piracy. If we, who are responsible for the laws of our Nation, recognize these evils and stand quietly by, we ratify them by our silence and become a party to them. For my part I do not care to be identified with such practices. I want to be recorded as condemning them, lock, stock, and barrel, and I want to do all in my power not to make it possible for these companies to continue defrauding the investing public.

It is sound public policy to limit and circumscribe human greed and cupidity, even though it may be temporarily held in abeyance. Limited as my experience has been, yet it is my observation that dividends have no ideals and that there are no heart throbs in profits. We are building a Frankenstein that with iron heel and clanking tread tramples underfoot the rights and privileges of our people. It is our duty to end it.

Mr. CARPENTER. Mr. Speaker, I voted against the "death sentence" clause in the utilities bill, and I voted for the bill on its final passage for the reason I have always favored the principles of this legislation, and furthermore I voted against the motion to recommit the bill striking out the controversial section 11 of the House bill, which would have taken the holding companies out from under any regulation whatsoever by the Federal Government, which motion to recommit, if adopted, would practically have nullified the bill.

As it is generally understood I am not a friend of the holding companies. They should never have been born in the first instance, but we cannot kill them outright without injuring many innocent stock holders and security holders. Moreover this is a representative form of government. I am the representative of the people of my district, and regardless of what my personal views may be I must recognize the fact that many people of my district believe and have so stated to me that if the Senate "death penalty" clause is adopted it will wipe out their life's savings.

It was brought out in the hearings and in the argument that there were many companies that were solvent and paying dividends to their stockholders regularly. To have wiped them out would, I believe, not only be a great hardship upon these investors but any such action on the part of this Government would have been held unconstitutional by our courts.

There is very little difference between section 11 of the Senate and House bills in regard to dissolving the large holding companies. The only practical difference as I see it is, under the House bill these companies have their day in court, and if they do not meet the regulations and specifications of the law then they are to be dissolved, while under the Senate bill they had no day in court, and under our Constitution and form of government legal action cannot be taken until the parties involved have had a day in court. To proceed otherwise in this country would, in my opinion, lead to the most despotic and dictatorial form of Government that could be imagined and would be destructive to the rights and liberties of our citizenship.

In addition thereto there was what appears to me to be a joker written in section 11 of the Senate bill that would have been to the advantage of the very large holding companies as against the small holding companies operating in only two States, which reads as follows:

Provided, however, That the Commission, upon such terms and conditions as it may find necessary or appropriate in the public interest or for the protection of investors or consumers, shall permit a registered holding company to continue to be a holding company in the first degree if such company has obtained from the Federal Power Commission a certificate that the continuance of the holding-company relation is necessary, under the applicable State or foreign law, for the operations of a geographically and economically integrated public-utility system serving an economic region in a single State or extending into two or more contiguous States or into a continguous foreign country.

The joker, in my judgment, is the word "two." I think "two" should have been changed to "one." For, under this provision as it is written, a holding company could continue in operation, starting out in one State and going from thence into every State in the Union, so that there would be no gap between States, where the little company serving in a single State and in one additional contiguous State would be required to be dissolved, and the large company under the above provision of the law could continue to exist.

In addition thereto such action on the part of Congress, in adopting as a part of this bill an absolute "death sentence" for all companies, might have been an out for the dishonest and crooked companies, their officials and salesmen could have told the investors that the reason why their stocks were valueless was that Congress had made them so. I believe if there is any salvage that it should be saved for the little investor, and that stringent regulations and the prevention of future holding companies under the terms of the House bill are in keeping with the platform of the Democratic Party of 1932, which all parties now agree was one of the greatest party platforms ever written.

Mr. MAAS. Mr. Speaker, I am not opposed to regulation of public-utility holding companies; in fact I believe that their financial practices should be under the closest control.

I am not even an advocate of holding companies whether they be in the public-utility field or any other line. I believe that many holding companies are created for the sole purpose of obtaining control with a small amount of capital of vast operating properties with enormous public investments involved.

But the Wheeler-Rayburn bill does not accomplish the purpose of correcting these abuses. Its ultimate purpose is not an orderly regulation of the public-utility industry. It was conceived and born in the sole desire of accomplishing eventual Federal ownership of the public utilities. Should this objective be accomplished it is but the first step in a program, the conclusion of which would be the Federal ownership of all industry and all commerce; in fact, a complete socialization of all business in the country.

This bill drafted secretly by the so-called "brain trust" had its conception in communism, not Americanism. If the bill were genuine in its announced purpose—to eliminate unnecessary holding companies—this would not be confined to the utility field but would be aimed at all such holding companies. Why was this particular field of public utilities singled out for this legislation? The answer is that the first step in a socialization program is to bring the natural resources under the direct ownership of the Federal Government where it can become the absolute tool of the politician who seeks dictatorship rather than the advancement of democratic government.

The Federal Securities Commission and the Federal Trade Commission have adequate authority to regulate both the financial practices of utility holding companies and the unfair practices that have been going on in the past.

The real proponents of the Wheeler-Rayburn bill are not interested in correcting the abuses in the public-utility holding-company field, but only with the ultimate program of federalization of the whole utility field. This bill is only an entering wedge and the first step in that program. Certainly, the regulation of operating utility concerns is within the province of individual States. If we do not check now this constant tendency of turning over to the Federal Government the prerogatives and obligations of the individual States, we will soon be no longer a Union of sovereign Commonwealths, but will be a great Federal State, with more artificial subdivisions administered by bureaucrats in the manner of absence landlordism.

Public officials who most intimately deal with the affairs of our daily life will no longer be amenable to local public opinion. The so-called "death sentence" of the Wheeler-Rayburn bill was pure camouflage, though the amendment was rightly named. It was a death sentence, but it was a death sentence for American industry, American initiative, American individual responsibility. It was a death sentence to the whole American philosophy of government and economics. It was a death sentence for democracy. It was intended to become the doorstep for communism.

I yield to no man in my liberalism; but genuine progressivism and liberalism mean taking the government as far as possible out of the direction of the affairs of the individual citizen. The constant drive to have the Federal Government usurp all of the functions of local self-government is not liberality; it is retracting our steps to the dictatorship of a monarchy.

I hope that no one will be misled by so-called "progressive" legislation which has as its object returning the people of this country to the ruthless control of a dictatorship. It was against such ruthless domination that the American people revolted and set up a democracy. Let us recapture the democracy and not be led back to the horrors of dictatorial rulers.

Mr. REILLY. Mr. Speaker, I hold no brief for the utility holding companies. There are, in my judgment, a very few good holding companies. As a general proposition, holding companies should never have been permitted to organize or function, because they serve, except in rare instances, no good purpose, and were organized largely for the purpose of plundering stockholders and the general public.

In legislating on holding companies Congress is confronted with a condition and not a theory. Holding companies have come into existence as a result of charters granted by the various States, and as a result of the employing of high legal talent they have ramified and expanded so that the ordinary mind cannot comprehend just where the utility world is at today from the standpoint of pyramided holding companies. Of the $12,000,000,000 that our citizens have invested in utility companies today, three billion is said to be invested in the stock of holding companies. It should be the aim of Congress in legislating on public utilities and holding companies to protect the investments of the stockholders in these institutions and not to jeopardize such interests. Legislation designed to punish holding companies by a "death sentence" or otherwise for their wrongdoings will punish the stockholders and not the offending corporations.

Two methods are proposed for handling the utility holding-company problem—one as proposed by the bill now before the House and the other contained in the bill recently passed by the Senate. The House bill proposes to regulate holding companies—that is, put them under the strictest kind of regulation—while the Senate bill proposes to leave to a commission the question of whether or not certain holding companies shall be obliged to liquidate and go out of business within 5 or 7 years.

The public-utility holding companies, or some of them at least, have done and are doing two things which fair-minded people condemn: First, these companies have issued hundreds of millions of dollars of worthless stock, which has been sold to the investing public; second, these same public-utility holding companies, or many of them at least, are milking, so to speak, the local operating companies by excessive charges for services rendered in order to provide funds to pay the operating expenses of the holding companies and dividends on their stocks.

The indictment of selling worthless stock to the investing American public is a thing of the past, or, rather, is water over the dam. No such stocks are being sold today, nor can be sold, as a result of the passage of the Federal Securities Act. The second indictment, of being leeches on the operating companies of the different holding-company units, is taken care of in the pending House bill, which gives to the Power Commission and the Securities Commission the right to pass on the fairness of all contracts entered into by holding companies with their operating units, thereby preventing holding companies from exacting unfair and unjust tributes from the operating companies.

Both the House bill and the Senate bill are designed to accomplish the same results—that is, the elimination or winding up of useless holding companies—one by the method of regulation and the other by the direct decree of Congress that said holding companies, within a time limit, must liquidate. Under the House bill each holding company will have its day in court, where it can make a showing justifying its right to continued existence, while the Senate bill does not seek to control, but rather to destroy.

I do not claim to be a constitutional lawyer, but I do believe that Congress has no power to decree the death of any business lawfully operating under a charter granted by a State. I am not yet ready to subscribe to the doctrine that Congress has the power, under the Constitution, or should have the power, to declare the death of any legitimate business functioning under the laws of a State.

If the Senate amendment should become a law, the whole utility field, representing $12,000,000,000 of invested capital of our citizens, would be in a chaotic condition. Investors, whether in local utilities or holding companies, would be up in the air as to their investments. If section 11 of the Senate bill, called the "death clause", should become a law, a cloud would be placed on all investments in holding companies; and, according to the National Association of Mutual Savings Banks, also on the stock of all utility operating companies, which might result in the loss of hundreds of millions of dollars to utility stockholders who have already suffered too great a loss.

In casting my vote in favor of the House bill, to regulate holding companies, I am voting in accord with the national platform of my party, which declares for the regulation of holding companies and not for their death.

I have given this bill and the Senate bill very serious consideration. I am in sympathy with the efforts to curb, control, and eliminate useless holding companies, not only in the public-utility field but in all fields, and I believe the pending House bill presents the best way to accomplish that purpose. Believing such, I must vote my convictions.

Neither the pending bill nor the Senate bill is what can be called, by any stretch of the imagination, the "recovery legislation." The pending legislation is long-distance reform legislation. Neither the Senate nor the House bill will put a single man to work, and it is altogether probable that if the Senate bill were passed many now employed would lose their jobs, and many others who otherwise might get work

would remain unemployed, because holding companies are not going to spend any money in enlarging plants or improving the same because of the uncertainty that would exist as to whether or not such companies will be able to operate after the period of limitation provided in the Senate bill.

It appears that the President favors section 11 of the Senate bill. I have supported the President's recovery program 100 percent. I think he launched a great emergency relief program and that he saved the country from an economic and financial collapse, the likes of which the world has never known before, but, as stated above, the pending bill is in no way an emergency relief measure. The President has a right to his opinion as to the best way for solving the holding-company problem. He probably knows more about the subject than I do, or the Members of the House. He may be right, but I cannot see the problem as he does.

The threat has been made during this debate that those who vote against incorporating in the House bill the "death sentence" contained in section 11 of the Senate bill will be held accountable on the next election day and very likely be retired to private life. Mr. Chairman, I have had this same charge hurled at me before, when I have seen fit to vote my honest judgment. I cannot properly serve my district as a Representative in this House if I have to keep my eyes on the ballot box. I have to live with myself and be on speaking terms with myself, and I can only do so by voting my honest convictions as a Member of the House, without regard to the effect of said votes on my political future. I have followed this course thus far during my 9 years of service in this body, and I intend to follow the same line of action as long as my constituents are kind enough to continue my membership in this body.

Mr. ELLENBOGEN. Mr. Speaker, more falsehoods, deliberate misrepresentations, and malicious propaganda have been spread about the utility holding-company bill now pending than about any other bill.

EVERYBODY IS INTERESTED IN THIS BILL

Every person is directly and vitally interested in the utility holding-company bill. He is interested either as a consumer who buys gas or electricity or he is interested as a stockholder who has invested in an operating utility company or in a utility holding company. In determining my vote on this bill I considered all these interests.

MY VOTE PROTECTED THE CONSUMER AND THE INVESTOR

I considered the interests of the consumer and the interests of the investor. In casting my vote for the so-called "death sentence", which is in reality no "death sentence" at all, I voted for the greater welfare of the people as a whole, and not for a specially favored few. I voted to protect the consumer against extraordinary rates for gas and electricity. I voted to protect the investor in stocks or bonds of a utility operating company.

I voted to protect those who invested in bonds of underlying utility subholding companies. I voted to protect every man, woman, and child who may hereafter make investments in utility holding or operating companies. I voted to protect a Democratic form of government against the rulers of giant monopolies who were extending their hands to throttle the Government of the people and to subject it to their will. In voting for the so-called "death sentence" I voted to abolish dishonesty and unfair monopolistic trade practices, and last but not least, I voted with the administration and with our beloved President, Franklin D. Roosevelt.

I hope that before long the people will know the true facts concerning this legislation. I hope that out of the maze of vicious and false propaganda, the truth will stand out like a beacon so that it may be seen far and wide. I know that then everyone will applaud the purposes and the aim of this bill in the form in which it was presented by the administration.

THE PASSAGE OF THIS BILL WILL NOT DEPRECIATE SECURITIES

Where utility securities have any value, that value will be preserved and protected. The passage of the utility holding company bill will not result in the loss of a single penny to any investor. In fact, it will result in further protection and increasing the value of their securities and at the same time reducing exorbitant utility rates.

WITH COMPARATIVELY SMALL INVESTMENT THE HUGE HOLDING COMPANIES DOMINATE THE UTILITY FIELD

The assets of the entire operating electric utility industry is estimated to have cost about $12,000,000,000. The holding companies own only about three billions of the securities of these operating companies. Yet, in spite of the fact that the holding companies have one-fourth of the utility assets they virtually control and dominate the entire utility industry. Three large holding companies control 40 percent of the operating electric utility industry of the entire United States. These giant supercompanies have grown so large—so powerful and so arrogant—with economic and political influence that it was impossible to regulate them. They sought to dominate the Government itself. They became too big to be governed, too powerful to be regulated.

THE "DEATH SENTENCE" IS A MYTH

Let me make this clear: The so-called "death sentence" is a clever name invented by utility propagandists. There is no such thing as a "death sentence" in the pending bill.

The bill does not affect operating companies but only holding companies. It gives holding companies until 1940—5 years—and with the consent of the Commission until 1942—7 years—to rearrange their affairs. But even after 7 years a utility holding company need not dissolve itself. It must only divest itself from unfair and inequitable management and service contracts which it has forced upon subsidiary operating companies. Even under the clause containing the so-called "death sentence," a utility holding company could continue to exist without divesting itself of a single share or any part of its investments by simply continuing hereafter as an investment trust.

Even the so-called "death sentence" clause permits holding companies where their operating companies are located within a contiguous geographical area, so that the holding company may legitimately be said to render service to the operating company. Holding companies which manage geographically integrated utility systems are permitted even by the so-called "death sentence" clause.

In 1929 the bankers and corporate insiders sold utility holding-company securities to the public, having a market value of $19,000,000,000, while their actual investment in plant equipment and capital assets represented only $3,000,000,000. By this oversale of holding-company securities the people lost $16,000,000,000. This was no accident. This was a deliberate and willful robbery of the public. Sixteen billions; not millions, but billions taken from the public. Remember this figure. Bear this in mind when you hear someone defend the utility holding companies. These giant companies cannot justify their existence. They are a danger to the investors. They exploit the consumers. They are of no value to operating companies.

GIANT HOLDING COMPANIES HAVE DEPRIVED INVESTORS OF THEIR SAVINGS AND KEPT THE RATES TO THE CONSUMERS HIGH

If you wonder why the investors lost money, why the stockholders of the local companies received no dividends, why the rates of gas and electric are so high, and why the abolition of a few holding companies was necessary, here is the reason, here is the picture in all its ugliness; here is the truth.

Here are a few examples that will interest you.

THE PHILADELPHIA COMPANY EXPLOITS THE PITTSBURGH FIELD

Here in Pittsburgh we can appreciate the need for the abolition of utility holding companies. The high rates for gas, electric, street cars, and busses are traceable to the fact that the entire utility industry of Pittsburgh is held in the clutches of the Byllesby companies, its sub holding companies, bank affiliates, and subsidiaries. The Philadelphia company, which exploits the Pittsburgh utility field, controls and dominates the Equitable Gas Co., the Duquesne Light Co., the Pittsburgh Railways Co., the Pittsburgh Motor Coach Co., and others.

If you have wondered why street-car rates are so high in the Pittsburgh district, you will find the answer in the

manner in which the Pittsburgh Railways Co. has been supermanaged and supermilked by the holding and management companies.

While the modern trend is for the substitution of busses in the transportation field, the Philadelphia company refused to install busses. Why? Perhaps because the Duquesne Light Co. holds a 50-year contract to supply energy to the Pittsburgh Railways Co. Imagine an agreement for service and supply of power over a period of 50 years. No sane business man would enter into an agreement of this kind. That was just one way that the holding companies have milked the Pittsburgh Railways Co.; have prevented fare reductions and have prevented improved service.

In order to avoid payment of toll charges on city and county bridges and to refuse payment of its share of street improvements, the Pittsburgh Railways Co.'s business has been so manipulated that a continual and consistent deficit is always shown. These deficits are shown not by reason of poor business or lack of patronage but solely by the form of accounting used and the financial superstructure involved.

Busses do not use electric energy like street railways do. Is not that the reason why the Philadelphia company refuses to extend bus service to replace or supplement inadequate street-car service? The Philadelphia company controls the Duquesne Light Co. that sells the power and the Pittsburgh Railways Co. that buys the power, and as long as that holding company dominates the utility field in Pittsburgh the people of Pittsburgh will continue to pay high rates for gas and electricity, for street-car service, and be denied the use of modern busses.

A $500 INVESTMENT WRITTEN UP TO FIVE AND ONE-HALF MILLION DOLLARS

Byllesby & Co., a large utility holding company—the same holding company that controls the utility field in the Pittsburgh district—purchased the common stock of the United Railways Investment Holding Co. for $500 and then transferred it to a subsidiary company for $5,500,000. Imagine selling the public a $500 block of stock for five and one-half million!

HOLDING COMPANIES WHICH COLLECTED AND KEPT INCOME TAXES FROM THEIR SUBSIDIARIES

Here is how holding companies cheated operating companies by the device of making consolidated income-tax returns:

For 3 years the Associated Gas & Electric Co. collected $2,900,000 from subsidiaries for income taxes but did not pay the Government a single cent. From 1922 to 1930 the Cities Service Co. collected $11,600,000 in income taxes from subsidiaries, paid out $1,700,000 and pocketed a profit of $9,800,000 on money collected from its own subsidiaries to pay to the Government as taxes. The stockholders of the operating companies were thus robbed of dividends and profits to that amount, and the rates to consumers were increased by that sum.

THE PEOPLE LOST $16,000,000,000 IN WORTHLESS INVESTMENTS

Here is how the people lost $16,000,000,000 in holding-company securities: Holding companies pyramided company upon company, selling the holdings of one to another newly created one, and skyrocketing the price and writing up the value on each operation.

WRITE-UPS

When the Electric Bond & Share Co. purchased certain Texas utility property they paid $2,400,000. Several months later they conveyed the same property to a subsidiary for $10,500,000, or a write-up of 400 percent. The Appalachian Electric Power Co. bought properties for seventy-two million and transferred them to a subsidiary for one hundred and thirty-nine million. When the Cities Service Power & Light Co. took over the Cities Service Co. the assets on the books were written up from forty million to one hundred and six million, or a write-up of 165 percent. The United Gas & Improvement Co. system showed write-ups of $10,000,000 on operating companies and fourteen million on subholding companies.

Write-ups of operating companies of the Cities Service System were more than $134,000,000. The write-ups of 18 holding companies exceeded $2,000,000,000. The purpose of these write-ups is, of course, for the holding company to get out all of its investment, make a large profit, and still retain ownership, control, and domination of the properties.

EXORBITANT MANAGEMENT FEES

In order to support their over-capitalization and inflated values, the holding companies have resorted to every known device to extort money from the operating companies, from the consumers and the investing public. These holding-company supermanagers charge large fees for managing companies in which they own very little stock. The Electric Bond & Share Co. received in 1927 management fees of $9,000,000 for supplying service which actually cost only $4,000,000, netting them a profit of over $5,000,000 for managing their own company.

THE HOLDING COMPANY EXCLUDES INDEPENDENT BUSINESS

One of the most glaring abuses of the utility holding companies lies in the manner in which they compel subsidiary and operating companies to buy engineering, construction, and other services, and energy at exorbitant rates from the holding companies without permitting the operating company to obtain these services at the lowest possible prices from free and independent commercial sources. In that manner utility holding companies have syphoned billions of dollars from operating companies into their own coffers, and have increased to the same extent the rates that must be paid by consumers for gas and electricity.

Some utility holding companies have as many as a hundred subsidiaries. Every utility holding company monopolizes the furnishing of all services to all underlying and operating companies.

A utility holding company monopolizes the construction of buildings for the operating company. It monopolizes the furnishing of managerial and engineering services. It monopolizes the furnishing of every single item for which it is able to create a subsidiary company. Thus the utility holding company excludes the contractor from bidding on and building for subsidiary utility companies. It excludes the carpenter, the bricklayer, and other building trades from independently working for these operating companies. It excludes the independent engineering firm from furnishing managers to an operating company. The utility holding company excludes every independent business man, large or small, from doing business with its subsidiary holding and operating companies. It is a supertrust, which monopolizes all the business within the sphere of its web of subsidiary companies.

DO YOU WANT PROTECTION TO THE INVESTOR AND CONSUMER OR TO THE SUPERUTILITY HOLDING COMPANY?

The so-called "death sentence" is no "death sentence" at all, as I have said before, but life to the utility holding companies means death to the independent merchant, the independent business and professional man.

Death to the holding companies means life to the operating company and life to the independent merchant and professional man.

Death to the holding company means life to the investor, it means safety to the investor in utility stocks, it means protection to everyone who buys securities in utility companies.

Death to the utility holding companies means cheaper rates, better service, and a free economic system.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On June 27, 1935:

H. R. 1703. An act for the relief of Cletus F. Hoban;

H. R. 7205. An act to amend the Ship Mortgage Act, 1920, otherwise known as "section 30" of the Merchant Marine Act, 1920, approved June 5, 1920, to allow the benefits of said act to be enjoyed by owners of certain vessels of the United States of less than 200 gross tons; and

H. R. 7652. An act to authorize the furnishing of steam from the central heating plant to the Federal Reserve Board, and for other purposes.

On June 28, 1935:

H. R. 4505. An act granting the consent of Congress to the State of Maine and the Dominion of Canada to maintain a bridge already constructed across the St. John River between Madawaska, Maine, and Edmundston, New Brunswick, Canada;

H. R. 6630. An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex.;

H. R. 6717. An act to amend section 1 of the act of July 8, 1932;

H. R. 6988. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45;

H. R. 7044. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6, in Sabine Parish, La., meets Texas Highway No. 21, in Sabine County, Tex.;

H. R. 7083. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.;

H. R. 7374. An act to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes;

H. R. 7526. An act to amend the act approved February 20, 1931 (Public, No. 703, 71st Cong.), entitled "An act to provide for special assessments for the paving of roadways and the laying of curbs and gutters";

H. R. 7765. An act to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a Code of Law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia, and for other purposes; and

H. J. Res. 324. Joint resolution to provide revenue, and for other purposes.

On June 29, 1935:

H. R. 1315. An act for the relief of Thomas J. Gould;

H. R. 2708. An act for the relief of James M. Pace;

H. R. 3180. An act for the relief of Ruth Nolan and Anna Panozza;

H. R. 3574. An act for the relief of Nellie T. Francis;

H. R. 4105. An act for the relief of Julian C. Dorr;

H. R. 4817. An act for the relief of Matthew E. Hanna;

H. R. 6504. An act to amend an act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor";

H. R. 7160. An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges; and

H. R. 7254. An act for the relief of Lily M. Miller.

On July 1, 1935:

H. R. 805. An act for the relief of Luther M. Turpin and Amanda Turpin;

H. R. 5774. An act to authorize a preliminary examination of Rogue River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5775. An act to authorize a preliminary examination of Siuslaw River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5776. An act to authorize a preliminary examination of Yaquina River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5777. An act to authorize a preliminary examination of Siletz River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 7313. An act authorizing a preliminary examination of Gafford Creek, Ark.;

H. R. 7314. An act authorizing a preliminary examination of Point Remove Creek, Ark., a tributary of the Arkansas River;

H. R. 7600. An act authorizing a preliminary examination of the Tanana River and Chena Slough, Alaska; and

H. R. 7870. An act to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters.

Mr. FERGUSON. Mr. Speaker, I ask unanimous consent to proceed for 1½ minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. FERGUSON. Mr. Speaker, I failed to hear my name on the motion to substitute the Senate bill for the House bill. Had I had the opportunity to vote, I would have voted against substituting the Senate bill for the House bill.

Mr. WEARIN. Mr. Speaker, I did not hear my name called a moment ago upon the roll call on the passage of this bill. Had I had the opportunity to vote, I would have voted "aye."

ORDER OF BUSINESS

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Friday next; and that when the House adjourns on Friday next it shall adjourn to meet the following Monday.

Mr. ROGERS of Oklahoma. Mr. Speaker, reserving the right to object, I hope it will not be necessary next week to eliminate Calendar Wednesday. My committee has about 25 bills on the calendar and there are only two committees ahead of us and I understand each committee has only a few bills. I realize this has been necessary in the past on account of important business, but I hope it will not be necessary to dispense with Calendar Wednesday business in the future.

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

There was no objection.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—PUERTO RICO

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Insular Affairs.

To the Congress of the United States:

As required by section 23 of the act of Congress approved March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes", I transmit herewith certified copies of laws and resolutions enacted by the Thirteenth Legislature of Puerto Rico during its third regular session, February 11 to April 14, 1935.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 2, 1935.*

PERSONAL EXPLANATION

Mr. BREWSTER. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

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

There was no objection.

Mr. BREWSTER. Mr. Speaker, during the consideration of the bill which we have just completed I was approached in the lobbies of this Capitol in a manner which seems to me incompatible with a proper consideration of the high responsibilities of our office, and I desire to speak briefly to that point in order that there may be no misapprehension as to the considerations that have entered into this case.

I come here, surely, as one entitled to recognition as not amenable to the influence of the so-called "Power Trust." Throughout the period of my public life for 17 years it has been almost one continuous contest—resulting three times in my defeat in no small measure by these very interests about whom we have heard so much.

Into my State, while I was Governor, came Mr. Samuel Insull, of Chicago. In the height of his power, he not only dominated two-thirds of our utilities, but 5 of our newspapers through interests closely allied with him, 40 of our banking units—38 of which were subsequently closed—and

many of the major industries of our State. I say this in order that there may be no misapprehension as to where my sympathies have lain in the tremendous issues with which this country is now faced.

Meanwhile it is important to keep our own deliberations clear of improper influence of any kind. During the consideration of the "death sentence" clause in the holding-company bill, Thomas G. Corcoran, Esq., coauthor with Benjamin V. Cohen, Esq., of the bill, came to me in the lobby of this Capitol and stated to me, with what he himself termed "brutal frankness", that if I should vote against the "death sentence" for public utility holding companies he would find it necessary to stop construction on the Passamaquoddy Dam in my district.

Such a suggestion from such a source is repugnant to every instinct of decency in legislation [applause] and to a proper regard for our constitutional oath of office.

During the past 2 months Mr. Corcoran has been the personal representative of the President in clearing up the details incident to starting construction at the Passamaquoddy, and only this last week construction really commenced with the arrival at Eastport of Maj. Philip B. Fleming, who is to have charge of the project:

I do not know what other Members may have faced suggestions of this kind. I do not believe the President would countenance any such course if he were fully informed. [Applause.] This statement on the floor of the House seems the only way to protect this project, which means so much to the people of my State of Maine.

I share with the President his concern at the concentration of economic power. It seems necessary, however, that the Membership of this House, without regard to party, shall also keep the country alert to the dangers implicit in the concentration of political power. [Applause.]

It is our task to assist the President in every way within our power to keep the work-relief fund clear of political abuse in accordance with the President's earnest and repeatedly expressed desire. [Applause.]

Mr. KELLER. I challenge that statement.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

Mr. MAVERICK. Mr. Speaker, I should like to know where this request was made.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi to address the House for 5 minutes?

There was no objection.

Mr. RANKIN. Mr. Speaker, I have heard a good deal about lobbyists who have attempted to use undue influence on Members of the House. So far as I am personally concerned, I have no first-hand information as to their activities. They must have thought I was not worth wasting time on.

I know nothing whatsoever of the charge made by the gentleman from Maine [Mr. BREWSTER], but if any such proposition was made, I take the responsibility for saying it was not made with the knowledge or consent of the President of the United States.

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

Mr. RANKIN. Not until I get through with my statement.

Mr. CHRISTIANSON. Does not the gentleman think the President should disavow it?

Mr. RANKIN. The gentleman from Maine evidently has not called it to the President's attention. I am surprised to see him take this course without first calling it to the attention of the administration. It looks very much like a political movement to me.

The last time I talked with the gentleman from Maine [Mr. BREWSTER] he was with the administration on this bill.

This has been a fight between the American people and the Power Trust. The Power Trust won, and the gentleman from Maine [Mr. BREWSTER] helped them do it.

I know the President is earnestly interested in the Passamaquoddy project, and I think that after what he has done for the people of Maine toward that great development, to make such a charge publicly without first calling it to his attention is a poor reciprocation, to say the least of it.

For a long time I was the only man on the floor of the House who advocated the development of the Passamaquoddy project, until my distinguished friend [Mr. MORAN] came to the House a few years ago. Mr. MORAN has worked faithfully on it, and his efforts are now bearing fruit.

It is a national proposition. It is the President's desire to bring to all the American people the benefits of electric energy, the greatest material gift God has bestowed on humanity outside of the soil from which we live.

The President would spurn any suggestion of using undue influence of any kind in order to unduly affect or influence Members of Congress. [Applause.]

The people of Maine have no coal, gas, or oil for fuel. Their hope is the development of their hydroelectrical power, and I am sorry to see the gentleman from Maine [Mr. BREWSTER] line up with the very forces that would destroy the Quoddy project.

I regret that the gentleman from Maine decided to go against us on this proposition, because I believe that when he voted against substituting the Senate bill for the House measure he cast a vote that is detrimental to the welfare of the people of his State, regardless of the reasons he may assign for his vote. [Applause.]

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

Mr. SNELL. I shall object to any more remarks on that.

Mr. MAVERICK. We did not object when the gentleman spoke.

Mr. SNELL. We have had one on each side.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I object.

Mr. MAVERICK. I did not object when the Republicans talked. I suppose I cannot say anything. I have been present in conversation with Mr. Corcoran and Mr. BREWSTER, and know something about it. I do not believe a word of it, and I want to say something about it.

The SPEAKER. Objection is made.

Mr. MAVERICK. All right, but I want to make it plain I did not object to Mr. SNELL or any Republican talking. I refrained from objecting to a Republican talking on a subject in which I am concerned and then they object to me talking. It is not fair.

The SPEAKER. The gentleman from Texas is out of order.

LEGISLATIVE APPROPRIATION BILL, 1936

Mr. LUDLOW. Mr. Speaker, I present a conference report upon the bill (H. R. 8021, Rept. No. 1416) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, for present consideration, and ask unanimous consent that the statement of the conferees be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the statement of the conferees.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, having met, after full and free conference, have been unable to agree.

LOUIS LUDLOW,
J. BUELL SNYDER,
M. A. ZIONCHECK,
JOHN F. DOCKWEILER,
EDWARD C. MORAN, JR.,
J. P. BUCHANAN,
D. LANE POWERS,
Managers on the part of the House.

MILLARD E. TYDINGS,
JAMES F. BYRNES,
CARL HAYDEN,
FREDERICK HALE,
JOHN G. TOWNSEND, JR.,
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 numbered 3 to 10, inclusive, and 12 to 32, inclusive, to the bill (H. R. 8021) "making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes" submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The amendments in question all relate to additional personnel or changes in compensation of personnel under the Senate. They are reported to the House in disagreement in accordance with the rules of the House, being legislative in character. The managers on the part of the House propose to recommend to the House that the Senate amendments be concurred in.

LOUIS LUDLOW,
J. BUELL SNYDER,
M. A. ZIONCHECK,
JOHN F. DOCKWEILER,
EDWARD C. MORAN, JR.,
J. P. BUCHANAN,
D. LANE POWERS,
Managers on the part of the House.

Mr. LUDLOW. Mr. Speaker, I move that the House recede from its disagreement to Senate amendments 3 to 8, inclusive, Senate amendment no. 10, and Senate amendments nos. 12 to 32, inclusive, and concur in the same.

The Clerk read as follows:

Mr. LUDLOW moves that the House recede from its disagreement to the amendments of the Senate nos. 3 to 8, including no. 10, and nos. 12 to 32, inclusive, and concur in the same as follows:

Senate amendment no. 3, page 2, line 21, strike out "minute and Journal clerk" and insert "Parliamentarian and Journal clerk."

Senate amendment no. 4, page 3, line 9, strike out "three" and insert "four."

Senate amendment no. 5, page 3, lines 10 and 11, strike out "messenger in library, $1,380;".

Senate amendment no. 6, page 3, lines 11 and 12, strike out "assistant in library, $1,740" and insert "two assistants in the library at $1,740 each."

Senate amendment no. 7, page 3, line 13, strike out "$120,120" and insert "$123,360."

Senate amendment no. 8, page 4, line 13, strike out "assistant clerk, $2,220" and insert "two assistant clerks, at $2,220 each."

Senate amendment no. 10, page 6, line 12, strike out "three" and insert "four."

Senate amendment no. 12: Page 7, lines 3 and 4, strike out "assistant clerk, $2,220" and insert "two assistant clerks, at $2,220 each."

Senate amendment no. 13: Page 7, line 5, strike out "$493,200" and insert "$503,460."

Senate amendment no. 14: Page 7, line 23, after "$2,640", insert "one, $2,100."

Senate amendment no. 15: Page 7, line 23, strike out "four" and insert "three."

Senate amendment no. 16: Page 7, line 23, after "each", insert ", one, to the secretary for the majority, $1,800."

Senate amendment no. 17: Page 7, line 23, after "messengers—", insert "one, $2,640,".

Senate amendment no. 18: Page 7, line 24, strike out "three" and insert "four."

Senate amendment no. 19: Page 7, line 25, strike out "30" and insert "29."

Senate amendment no. 20: Page 8, line 2, after "$2,400" insert "and $240 additional so long as the position is held by the present incumbent."

Senate amendment no. 21: Page 8, line 11, strike out "11" and insert "13."

Senate amendment no. 22: Page 8, line 15, strike out "one, $1,440" and insert "three at $1,440 each."

Senate amendment no. 23: Page 8, line 16, strike out "25" and insert "29."

Senate amendment no. 24: Page 8, line 16, after "each", insert ", three, at $480 each."

Senate amendment no. 25: Page 8, line 16, strike out "six" and insert "seven."

Senate amendment no. 26: Page 8, line 19, strike out "$235,748" and insert "$254,868."

Senate amendment no. 27: Page 8, line 21, after "Arms:", insert "Lieutenant, $1,740;".

Senate amendment no. 28: Page 8, line 21, strike out "Special" and insert "special."

Senate amendment no. 29: Page 8, line 22, strike out "$51,960" and insert "$53,700."

Senate amendment no. 30: Page 8, line 24, strike out "$3,060" and insert "$3,600."

Senate amendment no. 31: Page 8, line 25, strike out "20" and insert "26."

Senate amendment no. 32: Page 8, line 26, strike out "$42,840" and insert "$53,100."

Mr. TABER. Mr. Speaker, will the gentleman yield me a moment or two?

Mr. LUDLOW. Mr. Speaker, I should be very glad to yield to the gentleman from New York after I have made an explanation of the conference report.

Mr. Speaker, these amendments relate exclusively to increases in salaries and to personnel of the Senate employees. All other items in disagreement have been ironed out. The House Subcommittee on Appropriations, of which I am chairman, at the beginning of the present Congress very properly took the position that legislation of that character on appropriation bills is out of order and should not be tolerated as a matter of good practice. The function of the Committee on Appropriations is not to legislate but to make appropriations to conform with existent legislation. Numerous employees of the House of Representatives came to the Subcommittee on Appropriations in charge of the legislative bill early this year and presented to us claims for increase in salaries. Some of these were not such that we could countenance on merit, but some were undoubtedly meritorious, but we laid down the general policy that increases of salaries on appropriation bills, being legislation, should not be countenanced and that all legislation of that character ought to come in regular order through legislative committees. We therefore presented the legislative appropriation bill to the House and put it through the House of Representatives clean of all increases and clean of all new positions.

Now let me digress to review briefly the history of this bill. In accordance with an understanding in the last session, I consulted the chairman of the Senate subcommittee in charge of the legislative bill and in a conference that was held before we framed our bill I had what I thought was a very complete understanding with him that they would pursue a similar course over there. I am not in any way impugning his integrity or his good faith, but as a matter of fact, the other body paid no attention whatever to our understanding and they piled up the bill in the Senate with 26 new positions totaling an expense of $46,000 a year, and 5 increases in salary totaling an increase of $2,340.

The members of our House subcommittee, Democrats and Republicans, took the same attitude on this proposition. We did not for a moment condone the action of the Senate. We do not condone it now. Nevertheless the time has come when something must be done in regard to the final enactment of this legislation. The appropriations for the House and the Senate, the Government Printing Office, the Library of Congress, and other establishments on Capitol Hill have expired because of limitation of law, the fiscal year having closed on June 30, and we are now operating without funds. The Senate absolutely refuses to back down. It asserts the contention that it is none of the business of the House what the Senate does in regard to increases of salary or increases of personnel in its own force, and contends that it is a better judge than we are of what is needed over there. I may say in all fairness to them that they accord to the House of Representatives the same privilege which they claim for themselves. Some of the changes they have made in the bill are horrifying to our sense of economy. In one office, the office of the Sergeant at Arms of the Senate, which has seemingly been functioning without any great disability or inconvenience, they have put 15 additional employees. We do not like it, but at the same time we have reached an impasse and something has to be done. In the final meeting of the conference committee, the two sides being deadlocked, an agreement was worked out, however, as to the future. The Senate conferees agreed with the House conferees that never again, so far as they are able to control it, will there be any legislation of this character tacked onto appropriation bills, and that in both Chambers whenever propositions are brought forward to increase salaries or to add new positions to the personnel, it must be done in the regular way through legislation, thus preserving to the Committee on Appropriations its traditional and proper function, the function of appropriating money to carry out authorizations made by legislation, and with that understanding, and based on that understanding only, have the House conferees agreed that through force of circumstances we will allow this limited number of Senate increases and new personnel to go through.

Mr. Speaker, I send to the Clerk's desk to be read to the House and to be made a part of my remarks on this occasion a copy of an agreement which has been entered into by the conferees of the House and the Senate, and which simultaneously is to be read by Senator TYDINGS as chairman of the Senate subcommittee, in the Senate, to be made a part of the RECORD in that body. I ask for the reading of the statement.

The SPEAKER. Without objection the Clerk will read.

There was no objection, and the Clerk read as follows:

The managers on the part of both Houses at the conference on the Legislative Branch Appropriation Act, 1936, in considering certain amendments pertaining to the creation of new positions and the increase in compensation of certain existing positions under the Senate unanimously agreed that it should be within the province of each House to determine without interference from the other the number and compensation of its own employees and that in the future they will, so far as within their power, insist that all new positions and changes in compensation for either body shall be authorized by separate legislative enactment or by simple resolution of either House before any such new position or change in compensation is incorporated in the annual appropriation bill. It was further agreed that there should be joint action of the two Houses by a legislative measure other than the regular appropriation bill to effect a survey of all positions and the compensation thereof under the Senate and House of Representatives for the purpose of establishing so far as may be practicable uniformity in the number of positions and in the compensation for similar positions under each House.

Mr. LUDLOW. The House conferees believe that this agreement will effectually remove a bone of contention that has existed through many Congresses between the House and the Senate, and at the same time it will wipe out what has grown to be a very pernicious custom of legislating on appropriation bills. We believe it is a very wholesome agreement, and in consideration of the fact that we have secured this agreement we ask the House of Representatives to recede and concur in the few Senate amendments.

I now yield to the gentleman from New York [Mr. TABER] 5 minutes.

Mr. TABER. First, may I ask the gentleman a question?

Mr. LUDLOW. I yield.

Mr. TABER. If I recall correctly, it was only a few months ago that another increase in the number of employees for the Senate was made just about similar to this in amount?

Mr. LUDLOW. Does the gentleman mean since the last fiscal year? They provided themselves since that time with a session clerk, as I understand. It was done not by legislation on an appropriation bill, but by a Senate resolution.

Mr. TABER. We had a long disagreement with the Senate within just a very few months over an attempt on the part of the Senate to increase this force very largely.

Mr. LUDLOW. Not this session.

Mr. TABER. No; not at this session; but at the last session.

Mr. LUDLOW. The same question arose on this bill in the last fiscal year. As I say, it has been a continuing quarrel, if we can call it such, for years and years. This seeks to establish a new policy which will respect proper traditions and customs. In other words, we hope it will reform this situation so that we may go ahead in the future without these continual bickerings between the two branches of Congress.

I now yield to the gentleman from New York.

Mr. TABER. Mr. Speaker, I am not unmindful of the fact that the Senate and House each has claimed the right to name whatever legislative or other assistants they may want in their own bodies. Also, I am not unmindful of the fact that there is a responsibility resting upon us for the appropriations of the Government. Last year the Senate came in with a great big increase, substantially about what is before us now, as I remember it. Now they are here again with an increase of $50,000 in the expense of running the Senate, providing them with additional clerical help. It seems to me that having operated the Senate with just as much business as they have now over a long period of years, there is absolutely no excuse for these increases.

I think the Senate should have more sense of responsibility in voting out the people's money. I do not believe it is becoming in any part of the Government today to go out and recklessly and irresponsibly increase the expenses of operating the Government. I, for one, cannot vote for these Senate amendments. I cannot do it, because I believe if this House calls it more forcibly to the attention of the Senate, the Senate will recede.

I hope the motion will not be agreed to.

Mr. LUDLOW. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Speaker, my colleague from New York [Mr. TABER] well knows my position upon amendments of this kind to appropriation bills. There is no difference between his ideas and mine upon that subject. He and I have both been upon the Appropriations Committee for a sufficient length of time to know that there is continual contention every session of Congress over increased salaries placed upon appropriation bills in the Senate. The gentleman knows that the rules of the House prevent any employee of the House from getting an increase in salary or of there being a new position created on an appropriation bill. Therefore the Senate has an advantage over us. They can increase and do increase their salaries and the number of employees whenever they please on this bill, and the House cannot increase a single one of its salaries or create a new position.

Gentlemen, this is an ancient contest. I ran back the parliamentary precedents for many years, and it has been almost an annual contest between the House and Senate, this question of the right of each House to determine the number of its employees and the compensation paid to them, as a matter of comity between the two Houses. I am not prepared to say that that is not correct, because each of us has a responsibility to our constituents and ought to be held responsible by our constituents; but I deplore this continual wrangling every year and the continual mounting of the Senate pay roll for its employees every year. This session they placed these amendments on this bill, detailed to you by my colleague, Mr. LUDLOW, amounting to a little over $486,000. The question was as to how to stop it in the future. Many of the places which they created over there are held by them to be essential by reason of increased business and increased duties. There is no doubt about that. The problem is to adopt a procedure to govern us in the future, so this issue will not forever and forever recur to plague us.

Now, this is the legislative appropriation bill. There has not yet been a cent appropriated for the fiscal year starting July 1 to pay the salary of any Member of the Senate or the House. Not a cent has been appropriated to pay the salary of any employee of House or of the Senate. The old fiscal year has expired and the new one begun, so that we must either yield or not have any money with which to meet these expenses.

Mr. KNUTSON. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. KNUTSON. As I understood the chairman of the subcommittee, the Senate has agreed to not make any further increases hereafter?

Mr. BUCHANAN. I will come to that in a moment.

Mr. KNUTSON. But how can this Senate bind future Senates, and of what value is such an agreement?

Mr. BUCHANAN. I will come to that in a moment. Therefore we had an understanding with this subcommittee of the Senate that so far as they were concerned, and so far as is within their power, they would not allow any more amendments of this character to be placed on appropriation bills in the Senate.

The gentleman from Minnesota [Mr. KNUTSON] asked how they could bind future Congresses. They can effectively enforce the rule if those gentlemen will make points of order on the floor of the Senate when such amendments are offered, and refuse to bring them back in their committee reports so long as they are Members of the Senate and members of the subcommittee.

Mr. FORD of Mississippi. Does not the gentleman think we can hold out in the House as long as they can in the Senate, that we can do without pay as long as they can?

Mr. BUCHANAN. Oh, yes; we can bow our necks and stop the payment of all salaries; we can be stubborn and not give to the measure that proper consideration and moderation that Members of Congress should give to legislation.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Speaker, I yield 5 additional minutes to the gentleman from Texas.

Mr. BUCHANAN. For over a hundred years they have exercised this privilege of determining the salaries of their own employees. They have increased the number of their employees, and now we want to change the procedure and have made a step in the right direction.

The gentleman from Minnesota asks if we can do it. We cannot bind a future Senate, no; but this will be a precedent. It will be put upon the record and be brought to the attention of the country at large, and it will be observed.

Now I shall tell you what ought to be done, I shall tell you how this thing has been working before the subcommittee of which the gentleman from Indiana [Mr. LUDLOW] is chairman. Members of the House on behalf of employees of the House, and employees of the House themselves, come before the subcommittee and ask for salary increases based on the belief that employees of the Senate performing similar duties are receiving more pay. The same thing happens in the case of employees of the Senate; they want salary increases because employees of the House performing similar duties are receiving more pay than they—just see-sawing; and instead of saying we will reduce these higher salaries to the lower level we increase the lower salaries to the higher level. As a result, the expenses of this Congress are mounting; and if it keeps on the time will come when a real investigation will be made.

I ask you gentlemen to agree to this report. Allow them this concession, and we will do our best to stop it in the future. [Applause.]

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

Mr. BUCHANAN. I yield.

Mr. KNUTSON. Will the gentleman inform the House the relative number of employees of the Senate and the House.

Mr. BUCHANAN. The House is so much larger than the Senate, of course, that we have the greater number of employees.

Mr. KNUTSON. Can the gentleman give us the number?

Mr. BUCHANAN. I have not the number in my mind now.

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

Mr. BUCHANAN. I yield.

Mr. THURSTON. There is no justification for the increase that is demanded by the Senate.

Mr. BUCHANAN. Yes; there is some justification; they need more employees in their post office. There is no question about that.

Mr. THURSTON. About what proportion of the increase is justified?

Mr. BUCHANAN. I do not recall; perhaps half of it, or more.

Mr. THURSTON. We gave them $40,000, when they are really entitled to $20,000.

Mr. BUCHANAN. But remember this: They are never going to yield. They have claimed this privilege for a century, and they are not going to concede it. The agreement that was reached marks a definite step in the right direction.

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

Mr. BUCHANAN. I yield.

Mr. KVALE. The gentleman undoubtedly recalls the instance some years ago when the reportorial staff of the House of Representatives was in danger of being broken up because the salaries were on such a low scale compared with those of the reportorial staff of the Senate.

Mr. BUCHANAN. That is correct.

The SPEAKER. The question is on the motion of the gentleman from Indiana that the House recede from its disagreement to the amendments of the Senate nos. 3 to 8, inclusive, no. 10, and nos. 12 to 32, inclusive.

The motion was agreed to.

Mr. LUDLOW. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate numbered 9 and concur therein with an amendment.

The Clerk read as follows:

Mr. LUDLOW moves that the House recede from its disagreement to the amendment of the Senate numbered 9, and concur therein with the following amendment:

In lieu of the word "law" insert the word "assistant."

The motion was agreed to.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent for the immediate consideration of a concurrent resolution, which I send to the desk.

The Clerk read the resolution, as follows:

House Concurrent Resolution 29

To authorize and direct the Clerk of the House of Representatives, in the enrollment of H. R. 8021, the Legislative Branch Appropriation Act, 1936, to add an additional section making the appropriations therein effective as of July 1, 1935.

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, the Clerk of the House of Representatives is authorized and directed to change the numbering of section 4 thereof to section 5 and to insert a new section, as follows:

"SEC. 4. The appropriations and authority with respect to appropriations contained herein shall be available from and including July 1, 1935, for the purposes respectively provided in such appropriations and authority. All obligations incurred during the period between June 30, 1935, and the date of the enactment of this act in anticipation of such appropriations and authority are hereby ratified and confirmed if in accordance with the terms thereof."

The SPEAKER. Is there objection to the consideration of the resolution?

There was no objection.

Mr. LUDLOW. Mr. Speaker, this resolution, I think, is self-explanatory.

The resolution was agreed to.

A motion to reconsider was laid on the table.

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Mr. O'CONNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNELL. Mr. Speaker, my former colleague, the Honorable Francis B. Condon, now a justice of the Supreme Court of Rhode Island, introduced bill H. R. 2744 in the present Congress on January 3, authorizing a Government loan for the construction of commercial airships and to establish a regular trans-Atlantic airship service from the Atlantic coast of the United States to England.

The fact that Justice Condon introduced and supported this bill is accepted by his numerous friends in Congress as evidence the bill has outstanding merit and that the airships of American design, proposed to be constructed, would be a great improvement over the German type which we had previously constructed for our Navy Department.

I consider the bill, H. R. 2744, one of the really important measures that have been submitted to this Congress. The construction of large airships that will be strong, safe, economical to construct and to operate may create immediate work for 5,000 unemployed, may increase the sale of our products in foreign markets and provide a valuable secondary defense for our country, and should not be delayed.

I want to go on record as favoring the bill H. R. 2744 and I desire Members of Congress, the press, and the public to know about this opportunity for our Nation to establish a new, safe, and dependable major form of transportation, which may give reliable and fast service to all parts of the world. For this purpose I requested the inventor of the new suspension-bridge frame airship to submit a brief which I request shall be extended, with my present statement, in the CONGRESSIONAL RECORD.

The bill H. R. 2744, "authorizing the Reconstruction Finance Corporation to make a loan for the construction and operation of airships in overseas trade, and for other purposes", is as follows:

"*Be it enacted, etc.*, That for the purpose of fostering the American airship industry and to promote American overseas trade with use of commercial airships, to be available in time of war, to encourage American design, construction, and operation of airships, to demonstrate the value and profit of overseas airship service, thus to promote its extension with private capital, and to provide immediate employment in airship construction, the Reconstruction Finance Corporation is authorized and directed to lend the sum of $12,000,000 to the Respess Aeronautical Engineering Corporation for the purpose of constructing an airship plant, an Atlantic operating terminal, two airships employing the new suspension-bridge type structure, and each having not less than 7,000,000 cubic feet gas capacity, and for operating these airships in commercial service from the United States to England or a European country. Such loan shall carry interest charges at the rate of 3½ percent per annum, which shall cumulate during the period of constructing and testing such airships, and shall remain a lien on the patents and patent rights and all present and subsequently acquired assets of the corporation until paid. Such loan, plus accumulated interest, shall be paid in 10 annual payments, the first payment to be made 3 years after the date of the enactment of this act."

In the consideration of the bill (H. R. 2744) for American construction of lighter-than-air craft, we should recognize that our present valuation of airships is based entirely upon their construction with the German Zeppelin frame.

The Zeppelin frame is an indeterminate structure and may not be calculated upon normal engineering formulas. The stress analysis of such airships has been estimated upon what is known as an "empirical" formula that is based upon a compilation of facts gained from experience with previous airships. The Zeppelin frame is also unavoidably subject to reversal of stress, causing fatigue and crystallization of the duralumin metal. Thus, with uncertainty of calculation and the surety of reduction in the strength of the structure with fatigue, it cannot be a safe and dependable frame.

We offer an improved frame of the steel-suspension-bridge cable type, that is the strongest and most dependable structure in proportion to its weight, and this frame can be calculated as definitely and as accurately as we now calculate the strength of our suspension bridges, and in this structure the stress cannot reverse.

We can positively avoid structure failure in airships through the use of this frame, and we may also provide other improvements which establish a sound basis for a new evaluation of the airship.

To make it clear just what a change from the Zeppelin-frame airship to one employing the suspension-bridge frame means, one could build a duplicate of the *Graf Zeppelin* or of the U. S. S. *Macon*, using the suspension-bridge frame in place of the Zeppelin frame, and this airship would fly and maneuver in the same manner as the *Graf Zeppelin* or the U. S. S. *Macon* performed. Whatever may be said of the performance of the Zeppelin airship will apply equally to the Respess airship, but the Respess airship would have in addition the following advantages:

1. Greater strength and safety.
2. Decreased maintenance costs.
3. Reduction in time of construction.
4. Reduction in cost of construction.
5. More efficient use of material.
6. Greater inherent strength.
7. Ease of construction.
8. Increased length of life.
9. Simplicity, accuracy, and definiteness of calculation.
10. The stresses in this airship never reverse, thereby removing all fear of failure in the hull through fatigue and crystallization.
11. The net pay load will be unusually high, facilitating economical commercial operation.

These advantages were enumerated in an analysis and report by Messrs. Robinson & Steinman, consulting engineers, 117 Liberty Street, New York City, upon their examination of the plans for a Respess airship, 147 feet in diameter by 785 feet long, designed in accordance with specifications prepared by the Bureau of Aeronautics of the Navy Department for the construction of the *Akron* and *Macon*. Messrs. Robinson & Steinman are internationally recognized as authority on tension structures, and the accuracy of their analysis has been subsequently endorsed by many of the world's leading structural and aerodynamic engineers.

The size of an airship and the volume of lifting gas it may have determines its total buoyancy or lift in pounds. Its frame structure, cover, gas bags, permanent equipment, and interior structure required for operations constitutes a permanent weight which, when deducted from the total buoyancy, establishes what is termed the "useful load" of the airship.

The useful load of the airship may be divided, (1) in the weight of power equipment, which will determine the speed required; (2) in the amount of fuel and oil to be carried, which will determine the distance the airship may travel without refueling; (3) the amount of ballast required to be carried to insure proper operation and control of the airship; (4) the crew, their quarters, passenger accommodations, and service equipment; and (5) the pay load of passengers, mail, express, and freight when the airship is operated in commercial service.

A properly designed and constructed commercial airship may be adapted for military service. The military airship would have no passengers; therefore the interior structure, that may be built in for passenger use, could be removed and its weight with the weight of the passengers, mail, express, and freight would represent a very considerable lift that would be available for increasing the power for higher speed, for a larger quantity of fuel and oil for increased range of flight, or for military equipment such as airplanes, rapid-fire guns, ammunition, etc.

We are a commercial Nation. Airships for use should be constructed primarily as commercial carriers. Should we require these airships for military use we should change them, as explained, to be adapted for the particular military service to which they are intended to be employed. I feel it would be a serious mistake, at this time, for the United States to attempt to develop and construct airships for exclusive military service.

Military airships can be constructed or maintained in serviceable condition only through the appropriation of public funds, obtained by taxation. With the loss of the *Akron* and the *Macon*. I do not feel Congress will appropriate more funds for the construction or operation of new naval airships before several years have passed.

If the funds that were appropriated for building and operating the *Akron* and the *Macon* were loaned to some citizen-owned corporation for the construction of two airships for commercial overseas operation, the airships would have been insured, and were they lost by reason of structure failure the insurance money would have been available for building two more airships, in which the likelihood of structure failure would at least be reduced.

The plan of constructing commercial airships with Government loans, as provided in bill H. R. 2744, and with construction loans as now provided for merchant marine vessels, seems may offer the best assurance that we may build a fleet of great commercial airships and thus we may establish a valuable secondary defense without Government appropriations for the construction and maintenance of a military airship fleet.

The United States has always been the leader in transportation and communications. Leadership was usually achieved after many mistakes, which often appeared would block progress, but the mistakes served to disclose the necessity for improvement, and some American always came forward with the improvement. We should not expect American airships to be perfected unless we make some mistakes, and we should not make the greater mistake of refusing to accept the improvement when it is offered.

The Honorable PETER NORBECK, United States Senator from South Dakota, recently said, "I cannot subscribe to the logic that because we have not been able to build as good airships as Germany, we should quit building. I think we should learn to build. A number of mistakes have evidently been made in the building of these airships, but more mistakes were made in developing the harvesting machine, the sewing machine, and the cotton gin, but the hundreds of mistakes eventually led to a perfect product."

I subscribe to everything Senator NORBECK says, but I go further to state we should build better airships than Germany and I know we can do so. I have faith in American ingenuity and engineering skill. This faith is backed by a century of American engineering accomplishment, that refused to accept defeat and always has succeeded.

My faith in the capability of American engineers to construct improved airships is shown by 5 years of the hardest kind of work. I have secured the endorsement and reports of American engineers of international repute; I have followed the standard procedure of construction of a model of the suspension bridge structure for airships and have demonstrated same with tests in one of the leading Guggenheim Schools of Aeronautics, and I have financed this important development personally.

The driving force behind my effort has been chiefly the American achievement of something that is worth while and may result in public benefit to our Nation, through the establishment of a new major form of transportation that may become a safe, luxurious, and an economical mode of travel.

This development has now reached the stage where I believe the construction of American-designed commercial airships is warranted. I advocate the approval of bill H. R. 2744, by the present Congress, because I am convinced we need these airships now and should have them at as early date as possible. If funds are now made available, by the approval of this bill, I hope to construct two airships for North Atlantic service, in slightly more than 12 months. This statement is made with serious consideration of the possibility of such accomplishment.

The matter of building American airships for commercial service is not a new subject. Consideration of the matter was taken up and approved by the House of Representatives June 15, 1932, but was not acted on by the Senate. This bill proposed that the Government should subsidize the construction and operation of trans-Atlantic airships by the payment of $20 per mile, for the round trip, with 10,000 pounds of mail reservation to Europe, which payment made on the basis of the service of two round trips weekly, proposed under our bill H. R. 2744, would be $320,000 per week, or $13,280,000 annually paid for mail alone. This amount is more than the $12,000,000 we request as a loan, plus the sum of $1,200,00 which we estimate would cover our annual charge for the same mail service.

We do not require any subsidy nor mail contract. If the Government desires our airships to carry its mails we would be glad to carry same at not exceeding $1.50 per pound, on a 10,000-pound mail reservation, which charge is less than 10 percent of the $16 per pound estimated cost on the other basis. We feel that all Members of the present Congress who approved the bill H. R. 8681, June 15, 1932, should now approve the present bill, and those who opposed the other, because of the high mail charge, should now approve our bill H. R. 2744, because of the low mail charge.

If there is doubt as to the need of transoceanic airship service and if such service could secure patronage to make a profit, the data supplied in the report of the House Committee on Com-

merce, on bill H. R. 8681, June 15, 1932, should remove such doubt. I submit attached printed extracts in our bulletin 135–A taken from this report, for your consideration.

Rear Admiral H. I. Cone, retired, when chairman of the Advisory Committee of the United States Shipping Board Bureau, told the Federal Aviation Commission that "the Government should build a series of airships suitable for transoceanic passenger and express service." In that way, he declared, "the United States would assume world leadership in the aircraft industry, enabling us at the same time to recapture our lost position in the field of world shipping", adding: "The United States will be left hopelessly behind unless we take steps for building airships to fill out our merchant marine."

In the consideration of building and operating commercial airships, with subsequent construction of additional airships with private capital, the operations must be conducted at a profit. Thus, there are two vital points to be decided: the type and size of the airships to be constructed and the conditions under which the airships shall be operated.

In the choice of airships the type and size that provides the greatest strength and safety with assurance of rendering the most valuable commercial and military service should be selected. The conditions under which the airships may be operated should give assurance of a reasonable profit, after providing for replacements, liquidation of principal and interests on funds employed in the construction and in establishing the service.

In our bulletin 135, published prior to the loss of the *Macon*, we submitted a pertinent comparison of estimated detailed operating charges and income for two 7,000,000 cubic feet airships of the Goodyear-Zeppelin type and two of the Respess suspension-bridge type, of the same size, as operating under conditions proposed for trans-Atlantic service under bill H. R. 2744. These figures indicate an annual loss of $3,155,800 for the two Zeppelin-type airships, while the Respess airships indicate an annual profit of $2,902,600. I attach copy of the bulletin for your further information in detail.

In our estimate of operating charges we include $660,000 for "traffic soliciting and handling", to be paid steamship lines. This item was included upon the suggestion of Admiral Cone that the steamship lines, with their established traffic organizations, could handle the business cheaper than we could and the steamship lines may thus receive a larger net income than they might lose from business we may take from them. Admiral Cone further states we should secure 100 percent full loads instead of 75 percent of full loads, as we had estimated, thus it is possible our net earnings could be increased.

These estimates were submitted with realization that no service of this character has ever been operated, and consequently the figures must be taken as approximate. A sincere effort was made to submit figures that are conservative and it is felt that they do show fairly closely what might be expected.

The very substantial difference in the net result of operating the two types of airships emphasizes the difference in the types of structures employed, for the structure of an airship affects its strength and safety, it affects the period of time required for construction and cost of construction, the maintenance and operating costs, the period of useful life and requirement for annual depreciation, the cost of insurance, the useful load, the pay load upon which it must rely for profit in operation and it also affects the military value of the airship.

I could extend my remarks with technical details, to substantiate the really remarkable improvement that may result from airships being constructed with use of the suspension-bridge type frame. I feel, however, the subject will be more effectively presented by engineers who have no financial interest in our company. My aim is to present the commercial and military value of these airships, as warrant for Government support.

If bill H. R. 2744 is approved by Congress, and we are thus supplied with funds with which to construct and operate airships, we are assured of the fullest cooperation of the lighter-than-air personnel of the Navy, Army, Commerce, and other departments of the Government, to which technical forces we would add leading American structural and aerodynamic engineers engaged in private practice, also engineers who specialize in power plants, gas bags, aeronautical equipment, etc.

In other words, I expect we would assemble a specialized technical force of this character that may be unequalled in any other country of the world. Thus, with the combined knowledge, experience, and ingenuity of America's productive minds, we should build airships to be an accomplishment as perfect in result as is possible to attain, with our present knowledge of lighter-than-air craft.

These airships would be designed primarily for commercial service in extending our overseas trade, but also provision may be made for quickly converting the airships to military service in event of war. This conversion feature alone should be warrant for Government loans, with which to build these airships, for thus a very valuable military force would be available, ever ready for use, with a trained personnel signed to enter military service on demand.

That these airships will be a valuable addition to our air forces cannot be denied. We may not judge the importance of the airship by their limited military service in the World War, nor from our experience with the *Akron* and the *Macon*. The airships we would build would be strong, safe, and efficient airships that could be converted to become fighting airships, as our Navy airplane carriers are fighting ships. The *Akron* and the *Macon* fully demonstrated they could transport and service a number of airplanes, which would leave and return to the airships. In time we should expect to construct 10,000,000 cubic feet commercial airships, each of which could be converted to transport and service 20 airplanes.

The next war in which we may be engaged may be decided in the air, not on the sea or on land. The nation that has the most efficient airplanes should be best fitted to win air battles. No matter how effective military airplanes may become, when designed to operate from land airports or from navy aircraft carriers, such airplanes could be redesigned to be reduced very greatly in weight, increased in speed, and improved in military efficiency if they were designed to operate only from airships and never operate from the ground. This is an accepted fact and is not a theory.

The much discussed present grave danger of bombing and of poison gas attack, by enemy air forces, was not fully demonstrated in the World War, but may be demonstrated in a ghastly manner in the next war between great nations. The very uncertainty of this prospective danger is one of our serious problems in determining what we must do for defense against air attack.

Probably the greatest damage that may result from an aerial attack would be fires that may destroy cities, these fires being started by explosive fire bombs dropped in several sections of a city at the same time.

Another grave danger is the release of explosive shells from enemy bombing planes. This danger was explained by one of America's leading builders of heavier-than-air craft to the Federal Aviation Commission, with the statement, as reported in the press: "An enemy bombing squadron could fly from a thousand miles away from our seacoast, at a speed exceeding 200 miles per hour, at an altitude exceeding 30,000 feet, and in passing over New York City could destroy the buildings of lower Manhattan from the Battery for perhaps a mile northward."

At least five great and intelligent nations, England, France, Germany, Russia, and Japan, expect warfare with use of poison gases, for they have provided gas masks in large quantities and have drilled the men, women, and children of their cities in the use of such masks. This statement is justified by photographs, reproduced in our American newspapers, showing such groups being drilled in the use of the gas masks. There is also provision of airtight containers for babies.

What can we do to protect ourselves?

We might send our Navy far out in the ocean to meet and try to destroy the enemy fleet and its airplane carriers. A larger Navy is suggested, also a larger Army; great batteries of antiaircraft guns are recommended; building a great fleet of naval and Army airplanes is proposed. We suggest the construction of a fleet of great airships that may be self-supporting in overseas trade and be called for military service in event of war.

For protecting our cities these great commercial airships could be quickly converted to carry airplanes, have an airship speed exceeding 100 miles per hour, or be able to cruise slowly at 20,000 feet altitude, over an area to be protected, sending out scouting airplanes to contact enemy planes, and when such planes are located the scout plane may direct the airships in a course to intercept the enemy planes. Thus, at the proper time, the airship may release a fleet of our most efficient fighting airplanes which may destroy the enemy airplane squadron.

If we had a sufficient number of these great convertible commercial airships, we could patrol and protect the areas surrounding our great centers of population and we could establish and maintain a constant defense line a thousand miles out to sea, if desired.

The military value of an airship may be judged by its ability to withstand adverse weather conditions, by its useful load which may define its range, its speed, its military equipment, and by its likelihood of receiving serious injury when attacked by other aircraft.

The suspension-bridge structure of an airship is a type to stand adverse weather and is less vulnerable to gunfire than the Zeppelin-type frame. The gas is not under pressure and would leak very slowly, through holes made by bullets. Damage would occur only provided an airplane could get relatively close to the airship.

For military purposes the airship may be armed with a dozen or more rapid-fire long-range guns, so that at least two of these guns may cover every point of approach to the airship in every direction. These guns could be fired with great accuracy and shoot farther than the guns carried by airplanes; thus in combat the airplane may seldom even puncture the fabric cover of the airship before the plane is destroyed. In other words, this airship at 20,000 feet altitude may be able to operate with less danger from enemy heavier-than-air craft than naval vessels.

Another feature of importance in considering the future military value of airships, employing the suspension-bridge structure, is these airships can be constructed very quickly and in large numbers should we be unable to avoid war with another nation and suddenly require more airships. Under pressure of war need these airships, capable of transporting and servicing 20 airplanes, may be duplicated in quantity in about 6 months or less. This is not possible with Navy vessels, Navy airplane carriers of merchant-marine ships.

In requesting a loan of $12,000,000 for erecting a $4,000,000 southern airship plant, $2,000,000 for the construction and equipment of an Atlantic operating terminal, $5,000,000 for building two 7,000,000 cubic feet airships, and $1,500,000 for operating capital, with which to establish these airships in service crossing the North Atlantic, I believe the loan is justified by the tremendous public benefit that may accrue, and that approximately 5,000 men will be employed, in direct and indirect labor, thus increasing em-

ployment and forming the foundation upon which a new great American industry may be established.

The construction may be carried forward with ability, with the strictest economy, without waste, and without profit. About $10,000,000 may be expended under patents or patent rights that ordinarily would be entitled to royalty payments of not less than 5 percent. With allowance of a reasonable profit, plus royalty, the Government should have additional value of at least 15 percent of such expenditures, or $1,500,000, when compared with other Government construction by private contract.

Reference should also be made to the fact the new airship docks at the plant and the operating terminal will be constructed with use of an approved new patent engineering design that also is of the suspension-bridge principle, and it is estimated that at least $2,500,000 may be saved as compared with similar size docks of the arch-frame type now employed in the docks in New Jersey and California.

Thus with the combined economy of the airships being constructed at cost and without royalty, with the additional saving in dock cost through the employment of a new type of construction, protected by patent rights, the Government is secured by property value that ordinarily might require $16,000,000 to duplicate. In addition, there are valuable patent rights and it is also contemplated we may later do public financing for the construction of additional airships and these new funds may provide additional security for the loan.

In constructing these airships, it should be understood we cannot build commercial airships that may be converted to military use without provision for such possible military use being included in the design and construction. Thus the cost of construction may be considerably increased over airships required solely for commercial service, and some additional weight must be built in, which may reduce the pay load and the commercial profit of operation. These facts should be duly considered in connection with proposed Government loans.

Reference has been made to locating the new plant in the South. In view of the fact that there is now a dock erected in Akron and another at Lakehurst, which possibly could be used for the construction of airships, an explanation should be made as to the desirability of erecting the new plant in a southern location.

For construction in the North it is necessary to provide heat for perhaps 6 months each year, and with so large a building of the type employed, provision of sufficient heat is impracticable, thus the work may be badly delayed during cold weather. Overhead, taxes, insurance, plant upkeep, and depreciation continue, however, adding to the cost of the airships being constructed.

In the South, below the snow and ice belt, no heating is required, and work can be carried on 24 hours per day every day in the year if desired. Building two airships under the same roof in the South will effect very great economy as compared with building a single airship at Akron or elsewhere where heating is required for construction. Economics of this character may not be neglected if successful commercial operation must be achieved.

The loss of the *Akron* and the *Macon* is a challenge to our Government, to our engineers, and to our Nation. In the consideration of bill H. R. 2744 there is an opportunity for Congress to assert its faith in American ingenuity and engineering skill by providing means for building American-designed airships. This bill is warranted on the basis of—

1. With the suspension-bridge frame airships can be constructed to be strong, safe, and avoid structure failure.
2. Immediate increase in employment, 80 percent of loan to be expended for direct and indirect labor, with employment of 5,000 men, for 1-year period at high wages.
3. May establish the foundation for a new great American industry which may become a valuable asset to our country for increasing employment, for extending our foreign commerce, and for the construction of military equipment in event of war.
4. May, in effect, expand our merchant marine with a more rapid transport service than is possible to secure through construction of sea vessels.
5. May establish extensive valuable bases for commercial or military use, for both lighter-than-air and heavier-than-air craft.
6. May result in establishing an American-controlled major transportation system, extending to the important commercial centers of the world, to interior cities as well as seaports.
7. May establish a valuable secondary defense, which may ultimately be developed to become a primary defense or offense.
8. May salvage an investment of $12,000,000 which the Government has already expended on the development and conservation of our natural helium-gas resources.
9. May establish twice-a-week, 32-hour trans-Atlantic mail service, at a charge of only $1.50 per pound.
10. May establish a profitable overseas service which may liquidate the Government loan and promote an extension of the services with private capital.

THE CRIME BREEDING MOVIES

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

The SPEAKER. Is there objection?

There was no objection.

Mr. CULKIN. Mr. Speaker, the most potent social influence that has come into being since the invention of printing is the photoplay. Moving pictures are, to my mind, the most powerful instrument for the communication of thought that mankind has devised. Speaking a universal language they create or destroy our allegiance to culture, education, and religion.

INFLUENCE OF MOVIES ON LIFE

While the photoplay has become one of the most powerful forces in our national life under present auspices it is exerting a blasting influence upon our civic and religious idealism. The specious appeal of the photoplay has in part submerged the strengthening and uplifting ideals of the home, school, and pulpit. As now presented, the movie is a head-on collision with the social influences that make for the advancement of government and society.

I said a moment ago that the appeal of the screen is universal. The House will recognize this to be so when I call attention to the fact that last year between twenty-eight and thirty million minors entered the 20,500 movie theaters in America every week and that 11,000,000 of these young people were under the age of 14 years. These children, of course, were at the impressionable period of their lives. I will demonstrate later that the moving pictures that these children saw had a powerful effect upon their attitudes and conduct, more potent, in my judgment, in their effect upon social reactions than the average home or the average school. I do not emphasize the weekly attendance of 45,000,000 adults at these performances.

It is my belief, based on many years of observation, that the alarming antisocial trend of the moronic and delinquent types has been created and stimulated by attendance at these performances. It is the judgment of those who have attempted to chart the minds of children that behaviorism and juvenile delinquency in the child and crime in the adolescent and adult have been immeasurably increased by their drinking in the crude, antisocial presentations of life so universal in the present-day movies.

THE SCREEN AND CHILDHOOD

Of late years trained psychologists have gone far in their study of the youthful mind. I believe that they can now diagnose the source of germs that attack the youthful intelligence. For years we have been without chart or compass as to the effect of the photoplay upon childhood. The House will be interested to know that in 1932, those in charge of the Payne Fund, a foundation devoted to the welfare of youth, realizing the social importance of learning just what effect the screen was having on the minds of children, at the instance of Dr. Lowell, president emeritus of Harvard, financed an investigation in this field. The results were published in 1933 under the title of "Motion Pictures and Youth." This work appeared in six volumes and the titles were 12 in number. They range from Motion Pictures and Standards of Morality to Movies, Delinquency, and Crime. The studies upon which these books are based extended over 2 years and were conducted by outstanding educators and psychologists of our eastern and western universities.

These experts sound a note of alarm. They find that children, even of the early age of 8, see 70 percent of the facts of a picture and remember them for a surprisingly long time. They find that a single exposure to a picture may make a child antisocial and delinquent in his attitudes. These research men find that there is too much sex and crime and love for a proper diet for children. These studies make additional findings, as follows:

First. That motion pictures, in stimulating desires for easy money and luxury, are an important factor in shaping criminal courses.

Second. That the picturizing of criminal activity, ways of burglarizing or robbing, of escaping detection, and of avoiding pursuit, contribute to delinquency or crime. Twenty percent of the convicts whose experiences were studied in this particular, stated that motion pictures taught them ways of stealing.

Third. That 17 percent of the truant- and behavior-problem boys state that movies had made them want to run away from school, that 49 percent of 110 criminals examined say that the movies gave them the desire to carry a gun, 28 percent declared that it gave them the practice of stick-up, 20 percent stated that the movies had taught them ways

of stealing, and 21 percent stated that movies taught them ways of fooling police.

Fourth. Twenty-five percent of 117 delinquent girls in the State training school indicated that the movies were a direct contributing influence to their own delinquency. That 49 percent of 252 girls in a State training school said that the movies made them want to live a fast life.

Fifth. Twenty-five percent of 252 delinquent girls studied, many from 14 to 18 years of age, had been led to sexual irregularities following the arousing of sex impulses by passionate love pictures.

These thoroughly reliable findings tell the story of the disaster that is being done to the youth of America by the photoplay. These, of course, represent only those whose delinquency and crime come to the surface. In my judgment, there is a vast army of delinquents and criminals that are never detected or arrested, who fall from grace by reason of the movie influence. There is a vast army of Americans whose lives never reach a crisis, whose citizenship is unfavorably affected by the present-day screen.

Henry James Forman, in his book entitled "Our Movie-Made Children" states on page 6:

> Crime and conduct, however, though of tremendous importance are not the only domains indisputably subject to movie influence. Many educators and laymen alike, * * * have had the conviction that the motion picture with its immense range and vast reach falls little short of being a supplementary educational system of our Nation. Indeed some laymen have gone so far as to believe that the motion picture vies in importance with the national school system.

It is inevitable, therefore, that those charged with the education of children and concerned about the future of the Nation should regard the cinema as charged with a public interest. The producing group in this field resent this suggestion and say that it is a regular business engaged in commercial manufacturing for profit. But they have not been successful in rendering themselves immune to public scrutiny. Every thinking group in America has become alive to the fact that our future is greatly dependent upon the production of photoplays which will strengthen and conserve rather than destroy the influence of the home and school.

CHARACTER OF PICTURES PRESENTED

The discussion brings us to the consideration of the type of pictures the movie magnates have inflicted on the American people since the birth of the cinema. Dr. Dale, one of the Payne investigators, found that in 115 pictures presented, 406 crimes were actually committed and an additional 43 crimes attempted; that in another block of 35 pictures 54 murders were committed. The fact is that in these pictures the Al Capone type is so conventionalized that he has become the model for many American schoolboys who, freed from the scrofulous influence of the cinema, would otherwise have gone along normally.

Father Daniel A. Lord, S. J., of St. Louis, Mo., who has made an intimate study of the screen products, issued a booklet in June 1934 under the title of "The Motion Pictures Betray America." In this publication he analyzed 133 pictures which were screened in the latter part of 1934. He states these pictures show a minimum of 81 major crimes against the law. This does not include wholesale murders in one superfilm. Father Lord states that due to the character of movies presented the whole moral law is at stake. He continues:

> The Commandments that God gave to Moses on Mount Sinai are being smashed in the daily grinding of the motion-picture projectors. * * * The very things which did Jesus to death are being shown glamorously and attractively on the screen. The innocence of little children is being corrupted, and youth is being initiated into explicit methods of crime.

P. S. Harrison, editor of Harrison's Reports, which is the authoritative reviewing service in the moving-picture field, is even more vigorous in his denunciation of pictures than Father Lord. In Mr. Harrison's report made last year, only 30 out of 133 pictures are suitable for children and adolescents.

Bishop Edward D. Mouzon, senior prelate of the Methodist Episcopal Church South, said:

> I am about to reach the conclusion that the filthy, lewd, sex-filled pictures shown to our children, stimulating emotions far beyond their years, is the most damning influence that ever swept out of hell.
>
> I thank God that the Roman Catholics took the lead in this fight. * * * The time has come when all who believe in God, the Ten Commandments, the sanctity of the home, and decency—Jew, Roman Catholic, and Protestant—must stick together.

I now call the attention of the House to another illuminating piece of data. The motion-picture division of the University of the State of New York, which, under the educational law, is charged with the duty of reviewing and licensing motion pictures, during the year ending June 20, 1934, the last report available, eliminated from pictures examined 1,337 scenes and 818 titles, a total of 2,195. The following is a statement of the grounds on which these eliminations were based:

Indecent	838
Inhuman	79
Tending to incite to crime	511
Immoral or tending to corrupt morals	752
Sacrilegious	15
Total	2,195

The Legion of Decency, organized in November 1933, by the Catholic Hierarchy of North America, was the body referred to by Bishop Mouzon. It is estimated that 5,000,000 Catholics signed the Legion of Decency's pledge to refrain from attending movies which were indecent in character. The Legion of Decency movement reached its peak in the fall of 1934 and performed a great service to the cause of public morality. The movement terrified the producing group and resulted in a substantial betterment in production. The movie press and the lobbyists are now writing off this influence and the producers now have their nerve back. They are ignoring or subsidizing the advance guard of this great army. I shall refer more fully later to this phase of the question in my discussion of the organization of the producers' group.

George Jean Nathan, brilliant dramatic critic, who originally was one of the foremost opponents of interference with photoplay production, wrote in the American Spectator in October 1934 as follows:

> The current movie censorship drive, as everyone knows, is directed primarily against smut, with which the pictures in recent years have been brimming. Smut—and there is no other name for the thing the pictures have been retailing—is no part of any kind of art or even pseudo art, and forced elimination should not concern any anticensorship body with an ounce of intelligence left in its head. * * * The truth about the movies is that in many cases they have got to be so filthy that they do not in their present plight deserve the least consideration from any anticensorship organization.

The fact is that every church group, every welfare organization, every group of men and women concerned with the educational and cultural advancement of America has protested in thunder tones against the demoralizing and destructive influence of the cinema upon childhood and youth.

Thus far, they have done so in vain and here is proof of it. I hold in my hand the May 23, 1935, issue of the Catholic Sun, published at Syracuse, N. Y. On page 5 of that issue appears a list of pictures divided into three groups as to their moral fitness by the Queen's Work Sodality, Chicago Legion of Decency. Out of 197 pictures showing in the latter part of May of the present year, but 59 pictures are recommended as unobjectionable and suitable for public entertainment. Fifty-four pictures are neither approved nor forbidden, but are for adults only; while 84 pictures are considered indecent and immoral and unfit for public entertainment. It would seem from this appraisal that Hollywood, despite the waves of criticism that have broken over it, has learned nothing. In the language of George Jean Nathan, who is no purist, they seem to have no vehicle except smut with which to represent human life and human endeavor.

There are happy exceptions, however. The capacity of the photoplay for recreational purposes and the cultural uplift of the people is without limit. Single instances of this may be found in a few productions which have come from the Hollywood studios. The complete artistry—both pictorial and histrionic—which was displayed in the recent production of David Copperfield establishes the fact that there are in the ranks of Hollywood men of genius and extraordinary

capacity, who, if freed from some of the present influences, would blaze a trail to a real era where the screen would play a constructive part in the recreational and cultural field. This picture and a few others of the same merit have been enjoyed by many millions—many of whom had previously withdrawn their patronage.

A CRIMINAL TRUST

Before discussing the proposed legislative phases of this extraordinary situation, I desire to present to the House as briefly as possible a picture of the background and present organization of the movies. It will surprise the House to know that the producers not only are the most antisocial influence in America by reason of the character of the product, but their whole structure of control is built upon illegality, violation, and evasion of existing law. The movie industry is the fourth largest industry in the United States, with an estimated investment of two and a half billion dollars. It employs more than 30,000 people, and more than 900 of the persons in the production field enjoy annual salaries of about $10,000. It has been under fire by the courts as violating the provisions of the Sherman Antitrust Act. What it cannot get by fair means in the open, it buys in the twilight zone of venality. Eight companies control 90 percent of the photoplay production in America. These are banded together by hooks of steel, and they own and operate 20 percent of the talking-picture theaters in the United States. It should be noted that 80 percent of the theaters are owned by the independents.

It will be developed later that the independents' control over their own property is of a nominal nature by reason of the operation of the Movie Trust through block booking. The name of their central organization is the Motion Picture Producers & Distributors of America, Inc. This outfit has various ramifications, but through its producing and distributing factors controls the production and sale of pictures in America.

In 1922, Will Hays, then Postmaster General and chairman of the Republican National Committee, became the nominal head of these organizations. He was a Presbyterian elder and was supposed to have close contact with the Protestant groups in America. The public, which had been alarmed with the antisocial tendencies of the movies, was encouraged in the belief that under his leadership the movie production would at last become less antisocial and cease to be a destructive influence upon the minds and characters of the American youth. It was considered fair procedure to give him a chance to work this program out. The public waited in vain for any change in the character of production. Pictures became more salacious and more daring. Filth is a mild word when used for descriptive purposes in connection with the productions that ensued. The public then woke up and found that the redoubtable Will Hays instead of being a Moses leading the movies out of the cesspools was in fact a lobbyist whose sole function was to keep the public off the producers. He had no authority then and has none now. On the lot in Hollywood a current phrase is, "To hell with the reformers! We are paying Will Hays $250,000 a year to give us immunity." For years Mr. Hays has been the artful dodger that has kept public sentiment in leash. In 1922 Hays and the producers adopted 13 high moral standards of production to which they promised obedience. They broke that promise by sending the screen to a lower depth of antisocial production. Hays manipulated the various denominational groups by placing some of their quasi-leadership on the pay rolls of the Movie Trust. He had contact men for every religious group on the pay roll. He had contact men for every educational group on the pay roll.

His job was to lull the patriotic and genuinely American groups who wished to prevent our children from being destroyed into passivity by promise of reform which never came. And it is doubtful if he ever had such power. The practical men at the head of the film industry had no use for him, except so far as he was able to keep the public off their shoulders. In the meantime, year by year, the streams of filth from Hollywood augmented a thousandfold.

The Movie Trust is definitely a violation of the Antitrust Act. Under the N. R. A., which is now history, the trust control of the movie production reached its peak. The N. R. A. code, as written, turned the independent producers and exhibitors over to the Movie Trust, body and soul. These were happy days for Will Hays and those whom he represented, but unhappy days for the independents and those concerned with the human documents of America. Rapacity and tyranny were on the throne, and the picture looked very black so far as the public interest was concerned. The Supreme Court decision in the Schechter case ended all this.

Today the distinguished, able, and public-minded Attorney General of the United States, Hon. Homer S. Cummings, is conducting a prosecution in St. Louis, Mo., which will, if successful, have a far-reaching effect upon this industry. It will take the shackles off the independent producers and will subject the antisocial types that are in command to the restraints of law. America is already heavily in Mr. Cummings' debt for his law-enforcement accomplishments. If he carries this fight to a knock-out, this and future generations of Americans will call him "thrice blessed."

Not long ago it was stated that Will Hays could no longer deliver and that he was on his way out. It was also stated that the Honorable James A. Farley would succeed him at a salary of $250,000 a year. But the time was not quite ripe for this procedure, and Will Hays executed a flank movement on those who were trying to oust him by hiring John Boettiger, who was about to marry the daughter of President Roosevelt. Mr. Boettiger had been an able newspaperman and had an attractive personality, but the purpose of his employment was obvious. George Ackerson, former President Hoover's secretary, occupied a similar post, but when the election went against the former President, out of his job went Ackerson. If a change of this administration comes, this will be the fate of Mr. Boettiger. I have no doubt that he has personally no illusion about his status. I know the public has none.

Another phase of the movie situation is worthy of consideration. The penny arcaders and their successors and assigns got into deep water in 1929. They were obliged to go to the Chase National Bank for succor. Vast loans were made them by this organization, in which, as the public knows, the influence of John D. Rockefeller, Jr., is more or less dominant. In addition to that, the Western Electric Co., which is a subsidiary of the American Telephone & Telegraph, has become a major creditor of the producers. There is some hope in this situation. The gentlemen on the directorate of these outfits have a large stake in the future of America. I said before that the present-day photoplay tends to destroy our culture and to destroy the influences of education and religion.

Any casual student of affairs recognizes that that is what movies are doing now. It might be added that overnight they might almost destroy our present form of government. They were used extensively in Russia in putting across the communistic theory. They sowed the seed of fascism in Italy. This may seem improbable here in America. May I say, however, that the destruction of the civic character in America is vastly more serious and devastating than even the destruction of our present governmental construction. If the national character is destroyed, our form of government is immaterial. So I call upon these gentlemen who are the present overlords of big business to take a hand and help save the childhood and youth of America from being debauched. I am familiar with the mistaken ethics with which high finance buffers itself in a situation like this, but make bold to say that if they continue fiddling while Rome burns the blood will be on their own heads.

PROPOSED LEGISLATION

Prior to coming to Congress I was for 17 years engaged either in the prosecution of crime or as judge of the domestic relations court of Oswego County, N. Y. For many years I handled intimately the problems of those whose lives had led them to violations of the law, and in the case of children under 16 years into the growing field of juvenile delinquency. By intensive investigation into the causes of maladjustment

among children I came to the conclusion that the screen, as presented, was a powerful factor in their stumbling. I came to be of the opinion that the photoplay not only seriously affected the lives of the delinquent but also the social viewpoint of the normal child and adolescent. I therefore felt strongly on this subject, and when I was elected to Congress endeavored to find a way to harness the photoplay for the purposes of mankind.

Several years ago I reintroduced the Hudson bill, H. R. 2999, with some minor changes. This bill establishes a Federal commission and writes into law the set of standards adopted by the producers' organization itself in 1922. It is, to my mind, sound and necessary legislation if the salutary lessons of the home, school, and church are to be preserved. Personally I favor making motion pictures a public utility, as they are in England and France. Telephones, telegraphs, and railroads are public utilities and are under Federal supervision as such. How much more vital it is to the life of the Nation that its far-reaching influence—which in the present hands has destroyed the influence of the home, church, and school—should be under governmental direction. We have protection for our children's bodies against adulterated foods, but no regulation or control over the germs that destroy their minds. In the second session of this Congress I intend to press this bill vigorously for passage. No opportunity for a hearing has been had on it at this session. The Interstate and Foreign Commerce Committee has been submerged in the hearings on utilities, transportation, and related subjects.

For the present I urge the passage of H. R. 4757, presented by me, which regulates the practice of block booking and blind selling by prohibiting the compulsory and mass booking of copyright films and amending section 2 of the Clayton Act to make it apply to licenses, agreements, and leases, as well as sales in interstate commerce.

The gentleman from Indiana [Mr. PETTENGILL] has introduced H. R. 6472, which is of the same general purpose. The gentleman introduced this bill, partially at my request, as I am more concerned about the passage of the legislation than the credit of sponsoring it. I feel, however, that this legislation—H. R. 6472—should be strengthened by certain amendments, which I am hoping he will accept when the time comes. With these qualifications I am heartily back of his bill. Either one of these bills will break the present monopolistic control which a handful of men now exercise over the movies. This legislation will destroy the present vicious and indefensible system of block booking by which the local theater manager must buy his pictures—the bad along with the good—in blocks of as many as 60 without the privilege of choosing what he wants in the open market. It will destroy the system of blind selling by which the exhibitor has to book his pictures before they are even produced without a chance to see them and know whether or not they are suitable for his clientele.

BLOCK BOOKING SHOULD END

Under the present system the exhibitor in northern Maine or in a prairie city in Kansas is obliged to buy and present the same type of pictures that are presented in the metropolitan centers where the audiences are necessarily more sophisticated and certainly more adult. At present the exhibitors buying in blocks of 60 pictures either take what the producers give them or else they get nothing. The producers complain of the threatened censorship. They rail at those who suggest it as guilty of an unwarranted impertinence. Yet they themselves exercise a censorship at once brazen and illegal. They have a strangle hold on the exhibitors and compel them to buy and show such pictures as they see fit to produce and are prepared to sell.

The producers demand the freedom of the screen, yet a few irresponsible and covetous men, whose vulgarity predominates in film production, hold the whole situation in the hollow of their hand. This legislation will break that strangle hold and make the screen free. It will fix responsibility. The present block-booking procedure ties up the theater screens of the country. It practically paralyzes the entrance of independent producers in whom many people believe lies the whole hope of the proper development of this medium of expression. It is not wholesale selling, and that argument has no basis in fact. This legislation will make the local manager responsible to his own clientele, and local influence will have a part in the selection of the films to be presented.

The situation as it exists at present can best be illustrated as follows: You wish to buy a book and go to a bookstore for that purpose. The bookseller tells you that he cannot sell you the book you want unless you buy 49 more, all of his own selection. That is the case in a nutshell.

Every socially minded organization in America is militantly opposed to block booking and blind selling. Here are some of them:

Federated Women's Clubs, Parent-Teacher Associations, ministerial associations, brotherhoods, Young Men's Christian Association, Young Women's Christian Association, National Woman's Christian Temperance Union, North American Congress of Home Missions, National Grange, Northern Baptist Convention, General Convention of the Protestant Episcopal Church in the United States of America, various branches of the Legion of Decency, including many prominent ecclesiastics and lay leaders of the Catholic Church, General Assembly of the Presbyterian Church of the United States of America, Women's Missionary Council Methodist Episcopal Church South, Women's Foreign Missionary Society of the Methodist Episcopal Church, Oregon Conference of the Methodist Episcopal Church, and the International Reform Federation.

Since the introduction of these bills I have had communications from 244 organizations and 121 individuals, from various parts of the United States, favoring both my bills (H. R. 2999 and H. R. 4757).

The mothers of the United States, under the leadership of the parent-teacher organization, are embattled on this proposition. They are looking toward Congress for relief from the tainted influence of the present screen. I want to tell the House that they are up in arms and will not be denied. Every influence, venal or otherwise, will be marshaled by the purveyors of filth against these needed reforms. I urge the House to pass this legislation abolishing block booking at the present session. If you do it, you will make a substantial contribution to the cause of America, because it will rescue the citizens of the next generation from an influence that is steadily but surely destroying them. I have faith in the courage and vision of my colleagues in the House on both sides of the aisle. I am content to submit this issue to them for action. [Applause.]

Mr. CLAIBORNE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. CLAIBORNE. Mr. Speaker, my distinguished colleague the gentleman from Missouri [Mr. COCHRAN] is unavoidably detained in the hospital due to illness. Had he been able to attend the session here today he would have voted for the holding-company bill.

Mr. FISH. Mr. Speaker, I offer a privileged resolution.

The Clerk read the resolution, as follows:

House Resolution 285

Whereas the Representative from Maine, the Honorable RALPH BREWSTER, did on this date, July 2, 1935, arise in the House of Representatives and make a statement that he had been approached by an official of the United States Government and told that if he (BREWSTER) did not vote against the death-sentence provision in the so-called "Federal Power Act" that certain funds allocated for public works in his congressional district in the State of Maine would be withheld, and whether any political threats were made by other officials: Therefore

Resolved, That a special committee of five Members of the House be appointed by the Speaker to investigate the charge made by the Representative from Maine, Mr. BREWSTER, and report its conclusions and recommendations to the House at the earliest practicable date. For such purpose the committee is authorized to send for persons and papers and to administer oaths to witnesses and to sit during the sessions of the House or any recess thereof.

Mr. BLANTON. Mr. Speaker, I make the point of order that is not a privileged resolution.

The SPEAKER. The Chair will hear the gentleman from Texas on the point of order.

Mr. BLANTON. Mr. Speaker, such a resolution to be privileged is one that affects the safety, dignity, and integrity of the proceedings of the House collectively. In what way does this incident affect the safety, the dignity, and the integrity of the proceedings of the House collectively? In my judgment, not at all.

Why, there could be occasions when someone employed by the Government might approach every one of the 435 Members of the House and make this threat or that threat, but that does not affect the privileges of the House. We are supposed to be strong enough to withstand any such approaches from any employee of the Government. If this had been a Cabinet officer or someone connected with the President's office, the situation might be different.

For instance, Mr. Speaker, there are in Washington today over 100,000 Government employees on the pay roll of the Government. In the United States there are over 700,000 Government employees. Because someone employed by the Government approaches a Member of Congress and makes a foolish, futile threat to him does not violate the privileges of the House, because it does not affect the safety, dignity, and integrity of the proceedings of the House collectively.

The resolution which the gentleman from New York [Mr. FISH] offers, therefore, is not a privileged resolution raising the question of the privilege of the House collectively. This is not a question of personal privilege. No one has risen on the floor raising the question of personal privilege. If privileged at all, therefore, it must be a privilege of the House collectively. It must be something that affects the safety, dignity, and integrity of the proceedings of the House of Representatives collectively, and there is nothing of that kind in this resolution.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from New York.

Mr. O'CONNOR. Mr. Speaker, I move that the resolution be referred to the Committee on Rules.

Mr. BLANTON. No. I want my point of order ruled on first. I did not yield to the gentleman for that purpose. Mr. Speaker, I desire a ruling on my point of order.

Mr. FISH. Mr. Speaker, I would like to be heard on the point of order. It seems to me this resolution obviously affects not only a Member's representative capacity, and I refer to the gentleman from Maine [Mr. BREWSTER], but the integrity, the dignity, the reputation, and the good name of the House of Representatives. It is of the highest privilege for the resolution to be immediately considered. It is inconceivable that charges of this nature may be made upon the floor of the House by the gentleman from Maine, whom everybody on both sides trusts, as shown by the applause that he received, and that no action should be taken. I do not believe it is proper that after such a charge has been made that it should be ignored and no consideration given it by the House of Representatives.

Mr. Speaker, I submit that this affects the integrity and honor of the House of Representatives itself. A definite charge has been made by a distinguished Member of this House that he was wrongfully approached by a high public official in order to influence or change his vote. The gentleman from Texas [Mr. BLANTON] referred to it and said it did not come from a member of the Cabinet. The charge was aimed at one of the sponsors of the utility bill, a high Government official who speaks with authority. If this charge is correct, there should be an immediate investigation. Mr. Speaker, I submit this is a matter affecting the integrity of the entire House of Representatives and therefore of the highest privilege.

Mr. MAVERICK. Mr. Speaker, I believe that the gentleman from Texas [Mr. BLANTON] is correct in stating that this is not a privileged resolution, but I hope that the resolution will be passed unanimously by the House. I believe it brings up a very important question.

Mr. Speaker, I want to say this much about the gentleman from Maine [Mr. BREWSTER]. The gentleman was for the Senate bill; at least he said so when he attended a meeting with me at the Power Policy Commission and in conversations. He attended secret meetings and got all the inside stuff. Of course, we were associated with the "brain trusters"—to which some may object; but I have no contempt for brains. I attended this meeting with the gentlemen from Maine, Mr. BREWSTER and Mr. MORAN, Mr. RANKIN, Mr. MARCANTONIO, Mr. SCOTT, and others; and Mr. BREWSTER consented to make a speech for the Senate bill, section 11, and discuss the legal phases of it.

Mr. SNELL. Mr. Speaker, I make the point of order that the gentleman is not speaking in order.

Mr. MAVERICK. Of course, make a point of order when it hurts.

The SPEAKER. The gentleman will discuss the point of order, which is the only thing pending before the Chair.

Mr. MAVERICK. I have not the parliamentary experience and ability to get up here and beat the parliamentary rules; but I do say I hope the House passes the resolution, and I do not believe a word the gentleman from Maine [Mr. BREWSTER] said.

Mr. SABATH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SABATH. If this resolution should be held privileged——

Mr. BREWSTER. Mr. Speaker——

Mr. MAVERICK. Regular order, Mr. Speaker.

The SPEAKER. The regular order is for gentlemen to be seated and keep quiet while the gentleman from Illinois submits his parliamentary inquiry.

Mr. BREWSTER. Mr. Speaker——

The SPEAKER. The gentleman from Illinois [Mr. SABATH] has the floor, if he desires to submit a parliamentary inquiry.

Mr. SABATH. My parliamentary inquiry is this: If the point of order that has been made should be overruled——

Mr. BREWSTER. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from Maine rise?

Mr. BREWSTER. Mr. Speaker, I rise to a point of the highest personal privilege.

The SPEAKER. The gentleman cannot take the gentleman from Illinois off the floor in that way.

Mr. BREWSTER. I was standing here seeking recognition, Mr. Speaker——

The SPEAKER. The gentleman is not in order. The gentleman from Illinois has the floor to submit a parliamentary inquiry.

Mr. SABATH. My parliamentary inquiry is whether it would be in order to amend the resolution by broadening the resolution and providing that the lobbying on both sides be investigated. [Applause.] I believe such a resolution should be adopted.

The SPEAKER. Of course, the House can do with the resolution as it pleases, and if it is held to be in order it is subject to amendment.

Mr. SABATH. That is the inquiry I wished to make, Mr. Speaker.

Mr. BREWSTER. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from Maine rise?

Mr. BREWSTER. I rise to ask whether it is possible for the gentleman from Texas to challenge my word on the floor of this House without having his words taken down. I rose immediately the words were uttered, and it seems to me nothing could transcend such a proposition. If that is not possible, it transcends my conception of parliamentary procedure.

The SPEAKER. To what words does the gentleman object?

Mr. BREWSTER. He said, as I understood him, that he did not believe a word I had uttered.

The SPEAKER. The Chair would state to the gentleman that the Chair does not think that implies that the gentleman uttered an untruth. That was the opinion of the gentleman from Texas, but not necessarily the opinion of anyone else, and the Chair does not understand that there is any question of privilege involved in the remarks uttered.

Mr. BREWSTER. May I ask that the words be taken down?

The SPEAKER. The gentleman could have done that——

Mr. McFARLANE. Mr. Speaker, a point of order.

The SPEAKER. The Chair is trying to rule on a point of order now, if the gentleman will permit the Chair to do so.

Mr. McFARLANE. I wanted to make my point of order before the Chair rules.

The SPEAKER. The gentleman from Texas made the statement, but that does not necessarily imply that the gentleman from Maine intentionally made a misstatement on his own part. He simply said he did not believe it, but this did not necessarily imply that the gentleman from Maine intentionally made a misstatement. What the gentleman from Texas said may be construed as meaning that the gentleman from Maine was merely mistaken in his conclusions, and that the gentleman did not deliberately make a false statement. So the Chair fails to see where any question of privilege is involved in the statement. Of course, if the gentleman wishes to make his own statement about it, he can do so with the permission of the House.

Mr. BREWSTER. I do not think I can add to what I said. It becomes an issue of veracity.

The SPEAKER. The Chair is ready to rule.

The gentleman from New York [Mr. FISH] has presented a resolution of investigation, which has already been read from the Clerk's desk and which it is not necessary to read again. I am sure every Member of the House, as does the Chair, feels jealous of the dignity and integrity of the House, its entire membership, and all its proceedings.

Rule IX provides that—

> Questions of privilege shall be, first, those affecting the rights of the House collectively, its safety, dignity, and the integrity of its proceedings.

The gentleman from Maine [Mr. BREWSTER] has made certain serious charges. It is not necessary, of course, for the Chair to pass on the charges. That is a matter for the House to determine. But the Chair does feel that in view of the statements made by the gentleman from Maine on his own responsibility as a Member of this House, as well as those contained in the pending resolution, that if such statements are found to be correct, then it seems to the Chair that the integrity of the proceedings of this House have been seriously interfered with. The Chair, therefore, thinks that the resolution presents a question of the privilege of the House, and overrules the point of order.

Mr. PETTENGILL. Mr. Speaker, I offer a substitute motion.

The Clerk read as follows:

> Substitute motion offered by Mr. PETTENGILL:
> "Whereas the gentleman from Maine [Mr. BREWSTER] has just informed the House that one Thomas Corcoran, not a Member of the House, improperly approached him and attempted to unduly influence him as to his vote on the Utility Act of 1935: Be it
> "*Resolved*, That the Rules Committee of the House be, and it is hereby, authorized and directed to investigate such charges and all charges of the exercise of undue influence on Members of the House by both the proponents and opponents of S. 2796, and report its findings to the House, with its recommendations."

Mr. O'CONNOR. Mr. Speaker, on the motion, sometime ago a similar matter occurred and the Rules Committee was authorized to investigate it.

I may say that the charges are serious. There have been a lot of serious charges made around here. If this matter is intrusted to the Rules Committee, I feel safe in saying it will move promptly and without any consideration of anybody who is involved.

Mr. Speaker, I move the previous question.

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were 180 ayes and 1 no.

So the previous question was ordered.

Mr. MARCANTONIO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MARCANTONIO. I have a resolution with reference to the Rules Committee which I desire to offer now as an amendment.

The SPEAKER. That is not in order at this time, the previous question having been ordered. The question is on adopting the substitute.

The question was taken, and the substitute was agreed to.

The SPEAKER. The question is on the resolution as amended.

The resolution as amended was agreed to.

A motion to reconsider the vote was laid on the table.

Mr. MORAN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. MORAN. Mr. Speaker and Members of the House, I rise to answer the charges made today against Mr. Thomas Corcoran, R. F. C. attorney, by my colleague from Maine [Mr. BREWSTER].

I have been on the floor of the House today every minute, except a very few minutes during which period Mr. BREWSTER made his speech. I do not charge that Mr. BREWSTER selected that brief period for his speech. I am merely stating the facts as they are. It would have been courteous for him to have made the speech in my presence. Upon my return to the floor, I obtained a transcript of his remarks, and following that, I interviewed Mr. Thomas Corcoran to obtain his reply. In view of the fact that this controversy concerns a Maine project, in consideration of my background of several years' political experience in Maine, with my close personal knowledge of the events discussed by Mr. BREWSTER, and with the advantage of an interview with Mr. Corcoran within the last few minutes, I am in an excellent position to answer my colleague.

Two matters of great importance to Mr. BREWSTER and to me, have been occurring simultaneously. First, the public-utility bill, and, second, the so-called "Quoddy" power project in Maine. The interest of Mr. Thomas Corcoran in the public-utility bill is well known. It is not, however, generally known that Mr. Corcoran is also handling for the administration the legal features of the "Quoddy" project, which is located in Mr. BREWSTER's district.

Regarding the public-utility bill, meetings have been held by those favoring the so-called "death sentence." Those meetings were attended by several of my honorable colleagues, including Mr. RANKIN, Mr. MAVERICK, Mr. MARCANTONIO, Mr. McFARLANE, and various others of that group in the House which believes in the "death sentence" provision. To some of those meetings Mr. Thomas Corcoran was invited, as our group recognized in Mr. Corcoran a man who combined brilliancy of intellect with the sole desire of serving the public interest, and we knew of his vast store of information concerning this bill. My colleague Mr. BREWSTER was considered by us as one of our group; he was invited to attend such meetings; he did attend; he participated actively in discussions. At those meetings, our strategy was discussed, in addition to the provisions of the bill. Mr. BREWSTER actively engaged in the discussions. It was our understanding that as probably the best lawyer among us, he would handle on the floor any of the legal features of corporate reorganization involved in section 11. This is no hearsay; this is my personal knowledge; I was present, and know whereof I speak. The other colleagues I have mentioned will readily substantiate my statement that Mr. BREWSTER actively participated with us.

The Members of the House, therefore, can readily imagine my surprise on last Monday to see Mr. BREWSTER pass through the tellers and vote in opposition to the group with which he had been actively participating. His actual vote was my first knowledge of his change of heart. My amazement was beyond imagination.

Regarding the "Quoddy" project, I have been interested in it from the beginning of my term in the last Congress. The first time the "Quoddy" project was ever presented to the present administration was by me on May 29, 1933, when I presented it to the Federal Power Commission and formally requested a study. When the P. W. A. later came into existence, I presented the project to that unit. The Federal Power Commission made its report to me personally, as stated therein, and the report was unfavorable. Believing the report to be an "overnight" matter not given thorough consideration, I demanded reconsideration and a real study. It would be tedious and inapplicable here to trace the many activities by me in connection with this project long before

Mr. BREWSTER came to Congress, and during which time Maine Republicans were charging that the whole effort was political and that the project never would be undertaken, but the project finally received an allocation of $10,000,000 under the new work-relief fund, and work is now beginning at the site.

There were many legal matters to be considered in connection with this project, as, for example, a settlement with Mr. Dexter P. Cooper, whose fertile mind originated the project, an allowance for his expenses, rights, and so forth. These matters had to be handled with a great deal of care, as there are private interests in Maine opposed to this project, who would seize any opportunity to hamstring it. It so happens that Mr. BREWSTER is the only attorney in the Maine delegation in the House; naturally, Mr. Corcoran, charged with the responsibility as representative of the administration in handling these legal details, discussed these matters frequently with Mr. BREWSTER. There was also a problem of requiring the Maine Legislature to adopt legislation creating a so-called "power authority" to carry out the project. I know that in determining his course on this legislative problem, Mr. Corcoran heavily relied upon assurances of cooperation from Mr. BREWSTER and myself. Mr. BREWSTER offered to bring two Maine attorneys of his selection to Washington for one interview to discuss various features, and did so. This all explains the perfectly natural contacts which Mr. BREWSTER had voluntarily with Mr. Corcoran.

No one realizes more than Mr. Corcoran the fact that all these legal matters must be in the hands of the friends of the project. No one realizes more than I do the most dangerous possibilities if a person beholden in any way to private power interests should be in the inner councils of the administration in working out these matters. Therefore, when Mr. Corcoran learned of Mr. BREWSTER'S change of heart on the public-utility bill, it was but natural that he should inform Mr. BREWSTER that his legal services in connection with the "Quoddy" project were no longer trustworthy. Mr. Corcoran, after having had one experience of participating with Mr. BREWSTER in conferences on the utility bill, with such an amazing result, apparently does not wish to have the administration take such a risk in connection with the "Quoddy" project.

All of these facts are interesting background to the present controversy. Whether Mr. BREWSTER became panic-stricken over what he had done on the utility bill, and took the method of attacking Mr. Corcoran, a most useful public servant, to cover up his own action, I do not know.

I know that President Roosevelt would not for one minute countenance such action, as charged by Mr. BREWSTER. Mr. Corcoran denies the charge absolutely.

I have implicit faith in Mr. Corcoran; I do not believe there is a man connected with this administration who is more honest, who is more truthful, and who is more interested in the best kind of public service for the people of America. Nothing has occurred in my many dealings with him which has given me the slightest reason to believe any such charge as has been leveled at him by Mr. BREWSTER. Mr. Corcoran plays the game square; even in the heat of the many controversies which have centered around him, no one has ever charged him with being a "double-crosser." He fights toe-to-toe courageously, honestly, enthusiastically, but always fairly. His whole soul is wrapped up in helping this administration give to the people social security, economic freedom, and political freedom, which are the main objectives of our great leader in the White House, President Franklin D. Roosevelt. I believe in "Tom" Corcoran; I am fully confident that any investigation will demonstrate to the American people that he is the kind of a man that I know him to be.

Some men can take comfort in the fact that there is something greater than high political office, no matter how high; that there is something more worth while than being the subject of blazing headlines of newspapers, or the acclaim of the multitudes, both of which are temporary in character; that "something" is for a man to be honest with himself and with his fellow man, which inevitably carries with it self-respect and the respect of his fellow men. Such a man can meet with equanamity and confidence any charges leveled at him by anyone not similarly blessed.

The SPEAKER. The time of the gentleman from Maine has expired.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended for 5 minutes.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, as this matter is to be investigated by the Rules Committee, I object.

Mr. BLANTON. Then I ask that the gentleman have 2 minutes in which to finish his remarks.

The SPEAKER. Is there objection?

There was no objection.

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

Mr. MORAN. I am sorry. If I had more time I should be very glad to yield, but I have only a moment or two.

The CHAIRMAN. The time of the gentleman from Maine has again expired.

UTILITY HOLDING COMPANIES IN THE STATE OF OREGON

Mr. MOTT. Mr. Speaker, on Friday I addressed the House on the pending utilities bill and talked particularly about the regulation of utility and other holding companies in Oregon under our modern law.

It may be recalled that I told how those regulatory laws were passed and how the financial rackets of the holding companies were stopped, and I took particular occasion to state very definitely in my remarks on Friday that I was opposed, not only to holding companies of the racketeering sort but that I had little use for holding companies at all, even the good ones. I stated, however, that, in my opinion, it was not necessary to ruin innocent security holders by destroying the companies in order to solve the holding-company problem.

I have just looked at the CONGRESSIONAL RECORD for yesterday, and, much to my surprise, I find that my colleague from the Second District of Oregon [Mr. PIERCE] has accused me of making a speech on the floor on Friday in favor not only of utility holding companies in general but of utility holding company racketeering in particular.

By the way, this is an extension of his remarks in which he makes that assertion. He did not say these things on the floor yesterday when I was present. He wrote them into his remarks as an extension to his speech, so this is my first opportunity to read his speech, which speech, of course, he did not really speak.

He says, among other things, that he is amazed to learn that the Congressman representing those investors raises his voice in defense of the type of financial pirates who have robbed us; and then he tells the story of the robbery of Oregon investors by the Central Public Service Corporation, the corporation which I mentioned on the floor as being, in my opinion, the worst racketeering utility holding company in the country; and he says I am in favor of letting companies of that kind operate, because I oppose section 11 of the Senate bill.

I told you on Friday how we made the laws that enabled us to stop just that sort of racketeering in the State of Oregon. I told you they were made during the 8 years I was a member of the legislature, and I had a rather considerable part in the making of them. I told you how we stopped the racket of this particular holding company by the proper enforcement of these laws when I was appointed corporation commissioner of the State of Oregon. I stated that we were able to stop, and that we did stop, every holding-company racket in that State.

We stopped the sale of all racketeering securities and prosecuted and convicted all the racketeers who sold them, and yet the gentleman from Oregon [Mr. PIERCE] says in his extension of remarks that on Friday I made a speech in favor of these very holding companies and holding company rackets, when as a matter of fact my speech was a denunciation of them. I wish the gentleman from Oregon [Mr. PIERCE] were here. I am sorry he is not. I do not like to talk about him in his absence. He ought to be present when

important business is going on, but, of course, that is something over which I have no control.

My colleague from Oregon was in the State legislature for about 8 years preceding the time I was a member of that body. He was Governor of the State for 4 years also. During the time he was Governor of the State and during the time he was in the legislature we had rather inadequate utility and securities laws and not always very good enforcement of them. During all of that time I do not recall that my colleague ever made a suggestion, either as State senator or as Governor of Oregon, that those laws be improved. Perhaps he was satisfied with them.

At any rate, after my colleague left the legislature, and after I came into the legislature, we did take an interest in this field of legislation and proceeded to make those modern, progressive, and effective laws by which, as I told you Friday, we stopped the rackets. The very rackets which my colleague, the gentleman from Oregon, told you we could not prohibit by State law, are the rackets that we stopped with the law we made in the Oregon Legislature after my colleague ceased to be a member of that body.

Mr. McFARLANE. Will the gentleman yield?

Mr. MOTT. I yield to the gentleman from Texas.

Mr. McFARLANE. The gentleman from Mississippi [Mr. RANKIN] has placed in the RECORD the figures to show the rates of the State of Oregon, to show that that State is being penalized some $6,510,000, as I remember it, in excessive rates above what would be a reasonable rate when compared with the Tacoma, Wash., rate. If the gentleman stopped all these rackets, why are his people being charged these excessive rates?

Mr. MOTT. The gentleman from Texas does not understand what I mean by "a racket", and what is generally understood as "a financial racket" by corporation commissioners and people who have knowledge and experience in this field. A financial racket, I may say for the gentleman's information, is the issuance and sale of worthless securities.

Mr. McFARLANE. I think those rackets all over the country are the same.

Mr. MOTT. The utility rates in Oregon are low compared with rates of private utilities in other parts of the United States, including the gentleman's State. They are obviously not as low as those of municipal plants. However, that has nothing to do with this subject.

Let me finish. Now, my very lovable friend and colleague from eastern Oregon [Mr. PIERCE] is a little hard of hearing, and perhaps he did not understand just what I was talking about in my speech on Friday. I was talking about holding-company rackets, and particularly about how under the laws of Oregon we were able to clean up the rackets. I said that I held no brief for holding companies of any kind, but that all the evil practices of them could be stopped by proper regulatory laws.

It really is not worth talking about. My speech was very, very definite on that point, but I do not like to have a plain speech construed and commented upon in the RECORD as something that it was not. For that reason I have risen to correct the statement made in my colleague's extension of his remarks yesterday.

The SPEAKER. The time of the gentleman from Oregon [Mr. MOTT] has expired.

RELIGIOUS LIBERTY—PERSECUTION OF CATHOLICS AND OTHERS IN MEXICO AND OTHER COUNTRIES

Mr. CITRON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include certain excerpts from statements of the President of the United States.

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

There was no objection.

Mr. CITRON. Mr. Speaker, dispatches from Mexico yesterday to the American press report that "Mexico is planning to ease its church policy" and that the Mexican Government recently has been inclined toward showing some tolerance to Catholics.

We certainly are living in dark and troublesome times. In many countries all over the world we find evidence of intolerance, hatred, and a spirit of cruelty and malice. Forces of darkness hardly conceivable in our civilized day, are sweeping over lands whose people were once charitable, lovable, and kind. Men seem to have lost their reason, and the cruelty of the animal seems to obsess them.

Nation appears eager to war nation; and within the nation class is pitted against class, and minorities, either of race or religion, are being persecuted.

We pray that none of these evil forces enter our gates. What a frightful nightmare for man or woman to live through—in dread of prison, detention camps, forced labor, or purges on the morrow. And this only because of their race or religion, or because they exercised their God-given right to think and express their own opinions and convictions.

Has civilization improved the soul and spirit of man? Then why such hatreds which resemble only that of barbarians, whom we might excuse, or that of fiends, whose minds we cannot discern. Are we recurring to the prejudices and bigotries of the Dark Ages, or is mankind only going through a period of mob insanity?

The supplication of the people of our country is that those who so wrong against civilization may be forgiven. We forgive them because we know they are misled. The fault and responsibility is not theirs; they are misinformed and tyrannized by their leaders. The spirit of Nero and the sin of Cain find a resting place among some present-day dictators—their modern prototypes; but the evil they do is overcome by the onward march of civilization in making this a better world to live in.

We, in this country, must raise our voices for the suppressed, persecuted, and afflicted. Should we stand idly by and see the oldest of Christian religions persecuted in Mexico? Can we permit the persecutions of the Middle Ages, reborn under a new cloak and guise, to exist next door to our land? Our consciences dictate to us to protest at the horror of attacks on all religions—Catholic, Protestant denominations, and the Jewish faith. It is only too true that these evil forces are an attack upon the spirit of democracy.

But always after darkness, light appears. I hope that this dispatch from Mexico means a change of conditions in Mexico. I believe that in Mexico and other countries, sanity among the rulers will eventually prevail. And let us be ever watchful that this spirit of intolerance does not spread its poisons into our country. I doubt if it could, because the spirit of our Nation's birth lives within us—the spirit of the Declaration of Independence, the ideals of our Constitution, the principles of our traditions, and the very hopes for a better world are ingrained in all of us so much that this country shall continue to stand as the beacon light of liberty, democracy, and social justice.

Mr. Speaker, it is not necessary for me to narrate specifically the times and places of persecutions in this day of half-enlightened and pseudo-cultured despots and dictators. I can only say that the people of this country look with horror upon such a state of events. Men of all classes, races, and creeds have expressed their abhorence in protest of all kinds.

There are many reasons for such wrongful conduct, such as the zeal for supernationalism, economic exploitations of peoples and consequent revolts often accompanied by revengeful activities, arousing of racial and national passions, and a philosophy prevailing in many parts of the world that the end justifies the means—an idea propagated by dictatorships. Lastly there smolders from the World War hatreds and revenge.

How to meet this problem has been the ever-continual dream of the world's greatest idealists. Needless to say, the traditional doctrines of our people and Government have immeasurably contributed toward the continuous efforts of mankind to teach love of neighbor, to aid and assist the persecuted and downtrodden.

I shall conclude with a few quotations from various opinions on religious freedom made by some of our Presidents.

OPINIONS OF PRESIDENTS OF THE UNITED STATES ON RELIGIOUS LIBERTY

In instructions of September 14, 1775, to Benedict Arnold, about to lead a force into Canada against Quebec, General Washington said:

As the contempt of the religion of a country by ridiculing any of its ceremonies, or affronting its ministers or votaries, has ever been deeply resented, you are to be particularly careful to restrain every officer and soldiers from such imprudence and folly, and to punish every instance of it.

On the other hand, as far as lies in your power, you are to protect and support the free exercise of the religion of the country, and the undisturbed enjoyment of the rights of conscience in religious matters, with your utmost influence and authority. (Writings of Washington, edited by Sparks (N. Y., 1847), vol. III, p. 89.)

Washington, writing on August 15, 1787, to Lafayette concerning the French Assembly of Notables, said:

I sincerely hope with you, that much good will result from the deliberations of so respectable a council. I am not less ardent in my wish, that you may succeed in your plan of toleration in religious matters. Being no bigot myself to any mode of worship, I am disposed to indulge the professors of Christianity in the church with that road to heaven, which to them shall seem the most direct, plainest, easiest, and least liable to exception. (Writings of Washington, edited by Sparks (N. Y., 1847), vol. IX, p. 262.)

In May 1789, Washington responded to the good wishes of the general committee representing the United Baptist Churches of Virginia, by saying:

I have often expressed my sentiments, that every man, conducting himself as a good citizen, and being accountable to God alone for his religious opinions, ought to be protected in worshipping the Deity according to the dictates of his own conscience. (Washington's Writings, edited by Sparks (N. Y., 1847), vol. XII, p. 155.)

In 1790, Washington, writing to the Jewish Synagogue at Newport, R. I., said:

May the same wonder-working Deity, who long since delivered the Hebrews from their Egyptian oppressors and planted them in the "promised land"; whose providential agency has lately been conspicuous in establishing these United States as an independent nation, still continue to water them with the dews of heaven, and to make the inhabitants of every denomination participate in the temporal and spiritual blessings of that people whose God is Jehovah. (Maxims of Washington, D. Appleton & Co. (1790), (p. 373.)

In October 1789, Washington, writing to the Quakers, in response to their good wishes expressed at their yearly meeting, said:

The liberty enjoyed by the people of these States, of worshipping Almighty God agreeably to their consciences, is not only among the choicest of their blessings, but also of their rights. While men perform their social duties faithfully, they do all that society or the State can with propriety demand or expect, and remain responsible only to their Maker for the religion or mode of faith, which they may prefer or profess. (Writings of Washington, edited by Sparks (N. Y., 1847), vol. XII, p. 168.)

In January 1793, replying to the good wishes of the members of the New Church in Baltimore, Washington said:

In this enlightened age and in this land of equal liberty it is our boast that a man's religious tenets will not forfeit the protection of the laws nor deprive him of the right of attaining and holding the highest offices that are known to the United States. (Writings of Washington, edited by Sparks (N. Y., 1847), vol. XII, p. 202.)

JEFFERSON—GOVERNMENT AND RELIGION

Whatsoever is lawful in the Commonwealth or permitted to the subject in the ordinary way cannot be forbidden to him for religious uses; and whatsoever is prejudicial to the Commonwealth in their ordinary uses and therefore prohibited by the laws ought not to be permitted to churches in their sacred rites. For instance, it is unlawful in the ordinary course of things or in a private house to murder a child. It should not be permitted any sect, then, to sacrifice children; it is ordinarily lawful (or temporarily lawful) to kill calves or lambs. They may, therefore, be religiously sacrificed, but if the good of the State requires a temporary suspension of killing lambs, as during a siege, sacrifices of them may then be rightfully suspended also. This is the true intent of toleration. (Jefferson, Notes on Religion (1776?) See Ford's edition of his writings, vol. II, p. 102.)

Our civil rights have no dependence on our religious opinions more than on our opinions on physics or geometry; that therefore the prescribing of any citizen as unworthy of public confidence by laying upon him an incapacity of being called to the offices of trust and emolument, unless he professes or renounces this or that religious opinion, is depriving him unjustly of those privileges and advantages to which, in common with his fellow citizens, he has a natural right. (Thomas Jefferson, Statute of Religious Freedom (1779). See Ford's edition of his writings, vol. II, p. 238.)

We (the Assembly of Virginia) * * * declare that the rights hereby asserted (in the Statute of Religious Freedom) are of the natural rights of mankind, and that if any act be hereafter passed to repeal the present (act), or to narrow its operations, such act shall be an infringement of natural right. (Jefferson, Statute of Religious Freedom (1779). See Ford's edition of his writings, vol. II, p. 239).

How far does the duty of toleration extend?—

1. No church is bound by the duty of toleration to retain within her bosom obstinate offenders against her laws.

2. We have no right to prejudice another in his civil employment because he is of another church. (Notes on Religion, Writings of Thomas Jefferson. See Ford edition, vol. II, p. 99.)

I do not like [in the Federal Constitution] the omission of a bill of rights, providing clearly and without aid of sophisms for freedom of religion. (Jefferson to Madison (December 1787.) See Ford's edition of his writings, vol. IV, p. 476.)

I sincerely rejoice at the acceptance of our new Constitution by nine States. It is a good canvass, on which some strokes only want retouching. What these are, I think are sufficiently manifested by the general voice from north to south, which calls for a bill of rights. It seems pretty generally understood that this should go to * * * religion. * * * The declaration that religious faith shall be unpunished, does not give impunity to criminal acts, dictated by religious error. (Jefferson to Madison (July 1788.) See Ford's edition of his writings, vol. V, p. 45.)

One of the amendments to the Constitution * * * expressly declares that "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof, or abridging the freedom of speech, or of the press"; thereby guarding in the same sentence, and under the same words, the freedom of religion, of speech, and of the press; insomuch that whatever violates either, throws down the sanctuary which covers the others. (Jefferson, Kentucky Resolutions (1798). See Ford's edition of his writings, vol. VII, p. 295.)

In matters of religion I have considered that its free exercise is placed by the Constitution independent of the powers of the general Government. I have, therefore, undertaken, on no occasion to prescribe the religious exercises suited to it; but have left them as the Constitution found them under the direction and discipline of State or church authorities acknowledged by the several religious societies. (Jefferson's Second Inaugural Address (1805). See Ford's edition of his writings, vol. VIII, p. 344.)

I do not believe it is for the interest of religion to invite the civil magistrate to direct its exercises, its discipline, or its doctrines; nor of the religious societies, that the General Government should be invested with the power of effecting any uniformity of time or matter among them. (Jefferson to Rev. Samuel Miller (1808). See Ford edition of his writings, vol. IX, p. 175.)

Thomas Jefferson, writing to Albert Gallatin, June 16, 1817, said:

Three of our papers have presented us the copy of an act of the Legislature of New York, which, if it really has passed, will carry us back to the times of the darkest bigotry and barbarism to find a parallel. Its purport is that all who shall hereafter join in communion with the religious sect of Shaking Quakers shall be deemed civilly dead, their marriages dissolved, and all their children and property taken out of their hands. * * * It contrasts singularly with a contemporary vote of the Pennsylvania Legislature, who on a proposition to make belief in God a necessary qualification for office, rejected it by a great majority, although assuredly there was not a single atheist in their body. (See Ford's edition, vol. X, p. 91.)

MADISON

James Madison, writing from Montpelier, July 10, 1822, to Edward Livingston, said:

I observe with particular pleasure the view you have taken of the immunity of religion from civil jurisdiction, in every case where it does not trespass on private rights or the public peace. This has always been a favorite principle with me. * * *

I should suppose the Catholic portion of the people [of Louisiana] * * * would rally, as they did in Virginia when religious liberty was a legislative topic, to its broad principles. * * * In a Government of opinion like ours, the only effectual guard must be found in the soundness and stability of the general opinion on this subject. Every new and successful example, therefore, of a perfect separation between ecclesiastical and civil matters is of importance. (Madison's Writings (Philadelphia, 1865), vol. III, pp. 274–75.)

LINCOLN—MARCH 4, 1864—MEMORANDUM ABOUT CHURCHES

I have written before, and now repeat, the United States Government must not undertake to run the churches. When an individual in a church or out of it becomes dangerous to the public interest, he must be checked; but let the churches, as such, take care of themselves. It will not do for the United States to appoint trustees, supervisors, or other agents for the churches.

I add if the military have military need of the church building, let them keep it; otherwise let them get out of it and leave it and its owners alone, except for causes that justify the arrest of anyone. (Lincoln's Complete Works, edited by Nicolay and Hay (New York, 1894), vol. II, p. 491.)

THEODORE ROOSEVELT

During the campaign of 1908 there were some who objected to Taft as a Unitarian. After the election Theodore Roosevelt wrote under date of November 6, 1908, to J. C. Martin:

To discriminate against a thoroughly upright citizen because he belongs to some particular church * * * is an outrage against that liberty of conscience which is one of the foundations of American life. (Works of Theodore Roosevelt (Scribners, N. Y., 1921), vol. XVI, p. 46.)

PUBLIC-UTILITY HOLDING COMPANIES IN THE STATE OF OREGON

Mr. EKWALL. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

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

Mr. SNELL. Reserving the right to object, Mr. Speaker, is there any more real business to come before the House this afternoon?

Mr. EKWALL. What does the gentleman mean by "real business"? [Laughter.]

The SPEAKER. The Chair is not so advised.

Mr. SNELL. Is there any further legislative business?

The SPEAKER. The Chair has no information of any.

Is there objection to the request of the gentleman from Oregon [Mr. EKWALL]?

There was no objection.

Mr. EKWALL. Mr. Speaker, this seems to be rather a family affair. Most of the real business for the day, as the minority leader has mentioned, seems to be concluded. I would like to sort of correct my colleague from the Second District of Oregon, whom I personally love and respect on account of his years and experience.

I want to say that his talk on yesterday was about a minute or 2 minutes on the floor, and then under the provision of unanimous consent, whereby he extended his remarks, he has put three or four pages in here, in which he has seen fit to criticize my colleague, Mr. MOTT, from the First Oregon District, and myself. In part, he said:

I am amazed to learn that a Congressman representing those investors can raise his voice in defense of the financial pirates who robbed us.

Well, I did not raise my voice in behalf of the holding companies of this country, and I did not raise my voice in behalf of any financial pirates. I thought I made myself perfectly clear also that I was raising my voice on behalf of the innocent investors, on behalf of certain helpless citizens of this country.

I said at that time, among other things:

I hold no brief for holding companies as such. Some of them are good and some of them are bad; but I submit that with honest utility-commission officials and efficient corporation commissioners, who will fulfill their oaths of office and conduct themselves properly, that with proper regulation the utility holding companies and the utility companies can be curbed.

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

Mr. EKWALL. I yield.

Mr. FERGUSON. How did the gentleman vote on the holding-company bill?

Mr. EKWALL. I voted against the holding-company bill because I think there is a "death sentence" clause in it, and that it is unconstitutional.

Mr. FERGUSON. The gentleman voted against regulation, then.

Mr. EKWALL. No; I did not vote against regulation. I voted against the "death sentence." I am for regulation. I have stated that on the floor and it is in the RECORD; but I did not state it in a minute or two here on the floor and then put in a lot of extraneous matter in the RECORD that my colleagues could not hear; and I resent to a certain extent my colleague from eastern Oregon putting in these remarks without even giving my colleague, Mr. MOTT, or myself a chance to know they were there except to run across them rather accidentally.

Mr. Speaker, I do not yield to the gentleman from Oregon [Mr. PIERCE], or to anyone else, my interest in the citizens of my country or the users of electricity; neither do I think that I should be criticized here because I have raised my voice on behalf of the millions of investors in this country whose life savings I thought were imperiled; and I stand by my record on the floor of the House on this bill and on my speech on last Friday. I will compare it with that of my worthy, genial, and aged colleague from eastern Oregon. Methinks the gentleman protesteth too much. My colleague, Mr. PIERCE, exhorts us all to stand by the President in this particular piece of legislation; but when legislation is considered which has for its purpose inflation of our currency notice the alacrity with which he switches position. He does not hesitate to disagree with our President, when it suits his fancy, but he swears undying fealty when he sees eye to eye with his Chief.

In closing, I reiterate that I am not in anywise championing the cause of any holding company, but I am speaking for the millions of investors who have done no wrong, and who should not be punished because some crooked manipulators have acted in an unconscionable manner in the past. I would have been glad to vote for a strict regulatory measure, but I felt that the bill in question was unwise, illegal, and unfair to investors who are in position to lose their all by its passage.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman from Oregon [Mr. PIERCE] may proceed for 5 minutes.

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

There was no objection.

Mr. PIERCE. Mr. Speaker, I am at a disadvantage, for I did not come into the Chamber until near the close of the speech of the gentleman from Oregon [Mr. MOTT], having been detained by urgent departmental business for my constituents.

Mr. Speaker, if my speech in the RECORD of July 1 has attracted attention, I am glad of it. I stand on every word of it. I regret that men representing districts of Oregon that have been victimized by holding companies should cast their votes today to leave in existence companies that will do what they did in Oregon. We all know that is what is meant by the House amendment, and the talk about removing any "death penalty" clause is a mere subterfuge, possibly intended to render the act unconstitutional or to delay regulation by endless litigation. I admit it is a clever propaganda, but it is not satisfying to those who really want to better conditions for investors and consumers.

Some years ago we had an electric operating company doing business in Portland, Oreg., a company that was supposed to be solvent. Portland is a most desirable place for an electric power company, because it has an abundant and regular supply of water power and a population ready to buy electricity.

The Albert E. Peirce Co., a subsidiary of Electric Bond & Share, secured control of the stock of the local operating company. The first thing that happened thereafter was an order for the operating company to take stock in the Central Public Service Corporation, an Albert E. Peirce holding company, and transfer it for stock in the operating company. Next came an order to the operating company to take $6,753,748 from its treasury, money belonging to its stockholders, and purchase stock in the Seattle Gas Co. That stock was worth $15 per share on the market, but they paid therefor $225 per share—15 times its market value. The holding company then caused the operating company in Portland, Oreg., to enter on its books $6,753,748 for "equipment and plant", when they never bought a bit of equipment nor improved the plant.

The operating utility was simply forced to purchase the worthless stock of the Seattle Gas Co. It has all been published time and again in the Portland papers, and, so far as I know, never denied. I gave the history in my speech yesterday. I cannot conceive how any man representing a district so victimized could cast his vote to leave in existence holding companies that can rob the people in this manner.

The holding company increased the debt of the operating company in Portland, Oreg., from $45,000,000 to $71,000,000, and then went into bankruptcy, not, however, until after

the holding company had sold their stock all through that country to the amount of millions, victimizing the purchasers. Then they had the audacity to go back and get those poor people whom they had swindled to telegraph here to me, and I presume to the genial judge, and to the former corporation commissioner, my colleagues from Oregon, urging support for the holding companies. I surely did not follow their advice. Let the RECORD speak for my colleagues.

Do the holding companies think they can fool all the people all the time? Are the holding companies promising to give back some of the money that they have stolen from the people?

Mr. McFARLANE. Will the gentleman yield?

Mr. PIERCE. I yield to the gentleman from Texas.

Mr. McFARLANE. The majority, today, has voted to perpetuate this same racket all over the Nation, which, if not stopped, will continue to extract from the pockets of the electric consumers about $1,000,000,000 annually, of which $6,510,000 comes from the people of Oregon. The stock racket, which you mention for Oregon, has gone on Nation-wide. It is the same kind of a racket exactly.

Mr. PIERCE. Answering my colleague from the western Oregon district, who assumes that, since he became corporation commissioner in Oregon, there has been no chance to do anything except write into the capital stock of a company in Oregon or Washington, honest investments, real money invested; may I say that the late corporation commissioner of Oregon evidently does not know what is going on and what has gone on. I assert to him and to my colleagues in this House, that there is not an electric power company in Oregon but what can be duplicated for a far less amount of money than is being carried in their capital structure today.

OREGON NOT "SAFE" FROM UTILITY EXPLOITATION

I have no desire to enter into a controversy over petty or personal matters with my colleague from Oregon. I cannot understand his position taken on this floor when he states (CONGRESSIONAL RECORD, p. 10430) that Oregon is safe because "no company of any kind in the United States can sell one of its securities in the State of Oregon without first receiving a permit from the corporation commissioner of that State." Corporation commissioners sometimes make mistakes. Such a mistake was made when a permit was issued to Albert E. Peirce & Co., to act as brokers and sell stock in the State of Oregon. One who issued that commission cannot escape responsibility for the financial disaster which followed. My colleague further asserts complete confidence in the ability of State officers or regulatory bodies to deal with the problem. Why was action not brought against these particular racketeers? There were many who relied upon the State to prosecute the company which was unfortunately allowed to operate in Oregon.

The facts of the case are that Oregon has not been, and is not today, sufficiently protected from the depredations of fraudulent, piratical holding companies. Never, during our long struggle for power rights, have the utilities been in such ruthless control. The situation in Oregon is, as my colleagues have stated, "satisfactory", but for the utilities, and not for the people. The rackets have not been stopped in Oregon. I do not know that it can be done, and that is one reason why I voted for abolition of holding companies. They still exist, and move in their own mysterious ways their wonders to perform. They work in the interests of their Wall Street backers.

BONNEVILLE POWER MUST BE PROTECTED

Oregon is paying twice what it should pay for electric energy. Yes; twice what it will pay if we are allowed to distribute the electric power from Bonneville at cost, plus a sufficient amount to amortize the investment in 50 years. That is our present problem, one which this body must help to decide. Think of the heritage we may leave to our children, those of the next generation—the electric energy of the Columbia River harnessed, paid for, and ready for use! Millions upon millions of kilowatts! It can never be done if the racketeers of Wall Street are allowed to stand between the Government-erected power plant and those who desire to use the electric energy. This opportunity must be protected from abuse by predatory interests. You must, by your votes, guarantee that protection.

Under unanimous consent of this body I withheld insertion in the RECORD of my remarks of July 2, in order to secure from Oregon an authoritative statement on the utility situation in Oregon today, said by my colleagues to be "satisfactory." This statement, which follows, is made by C. M. Thomas, utility commissioner of Oregon for 4 years, retiring last February. May I point out the fact that our utility companies still charge to operating expenses, contributions for political purposes? The press of Oregon has reported within the month an order of the present commissioner refusing further continuation of allowance as "operating charges" in a utility budget of $3,500 as a contribution to the National Security Owners' Association, whose propaganda has been on your desks this winter.

STATEMENT OF FORMER OREGON UTILITIES COMMISSIONER

SALEM, OREG., *July 8, 1935.*

Hon. WALTER M. PIERCE, M. C.,
Washington, D. C.

DEAR SIR: Acknowledgment is made of the receipt of your letter in re present situation in Oregon concerning public utilities, particularly referring to watered stock, dividends thereon, and holding-company fees and charges.

This information is embodied in my final report to the Governor under date of February 11, 1935. Referring only to the larger companies, the report states: "The three companies comprising the Electric Bond & Share Co. group already mentioned are carrying enormous amounts in their capital structures as common stock for which the operating company received nothing of value. This is known as 'watered stock.' Dividends have been paid on this stock. The following gives the name of the company, the date of the issuance of the watered common stock, the gross amount of dividends paid thereon, and the total service fees of each company:

Name	Year	Amount	Dividend	Service fees
Northwestern Electric Co	1914	$10,000,000	$890,000.00	$340,593.32
Pacific Power & Light Co	1910	4,764,553	1,130,920.54	1,686,966.84
Portland Gas & Coke Co	1910	2,446,100	3,616,860.37	1,384,632.35
Total for group		17,210,653	5,637,780.91	3,412,192.51

"The amount of watered stock, $17,210,653.

"The ratepayers of Oregon have provided these dividends and service fees.

"The preferred-stock holders have also suffered through loss of dividends.

"In 1934–35 the Northwestern Electric Co., having delivered notes previously to the American Power & Light Co. for dividends on the said $10,000,000 of common stock, took up said notes, paying the sum of $649,957, and passed the preferred-stock dividends, although they were earned."

HOLDING COMPANY FEES AND CHARGES

Under this heading the report states:

"The commissioner has and does consider the holding-company question the most important of all the many questions involved in the subject of the control of operating companies. Great progress has been made in this field. While commissions throughout the United States and members of the public have constantly criticized holding-company charges and fees, no practical solution had been offered until the commissioner on November 1, 1934, entered order in the cases involving the California-Oregon Power Co. and the Mountain States Power Co. This order provided that the Byllesby Engineering & Management Co. may serve the local operating companies under the following conditions:

"1. That the present contracts providing for payment on percentage of gross revenue be canceled on the ground of public policy.

"2. That a percentage charge of gross revenue or a charge by allocation is hereafter prohibited.

"3. That services may be performed and paid for under a new contract, providing:

"(a) The contract is submitted to and approved by the commissioner.

"(b) That such services must be necessary and essential to the operation.

"(c) The fee or charge must be for a definite amount, based on the actual cost of performing or furnishing.

"(d) The account must be itemized and so entered upon the books of the operating company.

"(e) Provided that if such cost exceeds the reasonable price then such reasonable price shall prevail.

"This order has been accepted by both of said companies and is now in operation.

"A list of the companies which have discontinued payment of holding-company service and managerial fees as per order of the commission, together with the amounts involved are as follows:

Portland General Electric Co., Portland Traction Co. (street car), Portland Electric Power Co. (interurban), Yamhill Electric Co., Molalla Electric Co	$268,488
West Coast Telephone Co	4,600
Oregon-Washington Water Service Co	6,000
Oregon-Washington Telephone Co	1,306
California-Oregon Power Co	121,000
Mountain States Power Co	52,183
	453,567

"There remain but two of the larger companies or groups in the State which contend that the old method of assessing and collecting holding-company fees and charges on the percentage of gross-revenue basis and the allocation method should be retained. These strenuously insist upon a retention of the old system. They are as follows:

"The Pacific Telephone & Telegraph Co. with its subsidiaries. These fees were rejected in the commissioner's order, which order is now in the Circuit Court of Multnomah County on appeal, and amount to an annual charge of $95,644.

"The second is known as the 'Electric Bond & Share Group.' The American Power & Light Co. holds the common-stock control and the service charges and fees are collected by the Electric Bond & Share Co. from the following:

Northwestern Electric Co	$53,755
Pacific Power & Light Co	48,740
Portland Gas & Coke Co	47,683
	150,178

Since this report was filed the new administration, according to the press, dismissed the California-Oregon Power Co. case, of which the order mentioned was a part, thereby restoring the old contracts, so that the total for 1934 would be increased by that amount. All these holding-company fees are based on percentages of gross revenue. During the depression, the amounts paid have materially decreased, as is shown by comparison with even the year 1932.

In 1932 the charges assessed by holding companies against Oregon operations were as follows:

Northwestern Electric Co. to Electric Bond & Share Co.	$55,944.06
Portland Gas & Coke Co. to Electric Bond & Share Co.	60,061.86
Pacific Power & Light Co. to Electric Bond & Share Co.	71,075.20
California-Oregon Power Co. to Byllesby E. & M.	206,365.27
Mountain States Power Co. to Byllesby E. & M.	100,183.84
Pacific Telephone & Telegraph Co. to American Telephone & Telegraph Co.	128,491.03
Portland Electric Power Co. to Central Public Service	268,000.00
	890,121.26

Upon the public utilities commissioner's order, the $268,000 was not paid, making total paid $622,121.26. This does not include some of the small company payments.

Notwithstanding that regulation in Oregon was provided for by statute about 1911, it has never been established by administration. Oregon like most States demands efficient regulation, but provides meager and insufficient funds to accomplish results against untiring and adequately financed organizations. The smaller and some of the larger utilities here have cooperated with the commission, but such utilities as the Pacific Telephone & Telegraph Co., subsidiary of the American Telephone & Telegraph Co., and the Electric Bond & Share group referred to, not only oppose regulations every step but openly defy it. This last group has successfully avoided the establishment of valuations and rate bases.

In 1930 this group expended for donations and political contributions the following:

Northwestern Power & Light Co	$24,280
Portland Gas & Coke Co	30,234
Pacific Power & Light Co	30,758
Total	85,272

Regulation cannot be said to be established unless and until the larger utilities are compelled to submit to the same supervision as the smaller. The situation in the State is thoroughly unsatisfactory to the public.

In connection with overcharges, the overcharges here are enormous growing out of many angles of which several are, viz: (1) Excessive salaries, (2) donations, (3) political contributions and expenditures, (4) merchandising under which losses are charged to ratepayer, (5) stock-selling activities, (6) memberships and dues in clubs of all kinds, (7) holding-company fees.

State regulation cannot succeed until Congress provides effective control and supervision of defiant financial interests foreign to the State.

Very truly,

CHARLES M. THOMAS.

COMMITTEE ON MILITARY AFFAIRS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that I may have until 6 o'clock tonight to file a report of the Committee on Military Affairs in reference to House Resolution 330, which is a very innocent resolution to close Military Road in the interest of human life.

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

There was no objection.

EXTENSION OF REMARKS

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to include therein a letter from the recently retired public service commissioner of the State of Oregon in reference to the exact condition of the utilities out there at this time.

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

There was no objection.

HOLDING COMPANIES

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

The SPEAKER. Is there objection?

There was no objection.

Mr. MAVERICK. Mr. Speaker, I have heard much in speeches on this bill of demagogues and corporations—and I almost said, of cabbages and kings. I have heard about the "brain trust"; about the goose that laid the golden eggs—a hundred or so slogans used, as usual, to keep people from thinking. By a resounding use of the word "brain trust" one is supposed to justify contempt for some employee of the Government or other person who has some education and brains. Personally, I have no contempt for a man just because he has brains and an education. Someone shouts, "You must not kill the goose that lays the golden eggs", which sounds good but does not mean anything, for we well know that if we release the investors from the racketeering and heavy expenses and service contracts of the holding companies the investors will be better off, as well as the consumers.

I have heard some able speaking on irrelevant subjects. One of my colleagues claims to be not only a Democrat but a "Jeffersonian" Democrat and a "southern" Democrat. It is true that he is from the South. So am I. I have heard the President compared, by innuendo, to Stalin, Mussolini, and Hitler; have heard the Democratic platform of 1932 referred to. The Democratic platform has been referred to numerous times concerning the "regulation" of holding companies, and yet the following was not quoted:

> We advocate strengthening and impartial enforcement of the antitrust laws—

And listen closely—

> to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor; the conservation, development, and use of the Nation's water power in the public interest.

Also, in reference to holding companies, the words specifically say:

> Regulation to the full extent of Federal power of—
> (a) Holding companies which sell securities in interstate commerce.
> (b) Rates of utility companies operating across State lines.

I think if we review all angles of this matter thoroughly that we must construe the holding companies we seek to eliminate as "monopolies"; likewise we believe that we have shown that they have "unfair trade practices"; and then, to follow the rest of the thought, "regulation to the full extent of Federal power", it seems to me that the Senate bill is principally such regulation; that we regulate the holding companies in interstate commerce; that we confine them to a State or economic and geographic integrated areas. We insist upon certain simplifications and reorganizations. The word "abolish" is used. It means, on analysis, that certain

gigantic organizations that in effect violate both Federal and State laws will have certain features of their corporate organization abolished. But the main purpose will be simplification in order that the people may know what they have.

To go on with the Democratic platform, however, let me go back to 1912 and quote that platform, which was adopted when Woodrow Wilson was a candidate for President, and which platform he approved. It says:

1912

We favor the declaration by law of the conditions upon which corporations shall be permitted to engage in interstate trade including, among others—

Now listen closely—

the prevention of holding companies, of interlocking directors, of stock watering, of discrimination in price, and the control by any one corporation of so large a proportion of any industry as to make it a menace to competitive conditions.

You will note that it says the "prevention" of holding companies. And I believe that it is more or less historically correct to say that the Democratic Party has always been against holding companies altogether. And everyone knows the Senate bill does not even abolish them all. Many others have described its full provisions. In any event, I have quoted the platform of the Democratic Party in order to clarify the subject, but it seems aside from the platform that the Senate bill is good common sense.

Now, let us analyze the Senate bill and see whether or not there is anything socialistic about it. Some speakers have said so. But the Senate bill is no more socialistic than the House bill; and I cannot see, according to any principle of socialism, that either bill has the slightest socialistic tinge about it. Then, why say the Senate bill is socialistic? I cannot see why it is socialistic to have our corporations in such shape that we can handle them. Neither bill provides for public ownership. The Senate bill has the miscalled "death sentence", and this section seems to me to be just old-style Democratic political principle, and it seems to me to be good economics. When any organization becomes too complicated in its various combinations, organizations, subsidiaries, and various similar and dissimilar names, too widely spread and too powerful, it must in some manner be curbed, and such as is harmful corrected by abolition of certain features or regulation. That does not mean that we are opposed to big corporations, but it does mean that we are opposed to corporations which cannot in any way be controlled. So that, I think, disposes of the socialism issue. It is not necessary to defend or denounce socialism, except to say that this bill in no way attaches itself to socialism, and is wholly irrelevant.

And then we get to Thomas Jefferson. He always hated and despised monopolies; there is no question but that the holding companies sought to be eliminated or regulated are monopolies. The Democratic Party, from month to month and year to year, has always denounced monopolies; then if you get down to Democratic doctrine, as a matter of fact, this bill, which seeks to eliminate the unnecessary holding companies and to confine whatever holding companies are left, such as those which operate in a geographical and economic area, or those within a State, why that is simply good Democratic doctrine. And you can say, as far as that is concerned, that it is good, southern Democratic doctrine.

Let us discuss for a moment the matter of corporations as a whole.

All of us know that the problem of government is difficult at best. There is not a man in this House who does not know that it is one thing to make laws and quite a difficult thing to make laws that will actually reach the abuse we are aiming at or that will stop when it reaches its mark. It is difficult enough to govern the individual citizen. There are vicious and violent and cunning men among us who know how to evade the law, to bribe the law administrator, to escape in numerous ways the processes of the law. But, difficult as this is, it is a comparatively easy task compared with the efforts to govern the corporation.

I do not wish to attack the corporation as a useful instrument of organization in industry. They are necessary. But, as practical legislators, we have got to recognize that the bigger, the richer, the more powerful the individual citizen is, the more difficult it is for the Government to reach him if he is disposed to defy it. And in the corporation we have erected fictional legal beings, separate and legal personalities, which are bigger than any citizen can hope to be. The corporation unites the resources of thousands, even hundreds of thousands of individuals. And while those resources belong to the corporation, the corporation itself becomes an instrument in the hands of the small group of men who dominate it. I know that many such groups use those corporations for useful, productive purposes. But we all know that there are many which have been used for the selfish aggrandizement of the men who dominate them. All of us, I think, will agree on these points.

Now again, I repeat, I do not want to do away with the corporation merely because it is so big and powerful. But I say that as practical men, holding in trust the welfare of the Nation, we have to be sure that we do not permit the corporation to grow so large, so powerful, and having such wide economic and political influence that it becomes too big to govern—or so big that it dominates the Government itself.

This in turn means that we do not permit the corporation to possess attributes which, in their very nature, put it beyond the reach of the Government. You can govern the citizen because you can identify him; you can put your hand on him; you can locate him. But you cannot locate the corporation, you cannot put your hand on it. What do I mean by this? Well, the citizen is a man. He has a name. He is a single individual. You do not permit him to divide himself up into two or a dozen or a score of individuals. You do not permit him to operate under an alias. But the corporation can do all these things. By means of the holding-company device, a corporation can split itself up into a score or a hundred corporations. Every department of a business can be made into a separate corporation with a different name. In one State the business is conducted by one corporation, in another State by another. Assets can be passed around. Funds can be juggled; books become utterly incomprehensible. Some of these corporate structures are so complicated that the men who run them cannot remember their countless ramifications. It is said that Ivar Kruger killed himself when he lost his recollection of the interminable tangle of corporations in his vast web and could not keep track of it.

Samuel Insull controlled the light and power resources of 5,000 American cities. Owen D. Young on the witness stand testified that when he went to look into the Insull tangle he could not understand it. No government can understand it. No government can reach it. No government can govern a being which is so vast, so complicated, so indefinable, and which, before the law, actually enjoys, by government franchise, the dangerous privilege of being 10, 20, or 100 beings. We must make up our minds that we must cut these monsters down in size and simplify them in nature to the point where we can subject them to the reign of law or we must abdicate and declare that we are too weak to govern them.

Now on the question of the investor. Right here let me say this. I am growing weary of this incessant, ceaseless clamor of fire alarms that are being touched off by big business at every important piece of legislation pending in this House. Every bill that has been introduced has brought down here a gang of lobbyists who have cried out to the American people that if the bill were to pass American business would be destroyed and chaos would overtake us.

The bankers are here yelling that the Reserve bank bill will ruin all the banks. The utility people are here saying that this utility bill will destroy our utilities, wreck a $16,000,000,000 investment, and bankrupt the investors. The tax bill will destroy what is left of business. The farm bills will wreck the processors of basic commodities. The labor bill will crush industry. Last year they said the Securities Act would end investment. And they told us if the stock exchange bill were passed it would end our financial system.

These men are engaged in one ceaseless, indiscriminate, boisterous ballyhoo of disaster and destruction, and I think it is time to stop it.

On this bill they are telling the investors that it will force the dumping of shares on the market in the midst of a great depression and that this will wreck all values. They know that is not so. Of course, some shares will have to be sold. But the companies will have from 3½ to 4½ years to make their sales. Do they mean we are still going to be in the depression in 1940 and after?

And why will it be necessary to dump shares of operating companies on the market? The Standard Oil Co. of New Jersey, in 1911, was a holding company and the Supreme Court dissolved it. It did not sell a single share of its operating companies. And it was not destroyed. The General Electric was a holding company as to the shares of Electric Bond & Share back around 1924 or 1925. It did not sell those shares. It merely passed them around to its own shareholders. There are plenty of examples of that. They told us back in 1932 when Senator GLASS introduced a bill to compel banks to divest themselves of their affiliates within 2 years that this was not enough, that it would take 5 years and that this would work great hardship on the banks and affiliates. But then came the exposures of the National City Bank and the Chase National Bank. The Chase Bank saw it was on the spot and, without waiting for any law, its directors announced that it would divest itself of its affiliates and it did so within a few months. And did this wreck the bank? Did it wreck the affiliate? Why I read in the paper the other day that the shares of that affiliate, now known as the "Boston Co.", have had the most sensational rise in the market of any stock.

Some of these companies will prove a little difficult to untangle. Of course, that is so. But it can be done. There is not one cent of value in these holding companies save the value that it is the operating companies which they own. If we do nothing to impair that, the values that are left can be distributed among the investors who own the shares. These men know that. This talk about loss is only another case of trying to frighten Congressmen. The American people have lost $16,000,000,000 in holding-company securities. Who got that sixteen billion or at least that portion of it which was paid out by investors in actual cash? The promoters who organize and in most cases still dominate these holding companies. They have robbed the American people of $16,000,000,000, and the weapon they used was the holding company. Now, when this Government proposes that we take that machine gun out of their hands, these fellows, with that $16,000,000,000 still in their pants pockets, come down here and pretend to act as the protectors of the very investors they have impoverished. Here is a corporation, the Electric Power & Light Corporation. Here is an investor who owns a share of stock in it. He paid $83 for it. Now it is worth 85 cents. Standing by his side is a gentleman who says he is the investor's protector and guardian. But he is the fellow who has the investor's $83 in his jeans. Now he looks very pious and says Congress is about to rob him of the remaining 85 cents.

There is really not much left to be destroyed. But what is left ought to be saved for the investor, and the only way to do that is to break the hold of the exploiter on him. The way to do that is to take out of his hands the machine gun—the holding company—with which he has held up the American investor in holding-company utilities of billions and with which he hopes to resume his depredations as soon as times get better.

Now, Mr. Speaker, I have worked up certain information concerning the Commonwealth & Southern Corporation, which has a capital of its 11 operating subsidiaries of some $1,000,000,000.

This study, which I submit here, shows how the simplifications can be made and how it does not in effect abolish anything or destroy anybody's investment, and will, in fact, benefit all of the stockholders of these various companies. The study which I have prepared is as follows:

The Commonwealth & Southern Corporation

(Source: Moody's Public Utilities, 1934–35. A. E. Hay, June 22, 1935)

	Book value as of Dec. 31, 1934	Percent of the total fixed capital of the 11 subsidiaries
Total fixed capital of its 11 operating subsidiaries	$1,013,118,914	
A. Southern group:		
1. Alabama Power Co., Alabama	179,839,589	
2. Georgia Power Co., Georgia	260,992,016	
3. Gulf Power Co., Florida	16,578,625	
4. Mississippi River Power Co., Mississippi	32,929,634	
5. South Carolina Power Co., South Carolina	23,349,575	
6. Tennessee Power Co., Tennessee	98,270,300	
Total fixed capital	611,959,744	60.40
The above group or system fully meets the requirements of the Senate bill 2796.		
B. Northern system:		
7. Consumers' Power Co., Michigan	211,519,257	20.87
The property of this company is also a "geographically and economically integrated public-utility system."		
C. Eastern systems:		
8. Ohio Edison Co.,[1] Ohio	114,631,566	11.31
9. Pennsylvania Power Co., Pennsylvania	12,694,124	1.25
Total	127,325,690	12.56
These 2 properties[1] constitute a "geographically and economically integrated 'public utility' system extending into 2 or more contiguous States."		
D. Illinois group:		
10. Central Illinois Light Co., Illinois	$42,217,990	4.17
Except for a small separate system serving 8 towns in northern Illinois, the "Illinois group" forms "a single geographically and economically integrated 'public utility' system."		
E. Indiana system:		
11. Southern Indiana Gas & Electric Co., Indiana	20,096,233	1.99
This Indiana company also forms a single geographically and economically integrated "public utility" system.		
Total fixed capital	1,013,118,914	100

	Fixed capital	Percent of total
RÉSUMÉ		
The first 3 groups or systems named fully meet, each in itself, the requirements of Senate bill 2796 as to constituting "a geographically and economically integrated public utility system":		
A. Southern group	$611,959,744	60.40
B. Northern system	211,519,257	20.88
D. Illinois system (except for a small separate system serving 8 towns in northern part of the State)	42,217,990	4.17
Total	865,696,991	85.45
The 2 following properties form "a geographically and economically integrated 'public utility' system * * * extending into 2 or more contiguous States":		
C. Ohio and Pennsylvania (except for a small separate system serving about 6 towns in Western Ohio)	127,325,690	12.56
Property which, though forming "a geographically and economically integrated 'public utility' system", for several reasons might have to be disposed of.		
E. Indiana system	20,096,233	1.99
Total of above	1,013,118,914	100

[1] Except for a small separate system serving about 6 towns in Ohio.

COMMENTS

A study of the data herewith submitted clearly shows in any reorganization of the Commonwealth & Southern Corporation, that at least 98 percent in "fixed capital", of its subsidiary properties can be so handled or arranged as to not adversely affect either their outstanding securities or those of the Commonwealth & Southern Corporation, that is, under any well-considered plan no security holder need to lose any money or any of his or her securities.

Neither under the provisions of the Senate bill, S. 2796, with special reference to section 11 (a) to (e), both inclusive, or other sound reason, will it be necessary to sacrifice either property or securities.

The Commonwealth & Southern Corporation may have to divest itself of the following: Its property in Indiana, in Ohio, in Illinois. The first is practically only 1.99 percent of the corporation's total fixed capital, and it doubtless could be sold to other interests operating in Indiana, and without any loss to security holders.

The properties in Ohio and Illinois would amount to about one-tenth of 1 percent of total fixed capital, so that, as to these three properties, the maximum amount involved would be only 2 percent of total fixed capital, in any reorganization of the Commonwealth & Southern Corporation and which does not necessarily mean that much or even any loss to the latter or its stockholders.

The Ohio Edison Co. in 1931 exchanged about four of its properties for a like amount of utilities nearer to its Akron property. In fact, all public-utility holding companies have exchanged properties or acquired them on a basis of exchange of securities—because it suited them to do so.

The Commonwealth & Southern Corporation state, since their organization in 1929, that they have reduced the 165 then constituent companies to its present 11 operating subsidiaries—all of this within about 5 years.

The Public Utility Act of 1935 gives it longer time in which to do much less, and without loss to security holders or itself.

SHIP-SUBSIDY LEGISLATION AND H. R. 8555

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

The SPEAKER. Is there objection?

There was no objection.

Mr. WEARIN. Mr. Speaker and Members of the House, the day following the vote upon the ship-subsidy bill, H. R. 8555, some newspaper accounts reported the struggle as one in which the gentleman from Maine [Mr. MORAN] and the gentleman from Iowa [Mr. WEARIN] had come close to defeating an administration measure requested by President Roosevelt. I have challenged a similar statement appearing prior to the vote from the floor of the House and afford myself of this opportunity to reiterate that same challenge. Members of the House were told under varying circumstances that Roosevelt's ship-subsidy bill was at stake, which I will deny until our distinguished leader in the White House indicates that I am in error.

The Chairman of the House Committee on Merchant Marine and Fisheries stated in the hearings that the bill under consideration at that time was not an administration measure. During the course of the debate on the floor he stated definitely that he had not discussed the proposal in person with President Roosevelt and went only so far as to state that the Secretary of Commerce had approved the proposed legislation. In fact, the proponents of the bill repeatedly made the statement that it differed in several marked respects with the suggestions of the President in his special message to Congress. That is evidenced by the fact that he recommended a reorganization of the administrative machinery and a separation of the regulatory functions from administrative duties, the former to be placed under the supervision of the Interstate Commerce Commission. H. R. 8555 does not conform with this request.

With reference to the corrupt mail contracts awarded under title IV of the 1928 act, the President suggested that the Congress end this subterfuge and indicated that we should terminate existing contracts. H. R. 8555 conforms only in part with this suggestion. It does prevent their renewal or extension, but it permits the said contracts now in force to continue until they have expired, if the President sees fit to permit such a state of affairs. Such a provision fails to comply with the suggestion that we end the subterfuge, but what is even worse it continues to "pass the buck" to the Chief Executive.

The President also suggested in his special message to the Congress that we terminate the business of lending Government money for shipbuilding. H. R. 8555 does not do this, but continues and glorifies the evil. It is entirely possible that the shipping interests of this country can secure loans that will total more than 80 percent of the cost of the ship and then trade in their obsolete bottoms as part and perhaps full payment on the balance due. It should be evident from the above facts and from the very admissions of the proponents of the bill themselves in the hearings before the committee and on the floor of the House that the bill now before the Senate does not follow the suggestions of the Chief Executive based upon the findings of the investigation on the part of the Post Office Department, but disagrees in vital respects. It cannot, therefore, be said that the measure that so recently passed the House by a narrow margin is an administration bill. The facts indicate we can reasonably assume the opposite to be the case.

One of the principle objections I raised to H. R. 8555 was the fact that many of its sections incorporate a specific prohibition against many of the evils that have been brought out by recent investigations, and that all admit should be stopped, such as the tendency to pipe out subsidies through the agency of subsidiaries and similar unfortunate circumstances that have cost the American taxpayers millions of dollars without having resulted in a better merchant marine under the 1928 act, and then in the concluding sentences of the said sections include permissive authority to permit the recurrence of such evils on the part of the body charged with the administration of the pending bill. Such permissive authority is a direct contradiction of the avowed purpose on the part of the proponents of the bill to prevent a recurrence of what has happened under old ship-subsidy legislation. If a thing is bad, it should be prevented and no agency of the Government granted the authority to permit its recurrence. In answer to my charge the statement was repeatedly made that the President can be trusted to select the proper personnel. That is true; but Franklin D. Roosevelt will not always be President of the United States. Our experience has been that even where any part of the Government has been granted limited jurisdiction in the administration of subsidies abuses have occurred, inspired, no doubt, by those who were to profit thereby. With that thought in mind, I discover in Senate Report 898, covering Preliminary Report of the Special Committee to Investigate Ocean and Air Mail Contracts (pp. 34, 35, and 36), certain facts which, in my judgment, it has now become necessary to place before the Congress and country, through the agency of the RECORD, in an effort to protect the public interests.

Government officials, charged with the administration of this subsidy, have on various occasions taken illegal action, in some instances previously objected to by the Comptroller General, and in at least one case directly disregarding the expressed desire of Congress.

In spite of the fact that Congress had specifically forbidden the payment of any moneys on the purported contract of Seatrain Lines, Inc., the Post Office Department, under Postmaster General Brown, regularly dispatched mails under this contract. Such dispatch continued until the fall of 1933, when it was first brought to the attention of executive Post Office officials of the present administration and was promptly discontinued.

As a result of transactions involving the sale of a Shipping Board vessel, steamship *Storm King*, and concessions on the sale price of certain stores, it appears that the Export Steamship Corporation was permitted to profit at Government expense in the amount of $152,082.79. Without apparent authority in law, the United States Shipping Board Merchant Fleet Corporation has paid out in premiums on vessels sold by the Shipping Board to the Export Steamship Corporation $457,457.19, $240,000 of which has been repaid by the Export Steamship Corporation, leaving an outstanding amount of $217,457.19.

The Comptroller General has consistently taken exception to the operating agreement of 1930, commonly known as the "lump sum" agreement, upon the ground that such agreements are illegal. Notwithstanding the expressed position of the Comptroller General, millions of dollars have been paid out under such agreements, some of which are still in effect. Appropriations, however, have been passed providing for payment under the operating agreement of 1930.

On November 14, 1932, the Comptroller General advised the Shipping Board that it was without authority to pay the United States Lines Co. to assume their extended liability in connection with prepaid tickets sold by the Government prior to April 8, 1929.

Prior to this ruling, however, and on September 16, 1932, the accounts in question had been assumed by the United States Lines Co., which for assuming the account, received from the Shipping Board $216,639.96, and had disbursed to December 31, 1933, against the assumed liability, only $18,731.

In the spring of 1929 the vessels of the American Merchant Lines and the United States Lines, regarded as the prize fleet operated by the United States Shipping Board, were sold to the United States Lines, Inc., for $16,000,000, 25 percent of which was paid in

cash. A large amount of stock in the United States Lines, Inc., was sold to the general public.

In 1931 the United States Lines, Inc., experienced financial difficulty in complying with the construction requirements of its mail contracts. As a result of this situation, which involved construction loans, the United States Shipping Board compelled the United States Lines, Inc., to name as 4 of its 7 directors, 4 nominees of the Shipping Board, Ira A. Campbell, Robert L. Hague, Edward N. Hurley, and Franklin D. Mooney. In the month of July 1931 the Shipping Board began to press for some reorganization of the United States Lines, Inc., and advised representatives of various steamship companies of its intention. The Board eventually offered for sale the notes of the United States Lines, Inc., in the approximate amount of $11,000,000. The highest bid was made by a group composed of the Dollar, Dawson, and Chapman interests, the International Mercantile Marine being one of several unsuccessful bidders. The bid of the Dollar-Dawson-Chapman group, submitted on August 17, 1931, was not immediately accepted by the Shipping Board. However, on October 13, 1931, a contract was entered into between Messrs. Dollar and Dawson and representatives of the International Mercantile Marine Co. whereby the International Mercantile Marine Co. obtained an interest in the new company to be organized upon the acceptance of the Dollar-Dawson-Chapman bid. On October 30, 1931, the United States Lines Co., a Nevada corporation, organized pursuant to the bid of the Dollar-Dawson-Chapman group, and in which the International Mercantile Marine Co. had obtained an interest by the contract of October 13, 1931, entered into a contract with the Shipping Board for the purchase of the notes for $3,170,900. While less important and more reasonable concessions had theretofore been refused to the United States Lines, Inc., by the Shipping Board, this contract made among others the following concessions to the new company. The contract provided for the redelivery of the steamship *America* and the steamship *George Washington* to the Shipping Board and the cancelation of the outstanding indebtedness on these two ships. The outstanding notes purchased amounted to $8,983,620.56, which the new company purchased for $3,170,900, a net reduction in the amount of $5,812,720.56. All payments on the amount of $3,170,900 were deferred for 3 years. No interest was to be paid on the outstanding indebtedness of $3,170,900 until October 30, 1934, at which time interest was to and did begin to accrue at 4½ percent. Miscellaneous payables due the Shipping Board by the United States Lines, Inc., in the amount of $196,168 were deferred for a period of 3 years.

The International Mercantile Marine Co. was represented in this transaction by Mr. Cletus Keating, law partners of Ira Campbell, placed upon the board of directors of the United States Lines, Inc., by the United States Shipping Board. Chauncey Parker, who, as general counsel for the Shipping Board, drew the contract of October 30, 1931, in which the concessions detailed above were granted to the new company in which the International Mercantile Marine Co. was interested, held 6-percent bonds of the International Mercantile Marine Co. in the amount of $10,000. Postmaster General Brown, when he approved subcontracts on mail routes 43 and 44 by the United States Lines, Inc., to the new United States Lines Co., in which the International Mercantile Marine Co. had an interest, held over 4,000 shares of stock in the International Mercantile Marine Co.

In spite of the fact that the law gave the Postmaster General no power beyond that of making contracts to carry the mail, it is conclusively established that in letting these contracts no real attention was paid to the effect of such action upon the Postal Service. In every instance where, on grounds bearing no reasonable relation to "mail", the Postmaster General determined to let contracts for the carriage of the mail, he stood ready to and did certify the proposed service as a "mail route." The incorrigible optimism of the Postmaster General as to the "substantial volume of parcel post which might be developed" on routes whereon no mail moved when the contract was let has been equalled only by the ingenuity of the operators in making this optimism bear fruit in correspondence addressed by themselves to their agents abroad and especially ear-marked for carriage by their "mail contract" ships (lest benighted postal employees, concerned with service rather than subsidy, dispatch it by speedier means), and even in transporting empty mail sacks.

The Postmaster General has advised the President that out of 43 such active mail routes only 12 are of substantial value as mail carriers, 8 are of slight postal value, 23 have no postal value whatever, and that a number of them are actually detrimental to the speedy transmission of the mails.

Particular attention is called to the part the lobbyist, Ira Campbell, took in transferring the net assets of the United States Lines, Inc., to the United States Lines Co., the latter now a subsidiary of the International Mercantile Marine Co. Bear in mind that Mr. Campbell was placed on the Board of Directors of the United States Lines, Inc., by the old Shipping Board. Mr. Cletus Keating, a law partner of Mr. Campbell, represented the United States Lines Co. in the transaction.

Approximately $150,000 has been paid the Campbell-Keating firm by the United States Lines Co. in fees (p. 557, pt. 3 of the Farley reports). Cash in the amount of $8,400,000 was invested in the United States Lines, Inc., by P. W. Chapman & Co. at the outset (p. 275 of pt. 2 of the Farley reports).

P. W. Chapman & Co. sold a great deal of this stock to the general public and the literature used in selling said stock to the public was approved by the United States Shipping Board (see p. 258 of pt. 2 of the Farley reports). Testimony before the Black committee (pp. 4120–4122, inclusive, of pt. 9 of the hearings) indicates that when the assets of the United States Lines, Inc., were transferred to the United States Lines Co. the general public held approximately 47,000 shares of stock in the United States Lines, Inc., which cost them over $3,000,000.

The United States Lines Co. issued to the United States Lines, Inc., for all their assets, junior preferred stock in the new company—the United States Lines Co.—which has thus far proved worthless.

The gentleman from New York [Mr. SIROVICH], a member of the Merchant Marine and Fisheries Committee, stated before that committee that the stock issued to the old company was as worthless as so much wall paper (p. 565 of Davis hearings in 1932). Thus far his statement has proven true, the transfer having taken place in 1931.

The above information reflects a picture whereby stockholders, including some 4,700 individuals scattered over approximately 45 States, have invested over $3,000,000 in a worthless venture recommended by the Government—this does not include the net investment of approximately $5,000,000 by P. W. Chapman & Co. after a certain percentage of the stock had been sold to the general public. In other words, they have worthless stock in the United States Lines, Inc., and the United States Lines, Inc., in turn, has the thus far worthless junior preferred stock in the United States Lines Co., representing a cash investment of $8,400,000.

Incidentally, this is more outside money than has been brought into the steamship companies now holding mail contracts by all other investors since the World War. One would not wonder at the ill repute in which the steamship industry has fallen, and this, no doubt, is one of the many reasons why outside capital is not, and cannot be, interested in the steamship industry. It is an additional reason why the taxpayers should not invest more millions in an enterprise handled by the same people unless they retain title to the ships.

It is also interesting to note that Mr. Campbell was not only a party to this questionable transaction but he is attorney for the American Steamship Owners' Association, whose members have mail contracts with a gross value of $300,000,000, which contracts, the Postmaster General has advised, were illegally awarded. Mr. Campbell's firm is also attorney for the group of companies controlled by the International Mercantile Marine Co., who hold contracts valued at over $40,000,000, and which are included in the total contracts that are subject to cancelation. He is also attorney for the Lykes' Companies, who hold contracts valued at over $35,000,000, which contracts are also a part of this group. The Seatrain Lines, Inc., hold an alleged illegal contract for which the Senate has refused to appropriate any money. The Seatrain Lines, Inc., are suing the Government, and Campbell is their attorney. From the testimony before the Committee on Merchant Marine and Fisheries, we can reasonably conclude that the subsidy provisions of H. R. 8555 are satisfactory to Mr. Campbell, who speaks for the shipping interests.

I call the attention of the Congress and the country to the above facts to indicate the selfish manner in which the shipping interests of this country functioned under the 1928 act, through which they received their subsidies and likewise their failure to cooperate with the letter and spirit of the law, not to mention the interest of Congress to develop an American merchant marine. There is nothing that leads many of us to believe they will act differently under the bill now before the Senate should it become a law.

It will be recalled that during the debates upon H. R. 8555 last Tuesday and Wednesday I called attention to the fact that the bill provided for at least 10 different forms of subsidies. Among the most vicious of the group are the

construction, operating, and what I have termed trade penetration and general loss subsidies about which there has been thrown but slight safeguards against excessive expenditures thereunder. In fact, from the experts, including Mr. Alfred H. Hall, of the Department of Commerce, I learn, as do proponents of the bill, that the very element of differential between foreign costs and American costs which is the basis of the proposed act is an evasive term that cannot be determined accurately. We have no way of discovering how much money could be spent under a bill of such a character. It is evident from the character of the measure that tremendous sums could be advanced to the shipping interests of this country without violating the terms of the bill if it should become a law.

The American taxpayers would not tolerate such a situation nor should they even be asked to do so, especially when our experience in the past has been that the altruism of the interests this measure attempts to favor now has not prompted them to cooperate with the Government in building an adequate merchant marine.

If private capital is not available to promote an American merchant marine without the investment of practically the entire amount on the part of the Federal Government then we are justified in believing that the American Government should retain title to the ships built until such time as the operators are in a position to purchase and pay for them. Under such a program we would be assured of developing American-flag services as rapidly as we desire which is the goal toward which many people profess to be laboring.

MERCHANT MARINE—H. R. 8555

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the merchant marine bill, and to include therein excerpts from Senate Report No. 898.

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

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, after studying very carefully H. R. 8555 and also after listening attentively to the several days' discussion of the merchant marine situation and to the unsuccessful efforts of a well-informed minority presenting amendments to this essentially unsound bill that would provide no protection in the disbursement of the taxpayers' money, I am convinced that this Congress should have the benefit of the conclusions and recommendations contained in the preliminary report of the Special Committee to Investigate Ocean and Air Mail Contracts—Senate Report No. 898—which report was published after a study of over 2 years had been made by the committee of the administration of the ocean mail contracts and the merchant marine situation generally. They follow:

CONCLUSIONS AND RECOMMENDATIONS

From the mass of evidence relating to the American merchant marine which has been uncovered, examined, and considered it is possible to draw certain definite conclusions.

In the past the Government, by managing-operator agreements on the percentage and lump-sum basis, and by mail contracts, has subsidized ship lines which did not then have, do not now have, and probably never will have commerce and trade sufficient to make them self-sustaining. It has subsidized others, then and now, capable of earning fair—and in some instances large—profits without a dollar of Government aid. Having in mind the policies of the past, and the present regrettable status of the American merchant marine in which these policies have resulted, it is evident that certain decisions must be made, and that it is imperative for those decisions to be made immediately. It is abundantly shown that the present situation is intolerable.

The first question (and it must be decided upon the sole ground of public interest) is whether or not the Government shall expend taxpayers' money to create and maintain a merchant marine. This Government may, should it see fit, leave the business of shipbuilding and the operation of ships in foreign trade to the natural forces and elements of private business, and refrain from using public funds in these enterprises. If this course should be followed, it is believed by many that fewer ships would be built in America, and that some non-self-supporting ship lines would be abandoned. The natural result of declining shipbuilding in America would probably be the decline of facilities for shipbuilding to such an extent that this country would have inadequate shipyards capable of expanding the American merchant marine to necessary size under emergency conditions. Your committee believes, however, that many American ships would continue to operate without financial aid from the Government, and that if a constructive national policy were adopted there would be developed a merchant marine commensurate to the commercial and national needs of the country.

However, assuming that the public interest requires the expenditure of Government funds to create and maintain an American merchant marine, a second and more complex problem is presented as to the method by which the Government is to create and maintain the desired merchant marine. There are several major alternatives which the Government may adopt:

(1) It may provide for Government ownership and operation.

(2) It may provide for Government ownership and private operation, the operation to be subsidized where this is proved necessary.

(3) It may provide for private ownership and private operation, the operation to be subsidized where this is proved necessary.

Under any system of Government aid, the problem of construction and its cost is particularly important. Under the system which has operated up to the present, the Government has undertaken to supply the differences between the cost of construction in American yards and the cost of construction abroad without reference to whether or not the cost of construction in the American yard was just and equitable. The cost of construction has been left entirely to the private operator and the private shipyard. It is obvious that there can be no justification for payment of more than a reasonable price for the subsidized construction of ships. The cost of ships constructed for an American merchant marine with the aid of Government funds to be operated either by the Government or by a private individual should be rigidly scrutinized and provisions made to prevent profiteering in this business at the expense of the taxpayer. It is believed that ships for an American merchant marine can, and should be, constructed in private American yards. If, however, it be found impossible to secure private construction of suitable ships on reasonable terms and conditions, it will, of course, become advisable for the Government to construct ships in its own yards. No necessity excuses the payment of Government tribute to private monopoly.

GOVERNMENT SUBSIDY VERSUS GOVERNMENT OPERATION

Undoubtedly there are various trade routes wherein operations could not be carried on profitably. If it be deemed in the public interest for the Government to extend financial aid for such operations, an annual expenditure of millions of Government dollars must be expected. This expenditure is inevitable in such an undertaking, whether the ships be Government operated or privately operated, but Government subsidized.

True Government operation implies that the business is conducted without hope or possibility of private individual profit and with complete Government control of the wages, salaries, working conditions, and activities of those employed therein. In such Government operations, if there is profit it inures to the taxpaper, and if there is loss it is borne by the taxpayer.

True private operation implies that private individuals supply the capital and operate and control the project for private profit, stimulated by the hope of profit to operate frugally and efficiently.

Business subsidized by the Government looks to the Government for a part or all of its capital. Government subsidy absorbs whatever losses are incurred in whole or in part. In the past, control of wages, salaries, working conditions, and profits of business subsidized by the United States has been vested in private individuals. In other words, while the Government has supplied, during the past decade, far more than 50 percent of the capital of enterprises engaged in foreign shipping, as the investor of the greater portion of this capital, it has not had that management and control which private investors would have had under the same circumstances.

As between true Government ownership and operation of a merchant marine and true private ownership and operation, your committee would favor the latter.

As between true Government ownership and operation and private ownership and operation subsidized by the Government, your committee believes that Government ownership and operation would best serve the interest of the people.

Private ownership and operation of merchant and aerial transportation with Government subsidy has resulted in a saturnalia of waste, inefficiency, unearned exorbitant salaries, and bonuses and other forms of so-called "compensation", corrupting expense accounts, exploitation of the public by the sale and manipulation of stocks, the values of which are largely based on the hope of profit from robbing the taxpayer, and a general transfer of energy and labor from operating business to "operating on" the taxpayer. Measured by results, the subsidy system, as operated, has been a sad, miserable, and corrupting failure. Many of its apologists have been shown to be those who have directly received financial profit or those who for various reasons have been influenced by those who did directly profit from it. Not the least of these influences has been the millions of Government dollars flowing through the hands of the immediate recipients, their associates, affiliates, subsidiaries, holding companies, and allies into the treasuries of newspapers, magazines, and publicity agencies. Evidence before this committee has illustrated the existence and effect of these evil influences.

True Government operation has had only one trial. Although certain marine profiteers and some portions of the press have repeatedly asserted that the Government has lost huge sums by direct Government operation and drawn therefrom the unsound conclusions that such losses are inevitable in true Government operation, the truth is that this Government has not, since 1920, with the exception of one fleet, engaged in any such operation. The exception is the fleet operated as the United States Lines.

After spending $5,565,327.05 during a period of 4 years in the development and operation of this line in a manner similar to the development of lines privately operated, the Government, for the fiscal year 1927, showed a profit of $404,017.12 in the operation of this line. During that same year so-called "private operations" on other Government-owned lines operated for private profit cost the American taxpayers $9,283,035.31.

This was prior to the wide-spread decline in maritime business conditions. This line was sold to private interests in the year 1929 and has been privately operated since that time with the aid of huge grants of so-called "mail pay." The result of this single instance of true Government operation does not show the impracticability of such operation, but, on the other hand, demonstrates that true Government operation, under normal business conditions, has been and can be profitable.

As heretofore stated, Government losses, persistently described by selfish interests as arising out of Government operations, have really resulted from private operations in the form of subsidized operating agreements variously called "managing-operator agreements", "lump-sum agreements", and "mail contracts." Under all of these, the private operators took the profits and the Government took the losses. Your committee believes from the experiences of the Government, particularly during the past decade, that it would be difficult and almost impractical to devise safeguards sufficient to save the taxpayer from the unfair and unjust extortions of persistent profiteers under a subsidy system.

This committee, therefore, recommends that whenever the taxpayers' money is invested in ships or shipping enterprises, the Government retain full and complete ownership and control. It is believed that loss and waste from such ownership and operation would be far less than that which inevitably results from the subsidy system. Certainly the Government would not reduce the wages of its smaller paid workers and at the same time permit its agents and employees to profit from salaries, bonuses, commissions, and other forms of so-called "compensation" to the extent of one hundred thousand to half a million dollars in a single year, which have, in several instances, been the results of subsidy.

GOVERNMENT OWNERSHIP WITH PRIVATE OPERATION

As heretofore stated, your committee considers Government ownership and operation preferable to any system involving subsidy. As between Government ownership with subsidized private operation and true private ownership with subsidized private operation, your committee would unquestionably prefer the latter. Your committee, however, does not believe that it is possible to bring about the latter system.

Not all the Government aid which has been expended over a long period of years, amounting to hundreds of millions of dollars, with the practice of lending Government money for shipbuilding (which practice the President has stated should terminate) has been able to create a privately owned American merchant marine. It has been shown that the resources of private enterprises engaged in foreign shipping are wholly inadequate to finance the necessary construction program which has been conservatively calculated to require an expenditure of not less than $245,000,000 at the rate of $35,000,000 per annum during the next 7 years. It appears axiomatic that if the Government, by reason of its investment, is to be the equitable owner of the American merchant marine, it should retain legal title to the ships themselves, and with such title retain that complete control which accompanies legal ownership.

Government ownership with private subsidized operation should not, however, permit the iniquitous managing-operator or lump-sum systems of the past. The operation should be upon a charter basis or a profit-sharing basis, permitting no more than a reasonable profit for those private interests best equipped and experienced to operate the Government's fleets in an efficient and aggressive manner.

Your committee therefore recommends that whenever the taxpayers' money is invested in ships or shipping enterprises, unless it be considered (as we consider it) in the public interest to provide for Government ownership and operation, that the system adopted provide for Government ownership with private operation.

SUBSIDIZED PRIVATE OWNERSHIP AND OPERATION

The Merchant Marine Act of 1928, according to its terms, was designed to create and maintain an adequate merchant marine ultimately to be owned and operated privately by citizens of the United States. While this act has been flagrantly maladministered, it is incapable, even if administered with maximum efficiency, of providing an adequate American merchant marine at reasonable cost.

Its administration has been distinguished by a startling disregard for the public interest. Public officials have been encouraged to believe that the Merchant Marine Act of 1928 actually meant what it did not say, and that they should administer it—as they have administered it—upon this essentially unsound basis.

It is conspicuously devoid of those safeguards which should always accompany grants of public money to private persons for the effectuation of a public purpose.

Its administration was confided to the Post Office Department, then and now without the proper facilities for the administration of a marine subsidy.

Instead of an adequate American Merchant Marine it has produced unconscionable exploiters, intent upon wringing every possible penny from the public purse while giving an absolute minimum of service in return. It has facilitated every conceivable form of holding company—subsidiary, affiliate, and associated corporate hocus-pocus. It has financially assisted favored operators in the protected and semiprotected trades against competition limited to unsubsidized American-flag enterprises. While it has given birth to a situation to delight unscrupulous, self-seeking individuals, it has caused the marine subsidy of this Nation, with real reason, to become known as "pie."

The Merchant Marine Act of 1928 should be repealed.

The history of marine subsidy in the United States does not encourage this committee to believe that such a subsidy is likely to be honestly administered in the future. Reserving to itself the right to doubt that it is possible to secure honest administration of such an act, this committee points out a few essentials which must be contained in any subsidy program. The following conclusions with respect to the administration of a subsidy apply with like force to a system contemplating Government ownership and private operation and to a system contemplating subsidized private ownership and operation.

The subsidy must be administered by fearless, uncompromising men, unsusceptible to the insidious influence of selfish interests. These men must bring to their difficult task intelligence, industry, candor, and courage, and minds single to the best interest of their country. They must not be compelled to take over entire the personnel of existing governmental agencies, shot through with the destructive propaganda of the past, but should be encouraged to avail themselves primarily of those now in Government service who have resisted that propaganda and should be permitted to call others of like mind to their aid.

The system to be adopted must be as simple as the complexity of the problem permits. It must possess the maximum of elasticity compatible with existence of essential safeguards. Above all, it must be no temporary subterfuge but the candid crystallization of painful experience into permanent policy worthy of a great Nation.

Specifically, this committee makes the following recommendations:

The marine subsidy should be divided into a construction subsidy and an operating subsidy, later to be discussed in detail. The construction subsidy should be available to all American shipping operators engaged in foreign commerce upon the same terms, and no operating subsidy should be paid to a shipping operator whose business or interests are in the protected coastwise or intercoastal, or the semiprotected nearby foreign trades, except that subsidy should be available upon the same terms to all American operators in cases where substantial foreign competitors operate parallel services, even in cases where the American operator is in the semiprotected trade.

No subsidy should be paid to any ship operator or shipbuilder who fails to maintain a uniform system of bookkeeping to be prescribed by the agency administering the subsidy, or whose books, files, and records are not open to the inspection of the designated employees of this agency.

No operating subsidy should be paid to any ship operator who fails to comply with Government-required manning and wage scales and labor conditions, or to provide the most improved equipment and trained personnel for the preservation of safety at sea, or who operates, charters, acts as agent, or has any financial interest directly or indirectly in the operation of foreign-flag tonnage. A substantial portion of the operating subsidy is designed to be received by American seamen. The rate of pay of the American seaman is generally higher than that paid by foreign nations, but in view of the many benefits provided for foreign seamen, which are not received by American seamen, it is doubtful if the actual compensation received by the American seamen is greater than that received abroad. Most certainly every effort to bring about security and better conditions should be encouraged, and it is a primary duty to see that this portion of the subsidy reaches its intended beneficiaries, thus encouraging an all-American personnel, which is an essential element of a truly American merchant marine.

No subsidy should be paid for the benefit of any operator whose financial or corporate structure, in the opinion of the agency administering the subsidy, permits the diversion of the subsidy into activities other than bona fide American-flag foreign-trade shipping enterprises, except that such subsidy payments may be made upon terms and conditions prescribed by the agency administering the subsidy sufficient to protect the Government against such diversion, nor should any construction subsidy be paid to any shipbuilder whose activities are not confined to shipbuilding and ship repair.

No subsidy should be paid to any operator or shipbuilder who pays or causes to be received any officer, agent, or employee (which terms should be construed in the broadest sense to include, but not to be limited to, managing trustees or other agencies) wages, salaries, or compensation exceeding in amount or value the sum of $17,500 in any one year.

No subsidy should be paid to or for the benefit of any ship operator or shipbuilder whose private capital, in the opinion of the agency administering the subsidy, is insufficient to insure a reasonable likelihood of continuous successful operation with a fair amount of Government assistance, or which in the case of an operator is unwilling to provide for an adequate replacement program for its fleet.

The purpose of a construction subsidy is to increase the building of ships for foreign trade in American yards by equalizing the cost to American citizens of constructing them in American yards and placing them in operation on foreign trade routes with the cost of constructing the same ships in foreign yards and placing them in operation upon the same routes. The present system of construction loans should be abolished, but the ship operators should be free to borrow from governmental agencies (other than the United

States Shipping Board, whose power to make loans should be abolished) upon equal terms and conditions with other private enterprise. The construction subsidy should equal in amount the difference between the cost of similar first-class construction in that foreign yard where construction by the operator is, in the opinion of the agency administering the subsidy, most economically practicable plus an amount equal to that required to place the vessel in operation at a point equal in advantage to that point where it will be placed in operation by an American yard without added cost to the operator and the reasonable cost of American construction. This amount should be paid directly by the Government to the shipbuilder. No such subsidy should be paid to any shipbuilder unless its wage scale is, in the opinion of the agency administering the subsidy, sufficiently high to equal the wage scale for similar services in foreign yards plus that portion of the subsidy properly allocable to shipbuilder's wages. In the judgment of your committee, it is impossible to prescribe the exact formula for the computation of foreign construction costs. This conclusion is borne out by the testimony of Alfred H. Haag, Chief of the Division of Shipping Research of the United States Shipping Board Bureau, before the Committee on Merchant Marine and Fisheries of the House of Representatives on May 6, 1935, when he stated that he knew of no method by which this cost could be determined. For accuracy and fairness in such computations it will be necessary to rely upon the initiative and integrity of the officials administering the subsidy program, whose calculations must, in great part, be based on what amounts to hearsay evidence.

Subsidy payments to the shipbuilders should be subject to recapture. When at the end of any calendar year the cumulative profits on the true investment exceed 6 percent per annum calculated from the enactment of the new subsidy program, 75 percent of profits exceeding 6 percent should be paid to the Government until subsidy payments theretofore made to the shipbuilder have been retired.

No vessel, the construction of which is subsidized, should be permitted to operate other than in foreign trade, except with the consent of the agency, and the agency should specifically be denied authority to consent to such operation until there shall have been repaid an amount which bears the same proportion to the construction subsidy theretofore paid as the remaining economic life of the vessel bears to its entire economic life.

No such vessel should be transferable to foreign registry except under similar terms and conditions and under no circumstances should any such vessel be so transferred unless provision be made for American construction and registry of tonnage of at least equal value to the American merchant marine.

The operating subsidy should equal the differential between the operating cost of the American operator and the operating cost of that substantial foreign competitor operating most cheaply in that service, foreign subsidy being taken into consideration. As in the case of construction differentials, your committee is of the firm opinion that it is, and always will be, utterly impossible for an agency of this Government to determine accurately the true operating costs of foreign ships owned and operated by foreign citizens whose records are maintained in foreign countries. In view of this fundamental precept, the operating subsidy should be subject to recapture and should be returned to the Government in the same manner as heretofore provided with respect to the construction subsidy.

There is considerable force in the theory that no profit other than compensation for personal services in the form of reasonable salaries should accrue to private individuals from activities aided by Government funds. In no event, however, can there be valid objection to a system (such as that herein set out) providing for the possibility of the return of the subsidy in whole or in part where cumulative profits make this possible. This percentage division of profits in excess of a cumulative average of 6 percent per annum will permit both the recapture of excess subsidy by the Government and the creation of reasonable reserves by the private operator.

No operating subsidy should be paid to any line operating in competition with an unsubsidized American-flag line rendering adequate service upon a foreign-trade route.

The subsidy program should not be administered by any existing governmental agency but by an entirely new, absolutely independent establishment. The administrative heads of the agency should be subject to removal by the President for inefficiency, neglect of duty, or malfeasance in office, and their terms of office should not be so long as to preclude effective supervision by the Senate. It should not be necessary for this agency to concern itself with regulatory functions which should be exercised by the Interstate Commerce Commission. This new agency should, in addition to administering the subsidy, assume all of the duties, other than regulatory, now vested in the United States Shipping Board Bureau and the Merchant Fleet Corporation of the Department of Commerce.

No person should be eligible for appointment to any executive or supervisory position in the agency administering the subsidy who has or has had within a period of 3 years prior to appointment any financial interest in any shipping, shipbuilding, or ship-repair company, its subsidiaries or affiliates, or in any business or concern deriving a substantial portion of its revenue from such sources, or who has, within 3 years prior to appointment, been employed by any such firm, person, company, or corporation aforesaid. The acquisition of any interest in any such business or the receipt of any gratuity or valuable thing from any such source should be ground for immediate dismissal of any officer or employee, and the acquisition of any such interest or the receipt of employment, compensation, gratuity, or valuable thing by any immediate relative of an employee should also be ground for dismissal, if, in the opinion of the appointing agency, such action is required in the public interest.

All existing mail contracts let under the Merchant Marine Act of 1928 should be terminated. The effective date of cancelation should permit a reasonable time within which adequate service can be provided under the new law. Within such reasonable period, to be provided by Congress, the holder of any ocean-mail contract should be entitled to adjust with the agency administering the subsidy all claims between the contractor and the Government growing out of its mail contract, excepting speculative or prospective future profits, and such settlement should be final.

If such settlement and adjustment is made, the company previously holding the mail contract should be eligible to apply for and to receive the benefits under the new act.

Any mail contractor failing so to settle its claims against the Government should be entitled to sue in the Court of Claims for just compensation.

In all suits so filed the Attorney General of the United States should be directed to seek damages in the full amount paid out under any contract which has been found by the Postmaster General to have been left without competitive bidding, and to urge all proper legal defenses and assert all just claims in all suits filed by mail contractors.

The Postmaster General should be further authorized to transmit ocean mail in the most expeditious manner possible and at existing poundage rates, giving a reasonable preference to American-flag vessels.

Before closing this report, your committee desires again to stress the necessity for immediate action by Congress. In his message of March 4, 1935, the President stated that:

"An American merchant marine is one of our most firmly established traditions. It was, during the first half of our national existence, a great and growing asset. Since then it has declined in value and importance. The time has come to square this traditional ideal with effective performance.

In the report of the Postmaster General, as well as the report of the Interdepartmental Committee on Shipping Policy, it is conclusively demonstrated that the present system is unsound, unsatisfactory, and cannot provide what the President rightly states the American Government owes to its people, that is, "ships in keeping with our national pride and national needs." Your committee is convinced of the immediate necessity of enacting laws which will provide such ships to serve the needs and justify the pride of the American people and to that end it urges instant action.

In the Senate's consideration of any proposed legislation, your committee specifically invites attention to the present appalling lack of resources in the shipping industry and presents the inescapable question as to whether this wholesome desire for upbuilding our merchant marine shall be fulfilled by an aggressive governmental program, or shall private interests be intrusted to bring about the desired results with money they do not now have, and which it is readily apparent they cannot secure except from governmental sources.

The conclusions and recommendations contained in this report are submitted for the sole purpose of making available to the representatives of the American people factual information vital to the efficient performance of their duty. Much of this information has hitherto been unavailable. Some of it has been carefully and effectively concealed. This report is submitted in the hope and with the desire that it may be of service in bringing about immediate, candid, and courageous congressional action, reasonably calculated to create and maintain an American merchant marine worthy of this Nation.

Respectfully submitted.

HUGO R. BLACK.
WILLIAM H. KING.
PAT MCCARRAN.

Senator KING approves the report with the following statement of exceptions:

Though I signed the foregoing report, it was with the understanding that I did not agree with all of the conclusions and recommendations.

I believe the report to contain a fair and accurate statement of the facts disclosed by the record.

I have not been in accord with the policies of the Government in granting subsidies and bounties to shipping interests, and insofar as the report approves of bounties or subsidies or the operation by the Government of a merchant marine I do not approve of the same.

If, however, bounties and subsidies are granted, then I believe that every possible safeguard for the protection of the Government and the taxpayer should be provided. The safeguards recommended in the report would fairly meet the requirements and should be embodied in any subsidy legislation.

The United States had for many years an adequate merchant marine which carried from 83 to 87 percent of our foreign commerce. Unwise legislation drove American ships from the seas and almost destroyed our merchant marine. In my opinion an American merchant marine can be developed and operated without bounties or subsidies.

The Democratic Party has upon a number of occasions denounced subsidies and some of the best thought of our country has believed that an adequate merchant marine was not only possible, but certain, if measures were enacted removing restrictive legislation destructive in its application. I cannot believe that

with the genius, wealth, and commerce of the United States, bounties or subsidies are essential to the building and operation by private capital of a merchant marine.

Undoubtedly, if American citizens were not prevented from purchasing ships built in foreign countries and operating them under American registry and under the American flag, one of the obstacles to the realization of an effective merchant marine would be removed. The repeal of other statutes would aid in providing an effective and adequate merchant marine.

A sound and rational tariff policy would produce important results and materially aid in the establishment and maintenance of a merchant marine.

WILLIAM H. KING.

It is obvious that the committee which reported out this bill failed to either acquaint itself with the valuable data contained in the Senate report and the reports of the Postmaster General, or they were read and not considered very seriously.

The purpose of new legislation, however, is to better conditions, if possible, instead of converting a racket into a superracket. It is earnestly hoped that each Member will find time to read Senate Report No. 898 in detail, from which my quotations were taken; and also parts 1 and 2 of the Farley reports, which have so clearly called attention to the illegality of all except one of the existing contracts and the various forms of abuses that have arisen in the administering of these contracts. It is not believed that anyone could pass intelligently on new legislation until they have acquainted themselves with these reports.

ORDER OF BUSINESS

Mr. TAYLOR of Colorado. Mr. Speaker, there are now nearly 400 bills on the Private Calendar, and many of the Members are quite anxious to have them considered. I feel that if the Members of the House desire to come here on Friday and consider just the unobjected-to individual bills on that calendar under the rule, that we might pass a large number of them on that day. For this reason, and at the request of a number of Members, I ask unanimous consent that it may be in order on Friday next to consider only individual bills on the Private Calendar under the rules of the House.

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

Mr. BLANTON. Mr. Speaker, reserving the right to object, that request, if granted, would mean that on Friday, except those who have these bills and the few Members who investigate these private bills to stop the bad ones, all the balance of the Membership are discharged under present orders and may do what they please between now and Monday. They may catch up with the work of their districts and may catch up with their mail and office work. But it would penalize those Members who have to carefully study these bills on the Private Calendar and force them to use their time on these bills and would compel them to work in the House Friday. This is a week-end after a hard session. I have been working here continuously since last November.

Mr. TALYOR of Colorado. Mr. Speaker, I am merely submitting the request of a great many Members.

Mr. BLANTON. Mr. Speaker, I object. I think all of us alike ought to have this week-end to catch up with our office work.

THIRD WORLD POWER CONFERENCE (H. DOC. NO. 240)

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

To the Congress of the United States of America:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State to the end that legislation may be enacted requesting the President to invite the World Power Conference to hold the Third World Power Conference in the United States in 1936 and 1937, and providing an appropriation of the sum of $75,000 for the necessary expenses of organizing and holding such a meeting.

FRANKLIN D. ROOSEVELT.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. OLIVER (at the request of Mr. HILL of Alabama), indefinitely, on account of illness.

To Mr. FERNANDEZ, for 2 weeks, on account of illness in family.

ORDER OF BUSINESS

Mr. MAAS. Mr. Speaker, may I ask the gentleman from Colorado what the program will be on Friday?

Mr. TAYLOR of Colorado. There will not be any program, as a matter of fact.

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, bills of the House of the following titles:

H. R. 3012. An act to authorize the transfer of certain lands in Hopkins County, Ky., to the Commonwealth of Kentucky; and

H. R. 6464. An act to provide means by which certain Filipinos can emigrate from the United States.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 12 minutes p. m.) the House, in accordance with its previous order, adjourned until Friday, July 5, 1935, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE PUBLIC LANDS

(Wednesday, July 3, 10:30 a. m.)

Committee will hold hearings on various bills.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

402. A letter from the Governor of the Federal Reserve Board, transmitting its twenty-first annual report, covering operations during the calendar year 1934 (H. Doc. No. 27); to the Committee on Banking and Currency and ordered to be printed, with illustrations.

403. A letter from the Secretary of Commerce, transmitting copies of the fifty-second supplement, General Rules and Regulations Prescribed by the Board of Supervising Inspectors, Bureau of Navigation and Steamboat Inspection, and also copies of the fifty-first supplement, covering the new boiler rules; to the Committee on Merchant Marine and Fisheries.

404. A letter from the Chairman of the Federal Power Commission, transmitting three copies of the domestic and residential electric energy rates in the State of West Virginia on January 1, 1935; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McREYNOLDS: Committee on Foreign Affairs. Senate Joint Resolution 139. Joint resolution requesting the President to extend to the International Statistical Institute an invitation to hold its twenty-fourth session in the United States in 1939; with amendment (Rept. No. 1415). Referred to the House Calendar.

Mrs. NORTON: Committee on the District of Columbia. H. R. 8577. A bill to amend the Teachers' Salary Act of the District of Columbia, approved June 4, 1924, as amended, in relation to raising the trade or vocational schools to the level of junior high schools, and for other purposes; without amendment (Rept. No. 1417). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee of the District of Columbia. H. R. 8078. A bill to repeal sections 1, 2, and 3 of the act approved February 3, 1909; with amendment (Rept. No. 1418). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H. R. 8579. A bill to amend the law with respect to jury trials in the police court of the District of Columbia; without amendment (Rept. No. 1419). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H. R. 8580. A bill to amend the law with respect to the time for jury service in the police court of the District of Columbia; without amendment (Rept. No. 1420). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H. R. 8581. A bill to amend the law providing for exemptions from jury service in the District of Columbia; without amendment (Rept. No. 1421). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H. R. 8582. A bill to provide for the semiannual inspection of all motor vehicles in the District of Columbia; without amendment (Rept. No. 1422). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on the District of Columbia. S. 395. An act relative to the qualifications of practitioners of law in the District of Columbia; with amendment (Rept. No. 1423). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H. R. 8583. A bill to amend the Code of Law for the District of Columbia in relation to the qualifications of jurors; without amendment (Rept. No. 1424). Referred to the House Calendar.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 6740. A bill to amend an act approved December 17, 1928, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment thereon in claims which the Winnebago Tribe of Indians may have against the United States, and for other purposes"; with amendment (Rept. No. 1425). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. House Joint Resolution 330. Joint resolution to close Military Road temporarily; with amendment (Rept. No. 1428). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 8750. A bill for the relief of sundry claimants, and for other purposes; with amendment (Rept. No. 1426). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2488. An act for the relief of the widows of an inspector and certain special agents of the Division of Investigation, Department of Justice, and operative in the Secret Service Division, Department of the Treasury, killed in line of duty; without amendment (Rept. No. 1427). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H. R. 8749) to increase the limit of cost for the Department of Agriculture Extensible Building; to the Committee on Public Buildings and Grounds.

By Mr. PATMAN: Resolution (H. Res. 284) to amend House Resolution 226; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. KENNEDY of Maryland: A bill (H. R. 8750) for the relief of sundry claimants, and for other purposes; to the Committee on Claims.

By Mr. CHURCH: A bill (H. R. 8751) to provide a preliminary examination of the Fox River and its tributaries in Wisconsin and Illinois; to the Committee on Flood Control.

By Mr. McSWAIN: A bill (H. R. 8752) granting a pension to Clarence Edgar Stephens; to the Committee on Pensions.

PETITIONS, ETC.

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

9060. By Mr. COLDEN: Resolution of the Allied Automotive Industries of California, Ltd., by A. Brandhofer, executive secretary, in regard to unfair trade practices, reduction of employees' salaries, etc., in the automotive maintenance and garage industry in California, due to the loss of its National Recovery Administration Code and the Motor Vehicle Maintenance Code No. 543; to the Committee on Ways and Means.

9061. By Mr. DOBBINS: Petition of J. R. Hefner and 49 other citizens of Monticello, Ill., urging the House Committee on Interstate and Foreign Commerce to approve and report Senate bill 1629, providing for the regulation of interstate highway transportation; to the Committee on Interstate and Foreign Commerce.

9062. Also, petition of E. E. Logan and 30 other citizens of Bement, Ill., urging the House Committee on Interstate and Foreign Commerce to approve and report Senate bill 1629, providing for the regulation of interstate highway transportation; to the Committee on Interstate and Foreign Commerce.

9063. Also, petition of J. A. McNally and 546 other citizens of Decatur, Ill., urging the House Committee on Interstate and Foreign Commerce to approve and report Senate bill 1629, providing for the regulation of interstate highway transportation; to the Committee on Interstate and Foreign Commerce.

9064. Also, petition of William V. Hains and 15 other citizens of Blue Mound, Ill., urging the House Committee on Interstate and Foreign Commerce to approve and report Senate bill 1629, providing for the regulation of interstate highway transportation; to the Committee on Interstate and Foreign Commerce.

9065. By Mr. DORSEY: Petition of the Shakahappo Tribe, No. 138, of the Improved Order of Red Men of Pennsylvania, endorsing the proposals of the Dies joint resolution (H. J. Res. 69); to the Committee on Immigration and Naturalization.

9066. By Mr. FENERTY: Petition of the Poutaxet Tribe, No. 145, Improved Order of Red Men of Pennsylvania, located in the city of Philadelphia, urging passage of House Joint Resolution 69; to the Committee on Immigration and Naturalization.

9067. Also, petition of the Tongwee Tribe, No. 322, Improved Order of Red Men of Pennsylvania, located in the city of Philadelphia, urging passage of House Joint Resolution 69; to the Committee on Immigration and Naturalization.

9068. Also, petitions from sundry citizens of Philadelphia, Pa., urging passage of House Joint Resolution 193, directing the President to name July 9 of this year Commodore John Barry Memorial Day, and authorizing the Postmaster General to issue a series of postage stamps; to the Committee on the Judiciary.

9069. By Mr. FORD of California: Resolution of the Assembly and the Senate of the State of California, urging the President and the Congress to enact legislation proposed by House bill 6984, providing benefits to persons who served in the Quartermaster Corps or under the Quartermaster General during certain wars; to the Committee on Pensions.

9070. By Mr. HALLECK: Petition of citizens of Lafayette, Ind., favoring Senate bill 1629, for the regulation of motor vehicles in interstate commerce, as it was passed by the Senate; to the Committee on Interstate and Foreign Commerce.

9071. Also, petition of citizens of Buck Creek, Ind., favoring Senate bill 1629, for the regulation of motor vehicles in interstate commerce, as it was passed by the Senate; to the Committee on Interstate and Foreign Commerce.

9072. By Mr. JENKINS of Ohio: Petition signed by about 725 employees of the Ohio Match Co., of Wadsworth, Ohio, and citizens of the State of Ohio, urging that every effort be made to prevent any further influx of foreign matches into the markets of the United States by increasing the duty on matches from 20 to 40 cents per gross; to the Committee on Ways and Means.

9073. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, urging the Federal Government to grant funds for removing elevated railway structures in the city of Boston; to the Committee on Appropriations.

9074. By the SPEAKER: Petition of the Railroad Employees Pension Association, urging immediate action on Senate bill 2826 and House bills 8371 and 8121; to the Committee on Interstate and Foreign Commerce.

9075. Also, petition of the Midwest Conservation Alliance, to close the season on migratory waterfowl for 1 year beginning September 1935, and for other purposes; to the Committee on Agriculture.

SENATE

WEDNESDAY, JULY 3, 1935

(Legislative day of Monday, May 13, 1935)

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

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, July 2, 1935, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Lewis	Pope
Ashurst	Coolidge	Logan	Radcliffe
Bachman	Copeland	Lonergan	Reynolds
Bankhead	Dickinson	Long	Robinson
Barbour	Dieterich	McAdoo	Schall
Barkley	Donahey	McCarran	Schwellenbach
Bilbo	Duffy	McGill	Sheppard
Black	Fletcher	McKellar	Shipstead
Bone	George	McNary	Smith
Borah	Gibson	Maloney	Steiwer
Brown	Glass	Metcalf	Thomas, Okla.
Bulkley	Gore	Minton	Trammell
Bulow	Guffey	Moore	Truman
Burke	Hale	Murphy	Tydings
Byrd	Harrison	Murray	Van Nuys
Byrnes	Hatch	Neely	Wagner
Capper	Hayden	Norbeck	Walsh
Caraway	Holt	Norris	Wheeler
Carey	Johnson	O'Mahoney	White
Chavez	Keyes	Overton	
Clark	King	Pittman	

Mr. LEWIS. I announce that the Senator from Colorado [Mr. COSTIGAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Utah [Mr. THOMAS], the Senator from North Carolina [Mr. BAILEY], and the Senator from Rhode Island [Mr. GERRY] are detained from the Senate on important public business. I request that this announcement stand for the day.

Mr. NORRIS. I wish to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is absent on account of illness in his family.

Mr. McNARY. I wish to announce that the senior Senator from Michigan [Mr. COUZENS] is absent on account of illness, and that the Senator from Vermont [Mr. AUSTIN], the Senator from Pennsylvania [Mr. DAVIS], the senior Senator from North Dakota [Mr. FRAZIER], the senior Senator from Delaware [Mr. HASTINGS], the junior Senator from North Dakota [Mr. NYE], the junior Senator from Delaware [Mr. TOWNSEND], and the junior Senator from Michigan [Mr. VANDENBERG] are necessarily detained from the Senate. I request that this announcement stand for the day.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

PAY OF SPECIAL ASSISTANT ATTORNEYS

The VICE PRESIDENT laid before the Senate a letter from the Attorney General, transmitting, pursuant to law, a report showing the names of persons employed under the appropriation, "Pay of special assistant attorneys, United States courts", with the rates of compensation or fees paid for the period from January 1, 1935, to June 30, 1935, which, with the accompanying report, was referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

Mr. COPELAND, from the Committee on Commerce, to which was referred the bill (S. 754) to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property required thereunder, and for other purposes", as applied to the Virgin Islands of the United States, reported it without amendment and submitted a report (No. 1010) thereon.

Mr. FLETCHER, from the Committee on Commerce, to which was referred the joint resolution (S. J. Res. 153) providing for participation by the United States in the Pan American Exposition to be held in Tampa, Fla., in commemoration of the four hundredth anniversary of the landing of Hernando De Soto in Tampa Bay, and to permit articles imported from foreign countries for the purpose of exhibition at such exposition to be admitted without payment of tariff, and for other purposes, reported it without amendment and submitted a report (No. 1014) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes, reported it with amendments and submitted a report (No. 1011) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 1991) for the relief of Wilson G. Bingham, reported it without amendment and submitted a report (No. 1012) thereon.

He also, from the Committee on Claims, to which was referred the bill (S. 2734) to confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Buck County, Commonwealth of Pennsylvania, reported it with an amendment and submitted a report (No. 1013) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (H. R. 7050) to amend the act of June 27, 1930 (ch. 634, 46 Stat. 820), reported it without amendment and submitted a report (No. 1015) thereon.

He also, from the Committee on Indian Affairs, to which was referred the bill (S. 2523) authorizing payment to the San Carlos Apache Indians for the lands ceded by them in the agreement of February 25, 1896, ratified by the act of June 10, 1896, reported it without amendment and submitted a report (No. 1016) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2849) to provide funds for cooperation with Wellpinit School District No. 49, Stevens County, Wash., for the construction of a public-school building to be available for Indian children of the Spokane Reservation, reported it without amendment and submitted a report (No. 1017) thereon.