By Mr. TURPIN: Joint resolution (H. J. Res. 364) to provide aid for rehabilitation and reconstruction made necessary by unusual floods in the Wyoming Valley, Pa., in July 1935; to the Committee on Agriculture.

By Mr. PETERSON of Florida: Joint resolution (H. J. Res. 365) providing for participation by the United States in the Pan American Exposition to be held in Tampa, Fla., in the year 1939 in commemoration of the four hundredth anniversary of the landing of Hernando De Soto in Tampa Bay, and for other purposes; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California regarding tax-exempt securities; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOILEAU: A bill (H. R. 8942) for the relief of Mary Hobart; to the Committee on Claims.

By Mr. DELANEY: A bill (H. R. 8943) for the relief of Edward Bietka; to the Committee on Naval Affairs.

By Mr. DICKSTEIN: A bill (H. R. 8944) authorizing the Court of Claims of the United States to hear and determine the claims of the estate of George Chorpenning, deceased; to the Committee on Claims.

By Mr. GREENWOOD: A bill (H. R. 8945) granting a pension to Jesse Myrtle Bennett; to the Committee on Invalid Pensions.

By Mrs. JENCKES of Indiana: A bill (H. R. 8946) granting a pension to Charles Hovermale; to the Committee on Invalid Pensions.

By Mr. McREYNOLDS: A bill (H. R. 8947) granting a pension to Margaret Dill; to the Committee on Invalid Pensions.

By Mr. ROBSION of Kentucky: A bill (H. R. 8948) granting a pension to James B. Cromwell; 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:

9174. By Mr. BOYLAN: Resolution adopted by the members of the New York Electrical Contractors' Association, Inc., New York City, favoring the passage of House bill 8519; to the Committee on the Judiciary.

9175. By Mr. BUCKBEE: Petition of Glenn Boyd, Rockford, Ill., and 196 additional residents of that city, asking the Congress to enact House bills 2010, 2885, 3048, and 2733, and House Joint Resolutions 69 and 4, all of which are bills pertaining to immigration laws; to the Committee on Immigration and Naturalization.

9176. By Mr. FORD of California: Resolution of the Senate and Assembly of California, memorializing the President and the Congress of the United States to enact such legislation and to propose such amendments to the Constitution of the United States as may be found suitable effectively to prevent the further exemption from taxation of any and all bonds and other evidences of indebtedness issued by the Federal, State, and local governments, to the fullest extent that the President and the Congress may have power to do so; to the Committee on the Judiciary.

9177. By Mr. EDMISTON: Petition of the employees of the Clarksburg, W. Va., plant of the Hazel Atlas Glass Co., against the importation of Japanese glassware; to the Committee on Ways and Means.

9178. Also, petition of the employees of the Grafton, W. Va., plant of the Hazel Atlas Glass Co., against the importation of Japanese glassware; to the Committee on Ways and Means.

9179. By Mr. JOHNSON of Texas: Petition of R. L. Hamilton, of Corsicana, and A. H. Berry, of Mexia, Tex., favoring House bill 3263, Pettengill bill; to the Committee on Rules.

9180. By Mr. MARSHALL: Petition of several hundred citizens of the Seventh district of Ohio, opposing the Federal gas tax; to the Committee on Ways and Means.

9181. By Mr. REED of Illinois: Petition signed by G. L. Meister, of Elmhurst, Ill., and 52 others, urging passage of House bill 8651; to the Committee on Interstate and Foreign Commerce.

9182. Also, petition signed by Charles W. Paape, of Elmhurst, Ill., and 11 others, urging passage of Senate bill 1629; to the Committee on Interstate and Foreign Commerce.

9183. Also, petition signed by Arthur Harris, of Manhattan, Ill., and 70 others, urging enactment of House bill 8652 and Senate bill 3150; to the Committee on Interstate and Foreign Commerce.

9184. By Mr. RUDD: Petition of the New York Local Master Mechanics and Foremen Association, New York City, favoring the 30-year optional retirement bills (S. 2483 and H. R. 135); to the Committee on the Civil Service.

9185. By Mr. TRUAX: Petition of 40 members of the National Inventors Congress, Oakland, Calif., by their president, Albert G. Burns, urging Congress to immediately pass legislation establishing an inventors' loan fund; to the Committee on Patents.

9186. Also, petition of the mushroom growers of Ashtabula, Ohio, by Sherman H. Luce, urging continuation of the tariff on mushrooms in order that the mushroom industry of Ohio may survive; to the Committee on Ways and Means.

9187. Also, petition of the Milk Drivers and Dairy Employees' Local Union No. 361, Toledo, Ohio, by their business agent, E. J. Haumesser, urging support of House bills 5450, 6124, 6368, and 6672, which provide for a graduated tax on cigarettes; to the Committee on Ways and Means.

9188. Also, petition of the Henry J. Spieker Co., by A. G. Spieker, of Toledo, Ohio, protesting against the passage of Senate bill 3055 and House bill 8701, believing that the bills should be modified so as to apply to only original contractors; to the Committee on Labor.

9189. By Mr. WILSON of Pennsylvania: Memorial of the Philadelphia Board of Trade, urging enactment of House bill 4313, designed to counteract subversive activities, etc.; to the Committee on the Judiciary.

9190. By the SPEAKER: Petition of the American Shore and Beach Preservation Association, Jersey City, N. J.; to the Committee on Rivers and Harbors.

SENATE

WEDNESDAY, JULY 24, 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 motion of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, July 23, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 1065. An act to further extend the period of time during which final proof may be offered by homestead and desert-land entrymen; and

S. 3269. An act to amend the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes", approved April 13, 1934.

The message also announced that the House had passed a bill (H. R. 8519) requiring contracts for the construction, alteration, and repair of any public building or public work

of the United States to be accompanied by a performance bond protecting the United States and by an additional bond for the protection of persons furnishing material and labor for the construction, alteration, or repair of said public buildings or public work, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 2830) to repeal sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. BARKLEY. I make the point of no 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	Connally	King	Pittman
Ashurst	Coolidge	La Follette	Pope
Austin	Costigan	Logan	Radcliffe
Bachman	Davis	Lonergan	Reynolds
Bailey	Dickinson	Long	Russell
Bankhead	Donahey	McAdoo	Schall
Barbour	Duffy	McCarran	Schwellenbach
Barkley	Fletcher	McGill	Shipstead
Black	Frazier	McKellar	Smith
Bone	George	McNary	Steiwer
Borah	Gerry	Maloney	Thomas, Okla.
Brown	Gibson	Metcalf	Townsend
Bulkley	Glass	Minton	Trammell
Bulow	Gore	Moore	Truman
Burke	Guffey	Murphy	Tydings
Byrd	Hale	Murray	Vandenberg
Byrnes	Harrison	Neely	Van Nuys
Capper	Hastings	Norbeck	Wagner
Caraway	Hatch	Norris	Walsh
Carey	Hayden	Nye	Wheeler
Chavez	Holt	OMahoney	White
Clark	Johnson	Overton	

Mr. NEELY. I desire to announce that the Senator from Arkansas [Mr. ROBINSON], the Senator from Mississippi [Mr. BILBO], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], and the Senator from Utah [Mr. THOMAS] are necessarily detained.

Mr. CONNALLY. I wish to announce that my colleague the senior Senator from Texas [Mr. SHEPPARD] is necessarily detained from the Senate.

Mr. AUSTIN. I desire to announce that the Senator from New Hampshire [Mr. KEYES] is necessarily absent. I ask that this announcement may stand for the day.

Mr. VANDENBERG. I repeat the announcement as to the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] because of illness.

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

PROPERTY WITHIN FORT KNOX MILITARY RESERVATION, KY.

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting a draft of proposed legislation authorizing and directing the Secretary of War to transfer to the jurisdiction and control of the Secretary of the Treasury such portions of the land at present included within the Fort Knox Military Reservation, Ky., and upon such conditions as may be mutually agreed upon by the Secretary of War and the Secretary of the Treasury, which, with the accompanying paper, was referred to the Committee on Military Affairs.

JUNE REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, reporting, pursuant to law, relative to the activities and expenditures of the Corporation for June 1935, including statements of authorization made during that month, showing the name, amount, and rate of interest or dividend in each case, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

PETITIONS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of Puerto Rico, which was referred to the Committee on the Territories and Insular Affairs:

Concurrent resolution to petition the Congress of the United States of America to enact Senate bill no. 1842

Whereas on February 14, 1935, Senate bill no. 1842 was introduced in the Senate of the United States of America by the Honorable MILLARD E. TYDINGS, for the purpose of applying to the establishment and maintenance in Puerto Rico of a United States District Court for the District of Puerto Rico, the same method as that applied to those of the United States, in order to organize and maintain the various United States District Courts as they exist in the continental United States, by substituting, for that purpose, the provision that the judge of the United States District Court for the District of Puerto Rico be appointed for a term of 4 years, by another provision that the said judge be appointed to hold office during good behavior;

Whereas it is believed that the said bill, if enacted into law, would result in making the said United States District Court for Puerto Rico in all essential respects a true United States District Court; would add dignity and prestige to the said United States District Court; would make the administrative policies of said court consistent and continuous; would give greater assurance of obtaining a personnel of high quality, especially familiar with Puerto Rican law and the social and economic conditions prevailing in the island, and would assure other obvious advantages. Now, therefore, be it

Resolved by the Senate of Puerto Rico (the house of representatives concurring), To petition the Congress of the United States of America to enact the aforesaid Senate bill No. 1842 so that it may become a law, with the amendment that, in order to be appointed judge of the District Court of the United States for Puerto Rico, it shall be an indispensable requisite to have resided 1 year in this island.

Mr. WAGNER presented a petition of sundry citizens of Clark Mills, N. Y., praying for the prompt enactment of neutrality legislation, which was referred to the Committee on Foreign Relations.

Mr. TYDINGS presented a petition of sundry citizens of the State of Maryland, being delegates and members of the Peoples Unemployment League of Maryland, praying for the adoption of an amendment to the Constitution of the United States as proposed in House Joint Resolution 327, introduced by Representative MARCANTONIO, known as the "workers' rights amendment", which was referred to the Committee on the Judiciary.

He also presented a concurrent resolution of the Legislature of Puerto Rico, requesting the Congress of the United States to define, for the purposes of paragraph 2, section 39, of the organic act of Puerto Rico, approved March 2, 1917, the term "corporation", so as to include any corporation, entity subsidiary thereto or directly or indirectly affiliated therewith, or any natural or artificial person directly or indirectly possessing or obtaining lands for the benefit of a corporation; to amend the organic act of Puerto Rico by authorizing the Legislature of Puerto Rico to levy a progressive tax on lands in excess of 500 acres, owned or exploited by corporations or by any entity subsidiary thereto or directly or indirectly affiliated therewith, or on any natural or artificial person directly or indirectly possessing or obtaining lands for the benefit of a corporation; and to levy a surtax on real property owned or exploited for the benefit of persons not residents of Puerto Rico, which was referred to the Committee on Territories and Insular Affairs.

REPORTS OF COMMITTEES

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 997) to provide for the acquisition by the United States of Red Hill, the estate of Patrick Henry, reported it with amendments and submitted a report (No. 1149) thereon.

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2665) to change the name of the Department of the Interior and to coordinate certain governmental functions, reported it with amendments and submitted a report (No. 1150) thereon.

Mr. LA FOLLETTE, from the Committee on Indian Affairs, to which was referred the bill (S. 3045) providing for payment to the State of Wisconsin for its swamp lands within all Indian reservations in that State, reported it without amendment and submitted a report (No. 1151) thereon.

BILLS INTRODUCED

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

By Mr. NYE:

A bill (S. 3309) amending the act of June 4, 1920, entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes', approved June 3, 1916, and to establish military justice", to limit its application in the case of civil educational institutions to those offering elective courses in military training; to the Committee on Military Affairs.

By Mr. WHEELER:

A bill (S. 3310) for the relief of Robert B. Rolfe; to the Committee on Claims.

By Mr. O'MAHONEY:

A bill (S. 3311) to amend an act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920 (41 Stat. 437; U. S. C., title 30, secs. 185, 221, 223, 226), as amended; to the Committee on Public Lands and Surveys.

By Mr. BULOW:

A bill (S. 3312) to amend the civil-service laws with respect to the retirement of employees engaged in the apprehension of criminals; to the Committee on Civil Service.

HOUSE BILL REFERRED

The bill (H. R. 8519) requiring contracts for the construction, alteration, and repair of any public building or public work of the United States to be accompanied by a performance bond protecting the United States and by an additional bond for the protection of persons furnishing material and labor for the construction, alteration, or repair of said public buildings or public work, was read twice by its title and referred to the Committee on the Judiciary.

VIRGIN ISLANDS CO.—AMENDMENT

Mr. TYDINGS submitted an amendment intended to be proposed by him to the bill (S. 2330) authorizing the Virgin Islands Co. to settle valid claims of its creditors, and for other purposes, which was ordered to lie on the table and to be printed.

FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. VANDENBERG. Mr. President, one of the fine pieces of Government work that has been done during the last year and a half is that which has been done by the management of the Federal Deposit Insurance Corporation from its inception down to date. From my observation, I think I have never seen a difficult and perplexing public responsibility more ably discharged than during the last 18 months of this Federal Deposit Insurance Corporation. I wish to emphasize that compliment not only to the Corporation itself and to all who have directed it but particularly to Mr. Leo T. Crowley, the chairman of the Board, who has given an effective and devoted leadership to this labor which is worthy of every possible commendation.

In view of the fact that we are approaching the consideration of banking legislation, which includes provisions respecting the Federal Deposit Insurance Corporation, I submitted certain questions to Mr. Crowley, requesting that he write me in detail regarding the record which the F. D. I. C. has made. I think it will be very illuminating to the Senate, in connection with the debate which is to ensue, if the information furnished by Mr. Crowley shall be available, and I therefore ask unanimous consent that his letter may be printed in the RECORD.

I am particularly happy to make this statement because I have felt some degree of responsibility for the legislation which created the temporary deposit-insurance fund. The net results justify every promise and every claim that we made in behalf of this great social and economic adventure. I believe it has contributed more to a successful assault upon the depression than any other instrumentality. These results, however, are more than a tribute to an idea. They are a tribute to the sympathetic, energetic, and effective administrative service which brings the idea to successful fruition. For myself, I have wanted to make this latter acknowledgment a matter of record, and I ask the publication of Mr. Crowley's letter for the benefit of these subsequent debates.

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

FEDERAL DEPOSIT INSURANCE CORPORATION,

Washington, July 20, 1935.

MY DEAR SENATOR: Pursuant to your request, I am furnishing you information relative to the activities and functions of the Federal Deposit Insurance Corporation.

SCOPE AND MEMBERSHIP OF CORPORATION

The Nation-wide scope of the Federal Deposit Insurance Corporation is evidenced by the fact that over 14,000 of the Nation's 15,000 licensed commercial banks have been admitted to the fund. Insured commercial banks control over 98 percent of the Nation's commercial banking resources and during the year 1934 the number of fund members increased by over a thousand.

The aggregate deposits of insured banks are in excess of $40,000,000,000, of which more than $17,000,000,000 are protected by insurance. Ninety-eight percent of all depositors, however, have accounts of less than $5,000 and are, therefore, fully insured. The aggregate amount of deposits of the 49,000,000 individual depositors who are fully protected is between thirteen and fourteen billion dollars. The remaining three to four billion dollars represent the first $5,000 in the larger accounts.

It will be noted from the above statement that only 43 percent of the total deposits in insured commercial banks are insured by the fund. However, 70 percent of all insured banks have total deposits of less than $750,000, and for these banks the insurance protection of the Corporation covers over 80 percent of their total deposit liability. The Federal Deposit Insurance Corporation thus has a very real and tangible interest and responsibility in practically all of the licensed commercial banks in the country, and in the great majority of cases this interest is equal to or greater than 80 percent of the total deposit liability.

INCOME AND EXPENSES OF THE CORPORATION

The total expenses of the Corporation for the period from its inception on September 11, 1933, to June 30, 1935, were $7,246,000. This figure includes operating expenses of $5,678,000 and insurance losses of $1,568,000. During the same period the total interest income from investments was $11,331,000, which leaves a net income, over and above all losses and operating expenses, of $4,085,000.

The cost of deposit insurance to the banks in the temporary fund and in the fund for mutuals has, therefore, been nil. It will be possible to make a refund to the banks in the fund as of June 30, 1935, in the full amount of $41,460,000. This will constitute a 100-percent refund of the assessments paid by those banks which were insured on the above date. According to a proposed amendment to the law, banks remaining insured shall receive credit for these funds against future assessments to be paid the Corporation under the permanent plan.

The urgent necessity of examining all State nonmember banks which had applied for admission into the fund within the limited period between September 11, 1933, and January 1, 1934, resulted in an abnormally high level of operating expenses during the first few months of the Corporation's existence. Since that period, however, operating expenses have been greatly curtailed, and it is estimated that the operating expenses of the Corporation for the next 12 months will not exceed two and one-half million dollars. The largest element of operating expenses is salaries paid. In December 1933 there was a maximum of 2,622 employees, in June of 1934 there were 954, and on June 30, 1935, the number had been reduced to 742.

The average daily expenses, based on total operating expenses for the 22 months from the date of inception to June 30, 1935, were $8,800. The present daily average is only $6,500 and the average daily interest income is in excess of $23,000. It is my opinion that the countless economies which have been realized, have and will increase the efficiency of the Corporation's internal operations.

INSURED BANK FAILURES

During the entire period of the Corporation's existence through June 30, 1935, only 19 insured banks with deposits of approximately $3,339,000 were placed in liquidation. After deducting secured and preferred deposits and deposits subject to offset, the net insured deposits in these 19 banks, for which the Corporation was liable, amounted to $2,764,000. In each instance, a disbursement in excess of 75 percent of the total insured deposits was made within 10 days of the closing of the bank. Uninsured and unsecured deposits in these failed banks were $204,400. Over 93 percent of the deposits in the 19 banks, other than deposits which were fully secured, preferred, or subject to offset, were fully protected by insurance. It is estimated that the Corporation will recover 46 percent of the net insured deposits in these banks, or over $1,271,000.

In the period between 1921 and 1930, this country witnessed the closing of 7,066 banks with total deposits of $2,478,800,000. When it is realized that through these years the Nation enjoyed a relatively high level of business activity, the full significance of the small number of failures since the inception of the Federal Deposit Insurance Corporation becomes apparent. We are under no illusion that the present rate of loss experience will continue indefinitely. Periods of recovery subsequent to severe banking crises have, in the past, been characterized by relatively few failures. Nevertheless, the low rate of failure to date is an encouraging sign, and with continued efforts toward the strengthening of our banking structure, there is reason to believe that future

losses will be less than they have been at any time in our recent banking history.

CAPITAL REHABILITATION

As was indicated in my testimony before the Banking and Currency Committee of the Senate, a substantial number of banks was admitted to the insurance fund with capital impairments. That sound capital positions be maintained by all insured banks is necessary to the successful operation of the Corporation, and our position, when the temporary fund became effective, was, therefore, hazardous. The Corporation has used two principal means of eliminating this situation. In the first place, through June 30, 1935, it has conducted 21,075 examinations of State nonmember insured banks; secondly, it has been instrumental in carrying forward an intensive program of capital rehabilitation.

Through the cooperative efforts of the Reconstruction Finance Corporation and the several State banking authorities, a vigorous campaign was conducted to bring the sound capital structures of all State nonmember insured banks into line with their deposit liabilities. That great progress has been made is indicated by the fact that there remained less than 200 State nonmember insured banks without adequate capital at the end of February of this year. Additional progress has been made since that date. Altogether nearly 4,000 of the approximately 8,000 State nonmember insured banks have strengthened their capital positions either through the R. F. C. or through the aid of local interests.

More than 900 banks, with a portion of their deposits restricted, were admitted to membership on January 1, 1934. Restricted deposits of these banks ranged from 20 to 90 percent of total deposits. During 1934 all new applicant banks were required to remove restrictions simultaneously with admission, and through the efforts of the Corporation and other supervisory agencies the number of banks with restricted deposits has been reduced to less than 100. It may be said without fear of contradiction that the banks of the country have not in recent years so universally enjoyed as sound a position.

CONCLUSION

The Federal Deposit Insurance Corporation was designed primarily to insure bank depositors against losses, to distribute these losses over the entire banking system, to extend a protection which would reestablish and maintain confidence in the Nation's banks, to provide an equitable method of immediately advancing the funds of failed banks which were tied up, and to eliminate the inconveniences to which depositors had been subject and the disturbances to our business economy caused by the drying up of the circulating medium. Congress also intended the Corporation to prevent indiscriminate runs, to provide a method for the orderly liquidation of the assets of failed banks, and to promote sound banking practices. These ends were wisely chosen, and their continued accomplishment is a desirable and necessary social objective. The people of this Nation have a right to demand a sound banking system, free from the devastating losses of the past.

The interest of this Corporation in the banking system of the Nation is a matter of dollars and cents. This is a responsibility more tangible than any which has existed heretofore in bank supervisory authorities. We must be realists. The Corporation must, therefore, have ample power to prevent a return of the overbanked situation which has hung interminably over the head of our banking structure, to refuse insurance to promiscuously chartered banks, and to exert its influence against unlawful and otherwise unsound practices which can only lead to failure. Above all, the mutual interest in the Corporation and of thousands of sound and well-managed banks demands that adequate provision be made to deal with all of these problems.

At the present time the annual operating cost of the Corporation is fifteen one-thousandths of 1 percent of its potential liability for insured deposits. We believe any expenditures which will increase the effectiveness of the Corporation's activities or which will result in reducing losses through bank failures are justifiable. It is essential that the Corporation be managed efficiently and that it employ every means within its power to keep insurance losses at a minimum.

I shall be pleased to furnish you with any additional information which you believe necessary. Your keen interest in the affairs of the Corporation and your helpful assistance is always appreciated.

With kindest personal regards, I am, very truly yours,

LEO T. CROWLEY, *Chairman.*

Hon. ARTHUR H. VANDENBERG,
United States Senate, Washington, D. C.

INTERNATIONAL LAW—ADDRESS BY SENATOR THOMAS OF UTAH

Mr. McADOO. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a notable address on the subject of international law, delivered by the distinguished Senator from Utah [Mr. THOMAS] before the annual meeting of the American Bar Association in Los Angeles, Calif., on July 16, 1935.

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

Dean Pound has dealt in prophecy and pointed to the future. I shall deal with history and point to the past. Prophecy is hazardous. I assure you that while I shall stay in the realm of the past my remarks will not be without hazard because I, like other people, drift easily into pointing a moral or making a deduction.

One of America's contributions to political theory and to the art of government is our American Federal system. The Federal system rests upon two interstate theories growing out of interstate facts: First, the relation of the States to each other, and, second, the relation of the single State to that which represents all the States, the Union. The American citizen has dual responsibilities, first to the Union into whose jurisdiction he was born, and, second, to the State in which he resides. From both the Union and the State the citizen receives certain rights and privileges. In theory, he is in constant danger of the force of law of both the State and the Union. In practice he goes and comes, buys and sells, lives and dies, receives benefits from and contributes to both State and Nation, unconscious of either, except when thoughtful of the benefits and complaining at both when thoughtful and unthoughtful of the contributions.

If a person runs afoul of the law, he sometimes saves himself by jumping from one jurisdiction to another. If he is a criminal of foresight, he has all of these conflicting jurisdictions in mind, and he chooses the time and the place as well as the victim or companion in wrongdoing. I was visiting in a strange city and State where a former resident of Utah was serving a term in a State penitentiary. His wife was living in the same city that she might be near her husband while he served his term. The wife, assuming that Senators can do anything, as most people in trouble do, appealed to me to try to get him out. The husband heard of her appeal and sent me a note saying, "Don't pay attention to my wife, and above all don't get me out of here, because if you do, the Federal birds will get me." If his term is long enough, our friend may develop into an authority in conflict of law and jurisdiction and international law. Why not? Grotius, the father of international law, and Hitler, who to date is the world's outstanding destroyer of federalism, both thought and wrote in jail. In fact, it would be a dull one, indeed, who ever goes to jail without some ideas about a conflict with law. Thus we see that interstate and international ideas are the basis of many present governmental problems, and the Federal system is being put through a test.

For example, our Constitution apparently makes it possible to throw up high barriers, such as tariffs, to protect our American standards, or as the politician invariably puts it, to protect the American workman from the sweatshops of Europe and coolie fields of Asia, but our Constitution cannot protect American labor of one State from low American standards of another State and America's own sweatshops, or even child labor. Now, you know as I do that a condition of that kind just passes. Government finds a way. That phase of interstate and Federal relation will not wreck the great interstate Federal system.

The American Constitution, by mentioning the law of nations and the early American practice, gave international law standing in our legal system. As the Constitutional Convention was in reality a meeting of representatives from separate States, the Federal legal scheme and international law have at least an academic relationship. The legal conflict between State and Nation has run along now for 150 years, at one time the Federal power moving forward, at another State power being stressed. The first edition of Toqueville's Democracy in America I read came out at the time of our Civil War, and in the foreword of that edition the statement was made by the publisher that democracy in America was now coming to an end, that the interesting American experiment was coming to a close.

If our Civil War had divided instead of united our Nation and the American Constitution had become prostrate, we could have used the history of our own land in telling the story of the Federal experiment. In the spirit of judging the future only by the past I wish tonight to turn to some early Chinese experiences to trace the development of a unitary state from a multiple one, and to show that fundamental international law concepts which have now become basic in our modern international law became recognized rules of state action in the past. The man who likes to assume that international law does follow a natural and logical sequence and is therefore based upon custom inherent to life will find some elements of interest by reviewing a thousand years of Chinese political change. I refer to the Chou period of Chinese history, from the eleventh to the second centuries B. C.

The China of the Chou period was not the great empire in extent that China is today. Her dominions were then roughly confined to the northern part of the present 18 Provinces. At the beginning of the period the Tartar nations constantly encroached upon what later on became undisputed Chinese territory. The nation did not extend far into the land of the "man" barbarians toward the south and the southwest. The Yang-tse-Kiang was crossed, but the Chou Li describes Yan Chou as being the most distant Province, occupying the coast territory north and south of the mouth of the Yang-tse. But by Confucius' time quite an extensive strip of land south of the river had become occupied. The sea, of course, formed the eastern boundary and a satisfactory one, too, as no fleets approached and the Chinese themselves did not venture forth.

As to the population we can make only an estimate, but census taking was practiced according to the Chou Li and certain vital statistics were noted, especially the percentage of males and females in the various States. The philosopher, Kuan Tsu, seventh century B. C., of the State of Tsi, argued for a tax on salt and iron by showing the amount of expected income by presenting in statistical form the number of consumers of salt and users of articles made from iron. In a country of 10,000 chariots, he pointed out, there must be 10,000,000 consumers. This marks the

beginning of the salt and iron monopolies and of consumption taxes.

Historically the Chou period may be divided into three parts. The first covers the period during which the dynasty becomes well established and begins to decline. The second, which naturally overlaps the first, covers the rise and development of feudalism. The third covers the period of contending states which gave to China experiences in confederation, leagues, alliances, balance of power, and developed both diplomacy and the art of war. Thus we see that we have 900 years of political growth that develop much that the world has experienced in political thought from anarchism to absolutism and from feudalism to federation.

With the ending of the Chou period and the commencement of the Ts'in dynasty (249–210 B. C.) we come to the time when an attempt was made to destroy, with some exceptions, the whole of Chinese political literature in order that history might begin anew from the reign of the first Emperor of United China. The extent of the actual mischief done by the burning has undoubtedly been greatly exaggerated; nevertheless, it has tended toward making that which escaped the flames the more important, which, in turn, naturally led to hero worship and to the marking of the age as a golden one. Those things which survived became models for what followed.

But before the time of the great burning there had also been a great destruction of literature. Confucius compiled and preserved what was worth keeping.

Confucius, by setting himself up as a judge of what was good and preserving only that which after his time contributed to Chinese literature, did in a small way what the great burning of books did in a great way. A preserver of that which is thought good for one generation is probably a destroyer of that which another generation would accept as its best. The responsibility of a censorship or criticism that destroys is indeed great.

Confucius, like Hitler, gave the people only that which was good for them, and he gave it consciously to hold them in rectitude for 1,000 years. His job was done so well that he made or marred, according to your point of view, a civilization and a people for over 2,000 years. From Chinese historiographers we can get the truth, because they were recorders of events. But from Confucius we get only acts or things as they should be. The outstanding example, which I shall go out of my way to cite to make my point, is this: Confucius records a certain king as dying. The commentator, who writes in the spirit of the ancient historiographer, says: "The king in reality did not die; he was killed." But as Confucius holds that assassination is not a proper practice, he merely says the "king died"! Our modern historian, who records only the important, may be closer to Confucius, who recorded only the proper, than we would dare realize.

The destruction of the books by Ts'in Shih Hwangti had a political purpose. He wanted to end the democratic separate state rule and unite all the people in a dictatorial single-willed empire. The books he destroyed were the books that dealt with political theory defending local self-government. He succeeded to this extent: He did make the Chinese world a unit in thought, if not in fact. He was able to do this because the Chinese world is to be conceived of as a single world in much the same way as under the Petrine theory advanced by the church in the Middle Ages made our world one in thought. In each case, both the Chinese and the European, the actual facts made for diversity, with this difference: As the facts in Europe caused the thinkers to become conscious of national unities actually existing in contradistinction to the world unity of the assumed church rule, and as the fact of nations existing side by side made for the development of international law in Europe, just so the unification of the many states in China sounded the death knell of interstate and international concepts. Thus we have a confirmation in Chinese history working, though, in the opposite direction of Oppenheim's seven morals of history incident to the evolution of international law.

Oppenheim says that "it is the task of history, not only to show how things have grown in the past, but also to extract a moral for the future out of the events of the past. Seven morals can be said to be deduced from the history of the development of the law of nations:

First. There must be "an equilibrium, a balance of power, between the members of the family of nations."

The history of the Chou period shows that a balance between the states was maintained; but, with the destruction of this balance by the force of one powerful state, not only was the balance destroyed but also the growth of interstate theory stopped.

Second. "International law can develop progressively only when international politics are made the basis of real state interests."

With the advent of Ts'in Shih Hwangti came not only the end of all theory which had to do with state interest, but also the order for the destruction of books which was to destroy all theory but that which advanced personal political theory of Ts'in Shih Hwangti.

Third. "That the progress of international law is intimately connected with the victory everywhere of constitutional government over autocratic government."

The unification of China under Ts'in Shih Hwangti was the work of an autocrat, whereas much of the theory of the governments of the states before his time was democratic and in accordance with the consent of the governed. During the democratic period there was growth in international law concepts; with the coming of autocracy this ceased.

I cannot refrain from jumping from ancient China to modern Europe, in stressing the above point—international law and international agreements had their greatest sanction and growth during the period of democratic constitutional development, say from 1865 to 1919. The culmination of making the world safe for democracy was the world's outstanding international agreement and covenant. It was democratic in essense and democratic in ideal. Its success rested where the essence of democracy must rest on a theory of live and let live. The crushing of democracy and the killing of the spirit of live and let live have given us the autocratic single-willed governments of force and expediency. International law dies with the death of international trust. International trust rests upon the morality of nations, not upon the expediency, the whims and caprice of the person in power, call him what you will. Thus, in our own case, the Federal system does not rest on the sixth article of our Constitution, but upon the democratic theory of the American people. World organization and international law cannot last long in a world of nationalistic autocrats controlled only by expediency. It needs the will of the morally conscious many to survive.

Fourth. "That the principle of nationality is of such force that it is fruitless to try to stop its victory. Wherever a community of millions of individuals who are bound together by the same blood, language, and interests become so powerful that they think it necessary to have a state of their own in which they can live according to their own ideals and can build up a national civilization they will certainly get that state sooner or later."

The Chou period theory recognized the theory of self-determination, while that of Ts'in Shih Hwangti sought to accomplish a unity by a destruction of all theory in disagreement with his own. Self-determination and interstate ideas were consistent and developed together. With the destruction of the principle of self-determination other interstate ideas ceased.

Fifth. "That every progress in the development of international law wants due time to ripen."

The fact that such time was not given the ideas developed in the Chou period to continue through later times caused the growth of international conceptions to become arrested.

Sixth. "That the progress of international law depends to a great extent upon whether the legal school of international jurists prevails over the diplomatic school."

The tendency of Chinese governmental theory to insist that government be personal rather than legal has resulted in Chinese rulers being excellent diplomatists, but it has also resulted in an arrested growth of even internal government by law.

Seventh: "That progressive development of international law depends chiefly upon the standard of public morality on the one hand, and on the other, upon economic interests."

There must be interstate intercourse under conditions referred to under the first moral mentioned by Oppenheim before there can be a "progressive development" in law governing these conditions. With the conception of the Chinese world which has persisted since Ts'in Shih Hwangti's time, interstate intercourse has been impossible, so that international law could not develop.

In the light of Chinese history Professor Oppenheim's deductions are correct. Since the time of Ts'in Shih Hwangti until modern times there has been no place in Chinese history for international law. May we not, though, test the deductions in the period of the multitude of states? If we find the proper conditions we should find steps in the growth of international law. That surely is consistent with Professor Oppenheim's reasoning. Therefore, it cannot be out of place to point out the various interstate ideas which may be found which are closely related to international law conceptions.

The more research that is given to early civilizations, the more we learn that, as soon as there developed a cultural center of a certain level of civilization, a state of some prominence developed, and simultaneously there grew up relations with the outside that soon took shape in a system of interstate institutions. In other words, such a system was a necessary consequence of any civilization, and this would make interstate relations as old as human culture in general.

To state this in another way, whenever and wherever there are two or more entities—we shall call them States—which are conscious of their own and each other's existence as separate or independent entities there will be a meeting either of strife or of peace which will result in accepted and acceptable relationships, which, in turn, will make for habits and customs of getting along, which may evolve into rules binding as law binds. In other words, the physical facts develop conditions. The mechanism of interstate law happens from the antecedent conditions, but these conditions, while they produce relations and customary ways of doing things, do not produce international law. International law in its modern sense comes only after a philosophic acceptance of the fundamental morals of interstate behavior. International law, therefore, must rest upon a consciously accepted standard of behaviors, a moral responsibility to act ethically. The enforcement of international law must come not as a result of the forced will of a sovereign, but as a result of an accepted attitude of morally responsible persons, or states, restrained only by an ethical motive.

Modern international law has developed in the West in lands whose legal philosophy rests upon the concept of revelation. In Christian, Mohammedan, Hebrew, and Greek lands, God sets logically and ultimately the standards, and because these standards come from God they could not be questioned. But God has never directly enforced His standards; therefore His law is the easiest to disobey. This has made it possible for such state concepts as those that the state, or the king, can do no wrong. It is only in lands where you have accepted absolutes that rulers, states, and govern-

ments can be above morals. In an international sense if a state can do no wrong, and two states clash, it is a clash of two rights, and the only test of right and wrong is the power to subdue and thus might actually makes right because our western fundamental philosophy provides no other way. It is only in those lands where rights come by revelation and have absolute unquestioned effect that theories related to the concept of a sovereign's will can be evolved. It is a paradox that a world of law between states without the force of a supreme sovereign or superstate seems logically impossible to those who accept nationalistic sovereignty as an existent fact. At the present we are burdened with the notion that there must be a lawgiver and a law enforcer to make law, thus international law seems a contradiction and a world controlled by international law is impossible. Ancient China was not obsessed with any concept of revelation. Her law was based on good behavior and her interstate ideas had their bases in proper conduct. Morality was the force which produced action, not power, not might. Have we not here the ideal setting for the development of international law? And have we not here also the key to world organization operating through international law?

Ancient peoples of Asia and northeast Africa were well acquainted with international relations and, to a certain extent, with international law.

Ambassadorial missions, movement for the extradition of fugitive criminals, protection of certain classes of foreigners, and the sanctity of international contracts are all conceptions which have ancient origin. As the history of ancient and eastern civilizations is being more opened up to use we are learning that given conditions brought given results.

It would be of great worth to the student of international law to know that the fundamental principles of international intercourse always were and are even in our day identical all over the world, for it would prove the inward potential strength and vitality of the system.

May we not also draw the conclusion from the ancient studies that international law is a necessary consequence of any civilization? The mere fact of neighborly cohabitation creates moral and legal obligations which in the course of time crystallizes into a system of international law. In other words, international law grows up and develops in exactly the same way outside the state as legal institutions form and crystallize inside the state from the mere fact of the social life of man. But the philosophy of both national and international law must be developed. It cannot grow. A better world will only come through the efforts of men. It will never just grow better.

Only among relatively equal states does the sanctity of international law find a guaranteed existence and recognition. Ancient China, like Greece, had interstate relations, alliances, and leagues. With the ancient international system of Egypt, and the Middle and the Near East, a system of international law of those days found its sanction in religion. In China this was not the case, although covenants had their religious oaths and ceremonies; but we may say that in ancient China, as in the days of Grotius, the basic theory on which their interstate law rested was the natural law behind the rules of propriety. As I have said, religion was there in the oaths and the covenants, but religion merely gave a more binding force to the theories of the natural law.

Europeans and Americans from long habit of thought have considered the people of China as homogeneous and the Chinese state as a unit. Both characterizations are technically correct, but both are actually incorrect. China is in reality even today a league of peoples living under one huge system of society. In ancient times, there were many small states; therefore, the Chinese, from the beginning, were schooled in matters of diplomacy, and, therefore, it will not be surprising to find much information in regard to interstate relations. China today stands in danger of becoming Balkanized. China was precisely that during most of the period of the Chou dynasty. Small feudal states, some strong and powerful, others weak, made for interstate communication. Interstate rivalries regarding the preservation of people by diplomacy, by agreement, and by actual organization were developed.

As habit, attitude, and propriety figure greatly in the conduct of the official within the state, just so states themselves succeeded or failed by observing proper rules.

"A great state, one that lowly rose, becomes the empire's union and the empire's wife. The wife always through quietude conquers her husband and by quietude renders herself lowly, thus a great state through lowliness toward small states will conquer the small states and small states through lowliness toward great states will conquer the great states. Therefore, some render themselves lowly for the purpose of conquering, others are lowly and therefore conquer. A great state desires no more than to unite and feed the people, a small state desires no more than to devote itself to the service of the people. But that both may obtain their wishes the greater one must stoop."—Lao Tzu.

In that quotation, and what follows, Lao Tzu presents a fundamental theory of international law, the equality of states. In the writings of the masters and the practices of the states China developed the equivalents of such other concepts as extradition of criminals, the immunity and responsibilities of ambassadors, the theory that treaty settlements must be lasting, the theory that in conquests the conquests will be valid only when the people affected have given their consent, the concept that the equality of states rests upon the notion that the large states must restrain themselves and give respect to the theory that small states have a right to exist; in times of hostilities, messengers, when on missions between enemies are not subject to capture; that the conqueror should not interfere with the even running of economic life—which is the basis of the theory that noncombatants shall be protected in life and property. Mencius condemns rulers and conquerors who destroy life, unjustly imprison, and restrict liberty, who destroy public and private property, and who interfere with religion, speech, and thought. The basis for his teachings rests upon the sound reasoning of the golden rule, "Beware, beware, for what proceeds from you will return to you."

The early Chinese knew how states came to an end. And it is interesting to remark in passing that Theodore Roosevelt justified America's attitude to a Korean delegation which asked America to remember her treaty promises by using an argument which was an accepted Chinese concept 500 years B. C. Roosevelt's argument was not based on the Chinese theory, but upon reason which was the source of the Chinese thought.

The Chinese condemned a forced contract between states and taught that a forced covenant could be disregarded. Thus indirectly they supported a modern world's lacking need—negotiated, rather than imposed, treaties.

The Chinese theory of sovereignty followed the theory of the sovereignty of the family rather than the absolute will of a single force. In the Chinese family there are other relationships besides that of father and son; therefore in the Chinese state theory sovereignty is many, not single, and relative, not absolute. A tripartite agreement between China, Russia, and Mongolia, when Mongolia was recognized by all as being Chinese, was not inconsistent. China never in theory gave up a single sovereign right to foreigners in her nineteenth century treaties.

And so we might continue giving illustration after illustration of the early interstate and international concepts that were evolved. But time forbids. This, though, I must repeat: The sanction for every concept rested on reason and grew out of social and political experience and had its authoritative basis in morals. These experiences after all support my thesis for the evening—that international law and international relations, treaty purposes and treaty making, international action and international will must rest to be effective and lasting upon morality, honesty, and truth, and not upon diplomacy, wit, advantage-taking, and suspicion. A great state can afford to be fair. If it is not, it will become a victim of its own inferiority complex, dishonest and untrue defenses. America's future depends upon America's ability to be herself, both nationally and internationally.

What a key to present international theory we have by reference to the past. We have world unity in our League of Nations concept, and we have national diversity in the concepts of the balance of power and the theory of alliances. In America we have the constant tug between the State and the Nation, and the theories of regional control and interstate compact being advanced to temper both State sovereignty and national sovereignty. It is indeed possible to have a rule within a rule. "Imperium in imperio" must become an actuality, not remain an impossibility. Our Federal system recognizes sovereignty in different spheres, but each absolute. Internationally, the theory of sovereignty is not only a protection but also a barrier to growth. Here again the Chinese theory supported by Einstein's physical theories of relativity may point the way out. Sovereignty based upon the will of the family is a relative, and not an absolute will. An acceptance of this thought may save our modern western international law. But men and nations live in fact and not in theory. Today Europe is attempting to live, and is doing it, in a conflict of theories. The major nations of Europe are all members of the League of Nations, but they put their faith in alliances and understandings based upon a balance of power. Thus Europe lives without faith because her actions prove distrust of her theories. Can you ever have trust in any theory which is without a moral sanction?

But when we turn our attention to ourselves, we, too, live in a constitutional and legal jungle. Nowhere are the paths for men or for nations in absolute certainty. The man of the Declaration of Independence was never a fact. A self-sufficient, independent nation was never a reality. Equality before the law and in the law are assumptions for argument quite as much as Rousseau's thesis that man was born free but is everywhere in chains. This conflict between fact and theory is, of course, constantly on the minds of lawyers. I am being trite in pointing it out. My daughter came home from her civics class with the remark, "Dad, if you become a United States Senator, you cannot be arrested in going up to Washington." On first thought, indeed, it seemed worth while to become a United States Senator under those circumstances, but on second thought the immunity amounted to nothing, because I had never been arrested and never been kept from going anywhere, and what is more, there is no constitutional immunity that can save one from being "razzed" by a traffic cop. The judge may turn you free, but he can never retract the cop's "razzing."

A world of justice ruled by the ideals of law and order may make less hazardous lives of soldier boys, but rule of law does not relieve conflict from the soul of men. A reign of peace leaves us surrounded by our neighbors and married to our wives. We may pray for the better day, but the fact of the social conflict remains. Which will you choose, the garden in peace without the woman, or the world, the sweaty brow, and the social life? Adam made the only choice that was open to man under the Aristotelian definition of a man, and you and I and our country will make the only choice that is open to us and to it under our and its

destiny. There is satisfaction in combat, there is satisfaction in winning. You lawyers win your fights by a measure of wits. Nations and men too can win their fights by winning battles of wits. An American election gives all the satisfaction that comes to those who bring about a bloody coup d'état. A victory at court, a victory at diplomacy, a victory in political theory, a victory in the development of men and a happy, abundant life surely makes striving worth while and life quite as sweet as a victory from bloodshed, bombing, destroying a city, or sinking a ship. International law and its universal acceptance should be a challenge worthy of American acceptance. Have we not an end worth working for?

THE T. V. A.—ARTICLE BY HARRISON BROWN

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD an article written by an English author, Harrison Brown, which was published in the London Fortnightly Review for July. It is an exceedingly interesting article written by an Englishman traveling in this country on the subject of the T. V. A. His article is headed "A Great American Experiment."

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

[From the London Fortnightly Review for July 1935]

A GREAT AMERICAN EXPERIMENT

By Harrison Brown

I had arrived, after much traveling, at a city in Kentucky and an excursion was proposed. Somehow that excursion went wrong. I found myself a few hours later disembarking from my friend's automobile on a refuse dump beside the turbid waters of Ohio River. The river was wide and was spanned in the distance by spider-legged iron bridges, an unenchanting prospect. My companions turned their backs upon the view and together the four of us set off down what should have been a sunny lane. The lane, however, had been subdued, and the last forlorn engagement between a riverside copse and the refuse dump was then in progress.

We came at last to a great power house upon a dam, and I realized what I was in for. As we approached its portals and stood for a moment above the swirling water the most enthusiastic of the company seized my arm. "I go into this place", he whispered, "as others enter a church." "But I'm not religious", I snapped, and instantly felt ashamed.

There is a great gulf fixed between the technically minded and those born without that quality; it is a gulf which the latter should seek to bridge, since the former are usually incapable of doing so. To the tyro all power stations are alike; I had seen many and did not wish to leave the sunshine for another round of polished floors and gleaming generators. But how was my young friend to know that? He to whom each was as different as a Gothic cathedral from a Saxon village church. He was not puzzled by my rude temper; he was deeply hurt—that perfect example of the Wellsian prophecy of 20 years ago. I offer him this unheard apology in the spirit in which expiatory masses were wont to be bought for the souls of those slain in hot blood.

We have little on which to preen ourselves, we untechnically minded who are not of this generation. To the modern we must be at least as baffling as they to us. And that, too, was borne in upon me some weeks later by another river in another State.

The Clinch River, like much of the Tennessee of which it is a tributary, winds through the rocky woodlands of the Appalachian wilderness. My first glimpse of it was from the new "Freeway" which runs from Knoxville out to Norris. For some miles we had on our right the far line of the Great Smoky Mountains of North Carolina. Then, as we rounded a bend, the setting sun became framed in the gorge of the river, fast sinking behind another range of wooded hills. I exclaimed at the rugged beauty of it all. It was not my first exclamation, and my companion grunted it was "miserably poor land", he said, and brought me down to earth more quickly than the car reached river level.

He was entirely right. The land is very poor and he had little time to lose in wonder at its aesthetic beauty. We think of Americans as being without traditions. That is wrong. Their tradition is one of activity which has had scant place for dreamers. The small leisured class inherited that tradition, which, divorced from its utilitarian basis, became for the most part senseless. Americans travel less to view scenery than to see other men and find out how they do things. The wonder is not that their travel should pertain to their tradition, but rather that some 25 great national parks should have been set aside chiefly for the enjoyment of future generations.

I make no more apology for my own reactions than I would criticize my guide for his. I have met no more civilized man in all my travels than this servant of the Tennessee Valley Authority who was showing me something of that great project. Nor have I ever encountered a more inspiring work than this "experiment in human welfare" which is being conducted there. The United States is a continent, not a country in the European sense. Rarely are the headlines of one State's capital more than a gossip note of interest for the next. It was more interesting to find the T. V. A. so widely known. Over thousands of miles of territory almost everybody knew something of this one big feather in the new deal's cap and all were anxious to learn more.

The Tennessee Valley Authority, or T. V. A., is vast enough to require almost as many definitions as it has done maps. It may be called an experiment in planned economy; it has been named the most ambitious land-planning project in American history. It has been attacked as "rank socialism" and defended by no less a person than President Roosevelt himself as "a birch rod in the cupboard" for the robber barons of the Power Trust.

But call it what you will, it is a thrilling experiment and on a scale with which only one other country can compete. There is another parallel between Russian projects and the T. V. A. besides that of size. All travelers who have visited both say that they find in each the same exceptional enthusiasm for the job in hand. Therein lies the chief claim of the T. V. A. to be revolutionary. It is a challenge to the dearest—and silliest—dogma not only of North America but of western Europe, the dogma that the profit motive alone can make the world go round. One may hazard a guess that the bitterness of interested opposition parties is partly due to realization of just how unequal the odds would be against them if the game were honestly played.

As for the scale of operations, the Tennessee River is 1,200 miles long and its basin comprises 42,000 square miles, or nearly half the area of Great Britain. The elevation in the valley varies from 250 to 6,000 feet and the climate accordingly. The soil will raise anything that can be grown between Canada and the Gulf of Mexico; mineral resources are rich and the rainfall heavy. In its diversity it provides the perfect laboratory for a series of experiments, the results of which it is intended to apply all over the country.

There is a common impression that the only object of the T. V. A. is to generate cheap electricity. That purpose is fundamental to the general scheme and it is the side which has received widest publicity, but it is only the beginning. It may be called the kernel of the project, as it certainly is the rallying point of the fierce opposition with which the whole Authority has been confronted. The main objective of the undertaking is to develop unified control of the water resources of the valley with a view to flood control and water transportation. It is the focal point of experimentation in the great campaign against soil erosion; a menace which is estimated to cost the country $400,000,000 annually, and to be threatening the livelihood of millions.

The plan includes also reforestation, less wasteful exploitation of mineral wealth, the production of nitrate fertilizer, and, most important of all perhaps, experimentation regarding the production of phosphorus. To these objects must necessarily be added that of agricultural education, the careful weaning of the farmers from their hide-bound habit of ruinous single-crop cultivation. Hygiene and health measures are important too; disease is prevalent amongst the "hillbillies", for all their good stock and hardy open-air lives. To all these activities, and more besides, the Authority has chosen to add a series of training schemes for their own employees. Not only is the education of their children in the best of hands, but every unskilled laborer has the opportunity for specialized training.

America has been prodigal of all her resources, but of none has she been more wasteful than of the soil itself, at first no doubt from embarras de richesse, more recently from sheer economic necessity. In the nick of time the country has awakened to the fate in store for it if present methods continue. The drought of the Northwest, the appalling dust storms of the Middle West—these are problems calling urgently for temporary measures. Already thousands of families are having to migrate from land from which the topsoil has been literally blown away. In one case communities from Kansas and New Mexico have been shipped to Alaska, which in point of distance is as though the inhabitants of a Somerset village were moved to Archangel or Persia.

Civilization has broken Nature's cycle by which soil, air, and water fed plants, the plants fed animals, which, dying, fed the soil again. When crops are reaped and cattle removed for slaughter great quantities of phosphorus go with them and are not replenished. Almost all soil is now deficient in that chemical, and reckless single-crop farming adds destruction to deficiency by increasing soil erosion.

It has been found that certain plants such as clover, peas, beans, alfalfa, and others help to fix nitrogen in the soil. But phosphate is needed to make these plants grow to fix the nitrogen. And cheap electric power is needed to make cheap phosphate. To quote Mr. H. A. Morgan: "Electric power means dams, and dams mean reservoirs, and reservoirs, to remain effective, must be protected from the deposit of silt due to soil erosion. We check soil erosion through phosphate, and our circle is complete." Thus, not merely man's convenience but his whole well-being is the object of T. V. A. through the restoration of nature's cycle.

The Authority is the laboratory in which the permanent solution of all these problems is being sought. That the men in charge of such an undertaking must be experts in their field is obvious. The inspiration of a visit to their camp dawns with the realization that they are more than that. From somewhere in our catch-as-catch-can civilization Roosevelt has dug a team of men who combine high social conscience with that rare quality of leadership which inspires cooperation.

The directors are three in number, a civil engineer, a teacher, and a lawyer. Three targets for the robber barons to shoot at, but hard birds to kill, all three of them. A little more than 2 years ago President Roosevelt brought these men together for the first time. He offered them a job of drawing up as quickly as possible a plan of operations for the valley. They had wide authority, the salary of each was to be a modest £2,000 per annum, and they could hire all the expert help they needed, America being full of unemployed technicians. The Authority under their control has been voted $50,000,000 as a start.

The chairman, Dr. A. E. Morgan, has had a long career in reclamation work, and has planned and superintended some 75 water-control projects throughout the Union. His hobby is education and in that field, too, he has long established himself as one of the Nation's most enlightened leaders. Mr. Harcourt A. Morgan, the second director, is Canadian born and was, until recently, president of the State University of Tennessee. Mr. David E. Lilienthal hails from Chicago. He is the legal adviser, buyer of right-of-way, seller of power, controller of transportation, etc.

It would be interesting to speculate on the feelings of the three men when first they came to view their future domain. They saw a vast territory to which Nature had been kind, but with which man had almost done his worst. An area inhabited by 2,000,000 people, with 6,000,000 more within its influence; largely agricultural, in which few of the farm families handled more than £20 a year in cash.

Soon the reports of their geologists told them that the mountains were bursting with fuel, coal, petroleum, natural gas, etc., and with iron and nickel and most of the mineral ores. There is a variety of clay for ceramics, of sand for every commercial use, of unmapped zinc, alum, salt, asphalt, magnesium, and so on to the tune of £60,000,000, according to an estimate of the United States Bureau of Mines. Industry, indeed, has its eyes on the Tennessee Valley for other reasons besides cheap power. The future of this "unshaken commercial Christmas tree", as one commentator called it, lay in the hands of three good men and true, almost beyond the reach of political pressure. It was certainly enough to make the profiteers of the old spoils system bitter.

They also saw Muscle Shoals, a name made sinister by politics for years. The Wilson Dam at Muscle Shoals, 400 miles below Norris, was built during the war to provide electricity for munition manufacturers. It has a large phosphate plant attached to it. For 8 years it had stood idle. The dam is almost a mile long, 137 feet high, and its power house can develop 261,000 horsepower. This dam was taken over as the first working unit in the plan which will eventually coordinate all the resources of the Tennessee River. Today it is supplying current at very low rates to several cities and, in addition, providing most of the power required to build Norris and Wheeler Dams. When these dams are completed and their reservoirs full, more generators will be installed at Muscle Shoals and its capacity raised to over 600,000 horsepower, which will more than double its service to the valley folk.

When the whole scheme is complete there will be no more flood disasters there. When the high-water seasons are over and the reservoirs filled, the dams will be opened and the water thus stepped down the valley from dam to dam. With each step power will be generated and cheap electricity provided for the surrounding territory.

Unless one has seen the squalor of the share-cropper districts, or the dust-storm areas, or the sudden devastation of life and property caused by such floods as recently hit Texas and Nebraska, it is almost impossible to envisage what a change would be made by the application of the T. V. A.'s experience in other areas.

But the start was not easy. Life is primitive in those backwoods, and very hard. Educational facilities for the young are scarce, new ideas come to the adults rarely and filter very slowly. The wretched shacks in which the mountaineers eke out existence can still be seen, not only there, but in dozens of States throughout the Union. Today, though, in the Tennessee Valley there is another kind of home growing up, wooden also for the most part, but well planned, built and equipped throughout for the fullest use of electricity.

Before there was anything to show at all the opposition had an easy time. The T. V. A. were strangers in the hills; before long they were being called "invaders" by the country papers which lived on Power Trust advertising. The chorus grew, long-faced lawyers descended upon the valley to warn the population against the amateurs of the T. V. A. Politicians from the State legislatures, men actually elected on pledges to work for lower power rates, were not afraid to expose to the villagers the Socialists who sought to provide an emetic for their ill-gotten gains.

More than energy was required to deal with such a situation; an even more important requisite was tact. The buying up of poor land and the eventual flooding of large areas under reservoirs, all this involves the moving of local inhabitants from familiar ground. When Norris Dam is completed the lake behind it will have a shore line of 800 miles, and six little villages will lie beneath the water, including the homes of 3,000 families, 26 schools, dozens of churches. The buying of land is a commercial proposition; fair prices were paid. The moving of graveyards is another matter; there were several score "God's acres" scattered about the area that was to be flooded, over 4,000 graves. Here tact came in.

The mountaineers are simple folk; they were not harangued about the matter. All the details were handed over by the T. V. A. to local ministers. The moving of each grave was accompanied by a religious service, tombstones and monuments were provided. Nothing was hurried. And so, with the moving and rehabilitation of churches and schools, they looked better for the change. The same quiet help was lent the farmers themselves when they had doubts as to where and when to move. Labor for all this work was recruited from the neighborhood, and fair wages paid. Little wonder that the valley folk soon became immune to the propaganda of their erstwhile masters.

When the first town was linked with Wilson Dam power success began to succeed. Within a week of consumers receiving their first month's bill for T. V. A. power there were 50 new consumers! The little town of Tupelo is today not the only one sold on the T. V. A., but it was the first. Business men and householders found they were asked to pay anything from 30 percent to 75 percent less than they had previously paid to the private corporation. While rates are reduced, the amount of power consumed and the number of customers served are increasing rapidly. This means more business, less drudgery, better health.

Today in such towns as Tupelo or Dayton householders can use electricity for lighting, vacuum cleaner, refrigerator, irons, radio and other small items at a cost of about 10 shillings a month inclusive. For some 35 shillings a month generous use can be made in addition of an electric range and water heater.

Yet another agency is directed by the T. V. A. to its purpose of advancing the general economic welfare of the Nation. This is the Electric Home and Farm Authority, which enables the consumer to purchase the best electrical appliances, if necessary on credit. To do this the Government has not entered the retail trade; it has contracted with the principal electric equipment manufacturers for supply of goods of guaranteed quality to be sold through dealers in the area of the T. V. A. The E. H. F. A.'s emblem includes the slogan "Electricity for all", and goods thus marked are only obtainable in areas where the utility company has a rate agreement with T. V. A. low enough to warrant a wider use of house appliances. Here, then, is a Government-run installment purchase scheme designed to stimulate both quantity and quality production and to lower rates.

There are today four counties and six cities located in three different States which are being supplied with T. V. A. power. Some 350 other cities throughout the area have made application for it. These figures indicate that some millions of consumers no longer identify their interests with those vested in the private utilities. The final effect on the T. V. A. of the Supreme Court's decision respecting the constitutionality of N. R. A. is not known at the time of writing. It is safe to say, however, that if the effect is to cripple the Authority in favor of Mr. Hoover's friends, it will not be with the approval of the inhabitants of the valley.

The town of Norris dots a wide hilltop, partly hidden in trees. At present it houses the 2,000 men at work on the dam and many of the executives, including Dr. A. E. Morgan. Widely scattered about are houses of varying sizes, none of them large, few of them, to my eye, very beautiful, but all supremely comfortable inside. It is more like an ideal home exhibition than a construction camp, and as one walks about it seems still more the ideal community. Rarely indeed can the most assiduous traveler find such an atmosphere of contentment without sloth, and of freedom without its more obvious abuses. It is no exaggeration to say that one would need to probe no further into the T. V. A.'s activities than Norris itself in order to discover the guidance of exceptional men.

There is no place on earth where cheap sentiment would be more out of place than in this neatly planned-for-use little town of Norris. Dams are not built with gangs of archangels, nor do men set to constructive work in ideal conditions become inhumanly angelic. But Norris proves that they do become less inhuman.

Behind this cooperative enthusiasm which keeps on mentioning itself there lies, of course, an enlightened labor policy. On the dam the men work in four shifts, 5½ hours a day, 6 days a week. Negroes are employed in the same proportion that the colored population of the locality bears to the total population. At Norris about 4 percent are colored, at Wheeler Dam the percentage is nearer 20. The Negro at least should see a new deal in the T. V. A., accustomed as he is to be "last hired, first fired." All may please themselves about joining unions, and the relations of the Authority with union officials should serve as an eye opener to the more stupid employers elsewhere, and notably to the textile bosses no farther away than Knoxville.

There is provision made for leisure time, that goes without saying. A large recreation hall is maintained for dances and other amusements, and courses are available for vocational training in agriculture, motor mechanics, carpentry, and many other things. Instruction is given voluntarily by the T. V. A. staff, and a great proportion of the workers are training themselves with a view to other work when the Norris job is finished. The angelic note does almost seem to sound when one finds the entire machine shop force requesting instruction from the training section. They stated that "the unskilled wanted training which would fit them for skilled positions, and the skilled workers wanted instruction so that they might be more useful to the T. V. A. and better all around mechanics." Shades of the South Wales coalfields!

The extent of the activties of the T. V. A. have been only touched upon, its scope barely indicated. Enough should, however, have been said to show that the T. V. A. is an experiment of a nature not merely to fascinate every American, but to provide lessons for other countries. As the National Education Association has said: "Of all the activities of the present administration it is the most constructive and prophetic." And just because of that and of what it implies it is the most venomously attacked of all the new deal's children.

The majority of the electric industry are not looking for what Dr. Morgan calls "a change of outlook and a change of spirit." They are looking for excessive profits, and damn the consequences. "The electric operating utilities seem to be suffering from financial tapeworm," said Mr. Lilienthal on one occasion. "The patient

always seems hungry, and the more he gets to eat the thinner he becomes. * * * This is not an elegant figure of speech, but the financial practices we are talking about are not particularly elegant either." The reference was to the holding companies which, in many cases, have come to manage the operating concerns. The abuse of privilege is flagrant, as the Insull case showed, and Insull was not alone. Monopoly concerns, supplying an indispensable service, have robbed both investors in the operating companies and consumers as well, in wholesale fashion, by watering stock for various dishonest purposes.

Not all utility companies are so run, but the robber-baron type of executive predominates. It is they who provide the most formidable opposition to the T. V. A. and their methods are not too scrupulous. It is not socialism they fear, but spoiling of the spoiler's game. Roosevelt is no Socialist, he is a liberal making an intelligent effort to save the profit system; intelligent enough at least to see that nothing but violence and chaos can come from a continuation—as he puts it—of "that kind of rugged individualism which allows an individual to do this, that, or the other thing that will hurt his neighbors." The President has talked repeatedly of the T. V. A. as a yardstick whereby communities can measure the quality of service they are obtaining from their private utility companies.

There are other adversaries also. The coal industry, for example, is divided between those on the one hand who see that it must adapt itself to the coming of an electric age, and on the other diehards who adopt the attitude of the hansom-cab driver toward the taxi. The T. V. A. seeks always means of cooperation, yet once when Dr. Morgan was invited to attend such a conference he was met by the president of the Appalachian Coal Association with the words: "The coal industry is determined to destroy the T. V. A. It will destroy it by political means, by financial means, or by any means in its power." No doubt the first inventor of the flint axe was welcomed in much the same manner by the more conservative members of the cave.

The problems which confront America are many and varied, economic and financial, agricultural and social. The germ of permanent cure for almost all of them seems to lie somewhere in the scheme of the T. V. A.'s activities. All Americans believe that the inherent possibilities of their country are unlimited. They undoubtedly are, but only at the price of stemming the present prodigious waste. And as to that, Dr. A. E. Morgan has wisely said: "Greatest of all wastes is that which comes when people fail to see the great possibilities and opportunities around them, and when, in that failure to see what might be, they resign themselves to things as they are."

SECOND DEFICIENCY APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes.

The VICE PRESIDENT. When the Senate took a recess last evening there was one committee amendment to the deficiency appropriation bill which had been passed over, being the amendment on page 7, in reference to the Federal Trade Commission.

Mr. JOHNSON. Mr. President, yesterday afternoon I was unable to be present during the consideration of the amendments to the deficiency-appropriation bill. I observe by the RECORD this morning that apparently the amendment relating to the General Accounting Office, on page 76, was agreed to. May I ask the Senator in charge of the bill if that is correct?

Mr. ADAMS. That is a correct statement.

Mr. JOHNSON. In order that that particular amendment may be ultimately presented to the Senate, I ask unanimous consent that the vote whereby it was agreed to may be reconsidered, and then that the amendment may be passed over temporarily until later in the day or until opportunity may present itself so that it may be considered again by the Senate.

The VICE PRESIDENT. Is there objection to the request of the Senator from California that the vote by which the amendment referred to by him be reconsidered? Will the Senator again state the amendment to which he refers?

Mr. JOHNSON. I refer to the amendment having reference to the General Accounting Office on page 76, lines 15 to 20, being the House text having been stricken out, and lines 21 to 26, being the text now in the bill as reported by the Senate committee.

The VICE PRESIDENT. Is there objection to the request of the Senator from California? The Chair hears none, and it is so ordered.

Mr. DUFFY. Mr. President, is the amendment on page 7, after line 16, relating to the Federal Trade Commission, now before the Senate for consideration?

The VICE PRESIDENT. Yes. That is the amendment which was passed over yesterday at the request of the Senator from Wisconsin. That is the only committee amendment to the deficiency bill which was passed over. The Senator from California [Mr. JOHNSON] has asked for and obtained reconsideration of the vote by which an amendment on page 76 was agreed to. The pending question is on the amendment offered by the Senator from Wisconsin [Mr. DUFFY] to the committee amendment. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 7, in line 21, it is proposed to strike out "$2,000" and insert in lieu thereof "$4,000"; and in line 22 to strike out "$100,000" and insert in lieu thereof "$300,000."

Mr. DUFFY. Mr. President, the amendment proposed to the committee amendment, substituting $300,000 for $100,000, is pursuant to a request which was made by the Secretary of Agriculture, approved by the President of the United States and approved by the Bureau of the Budget. It is designed to enable the Federal Trade Commission to continue its milk investigation in several additional milksheds, there having been many requests from various sections of the country for the continuation of the investigation.

I have before me the message of the President, dated June 27, 1935, addressed to the President of the Senate, wherein the President said:

> I have the honor to transmit herewith for consideration of Congress supplemental estimates for appropriations for the Federal Trade Commission for the fiscal year 1936, amounting to $300,000.

In explanation of the estimate from the Bureau of the Budget, the Acting Director made the following statement:

> The remaining $200,000 is for continuation of the Commission's investigation of conditions with regard to the sale and distribution of milk and other dairy products, as authorized and directed by House Concurrent Resolution 32 of the Seventy-third Congress, including $4,000 for printing and binding in connection therewith.

Although the Senate committee has added $73,000,000 or more to the bill as it came from the House, yet a sudden wave of economy seemed to hit the committee when it came to this item of $200,000, which has been approved by the Secretary of Agriculture, approved by the President, and approved by the Director of the Budget. The committee did not favorably report upon the $200,000 appropriation.

It seems to me that is a very unusual circumstance. As we look through the bill we find $3,000,000 appropriated for an exposition, apparently not approved by the Bureau of the Budget. There are many meritorious projects for which appropriations are made, but when it came to the $200,000 for this purpose, for some reason it could not get the approval of the committee.

Mr. President, as we well know, the production of milk is one of the most important industries in the whole country from the standpoint of health, especially from the standpoint of the health of infants and children. During the past year, 1934, the value of the dairy products of the country amounted to $1,250,000,000, a sum which represents 21 percent of the total value of the farm products of the United States. The investigation to date in the milkshed of Connecticut, where they had perhaps the highest price for milk in any place in the country, shows that, while dairy farmers have not as a rule been able even to get the cost of production, the dealers in those sheds wherein the investigations have so far been made have not only been generally prosperous and paid high salaries to their officials but they have also been able to pay substantial dividends upon their stock.

It has been developed, according to a statement of the Federal Trade Commission when they made their report to Congress, that during 1934 the dairy farmers in the Connecticut and Philadelphia Milksheds alone lost in excess of $600,000 through the practices of certain distributors, including underpayments to the producers by the dealers and excessive hauling charges. Many farmers in this section

who have depended almost entirely upon income from their dairy products have been forced into bankruptcy and had to sell their herds and go out of business largely because of the low average price received for their milk. For instance, in certain of these sheds it was discovered that there are different classifications for milk—1, 2, and 3. The milk in the three classifications is exactly the same quality; but because the distributors have worked the matter out in a very complicated way, selling the milk for different purposes, it has been very confusing to the producers, and the result has been that they have come out at the short end.

During the investigation in the Philadelphia Milkshed documentary evidence was discovered which showed there had been agreements made in Detroit and in several other cities contemplating an unfair or apparently unfair agreement whereby the prices would be fixed in those milksheds and the producers of milk, the dairy farmers, would be getting the worst of the bargain constantly. There can be no question about that.

Letters were found in the files of dealers in Philadelphia showing that in the summer of 1932 the milk dealers of Newport News agreed upon prices for milk furnished to governmental agencies, thus absolutely eliminating competition in making bids to supply the naval and marine hospitals. Documents were found in the files of the dealers in Philadelphia showing that in the spring of 1932 milk dealers in the Detroit area entered into agreements to control the wholesale and retail prices of milk. It has always been taken out of the producer, the dairy farmer. It was developed that the United States Dairy Products Corporation and other large companies dealing in milk products in a national way financed their operations by forcing the producers, in order to have a market, to buy stock in those distributing concerns.

After its investigation, the commission has stated that, while the information obtained has been very helpful, yet there are so many differences in the various sections of the country that certain typical milksheds should be investigated, so that they may come to a certain definite conclusion as to remedial legislation.

When we consider that this is an industry, as I have said, which produces in value 21 percent of all the agricultural products of the country, it seems surprising, when it comes to spending $200,000 to continue a good work which has already been started, that the committee sees fit to disapprove the item. That is the point where the great wave of economy begins, and something arises to require the beginning of a retrenchment program. But when it comes to an item of appropriation of $500,000 or $600,000 for schoolhouses in Montana to be turned over to the State, and to other similar items, many of which are to be found in the bill, that is perfectly proper and such items have been approved. This is a matter which concerns the health of the people of the country because milk is so important in their lives.

The report of the Federal Trade Commission shows that they have made real progress. When they have come to the conclusion that they need $200,000 to finish the job, when the President approves, when the Secretary of Agriculture approves, and when the Bureau of the Budget approves, it seems to me we ought to include the item in the pending appropriation bill.

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

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Kentucky?

Mr. DUFFY. I yield.

Mr. BARKLEY. My understanding is that this investigation was authorized or directed by previous action of the Congress?

Mr. DUFFY. That is correct.

Mr. BARKLEY. It was contemplated that it should be a general investigation covering the whole country?

Mr. DUFFY. I think the authorization was general in its terms, but it was started in Connecticut because the retail prices in the Connecticut Milkshed were higher than at any place else in the country. We are trying to ascertain the basis for the spread between what the dairy farmer gets for the milk and what the consumer has to pay for it.

Mr. BARKLEY. How many localities have been covered by the investigation up to date?

Mr. DUFFY. Extensive investigations have been made, as I understand, in the Connecticut Milkshed, the Philadelphia Milkshed, and a preliminary investigation in the Chicago Milkshed.

Mr. BARKLEY. The funds available are now practically exhausted?

Mr. DUFFY. They are exhausted.

Mr. BARKLEY. And without this additional appropriation it will be impossible to complete the investigation as it was contemplated by Congress and by the Federal Trade Commission. Is that correct?

Mr. DUFFY. There is not any money to continue tne investigation which has been approved by the President, and which the Secretary of Agriculture thinks and I think should be made.

Mr. BARKLEY. Was the investigation at Chicago, or in that territory, completed?

Mr. DUFFY. The Commission has merely had attorneys working, but not accountants and auditors, as I understand.

Mr. BARKLEY. So that that investigation is uncompleted?

Mr. DUFFY. It is uncompleted.

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

Mr. DUFFY. I yield to the Senator from Maryland.

Mr. TYDINGS. Is it not a fact that the sum of $130,000 was necessary to investigate the milk situation in Pennsylvania?

Mr. DUFFY. No; I think not. I think $113,000 has been expended up to date on all work that has been done.

Mr. TYDINGS. My question was as to the sum of $130,000; but let us assume it to be $113,000. If $113,000 was necessary to investigate in one State, how can we hope to have an investigation of the whole country made at a cost of $200,000?

Mr. DUFFY. I will say to the Senator that I made the same inquiry of members of the Federal Trade Commission. I happened to be present when they appeared before the Secretary of Agriculture, before the matter was submitted to the President. It is the opinion of those who have been conducting the investigation that representative milksheds can be investigated, because, with the information they have to work on, they will not have to go into anywhere near as great detail or spend as much money in some of the other milksheds which they feel should be investigated.

Mr. TYDINGS. If the Senator will yield again, here is an investigation in one State which cost either $113,000 or $130,000. Certainly there are 47 remaining States, all of which produce some milk and have milksheds. If all the remaining 47 States can be investigated by the expenditure of practically the same sum of money which was required to investigate one State, it seems to me there must have been a lavish waste of money in inspecting the milkshed in Pennsylvania.

Does the Senator know that in the last session of Congress I advocated this investigation? I was on the committee which voted to appropriate the money for the investigation; and after having gone pretty thoroughly into the investigation, in my judgment, not a single, solitary thing will come out of it, because nothing whatever came out of the last investigation. Not a single recommendation was made, not a single bill was introduced in the Congress as a result of it. Although one of the largest States of the country, embracing 10 percent of our total population, was thoroughly investigated, not one recommendation was made by the Federal Trade Commission. I think, therefore, that having had $130,000 to investigate one great State, a very poor case has been made out to continue this investigation.

Mr. DUFFY. Mr. President, it is true that the investigation of the milk question is probably more complex and more difficult than the investigation of any other agricultural product, but the heart of the whole problem is to try to increase the consumption of milk by decreasing the spread between the producer and the consumer.

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

Mr. DUFFY. I yield.

Mr. CONNALLY. As I understand the Senator, it is not his intention to have an investigation of every State.

Mr. DUFFY. No; it is not.

Mr. CONNALLY. But to select representative areas and draw conclusions from those investigations rather than undertake to investigate the 48 States, so that it would not require as much money to do that as if all of them were to be investigated.

Mr. DUFFY. The Senator is absolutely correct in that statement. I cannot put myself up here as an expert, any more than can the Senator from Maryland, as to how much it would cost; but, in reply to an inquiry directed to the Federal Trade Commission, they stated that in their opinion $200,000 would be adequate to make the investigation in typical areas in various parts of the country; and, mind you, one investigation in one place disclosed underpayments to the dairy farmers of that area in 1934 in excess of $600,000. It seems to me that now we are getting very careful of the Treasury and having a great wave of retrenchment come over us at a very peculiar time.

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

Mr. DUFFY. I yield to the Senator from New York.

Mr. WAGNER. I have received—and that is the reason why I am asking the question—communications from producers in my State in which they urge me to support an increased appropriation for this investigation. These producers seem to be confident that from the investigation results will ensue which will be helpful to their interests. I thought I understood the Senator to say—perhaps I was mistaken—that the investigation thus far has disclosed some inequalities.

Mr. DUFFY. Yes; it has. The Federal Trade Commission made the statement, and I have here a quotation from it.

Mr. WAGNER. The reason why I ask is that the Senator from Maryland [Mr. TYDINGS] asserted that nothing has come out of the investigation so far, and I thought I understood the Senator from Wisconsin to enumerate some disclosures which have already developed.

Mr. DUFFY. Yes; and from the investigation which has been made there were leads given to such places as Detroit, where they desire an investigation. I have in my hand a list of many places, including Denver, Colo., where the Colorado Dairymen's Cooperative has suggested that it would be a very advisable thing to have an investigation out there, their statement being that conditions in the fluid-milk market in Colorado are the worst in the United States. I do not know whether or not that is true, but that is the complaint which has come in from Colorado.

It seems to me that it is very important to try to increase the consumption of milk without raising the price to the consumer, and, if possible, to decrease the spread, which seems to be so large, between what the dairy farmer gets for his milk and what the consumer has to pay for it. I have information here as to salaries running into the hundreds of thousands of dollars paid to the officers of some of the companies now in the field. I do not make the appeal for the investigation on that basis. Perhaps they are entitled to those salaries. I am not complaining; but, at least, when we can find money for the various purposes in this bill and can increase by $73,000,000 the amount appropriated by the House, it seems to me very strange that an appropriation of $200,000 is going suddenly to shatter the credit of the country, when, if we are fair about it, we must recognize that the disclosures already made have been very much worth while.

The problem is a national one. No one State has the means to make the investigation. A State can investigate, perhaps, conditions in a small local area, but there has to be an investigation on a national scale to get anywhere; and it seems to me we ought to be willing to have $200,000 expended for this purpose.

As I said before—some of the Senators may have come in since I started—the investigation has the approval of the President, who wrote a message about it; it has the approval of the Secretary of Agriculture; it is estimated for by the Bureau of the Budget. Those who do know what the situation is realize that great good has come from the investigation already made; and I think the amendment should be agreed to.

I am not going to take further time; but I have here a list of places, such as Charleston, S. C.; New Orleans, La.; Sherman, Tex.; Denver, Colo.; Portland, Oreg.; Topeka, Kans.; Waterville, N. Y.; Detroit, Mich.; Akron, Ohio., and a number of other places which requested that the Federal Trade Commission should carry on the investigation, not necessarily in all those places but in certain typical areas, so that we may find out whether or not there is too great a spread, whether or not we can perhaps have some kind of legislation which will give the dairy farmer more for the milk he produces.

Mr. COSTIGAN. Mr. President——

Mr. DUFFY. I yield to the Senator from Colorado.

Mr. COSTIGAN. Mr. President, I desire to ask the able Senator from Wisconsin whether opposition to the investigation proceeds from distributors, consumers, or producers of milk.

Mr. DUFFY. I am very certain there is no opposition from the producers of milk, although there have been, in several cases, organizations of producers controlling certain markets. Certainly there is no objection from the consumers, who have to put up the money to pay for this unusual spread. I think there is no question that the opposition comes from those who have been controlling that great difference in the price between what the dairy farmer gets for his product and what the consumer has to pay.

Mr. COSTIGAN. My recollection is that Commissioner Davis testified before the Appropriations Committee that the only opposition he recalled at the time was from distributors of milk.

May I also ask the Senator from Wisconsin whether there has been any confirmation of certain data given out some months ago, as I recall, by the Bureau of Home Economics, indicating that an adequate consumption of milk per person would be about 5 quarts per week, and that the average consumption of milk per person throughout the United States is below that level?

Mr. DUFFY. I have never heard that statement questioned. I think it is founded upon fact.

Mr. COSTIGAN. I have here a table prepared from data of the Consumers' Council of the Agricultural Adjustment Administration, indicating that in eight cities of the country, from Philadelphia to San Francisco, the deficiency in the consumption of milk at the present time runs from a low of 1.94 quarts of milk to a high of 3.29 quarts of milk per week per capita. I ask permission to place this table in the RECORD. It has three columns, showing present consumption per capita, adequate consumption, and the reported deficiency.

The PRESIDENT pro tempore. Without objection, the table will be printed in the RECORD.

The table is as follows:

City and State	Present consumption, per capita	Adequate consumption, per capita	Deficiency, per capita
	Quarts	*Quarts*	*Quarts*
Philadelphia, Pa.	2.37	5	2.63
Boston, Mass.	3.06	5	1.94
Portland, Maine	2.87	5	2.13
Chicago, Ill.	2.62	5	2.38
Paterson, N. J.	2.20	5	2.80
Pueblo, Colo.	1.71	5	3.29
Portland, Oreg.	3.03	5	1.97
San Francisco, Calif.	2.66	5	2.34

Mr. COSTIGAN. May I ask the Senator from Wisconsin further if it is not the purpose of the investigation to establish whether producers on the one hand are being underpaid for milk, and consumers on the other are being excessively charged for the same milk?

Mr. DUFFY. I think I may say to the Senator that without question that is the main purpose. The heart of the question is, we desire to increase the consumption of milk. We cannot increase it by increasing the price of milk; but if there is too great a spread, as seems to be indicated from the investigation already had, if that is a general condition, we should try to remedy that condition.

Mr. COSTIGAN. That being true, there are large public purposes which will be served by such an additional appropriation?

Mr. DUFFY. Mr. President, it seems to me that that absolutely is the case.

I hope we may be able to have a record vote upon this question; and at the proper time I intend to ask for the yeas and nays.

Mr. ADAMS. Mr. President, I wish to add a word or two to the discussion, in response to a very unfair argument by the Senator from Wisconsin.

This appropriation was not finally passed upon until the question had been presented to the Committee on Appropriations by members of the Federal Trade Commission, and also by the Senator from Wisconsin, and if the Committee on Appropriations failed to understand it, it is as much the fault of the Senator from Wisconsin as that of the members of the committee.

It is quite true that the members of the committee were trying to do a thing which the Senator derides; we were trying to save a little money. This was not the only item that was eliminated. Many millions of dollars were eliminated from the requests for appropriations, all of which, practically, had the approval of the Budget, some of which had legislative approval, and some of which had the approval of the President.

It was not the intention of the Committee on Appropriations in making this recommendation to interfere in any way, directly or indirectly, with a proper investigation of the milk situation in the country, and statements on this floor that there is involved in this proposal the question of consumption per individual, or the lack of adequate consumption of milk, go utterly beyond a fair consideration of the matter. The reason why an additional appropriation was not included as was requested was that the committee were not persuaded that it was needed or would be beneficial.

It is a fact that an investigation was made in two great milk areas. The committee were led to understand that all the essential elements to appropriate legislation had been developed by that investigation, and that if we were to go into every other milkshed, and make other investigations, it would merely result in duplicating information; in other words, that the same evils which exist in Denver, the same evils which may exist in Birmingham, had been developed in the investigation at Philadelphia and in Connecticut, and that there was no advantage to the country, no advantage to the milk producer, no advantage to the milk consumer, in piling up expense and piling up merely cumulative information. None of those who appeared before the committee ventured to tell us what evidence would be produced. As a matter of fact, the bill which passed this body yesterday contains provisions which will remedy one of the major complaints on the part of the milk producers, one of the things which the Commission pointed out.

If it is essential to make other investigations, there is no man on the Committee on Appropriations who opposes it.

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

Mr. ADAMS. I yield.

Mr. KING. The Senator referred a few moments ago to milk investigations which had been made, and, as I understood him, he mentioned Philadelphia and Connecticut. I may say that a short time ago an investigation was made of the milk situation in Washington which involved, in part, Virginia and Maryland. The able Senator from Nevada [Mr. McCARRAN] and myself were the committee which conducted that investigation, which was very thorough and very full, consuming weeks and involving more or less a consideration of the milk situation in all parts of the United States. Our report would be very illuminating.

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

Mr. ADAMS. I yield.

Mr. TYDINGS. Is it not a fact that, insofar as we were able to ascertain from the Federal Trade Commission, or from any other source, no reduction came to the consumer, and no greater return came to the producers of milk, as a result of the investigations which had already been made, and that no basic fundamental was changed in the sale or consumption of milk as a result of the investigations in Pennsylvania and Connecticut?

Mr. ADAMS. I do not pretend to pass on the details; I merely say that in the Committee on Appropriations there was no presentation of any new basic facts, or new evils which needed correction, which were not developed in the Philadelphia and Connecticut investigations; that it was utterly impossible, within the reasonable limits of expense, to go into every milkshed—I do not know how many there are; there may be 50 or 100—and that those investigated were probably representative, if, indeed, the conditions in them were not worse than elsewhere.

I do not wish to say anything derogatory to the people in Pennsylvania, but ordinarily those of us from the West would think that we would discover every form of evil in Philadelphia that would be discovered, certainly, in Wisconsin.

Mr. President, I have stated the basis of our action. The investigation had been adequate for the purpose of legislation, and it is legislation, and legislation alone, which is the justification for this type of investigation.

Mr. DUFFY. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. Certainly.

Mr. DUFFY. Did the representatives of the Federal Trade Commission appear before the committee and say that, in their opinion, after the investigation they had made, they needed additional funds to complete the investigation?

Mr. ADAMS. They appeared before the Committee on Appropriations and in a very mild way supported the application. As a matter of fact, I have been sitting as a member of the Committee on Appropriations for some time, and I have yet to find a commission or a Government official of any kind coming before the committee who did not want more money and who did not want to keep his employees on the job. We were left with the impression that, while they could go on with it, there was nothing of really vital importance to be ascertained by continuing the investigation.

Mr. DUFFY. The Senator a few moments ago said that the Senator from Wisconsin made an unfair argument, and that if anyone was to blame for the Committee on Appropriations not understanding the subject it was his fault.

Mr. ADAMS. Perhaps my argument was unfair.

Mr. DUFFY. I did appear before the Committee on Appropriations supporting the contention that the request made by the Secretary of Agriculture and approved by the President was reasonable.

Mr. ADAMS. The Senator will recognize that sometimes, when barbs are shot in one's direction, it is rather difficult to restrain one's self. I did not mean in any way to say an unpleasant or disagreeable thing about the Senator's presentation. I merely was saying that in spite of the presentation made by the Federal Trade Commission and not only by one, but by both of the Senators from Wisconsin, the subcommittee and the whole committee decided against, including the appropriation.

While I am speaking of it, an inquiry was made of the Senator from Wisconsin as to where the opposition came from against the appropriation. I wish to say to Senators that so far as I know no opposition to the investigation came from anyone, from producers, distributors, or consumers. The whole matter was considered by the Committee on Appropriations based upon the presentation from the Bureau of the Budget, from the Federal Trade Commission, and from the Senators from Wisconsin.

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

Mr. ADAMS. I yield.

Mr. DUFFY. I did not mean to imply, in response to an inquiry put to me by the senior Senator from Colorado [Mr. COSTIGAN], that such opposition evidenced itself before the Committee on Appropriations, because I know nothing about that. I know, however, that I received personally, from one of the large distributors in my State, a protest against a joint resolution which I introduced in the middle of the session asking for $200,000 to continue this investigation, and my reply was based upon what I had personal knowledge of. I in no way intended to reflect upon the committee, because I assumed they were doing what they thought was right; but I could not conceive, in my own mind, when considering the very large additions which were made in the bill, amounting to some $73,000,000, why this item of $200,000, which has been approved by the Secretary of Agriculture and approved by the President, was eliminated.

Mr. ADAMS. The Senator does not mean to say that an added appropriation for some remote purpose has anything to do with this. I do not understand the argument that because there was an increase in the appropriation, for instance, for a public building, therefore we should make an appropriation for an investigation.

Mr. DUFFY. But the President asked two things in the same message—$100,000 for the textile investigation, which was allowed to go through, and $200,000 for the dairy investigation, and on that, thumbs down.

Mr. ADAMS. The presentation in behalf of the Federal Trade Commission was very different as to the necessity for those two items, and the committee was impressed.

Personally, I have had no word from the outside, except from people who favored the investigation. I have received many telegrams from here and there in the country favoring the investigation, largely from people who apparently anticipate results to themselves which could not come from the investigation; but, so far as the committee itself was concerned, there was no argument from anyone other than those I have mentioned.

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

Mr. ADAMS. I yield.

Mr. BARKLEY. I wish to ask a question purely for information; I have no information on the subject. Does the Senator think that the investigation which has been conducted thus far in Connecticut and in Philadelphia, or in those areas gives a fair picture of the situation in the country as a whole?

Mr. ADAMS. I have not spoken my judgment on this matter. In the committee my judgment was not expressed. There have been some people good enough to charge me with having been responsible for eliminating the appropriation. I was acting as chairman of the subcommittee, putting the questions, and not voting on them, and not expressing my own opinion. But it was my opinion from the statements made that the areas investigated were sufficiently typical to justify legislation to correct the evils. Inquiries were made as to whether other evils would probably be developed, whether or not there were other conditions to be exposed, and at no point in the inquiry was the committee satisfied that further expenditures and further investigation would add to the information developed in these two inquiries.

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

Mr. ADAMS. I yield.

Mr. COSTIGAN. Mr. President, may I say that my interest in the milk investigation was awakened something more than a year ago when two of the leading women of Colorado——

Mr. ADAMS. Mr. President, I yield only for a question.

Mr. COSTIGAN. If the Senator will permit me to complete the sentence, I will make the point. As I was saying, about a year ago two of the leading women of Colorado instituted a milk investigation by women's clubs, which was taken up by the Agricultural Adjustment Administration.

Mr. ADAMS. If I may interrupt, I will say that of course this investigation really had its origin in the Department of Agriculture. That was the source of the investigation.

Mr. COSTIGAN. In common with the Senator from Wisconsin. I wish to disclaim even the slightest reflection on the Committee on Appropriations, for members of which I have the highest regard, but I feel that, in view of what was said a moment ago, I ought to ask permission to quote from the hearing when Commissioner Davis was testifying, as reported on page 121 of the hearings of the Committee on Appropriations on the second deficiency appropriation bill, 1935.

The Senator from Tennessee [Mr. MCKELLAR] there asked a question which does not really relate to any opposition in the committee, but does relate to opposition to the investigation. The question and resulting exchange read as follows:

Senator MCKELLAR. Before you do that, have there been any protests against the investigations filed with you?—

Referring doubtless to the Federal Trade Commission—

Commissioner DAVIS. Well, there have been very few protests from some of the distributors. There have been no protests from any of the dairymen or producers, or the consumers, but there have been some protests from some of the distributors.

Senator HALE. On what ground have they based their protests?

Commissioner DAVIS. Oh, I know that we proved that one executive was getting around $80,000 salary, and he did not seem to think that was any of our business, and so forth.

Senator BYRNES. An executive of a distributing company?

Commissioner DAVIS. That was one of them.

Mr. STEVENS. Milk distributors.

Commissioner DAVIS. Yes; an association. Now, gentlemen, in the resolution which you passed the purpose of it was to determine the cause of the very great spread between what the producer received and what the consumer paid for milk and milk products, and, on the grounds that the dairymen were in a bad way, and yet the consumers were having to pay high prices, perhaps too high prices for milk, and yet it was alleged in the declaration that brief investigations made by the A. A. A. had developed the fact that in four sheds which were entered the distributors, even during these times of depression, were making 25 or 30 percent annual profits, and they wanted us to investigate the reason for all this, and to find out how it happened, and to report on it, to see what could be done.

Now, some of those distributors do not like this investigation, naturally.

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

Mr. ADAMS. I yield.

Mr. McKELLAR. I presume the Senator will agree with me that the milk question was discussed more actively and more vigorously perhaps than any other question which came before the committee. There were Senators present at the hearings who were very familiar with the milk question, and they argued at great length; hence the report of the committee on the subject after arguments by Senators on both sides, who knew all about the subject, or who claimed they did.

Mr. ADAMS. Mr. President, one item of figures ought to be mentioned. The original appropriation made a year ago or so was $30,000. That was the amount originally appropriated. The request now is for $200,000. I wonder if the Senator from Wisconsin [Mr. DUFFY] will concede that perhaps the amount now requested is excessive, even though the investigation were to continue?

Mr. DUFFY. I will say to the Senator that all I know about it is that the estimate was made by the Federal Trade Commission in a conference with the Secretary of Agriculture. The subject was generally discussed at a meeting lasting about an hour, and at that time the sum of $200,000 was arrived at as being the amount which, in the judgment of the Federal Trade Commission, would be required to complete the investigation of typical milksheds. I quote this sentence from a letter from the Trade Commission in view of what the Senator said a few minutes ago:

The facts developed by the investigation to date, while not sufficient to form a basis for final conclusions and recommendations for legislation, show conclusively that the investigation should be extended to a sufficient number of other sheds to enable the Commission to reach definite conclusions and make recommendations for remedial legislation.

The investigation thus far did have hook-ups and showed that at Detroit and at Newport News there had been some of these price-fixing arrangements. I think, on that basis, it shows why the Commission came to be of the opinion that further investigation was necessary.

Mr. ADAMS. The Senator is aware of the provisions in the bill which the Senate passed yesterday tending to protect against certain abuses, one of the abuses complained of being in connection with milk which was classified for the

purpose of payment into grades, such as grade A, grade B, and grade C. The understanding was that in the particular market or milkshed, even though the milk by its actual quality was entitled to be graded as A, yet, if there was a surplus, it was sold for a lower use, for instance, to other manufacturers, and was paid for on a grade B basis. The bill which was passed yesterday, as I understand, practically excludes the opportunity of driving a surplus into a market, and provides that when a producer has not been a regular contributor to that market for a period of 60 or 90 days, if he comes in and creates a surplus he must accept the grade B milk payment regardless of the quality of his milk, in order to protect those who are regular contributors to that market. It seems to me that that provision, together with other provisions in the bill which the Senate passed yesterday, have provided against some of the evils of which complaint has been made and which were developed by the investigation. I ask the Senator from Wisconsin [Mr. DUFFY] whether or not that is substantially correct.

Mr. DUFFY. Of course, I cannot answer as to what the bill we passed yesterday will do or how it will work out, but I know to what the Senator refers. It seems to me that now is the time to have an investigation in order to ascertain what the facts are in certain typical milksheds throughout the country, and the $200,000 asked for is a comparatively small amount for such an important purpose. I appreciate the fact that it is very commendable on the part of the committee to cut down on appropriations wherever it can do so.

Mr. ADAMS. Does the Senator think that if we should develop duplication of facts and discover similar evils in three or four places it would add anything to our present knowledge?

Mr. DUFFY. I have great respect for the ability of the Federal Trade Commission to conduct an investigation, and I am quite sure they are not going to lend their efforts to create such duplications. I think if they follow leads into other sheds they will develop certain fundamental facts which should be disclosed, and I think they can carry on more cheaply from now on because of the experience they have had with investigations of other milksheds.

Mr. ADAMS. The Senator does not mean to use the word "create", because by their investigation they discover. They do not create conditions.

Mr. DUFFY. I accept the amendment to my language proposed by the Senator from Colorado in that respect.

Mr. LA FOLLETTE. Mr. President, I wish to say a word in support of the pending amendment to the committee amendment. I was very much interested in the milk investigation when it was first proposed. As has already been stated, there is a wide discrepancy in regard to the prices which the producers of farm products receive and the prices which consumers have to pay. The spread is particularly obvious insofar as milk and its products are concerned. Many of the farmers in my State—one of the great dairy States of the Union—have been producing dairy products during the depression period at prices below their actual cost of production, and yet the distributing concerns which perform the service, not of producing the product but of distributing it to the consumer, have been making profits and have been paying large salaries.

It is true, as stated by the Senator from Colorado [Mr. ADAMS], in charge of the bill, that the $30,000 provided to commence the investigation, and some funds allocated by the Commission from its own funds, not particularly earmarked for this investigation, have resulted in a study of two milksheds, one in Connecticut and one in Pennsylvania. However, the Commission itself has taken the position and makes the statement that those two milksheds are not sufficiently typical of the country as a whole to permit the Commission to make recommendation so far as remedial legislation is concerned.

With all due respect to the members of the Committee on Appropriations, so far as I am individually concerned, I prefer to take the judgment of those who have been conducting the investigation as to what is necessary in order to complete it, and in order that Congress may secure the objective originally intended, namely, that it may have recommendations on which to base remedial legislation, than to take the judgment of the committee. However, I wish to say in this connection that the members of the subcommittee were very courteous in according hearings and in listening to the arguments of those who desired to appear in support of the proposition, and, as I understand, the question was quite thoroughly debated when the bill went from the subcommittee to the full Committee on Appropriations.

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

Mr. LA FOLLETTE. I yield.

Mr. ADAMS. The Senator makes certain statements as to evils, with which we all agree. The question is whether those evils are not now sufficiently well known. It seems to me that the abuses which are being perpetrated by the distributors, including unfair payments to producers, are so well known that legislation ought to be founded, perhaps, on the facts already developed and known, rather than to wait for a further investigation to be completed. All we are going to do is to verify things that with respect to which we now are quite thoroughly satisfied.

Mr. LA FOLLETTE. Mr. President, the general facts are known. We know that there is a wide discrepancy, not only in the price which the producer receives and the consumer pays in the case of all farm commodities, but especially in regard to milk and its products, and we also know the result of the detailed investigation made with regard to milk and its products in the two milksheds which I have already mentioned.

However, as I said before, the Commission, particularly Commissioner Davis, who signed the report to Congress embodying the results of the preliminary studies, have taken the position that the investigation of these two particular milksheds, both of them in the region east of the Allegheny Mountains—one in Connecticut and one in Pennsylvania—are not sufficiently typical to justify the Commission in making specific recommendations. Any person who will take the pains to read the report on the two preliminary investigations will find in numerous instances that while the Commission has pointed out certain things that have been done in these two milksheds, the Commissions not prepared, in view of the limited character of the investigation to date, to make specific recommendations, or even to assert that they are typical of the milksheds of the United States.

There is no proposal here, as I understand, that every milkshed in the country shall be investigated. All the Commission says, and all that those of us who are supporting this amendment say, is that we believe the investigation, upon which money has already been expended, should be carried far enough so that we may say that we have a typical cross section of the practices and policies which prevail in the milksheds of the United States.

Mr. President, in connection with the statement which I have made regarding the profits and salaries paid, I wish to cite just a few examples as to which we already have information. In the case of the National Dairy Products Corporation, the names and figures are as follows:

National Dairy Products Corporation—Remuneration paid directors of National Dairy in any capacity, including salaries from subsidiaries

F. J. Andre, president the Felling-Belle Vernon Co.; director, National Dairy Products Corporation	$17,990
Henry N. Brawner, Jr., president Chestnut Farms-Chevy Chase Dairy Co.; director, National Dairy Products Corporation	27,120
Frederick J. Bridges, president Hydrox Corporation; vice president and director, National Dairy Products Corporation	26,580
N. J. Dessert, vice president Detroit Creamery Co.; director, National Dairy Products Corporation	21,160
C. Wesley Ebling, president Detroit Creamery Co.; director, National Dairy Products Corporation	24,460
E. J. Finneran, director sales and advertising and director of National Dairy Products Corporation	22,620
B. S. Halsey, vice president Sheffield Farms Co., Inc.; director, National Dairy Products Corporation	29,030
J. M. Harding, president Harding Cream Co.; director, National Dairy Products Corporation	12,020

National Dairy Products Corporation—Remuneration paid directors of National Dairy in any capacity, including salaries from subsidiaries—Continued

Vernon F. Haney, president General Ice Cream Corporation; vice president and director, National Dairy Products Corporation	$26,930
George S. Jackson, president Western Maryland Dairy Corporation; director, National Dairy Products Corporation	18,850
Joseph L. Jones, treasurer Supplee-Wills-Jones Milk Co.; director, National Dairy Products Corporation	13,920
J. L. Kraft, vice president, Kraft-Phenix Cheese Corporation; director, National Dairy Products Corporation	56,390
John H. Kraft, vice president, Kraft-Phenix Cheese Corporation; director, National Dairy Products Corporation	25,040
B. M. Lide, Jr., president St. Louis Dairy Co.; director, National Dairy Products Corporation	12,100
William F. Luick, president Luick Ice Cream Co.; director, National Dairy Products Corporation	12,570
E. J. Mather, president Southern Dairies, Inc.; director National Dairy Products Corporation	$25,180
Thomas H. McInnerney, president and director National Dairy Products Corporation	108,700
P. P. Millers, vice president and treasurer General Ice Cream Corporation; director, National Dairy Products Corporation	11,350
Joseph Potts, manager Supplee-Wills-Jones Milk Co.; director, National Dairy Products Corporation	11,220
Wilbur S. Scott, president Breyer Ice Cream Co.; vice president and director, National Dairy Products Corporation	38,700
A. A. Stickler, treasurer and director National Dairy Products Corporation	25,180
C. Henderson Supplee, president Supplee-Wills-Jones Milk Co.; director, National Dairy Products Corporation	14,315
Horace S. Tuthill, vice president Sheffield Farms Co., Inc.; director, National Dairy Products Corporation	16,640
L. A. Van Bomel, president Sheffield Farms Co., Inc.; director, National Dairy Products Corporation	60,800
H. Burton Wilkerson, president Nashville Pure Milk Co.; director National Dairy Products Corporation	15,485
Frank A. Wills, president Supplee-Wills-Jones Milk Co.; director National Dairy Products Corporation	20,225
Henry N. Woolman, secretary Supplee-Wills-Jones Milk Co.; director National Dairy Products Corporation	14,565
Total only of salaries (over $10,000) paid officers and directors of National Dairy Products Corporation and to those officers of all subsidiary companies who are also directors of National Dairy Products Corporation	709,140

Mr. FLETCHER. Do the amounts the Senator has mentioned represent salaries?

Mr. LA FOLLETTE. Yes; salaries.

The net income of the National Dairy Products Corporation in 1934, while many dairy farmers were producing below the cost of production, was $10,678,895.39, and the consolidated income of the system was $6,551,930.29.

I have similar figures, Mr. President, with reference to the Borden Co. I shall not take the time of the Senate to read them all. Mr. Milburn, president of the Borden Co., for example, receives $95,000. Ten of the largest salaries of the Borden Co. and its subsidiaries amount to $375,666.72.

The net income of the Borden Co. for 1934 was $12,015,671.23, and their net income, consolidated, for 1934 was $4,490,044.80.

I ask that the table regarding the Borden Co. may be inserted in the RECORD at this point.

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

Borden Co.—Remuneration paid directors of Borden Co. in any capacity, including salaries from subsidiaries

[Aggregate remuneration during past fiscal year ended Dec. 31, 1934]

Albert G. Milbank, chairman of board of directors of Borden Co	$20,000.00
L. Manuel Hendler, president of Hendler Creamery Co., a subsidiary, and chairman of southeastern group of subsidiaries	36,000.00
Robcliff V. Jones, assistant to vice president of Borden Co	20,000.00
Edward B. Lewis, vice president of Borden Co	48,000.00
Arthur W. Milburn, chief executive of Borden Co. to date of resignation of A. T. Johnston, president, and president of Borden Co. thereafter	95,000.00
Stanley M. Ross, president of Borden's Dairy & Ice Cream Co., a subsidiary, and chairman of Middle West group of subsidiaries	20,000.00
George M. Waugh, Jr., vice president of Borden Co. (elected director during year)	35,000.00
Albert T. Johnston, president of Borden Co. (resigned during year) (resigned as director during year)	36,666.72

Borden Co.—Remuneration paid directors of Borden Co. in any capacity, including salaries from subsidiaries—Continued

Wallace D. Strack, vice president of Borden Co. (resigned during year) (resigned as director during year)	$17,000.00
Patrick D. Fox, vice president of Borden Co	48,000.00
	375,666.72

Net income (corporate) Borden Co. for 1934, $12,015,671.23.
Net income (consolidated) Borden Co. for 1934, $4,490,044.80.

Mr. LA FOLLETTE. Mr. President, I am not saying that some of the salaries listed may not be proper remuneration for the work done and the services rendered, but I am citing them as examples of the fact that, while on the one hand we find the producers in distress, on the other hand we find the distributors of the products which the producers provide in a situation where they are prosperous and are doing very well.

Therefore, I believe that it would be a waste of money for the Senate not to provide the additional sum necessary to complete this investigation and, as the Commission itself states, to enable it to obtain information upon which it may make constructive recommendations for legislation insofar as this particular industry is concerned.

I sincerely hope that the amendment will be agreed to.

Mr. DUFFY. I ask to have printed in the RECORD, as a part of my remarks on the pending question, the supplemental estimate for the Federal Trade Commission, including a letter from the Acting Director of the Budget.

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

Communication from the President of the United States transmitting supplemental estimates of appropriations for the Federal Trade Commission for the fiscal year 1936, amounting to $300,000

THE WHITE HOUSE,
Washington, June 27, 1935.

The PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith for the consideration of Congress, supplemental estimates of appropriations for the Federal Trade Commission for the fiscal year 1936, amounting to $300,000, of which $100,000 is to remain available until December 31, 1936.

The details of these estimates, the necessity therefor, and the reasons for their submission at this time are set forth in the letter of the Acting Director of the Bureau of the Budget, transmitted herewith, with whose comments and observations thereon I concur.

Respectfully,

FRANKLIN D. ROOSEVELT.

BUREAU OF THE BUDGET,
Washington, June 27, 1935.

The PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration supplemental estimates of appropriation for the Federal Trade Commission for the fiscal year 1936, amounting to $300,000, of which $100,000 is to remain available until December 31, 1936, as follows:

"Federal Trade Commission: For an additional amount for the Federal Trade Commission for the fiscal year 1936, including the same objects specified under this caption in the Independent Offices Appropriation Act, 1936, $296,000, of which $100,000 shall remain available until December 31, 1936 (U. S. C., title 15, secs. 12–26, 41–51, 61–65; H. Con. Res. 32, 73d Cong., 2d sess.; acts Mar. 28, 1934, 48 Stat., p. 1026; Feb. 2, 1935, and Mar. 21, 1935).

"Printing and binding, Federal Trade Commission: For an additional amount for printing and binding for the Federal Trade Commission for the fiscal year 1936, $4,000 (U. S. C., title 31, sec. 588; act Feb. 2, 1935)."

Appropriation of the amounts of these supplemental estimates is requested for two purposes. To enable the Commission to continue its textile investigation and reports covering investment, labor, and other costs of textile establishments for the calendar year 1935 and the first 6 months of the calendar year 1936, in order to obtain full and complete data necessary for the adequate and proper consideration of the problems of the textile industry, $100,000, to remain available until December 31, 1936. The remaining $200,000 is for continuation of the Commission's investigation of conditions with respect to the sale and distribution of milk and other dairy products as authorized and directed by House Concurrent Resolution 32 of the Seventy-third Congress, including $4,000 for printing and binding in connection therewith.

These estimates are required to meet contingencies which have arisen since the transmission of the Budget for the fiscal year 1936 and I recommend that they be transmitted to Congress.

Very respectfully,

D. W. BELL,
Acting Director of the Bureau of the Budget.

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

The PRESIDENT pro tempore. The clerk will call the roll.

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

Adams	Coolidge	La Follette	Radcliffe
Ashurst	Costigan	Logan	Russell
Austin	Davis	Lonergan	Schall
Bailey	Dickinson	McGill	Schwellenbach
Bankhead	Donahey	McKellar	Shipstead
Barbour	Duffy	Maloney	Steiwer
Barkley	Fletcher	Metcalf	Townsend
Bone	Frazier	Minton	Trammell
Borah	Gibson	Moore	Truman
Bulkley	Glass	Murphy	Tydings
Bulow	Gore	Murray	Vandenberg
Burke	Guffey	Neely	Van Nuys
Capper	Hale	Norbeck	Wagner
Caraway	Hastings	Norris	Walsh
Carey	Hatch	Nye	Wheeler
Chavez	Hayden	O'Mahoney	White
Clark	Holt	Pittman	
Connally	Johnson	Pope	

The PRESIDENT pro tempore. Seventy Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Wisconsin [Mr. DUFFY] to the amendment of the committee.

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

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. DICKINSON (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. BILBO], who is absent. My understanding is that if he were present he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. HASTINGS (when his name was called). On this question I have a pair with the senior Senator from Arkansas [Mr. ROBINSON]. I understand that if present he would vote as I intend to vote, and I therefore feel at liberty to vote. I vote "nay."

Mr. BARKLEY (when Mr. ROBINSON's name was called). The senior Senator from Arkansas [Mr. ROBINSON] is absent on important business. I ask that this announcement stand for the day. As already announced, he is paired with the Senator from Delaware [Mr. HASTINGS].

The roll call was concluded.

Mr. NEELY. I desire to announce that the following-named Senators are necessarily detained from the Senate: The Senator from Tennessee [Mr. BACHMAN], the Senator from Mississippi [Mr. BILBO], the Senator from Alabama [Mr. BLACK], the Senator from New Hampshire [Mr. BROWN], the Senator from Virginia [Mr. BYRD], the Senator from South Carolina [Mr. BYRNES], the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. DIETERICH], the Senator from Georgia [Mr. GEORGE], the Senator from Rhode Island [Mr. GERRY], the Senator from Mississippi [Mr. HARRISON], the Senator from Utah [Mr. KING], the Senator from Illinois [Mr. LEWIS], the Senator from Louisiana [Mr. LONG], the Senator from California [Mr. MCADOO], the Senator from Nevada [Mr. MCCARRAN], the Senator from Louisiana [Mr. OVERTON], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Texas [Mr. SHEPPARD], the Senator from South Carolina [Mr. SMITH], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Utah [Mr. THOMAS].

Mr. AUSTIN. I desire to announce the following general pairs:

The Senator from New Hampshire [Mr. KEYES] with the Senator from Utah [Mr. THOMAS]; and

The Senator from Oregon [Mr. MCNARY] with the Senator from Mississippi [Mr. HARRISON].

The result was announced—yeas 51, nays 18, not voting 27, as follows:

YEAS—51

Ashurst	Capper	Frazier	Lonergan
Austin	Caraway	Gibson	McGill
Bankhead	Clark	Guffey	Maloney
Barbour	Connally	Hatch	Minton
Barkley	Costigan	Hayden	Moore
Bone	Davis	Holt	Murphy
Borah	Donahey	Johnson	Murray
Bulkley	Duffy	La Follette	Neely
Bulow	Fletcher	Logan	Norbeck
Norris	Radcliffe	Trammell	Walsh
Nye	Russell	Vandenberg	Wheeler
Pittman	Schwellenbach	Van Nuys	White
Pope	Shipstead	Wagner	

NAYS—18

Adams	Coolidge	McKellar	Townsend
Bailey	Glass	Metcalf	Truman
Burke	Gore	O'Mahoney	Tydings
Carey	Hale	Schall	
Chavez	Hastings	Steiwer	

NOT VOTING—27

Bachman	Couzens	King	Reynolds
Bilbo	Dickinson	Lewis	Robinson
Black	Dieterich	Long	Sheppard
Brown	George	McAdoo	Smith
Byrd	Gerry	McCarran	Thomas, Okla.
Byrnes	Harrison	McNary	Thomas, Utah
Copeland	Keyes	Overton	

So Mr. DUFFY's amendment to the committee amendment was agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment as amended.

Mr. NORRIS. Mr. President, I desire to be heard on the committee amendment.

As bearing directly on the committee amendment, I wish to say that day before yesterday the Senator from Michigan [Mr. VANDENBERG] made a speech in reference to the constitutionality of some law which it was sought to repeal by an amendment which was pending. He backed up his remarks by the opinions of some very eminent attorneys. Let me quote from what the Senator said:

> Mr. President, after the Supreme Court decision in the Schechter case I submitted this matter for specific opinion to three of the best lawyers in the United States, and I think that when they are named no Senator will impute to them less than sound and respectable judgment. I asked for the opinion of the Honorable James M. Beck, of Philadelphia, Pa.; I asked for the opinion of former United States Attorney General William D. Mitchell, of New York; and I asked for the opinion of Judge Thomas D. Thacher, former Solicitor General of the United States, than whom probably no more respected Solicitor General ever dealt with constitutional questions in the Department of Justice.
>
> The answer from all three, unanimous and without reservation and without equivocation, is that in the light and purview of the Supreme Court decision in the Schechter case and its related decisions there is no shade of constitutionality left in the delegation of this tariff power.

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

Mr. NORRIS. I yield.

Mr. CONNALLY. Does it not seem from that dispatch that the Senator from Michigan had stacked the jury before he submitted the opinion?

Mr. NORRIS. I acquit the Senator from Michigan of any intent to do anything of that kind. I think he was unaware of the fact which I propose to show a little further on, and probably was acting in the very best of faith.

Thereupon the Senator from Michigan said:

> I merely bring my authorities and lay them at the bar of the Senate, and I ask for any authority comparable by way of defense of those arguments which these distinguished gentlemen present.

What I am about to say has no reference to one of the attorneys, Mr. Mitchell. It refers to Hon. James M. Beck and Hon. Thomas D. Thacher. Let me interpose to say that, like the Senator from Michigan, I have the highest opinion of these men as gentlemen and as lawyers, and in what I shall say I am not seeking to question their sincerity in the least.

This morning, however, in the newspapers there is an Associated Press dispatch which comes about from the fact that what is known as the "Black Lobby Investigating Committee" has its agents in New York trying to find out something about the Electric Institute, which is the head of the Electric Trust in America. The agents of the committee have had some difficulty there; but they finally got out of Mr. McCarter, the president, this information, which comes in the form of an Associated Press dispatch:

> NEW YORK, July 23.—The Edison Electric Institute—

Which, by the way, Senators will remember, is now taking the place of the National Electric Light Association, which got into disrepute when Insull went wrong; so the same men, with the exception of Insull, reorganized and changed their name—

The Edison Electric Institute has spent $256,749.76 in opposing proposed Federal legislation which it regards as harmful to the industry, its president, Thomas N. McCarter, reported today.

McCarter said the institute had retained Newton D. Baker and James M. Beck, at a cost of $35,000, to pass upon the constitutionality of the proposed governmental projects, such as that inaugurated by the T. V. A.

On the basis of the opinion submitted by Baker and Beck, the institute paid $50,000 to the firm of Cabaniss & Johnston, of Birmingham, Ala., in the case of Ashwander against Tennessee Valley Authority.

That was the famous case in which Judge Grubb issued an injunction against the T. V. A., and his action was recently set aside and reversed by the circuit court of appeals by unanimous opinion, showing that even these eminent attorneys may be mistaken as to the constitutionality of some things, even after they have received enormous fees.

Let me read on. Further quoting from this article:

Opposition to the Wheeler-Rayburn bill, McCarter said, was largely conducted by the committee of public-utility executives, headed by Philip H. Gadsen. To aid this committee, the institute paid fees of $75,000 each to the law firms of Simpson, Thatcher, and Bartlett and Sullivan and Cromwell. In addition, the institute spent $19,757.47 for official transcripts and Government documents and miscellaneous expenses.

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

Mr. NORRIS. I yield.

Mr. TYDINGS. Apparently the Senator from Michigan obtained for nothing an opinion for which other people had to pay.

Mr. NORRIS. I was about to remark that the Senator from Michigan obtained a legal opinion from two out of three of these illustrious attorneys when probably they only had to revamp the opinion which they had been paid $35,000 or $75,000 to write.

Mr. NORBECK. Mr. President——

Mr. NORRIS. I yield to the Senator from South Dakota.

Mr. NORBECK. Does not that indicate that the attorneys must have liked the job, since they did it without making charges?

Mr. NORRIS. Yes; especially when they had been paid beforehand to do the job.

I call attention to that merely to show how we may be mistaken even when we obtain the opinions of such illustrious and able attorneys as these concededly are, and of course they may be right; but their opinion in this one case, at least, has been set aside by the Circuit Court of Appeals by a unanimous decision, which ought at least to have as much weight with a thinking Senator as the divided opinion of the circuit court of appeals in Boston. This incident also illustrates that when Senators are obtaining the opinions of attorneys they ought to be careful that they do not obtain the opinion of the lawyer on the other side.

I do not suppose the Senator from Michigan was aware of these facts. I am not charging him with any bad faith; but he certainly happened to get opinions from very illustrious lawyers who, as this dispatch shows, have been receiving enormous fees from the Power Trust and affiliated concerns in fighting the legislation of Congress and in writing opinions to show that all these things are unconstitutional.

I have called this matter to the attention of the Senate simply in order that the record may be kept straight.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee, as amended.

The amendment, as amended, was agreed to.

Mr. TYDINGS. Mr. President, the Committee on Appropriations has authorized me to offer, on behalf of the committee, the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 64, after line 11, it is proposed to insert the following:

PAYMENT TO THE CITY OF BALTIMORE

For payment to the city of Baltimore the balance of the amount incurred and expended by said city of Baltimore to aid in construction of works of national defense in 1863, at the request of Maj. Gen. R. C. Schenck, United States Army, and as found and reported to the Senate on May 3, 1930, by the Comptroller General of the United States, fiscal year 1936, $171,034.31.

Mr. ASHURST. Mr. President, I am familiar with the subject matter of the amendment, having examined it as a member of the Committee on the Judiciary. I am convinced that this is a just claim, and I say so because in the committee some difference of opinion arose. The amendment is not subject to a point of order, as I understand, because a bill on the subject has been reported favorably and has passed the Senate at the present session.

Mr. TYDINGS. That is correct. It is the fourth time it has passed.

Mr. ASHURST. I construe the rules to be that if a bill has passed the Senate at the current session, it is not subject to a point of order when offered as an amendment to an appropriation bill.

Mr. TYDINGS. I hope nobody will make the point of order.

Mr. ASHURST. I wished to be certain on the matter.

Mr. McADOO. Mr. President——

Mr. TYDINGS. Mr. President, will not the Senator from California withhold his comment until we secure a vote on this amendment? Then he may offer his amendment.

Mr. McADOO. I merely wish to give notice——

Mr. TYDINGS. Will not the Senator withhold his comment?

Mr. McADOO. I am not going to comment. I am in favor of the Senator's amendment.

Mr. TYDINGS. Then let us have a vote on it.

Mr. McADOO. I merely wish to give notice that the State of California has a claim which is in the same category, and I wish to offer an amendment after this one shall have been voted on.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Maryland on behalf of the committee.

The amendment was agreed to.

Mr. TYDINGS. Mr. President, if the Senator from California will yield, I have another amendment which will lead to no controversy. I send it to the desk and ask to have it stated.

Mr. FLETCHER. Is it a committee amendment?

Mr. TYDINGS. It was approved by the Budget Bureau.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 14, after line 14, it is proposed to insert the following:

WASHINGTON-LINCOLN MEMORIAL-GETTYSBURG BOULEVARD COMMISSION

Salaries and expenses, Washington-Lincoln Memorial-Gettysburg Boulevard Commission: For personal services in the District of Columbia and elsewhere and for all other authorized expenditures of the Commission established by Public Resolution No. 19, Seventy-fourth Congress, approved May 20, 1935, entitled "Joint resolution for the establishment of a commission for the construction of a Washington-Lincoln Memorial-Gettysburg Boulevard connecting the present Lincoln Memorial in the city of Washington with the battlefield of Gettysburg in the State of Pennsylvania", $10,000, to remain available until expended: *Provided*, That the Commission may procure supplies and services without regard to the provisions of section 3709 of the Revised Statutes when the aggregate amount involved does not exceed $100.

Mr. TYDINGS. Mr. President, this amendment would simply carry out a law which was passed at the present session of the Congress and signed by the President. It is recommended by the Bureau of the Budget and by the President. A meeting of the Commission is called for Thursday morning, and it is desirable to have the $10,000 so that the Commission, headed by the President of the United States, may begin to function. None of the money to build this boulevard will come out of Federal funds. The money will be put up by the States, but the Federal Commission will designate the route to be followed and the character of boulevard to be built in conjunction with the State authorities.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NEELY. Mr. President, in order to enable me to offer an amendment I ask unanimous consent for the reconsideration of the vote by which the Senate adopted

the committee amendment on page 4, lines 10 to 13, inclusive.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote is reconsidered. The clerk will state the amendment offered by the Senator from West Virginia to the amendment reported by the committee.

The CHIEF CLERK. In the committee amendment, on page 4, line 12, before the word "in", it is proposed to insert the words "for remodeling and painting rooms in the Senate Office Building, $45,500."

The amendment to the amendment was agreed to.

The CHIEF CLERK. In line 13 it is proposed to strike out "$11,540" and to insert in lieu thereof "$57,040."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. NORBECK. Mr. President——

Mr. FLETCHER. Mr. President, is it in order to offer an amendment now?

The PRESIDENT pro tempore. Amendments are in order.

Mr. FLETCHER. I wish to offer an amendment.

The PRESIDENT pro tempore. The Senator from South Dakota is recognized.

RUSHMORE NATIONAL MEMORIAL

Mr. NORBECK. Mr. President, the Committee on Appropriations voted favorably to have the Senator in charge of the bill report an amendment as a committee amendment providing funds for carrying on the work on Rushmore National Memorial in South Dakota, expecting, of course, that the authorizing legislation would be passed by the time the bill was reached, or otherwise the amendment could not be offered. The authorizing legislation has been favorably reported by the Committee on the Library and has been on the calendar for some time, so that there has been unanimous action on this matter by two committees. The bill authorizing the appropriation has not been passed, and I ask unanimous consent at this time that the Senate proceed to the consideration of Calendar No. 1088, being Senate bill 3204.

The PRESIDENT pro tempore. The Senator from South Dakota asks unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Senate bill 3204. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 3204) to provide additional funds for the completion of Mount Rushmore National Memorial, in the State of South Dakota, and for other purposes, which was read, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed the sum of $200,000, in addition to the amount previously authorized, for the purpose of defraying the cost of completing the Mount Rushmore National Memorial, in the State of South Dakota, including landscaping of the contiguous grounds thereof, constructing the entrances thereto, and constructing a suitable museum room in connection therewith.

SEC. 2. The Mount Rushmore National Memorial Commission, with the approval of the Secretary of the Interior, is hereby authorized to enter into contract for the work and to fix the compensations to be paid to artists, sculptors, landscape architects, and others, who may be employed by the Mount Rushmore National Memorial Commission, in the completion of the said Mount Rushmore National Memorial.

Mr. NORBECK. I desire to offer a short clarifying amendment, which has been pending for some time.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 3, after the word "the", it is proposed to insert the words "execution and completion of the"; and on page 2, line 8, after the word "memorial", to insert the words "pursuant to the provisions of section 3 of Public Law No. 805, Seventieth Congress, approved February 25, 1929, as amended by section 1 of Public Law No. 471, Seventy-third Congress, approved June 26, 1934", so as to make the section read:

SEC. 2. The Mount Rushmore National Memorial Commission, with the approval of the Secretary of the Interior, is hereby authorized to enter into contract for the execution and completion of the work and to fix the compensations to be paid to artists, sculptors, landscape architects, and others, who may be employed by the Mount Rushmore National Memorial Commission, in the completion of the said Mount Rushmore National Memorial, pursuant to the provisions of section 3 of Public Law No. 805, Seventieth Congress, approved February 25, 1929, as amended by section 1 of Public Law No. 471, Seventy-third Congress, approved June 26, 1934.

The amendment was agreed to.

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

SECOND DEFICIENCY APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes.

Mr. WHEELER. Mr. President, I desire to offer an amendment to the pending bill.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 64, after line 23, it is proposed to insert the following:

CUSTER MEMORIAL MUSEUM

For the establishment and maintenance of a public museum as a memorial to Lt. Col. George A. Custer and the officers and soldiers under his command at the battle of the Little Big Horn River June 25, 1876, $20,000: *Provided*, That the Secretary of War is authorized and directed to erect and maintain such museum on such site as he shall select within the Custer Battlefield National Cemetery in the State of Montana and to accept such historical relics as he may deem appropriate for exhibit therein.

Mr. WHEELER. Mr. President, let me say that I introduced a bill, which I am now offering as an amendment which was referred to the Committee on Military Affairs and was voted on favorably by that committee. I submitted the proposed amendment to the chairman of the committee.

The reason for this is that there has been a cemetery at the Custer Battle Memorial Field, and Mrs. Custer has proposed to turn over to the Government some very valuable relics. The matter has been submitted to the War Department, and the Department has recommended the bill favorably. This is one of the national memorials, and I hope the amendment will be accepted.

Mr. ADAMS. Mr. President, may I inquire the status of the bill authorizing the appropriation? Has it passed the Senate?

Mr. WHEELER. It was reported favorably by the Committee on Military Affairs on February 11 of this year.

Mr. ADAMS. It has not passed the Senate?

Mr. WHEELER. I am not sure, to be frank, whether or not it has passed the Senate. My recollection is that it has passed, but I am not sure about it.

Mr. ADAMS. I regret that under orders from the committee I shall have to raise the point of order against the amendment, if it has not been estimated for, or if the authorizing legislation has not been enacted.

Mr. WHEELER. It has been reported favorably by a standing committee.

Mr. ADAMS. But it has not been passed?

Mr. WHEELER. I would have to check up on it.

Mr. ADAMS. Will not the Senator do that, because there is a standing rule which puts the burden upon a Senator having an appropriation bill in charge to raise a point of order in a case like this. That is one of the disagreeable duties the Senator in charge of a bill has to perform.

Mr. WHEELER. Could not the Senator take it to conference?

Mr. ADAMS. I have no option, under the orders of the committee.

Mr. WHEELER. I will check it up.

Mr. McADOO. Mr. President, the Senate has on several occasions passed a bill for the relief of the State of California, to pay the State the sum of $6,462,145.35, as certified by the Comptroller General of the United States, August 14, 1930. The last enactment was in June of this year.

This is a claim of the State of California arising out of expenditures made on behalf of the Federal Government during the Civil War. It has been frequently approved by the Senate in the special acts to which I have referred, in accordance with the bills introduced by my distinguished

colleague, the senior Senator from California [Mr. JOHNSON], who does not happen to be on the floor at the moment.

I desire to offer an amendment to the pending bill, that the item of $6,462,145.35 be included in conformity with Senate bill 1932.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 64, after the amendment relative to payment to the city of Baltimore, after line 11, it is proposed to insert:

For reimbursement to the State of California of the net balance due said State for actual expenditures made in aiding the United States during the War between the States as found and certified by the Comptroller General of the United States, August 14, 1930, and printed in Senate Document No. 220, Seventy-first Congress, third session, the sum of $6,462,145.35.

Mr. ADAMS. Mr. President, again it becomes my very unpleasant duty to raise a point of order, and to inquire whether or not this does not conflict with subsection 5 of rule XVI. It will all depend, in my judgment, on whether it can be classed as a private claim. In my judgment, it may be so classed, and if so, a point of order should be raised.

Mr. ASHURST. Mr. President, this matter has been before the Senate Committee on the Judiciary four times in the past 10 years. Four times the Senate Committee on the Judiciary examined the bill and reported it favorably. The bill passed the Senate in the Seventy-first, Seventy-second, and Seventy-third Congresses, and passed the Senate of the Seventy-fourth Congress just the other day.

Mr. HAYDEN. Mr. President, will my colleague yield?

Mr. ASHURST. Certainly.

Mr. HAYDEN. The sole question here is whether a State claim is a private claim. If it is a private claim, it clearly contravenes the rule. If it is not a private claim, the amendment would be in order.

Mr. ASHURST. It is not a private claim. Similar accounts were filed by 26 other States; and 26 States have been paid, of which 25 have been paid in this fashion, by an amendment to a deficiency bill.

Mr. ADAMS. Mr. President, is the Senator prepared to state that no bills were passed authorizing the payment in those individual cases?

Mr. ASHURST. I do not know.

Mr. ADAMS. Subsection 5 of rule XVI provides that a private claim must be sustained by an act of Congress passed by both Houses and signed by the President, and that the bill itself must be included in the amendment.

Mr. ASHURST. Surely the Senate is not going to say that an account of a State is a private claim. I doubt the wisdom and propriety of a Member of the Senate referring to what happens in another branch of the Congress; but this bill has been on the Union Calendar of another branch of the Congress, and private claims never appear on the Union Calendar.

Mr. VANDENBERG. It probably was put on the Union Calendar because it is a Civil War bill and belongs there. [Laughter.]

Mr. ASHURST. It is on the Union Calendar. I have no interest in the bill except that it is a bill which has been reported four times by the Senate Committee on the Judiciary, has four times passed the Senate within the past 10 years, and five times similar bills passed the Senate some 30 or 40 years ago. It seems to me that when we direct our attention to a subject, if it be an unjust demand, we should reject it finally, and if it be a just demand, we should pay it.

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

Mr. ASHURST. I yield.

Mr. VANDENBERG. The Senator has told us what happened four times in the Senate. What happened in the House four times?

Mr. ASHURST. I doubt the propriety of referring to what happens in another branch of Congress.

Mr. McADOO. Mr. President, I am not altogether familiar with the claim of the city of Baltimore, which has just been attached to the pending bill, and even if I knew the merits of the claim I would not be disposed to question it. I voted to include it in the bill. But I cannot see that it does not stand in precisely the same category with this claim of the State of California, and no point of order was raised against the inclusion of the item for the city of Baltimore in this appropriation bill.

When we come to the historical facts I should like to ask the distinguished Chairman of the Committee on the Judiciary, the senior Senator from Arizona [Mr. ASHURST], if I am in error when I say that the Senate has ruled on this question several times. I think, on two occasions it held that this type of claims of States for reimbursement for expenditures made during the Civil War were private claims, and on two other occasions it ruled by a majority vote that they were public claims.

I am frank to say that I cannot see how the claim of a State for expenditures made in behalf of the Government during the war, or made in behalf of the Government at any time, can be put in the category of private claims.

As I have said, this measure has passed the Senate a number of times. The amount is long since due. The merits of the claim have never at any time been questioned. I see no reason why the State of California should be denied its just rights when the Comptroller General has approved the claim and when the bills for its payment have passed the Senate on four or five different occasions.

Mr. President, the claim is a meritorious one and it should be included in the deficiency bill. I hope my colleague the senior Senator from California [Mr. JOHNSON], who is more familiar with the matter than am I, will express his views on this subject to the Senate.

Mr. ADAMS. Mr. President, I merely wanted to make clear to the junior Senator from California that whatever may be said as to the merit or justice of the claim, that was not involved in my observation in raising what I think was a proper point of order. The point was raised in the committee, and the amendment was rejected for that reason, and I do not wish to have a misunderstanding in respect to the matter. I am not discussing the merits of the claim at all. Being in charge of the bill, I have merely performed what I think is my duty in raising a point of order, which I am compelled to raise under the rules of the committee.

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

Mr. ADAMS. I yield.

Mr. McADOO. May I ask the Senator whether the point of order which he is now raising against this claim of the State of California is not applicable in like manner to the claim of the city of Baltimore?

Mr. ADAMS. Yes.

Mr. McADOO. Why did not the Senator from Colorado raise a point of order against the claim of the city of Baltimore, which is of a character similar to that of the claim of the State of California, in view of the fact that he seeks to deny us the right to have the item included in this bill.

Mr. ADAMS. I can only answer by saying that the Committee on Appropriations directed the submission of the Baltimore claim and therefore took away the obligation to raise the point of order as to that claim. Had the committee done the same thing with respect to the California claim of course the point of order would not have been raised.

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

Mr. ADAMS. I yield.

Mr. ASHURST. I regret it was necessary to make such a disclosure. That the committee instructed its chairman to relax the rule in favor of one claimant and to enforce the rule as against another claimant seems unfair. If such discrimination would not make a chancelor vomit, what would!

I ask unanimous consent to have printed in the RECORD at this point extracts from pages 6 and 7 of the House report on this bill (Rept. No. 1162, 74th Cong., 1st sess.).

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Nevada's war expenditures were made under exactly similar authority and circumstances, and on the recommendation of the commanding general of the Pacific, as were those of California. The exigencies impelling the Legislature of Nevada to pass acts authorizing such expenditures were identical. Even the acts of her legislature were copied after those enacted by the Legislature of California. The considerations in the one case cannot be dif-

ferentiated from the same consideration in the other. California should be reimbursed for the same reasons that Nevada was repaid.

All States other than California incurring expenditures for national defense have been reimbursed by the United States, principal and interest, under general and special acts of Congress. The various States and the amounts repaid are as follows:

STATES AND THE AMOUNTS REFUNDED THEM FOR WAR EXPENDITURES BY THE TREASURY DEPARTMENT (S. REPT. NO. 432, 74TH CONG., P. 58)

Statement of Third Auditor of the Treasury dated Mar. 15, 1892, covering Civil War allowances

Connecticut	$2,102,965.29
Massachusetts	3,969,225.23
Rhode Island	723,530.15
Maine	1,027,633.99
New Hampshire	977,008.48
Vermont	832,557.40
New York	4,259,672.82
New Jersey	1,523,575.24
Pennsylvania	3,886,100.63
Ohio	3,316,667.78
Wisconsin	1,059,162.03
Iowa	1,043,464.80
Illinois	3,081,975.43
Indiana	3,741,738.29
Minnesota	71,537.65
Kansas	386,436.36
Colorado	55,238.84
Missouri	7,581,417.80
Michigan	845,755.69
Delaware	31,988.96
Maryland	136,281.64
Virginia	48,469.97
West Virginia	471,063.94
Kentucky	3,551,603.97
Total	44,725,072.38

Additional appropriations by Congress to States for war expenditures by special acts

State	Deficiency acts	Amount
Texas [1]	Mar. 30, 1888 (25 Stat. 71)	$927,177.40
Do	Sept. 28, 1890 (26 Stat. 539)	148,615.97
Maine	Feb. 14, 1902 (32 Stat. 30)	131,515.81
Pennsylvania	do	689,146.29
New Hampshire	do	108,372.53
Rhode Island	do	124,617.79
Indiana	July 1, 1902 (32 Stat. 586)	635,859.20
Iowa	do	456,417.80
Michigan	do	382,167.62
Ohio	do	458,559.55
Illinois	do	1,005,129.29
Vermont	do	238,453.56
Kentucky	Mar. 3, 1903 (32 Stat. 1078)	1,323,999.35
Wisconsin	do	458,677.90
Maine	do	228,186.94
New Hampshire	do	172,926.27
Connecticut	do	606,560.27
New Jersey	do	479,833.20
Rhode Island	do	31,289.71
Massachusetts	Apr. 27, 1904 (33 Stat. 424)	1,611,740.85
Wisconsin	do	1,758.30
Missouri	Mar. 3, 1905 (33 Stat. 1253)	475,198.13
New Jersey	do	222,418.39
Wisconsin	do	725,881.88
Minnesota	Mar. 4, 1907 (34 Stat. 1374)	67,792.23
Kansas	Mar. 4, 1909 (35 Stat. 911)	425,065.43
Pennsylvania	Mar. 4, 1911 (36 Stat. 1321)	41,890.71
New York	do	7,206.57
Nevada	Mar. 4, 1929 (45 Stat. 678)	595,076.38
Amount reimbursed by special acts		12,821,537.88
Amount reimbursed by Treasury		44,725,072.38
Total		57,546,610.26

[1] Texas case did not involve Civil War expenditures. The Governor called out the State militia under an act of the State legislature to defend the frontiers of the State against attacks of Indian and Mexican marauders between October 1865 and August 1877.

Mr. ADAMS. The Senator from Arizona has commented upon the action of the committee. Perhaps if the Senator were familiar with what took place at the time he would not make quite such a stringent comment.

Mr. ASHURST. When a committee denies a forum to one account and specifically authorizes payment of another account of the same sort, what may we say?

Mr. ADAMS. If the Senator will listen, I think he will understand. No request was made by the State of California or its representatives to have the point of order waived. The Senator from Maryland presenting the Baltimore claim was there, made his motion that it be reported and the motion prevailed. The point of order was raised against the California claim, and no Senator was present to object. Both the Senator from Maryland and from California are members of the Committee on Appropriations. They both had access to the committee hearings. They both were notified when the hearings were being conducted.

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

Mr. ADAMS. I yield.

Mr. McADOO. I may say, Mr. President, that perhaps it is due to my own stupidity or ignorance of these technical questions that I did not make a motion requesting the committee to waive the point of order. I appeared before the Committee on Appropriations. I presented the claim of California and I was told at the time that a point of order might be raised against it. It did not occur to me that the committee would waive the point of order in one case and raise it in another case of precisely the same character. To deny the inclusion in this bill of the just claim of California could not be justified.

In all fairness, since I brought that matter to the attention of the committee at the proper time, the claim of California should not be excluded on a purely technical point of order. It is not fair to my State, and it is not justice to sustain the point of order.

Mr. JOHNSON. Mr. President, I have had nothing to do with the presentation of this matter to the particular committee in question. I know that what has been done by my colleague has been well done, and I do not feel that he need have the slightest feeling that he has not done his full duty, nor reproach himself at all because it is asserted that he did not ask the committee to waive a point of order. The only reason I take any part at this time in this discussion in relation to this matter is that I resent the idea that there should be two claims in exactly the same situation, that one of them should have a point of order not made against it and the other should have a point of order made against it. That is no way to deal with subject matter before the Senate, and it is that sort of thing against which I inveigh.

I do not care whether the Senate puts this item into the deficiency bill or does not. It is a matter of indifference to me how the Senate acts upon the deficiency bill. I have not been before the Committee on Appropriations and I do not intend to ask that this claim be presented for inclusion in the pending bill, but when upon the floor of the Senate two exactly similar propositions are presented, not differing in the slightest degree, and one of them is acceded to by the Committee on Appropriations and the one from the State of California has been denied exactly what has been accorded the other, then I say that it is a method of which I am sure no man here approves, and none ought to approve. The mode of legislation I do not care for; but if that mode is to be followed, I do not propose that the State from which I come shall be discriminated against.

Mr. HAYDEN. Mr. President, I am very well convinced that the claim in question cannot be regarded as a private one, and I hope the Chair will look very carefully into the question raised by the point of order. It is inconceivable to me that a claim by a sovereign State of the Union for services rendered to the Federal Government can be a private claim. The rule relates only to private claims; and if the Chair will bear with me for a moment, I believe it can be seen why there should be such a rule. Private claims are innumerable; and if appropriation bills were to be left open to amendment for payment of private claims, the time of the Senate would be taken on occasion after occasion in passing on claims of that character.

Claims by States against the Federal Government, on the other hand, are comparatively rare, and a State ought to have a higher status than a private individual in presenting a claim for money justly due it from the Federal Government.

It seems to me the Chair would be entirely correct in ruling that this sum due the State of California is not a private claim and is in order on an appropriation bill.

The PRESIDENT pro tempore. The junior Senator from California [Mr. McADOO] has offered an amendment to the pending deficiency appropriation bill, providing an appropriation of $6,462,145.35 to carry out an authorization provided

in an act which was passed by the Senate at the present session, authorizing such an appropriation.

There are two grounds on which the amendment might be subject to a point of order. The first ground is that it adds a new item of appropriation to an appropriation bill. The amendment is not subject to a point of order on that ground because it is especially stated in rule XVI, paragraph 1:

Or to add a new item of appropriation, unless it be made to carry out the provisions of some existing law, or treaty stipulation, or act, or resolution previously passed by the Senate during that session.

The bill authorizing the appropriation of the $6,462,145.35 was passed by the Senate during the present session of Congress.

Paragraph 5 of rule XVI reads as follows:

No amendment, the object of which is to provide for a private claim, shall be received to any general appropriation bill, unless it be to carry out the provisions of an existing law or a treaty stipulation, which shall be cited on the face of the amendment.

The question arises as to whether the claim in question is a private claim. Undoubtedly claims which are not private claims are not subject to such a point of order as has been raised against this claim. The committee preparing the rules must have had in mind a distinction between private and public claims.

It has been held by the Senate on several occasions that an amendment to an appropriation bill to pay a claim of a State or a municipality is not a private claim. If we go back to 1853, we shall find that a question very similar to this question arose. The Chair reads from Gilfry, volume 1, page 87:

The general deficiency appropriation bill was under consideration. An amendment was proposed "that the sum of $300,000 be paid to the State of California to be applied to the expenses of the State government prior to the admission of California into the Union as a State."

An objection was made, but the President pro tempore decided he thought that the item having been previously agreed to in a bill that passed the Senate at the last session, but not yet acted upon by the House, was in order.

It is the opinion of the Chair that the general precedents of this body are to that effect, and that they hold that a claim by a State, such as the one for which appropriation is now asked, is not a private claim but is a public claim, and therefore the point of order is not sustained.

The question is on agreeing to the amendment of the Senator from California [Mr. McADOO].

The amendment was agreed to.

Mr. McKELLAR addressed the Chair.

The PRESIDENT pro tempore. There is some doubt as to whether or not the amendment offered by the Senator from Montana [Mr. WHEELER] was agreed to. By unanimous consent the Senate will return to that amendment.

Mr. WHEELER. Mr. President, let me say to the Senator from Colorado that the authorization for this appropriation was passed by the Senate on the 12th day of February, so that the point of order he made was not well taken.

The PRESIDENT pro tempore. Without objection, the amendment offered by the Senator from Montana is agreed to.

Mr. McKELLAR. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 76, after line 23, it is proposed to insert the following:

Acquisition of premises designated as "1724 F Street NW.", Washington, D. C.: For purchase of the premises designated as "1724 F Street NW.", Washington, D. C., and described as lot 28 in square 170 on the records of the surveyor of the District of Columbia, comprising a six-story-and-basement brick office building and approximately 13,200 square feet of land, to provide necessary office space for permanent Government organization, $200,000.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. McKELLAR. Mr. President, on July 10 the President sent to the Senator from Virginia [Mr. GLASS], Chairman of the Committee on Appropriations, a letter in which he recommended this appropriation. The Government is now paying, I believe, over $24,000 a year for this building, so that in 8 years the amount paid in rental will equal the price proposed to be paid under the appropriation of $200,000. The appropriation has the approval of the Bureau of the Budget. I think the amendment should be adopted, and I hope the Senate will approve it.

Mr. KING. Mr. President, may I inquire of the Senator the purpose of the amendment?

Mr. McKELLAR. The appropriation proposed by the amendment is to be used, as I understand, for the acquisition of a building now occupied by the Census Bureau and to continue to be occupied by that Bureau. Employees of the Government are now located in it, and the Government is paying a rental of $24,592 a year.

Mr. KING. Mr. President, I shall not object to the consideration of the amendment, but I wish to voice my protest against the enormous appropriations that have been and are being made for public buildings for Federal purposes in the city of Washington. It sems to me that we have gone to the extreme in appropriations for Federal buildings. The Department of Commerce cost over $20,000,000, and we are seeking an appropriation in this bill of $11,000,000 for another building.

If I may be permitted a reference to my own State, let me say that it has one of the finest capitol buildings in the United States, a building constructed of granite and of sufficient size to house all of its officials and all State organizations, and the cost was less than $1,000,000. It is sought in this bill to appropriate more than $11,000,000 for a building for one of the—I will not say lesser, but for one of the smaller bureaus of the Government.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

Mr. McKELLAR. I ask that there may be printed, as part of my remarks, in connection with the amendment just adopted, a copy of the letter of the President and also a detailed statement of the facts.

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

THE WHITE HOUSE,
Washington, July 10, 1935.

Hon. CARTER GLASS,
Chairman Committee on Appropriations,
United States Senate.

MY DEAR MR. CHAIRMAN: In my message transmitting to the Congress the Budget for the fiscal year ending June 30, 1936, I referred briefly to the estimate of appropriation of $300,000,000 for public works to take care of the normal public-works requirements of the Government usually included in the annual supply bills. This amount of $300,000,000 was intended for use for these urgent public-works requirements which are to be carried out by contract at prevailing rates of wages, leaving projects that can be carried on by hired labor to be provided for from the appropriation of $4,000,000,000 for emergency relief, also requested in the 1936 Budget.

There is included in the second deficiency bill, 1935, as passed by the House of Representatives, $173,509,192, comprising part of this estimate, and it now appears that an additional $200,000 will be needed by the Treasury Department to acquire the building known as "1724 F Street NW.", Washington, D. C. For the use of this building, which has been occupied by the Government since it was built in 1911, there is being paid an annual rental of $24,592.

A draft of a proposed provision to meet this need follows:

"PROCUREMENT DIVISION—PUBLIC WORKS BRANCH

"Acquisition of premises designated as '1724 F Street NW.', Washington, D. C.: For purchase of the premises designated as '1724 F Street NW.', Washington, D. C., and described as lot 28 in square 170 on the records of the surveyor of the District of Columbia, comprising a six-story-and-basement brick office building and approximately 13,200 square feet of land, to provide necessary office space for permanent Government organizations (act of May 25, 1926, 44 Stat., p. 630), $200,000."

Sincerely yours,

(Signed) FRANKLIN D. ROOSEVELT.

MEMORANDUM IN REGARD TO 1724 F STREET NW., OCCUPIED BY UNITED STATE BUREAU OF THE CENSUS

JUNE 8, 1935.

The building consists of a 6-story-and-basement brick building described as lot 28 in square 170 on the records of the surveyor of the District of Columbia.

The lot fronts 105 feet on F Street, containing 13,201 square feet of land. Abuts on the south and east property of the Emergency Hospital.

The building was erected by the late Victor J. Evans in 1911. The building contains 39,486 square feet of usable floor space and has been under rental to the United States since completion. Prior to 1933 the rental was $24,592 per year. The Economy Act of 1933 reduced all rentals 15 percent. Beginning July 1, 1935, the rental will again be $24,592 per year.

The property is assessed for 1935 for taxation by the District of Columbia as follows:

13,201 square feet at	$59,405
Improvements	130,000
	189,405

Being located in an area of future Government building expansion, property values are constantly increasing. The ultimate expansion of George Washington University as planned, together with the easily discerned future needs of the Government, will apparently require all squares south of Pennsylvania Avenue. Each Government purchase and improvement results in the appreciation in value of all remaining privately owned property.

The Government can probably acquire the property at 1724 F Street NW. at this time at an extremely reasonable figure because of the necessity for liquidating the Evans estate, whereas if the United States at a later date seeks to acquire the property as part of a project in that vicinity, the situation would be reversed and the cost to the Government would be considerably higher, as the property will have been disposed of, or need for liquidation past, and past experience shows that property is priced higher when it becomes known the Government seeks to acquire it. The extremely low rental now in effect might pay for the property in a few years. Delay in purchase, while continuing occupancy of the building, will doubtless result in considerable loss to the Government, as the exceptionally low rental will doubtless be increased and the property value will also increase.

Present indications are that the Government will require this space for the next 10 years, it being hardly possible that if the present low rental could be continued the Government would be able to find more economical space; therefore, by advancing a sum equal to 8 years' rental (at an extremely low rate), the United States would own a building that it will doubtless eventually seek to acquire because of its location in the northwest triangle.

FAVORABLE FACTORS

Containing 39,486 square feet of usable floor space at an annual rental of $24,592, the rate per square foot per year is $0.62. (This is probably the lowest square-foot rate now being paid by the Government for comparable space. It is doubtless not more than half the square-foot rental of most of the office space rented by the Government in Washington.)

At a valuation of $200,000 for the property, the cost per square foot of usable floor space, after deducting assessed value of land, is $3.55, $200,000 less $59,405 equals $140,595, divided by 39,486 square feet (as compared with Commerce Building cost of $17 per square foot).

Rental cost per square foot to United States after purchase, figuring possible cost of 3-percent bonds for purchase price, $0.15—$200,000 at 3 percent equals $6,000 divided by 39,486 square feet (as compared with present cost of 62 cents, or a possible low rental of 75 cents per square foot).

Cost per cubic foot: Building 70 feet by 108 feet by 70 feet equals 582,120 cubic feet, $0.241—$200,000 less $59,405 equals $140,595 divided by 582,120 cubic feet (as compared with Commerce Building cost, 63 cents cubic foot, or Internal Revenue cost of 65 cents cubic foot. Cubic-foot cost is not a fair basis for comparison, as a several times greater percentage of usable floor space is produced by the cubage in No. 1724 F Street, as compared with the Commerce and Internal Revenue Buildings.

SAVINGS TO GOVERNMENT

Present yearly rental (extremely low)	$24,592
Possible cost to Government, 3 percent of cost	6,000
Actual savings per year	18,592

The savings of $18,592 per year will pay cost of $200,000 in 10 years.

Present extremely low rental rate will pay for building at value of $200,000 in 8 years.

The size and location of the building makes it extremely desirable for use of a departmental bureau or independent office. In Government ownership it could easily be modernized with cooling system and other up-to-the-minute equipment so as to provide a most desirable permanent home for some Government activity. The accessibility of the location, being out of the highly congested traffic area, is a most attractive feature.

Mr. THOMAS of Oklahoma obtained the floor.

Mr. BYRNES. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BYRNES. I should like to know by what means a Senator may obtain recognition from the Chair. Since 20 minutes of 2 I have been on my feet. I was on my feet before the Senator from Montana [Mr. WHEELER] secured recognition to offer his amendment and before the Senator from Oklahoma offered his amendment and before the Senator from Tennessee offered his amendment. On each occasion, before the vote was taken on the then pending amendment, I addressed the Chair. I do not like to complain about the action of the Chair, but, after standing for 20 minutes when other Senators who had been in their seats secured recognition, I do complain.

The PRESIDENT pro tempore. The Chair will answer the parliamentary inquiry of the Senator from South Carolina. Merely standing on the floor of the Senate is not sufficient for a Senator to secure recognition. The rule requires that the Senator shall not only rise but shall address the Chair. If the Senator from South Carolina has addressed the Chair during the last half hour, the Chair will apologize for not hearing him.

Mr. BYRNES. If the Chair's hearing were good, the Chair would have heard me, for before the last votes were taken I was addressing the Chair. Other Members have asked what would I give them in order to induce the Chair to recognize me.

The PRESIDENT pro tempore. The Chair may say also that while, under the rules of the Senate, it is necessary to address the Chair and in an audible voice, the Chair believes that it is conducive to orderly procedure in this body that instead of a number of Senators rising on the floor and addressing the Chair at the same time in their desire to offer amendments, they do, as a number of Senators have done who have respected the practice, send their names to the Chair and ask to be recognized. Such a list of names has been placed on the Presiding Officer's desk; but with a number of Senators rising at once and addressing the Chair simultaneously, the Chair is doing the best he can to recognize those who have waited longest for an opportunity to present their amendments. All those recognized had been upon their feet seeking recognition before the Senator from South Carolina rose.

Mr. BYRNES. I will say to the Chair that the only reason I submitted the parliamentary inquiry was that since I have been standing on my feet I have noticed a number of Senators going up to the Chair and then securing recognition. If that is the proper course, I will write a note to the Chair and ask for recognition.

The PRESIDENT pro tempore. The Chair will recognize the Senator, in any event.

Mr. THOMAS of Oklahoma. Mr. President, I desire to offer an amendment.

Mr. ADAMS. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Colorado.

Mr. ADAMS. Will the Senator from Oklahoma yield to me to offer a textual corrective amendment, on page 2, line 17, to strike out "July 1, 1935" and insert in lieu thereof "on the date of the enactment of this act"? The amendment becomes necessary by reason of the delay in passing the bill.

The PRESIDENT pro tempore. The Senator from Colorado offers an amendment, which will be stated.

The CHIEF CLERK. On page 2, line 17, it is proposed to strike out "July 1, 1935", and in lieu thereof to insert "on the date of the enactment of this act."

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. THOMAS of Oklahoma. I submit an amendment to come in on page 11, and ask that it be stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 11, it is proposed to strike out the remainder of the paragraph after the word "expenses", in line 11, and in lieu thereof to insert the following:

Contract stenographic reporting services, rent, stationery, and office supplies, not to exceed $10,000 for printing and binding, not to exceed $1,500 for books and periodicals, not to exceed $20,000 for purchase, exchange, hire, maintenance, operation, and repair of motor-propelled passenger-carrying vehicles, and not to exceed $20,000 for the maintenance, operation, and repair of boats, fiscal year 1936, $600,000.

Mr. THOMAS of Oklahoma. Mr. President, this amendment provides additional funds for the Division of Investigation of the Department of the Interior. On the 21st of June

the President sent a supplemental budget estimate covering the exact amount asked for by the amendment. I ask the Senator in charge of the bill if he is not willing to accept the amendment?

Mr. ADAMS. Yes. The situation has been explained somewhat differently than as it was originally understood, and I understand that there will be revenue lost far in excess of the proposed appropriation if the money shall not be provided and the service made use of.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was agreed to.

Mr. BONE obtained the floor.

Mr. FLETCHER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Florida?

Mr. FLETCHER. Is the Senator from Washington about to offer an amendment?

Mr. BONE. Yes; I desire to offer an amendment, but I yield to the Senator if he desires to make a statement.

Mr. FLETCHER. No; I will wait until after the Senator's amendment shall have been disposed of.

Mr. BONE. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 48, after line 12, it is proposed to insert the following:

Navy Yard, Puget Sound, Wash.: Graving drydock, services, and auxiliary construction, $4,500,000.

Mr. KING. Mr. President, I want to make objection to that amendment.

Mr. BONE. May I make just a brief statement?

Mr. KING. Certainly.

Mr. McKELLAR. Before the Senator begins, will he state whether or not the Bureau of the Budget has sent an estimate for the proposed appropriation?

Mr. BONE. Not only that, but the appropriation has been authorized by statute.

Mr. McKELLAR. It has been authorized by statute and the Bureau of the Budget has estimated for it?

Mr. BONE. I assume it has been properly budgeted, because it has been authorized by law and signed by the President on April 15 of this year.

Mr. McKELLAR. As I understand, no estimate came before the Appropriations Committee. There has to be such an estimate.

Mr. BONE. I do not know that the point of order would lie against this amendment, because in Public Act 36, passed by the Senate and the House and signed by the President April 15, 1935, this expenditure was authorized, and the Navy Department was authorized and directed to make the expenditure. I take it that that answers the Senator's suggestion.

Mr. McKELLAR. Not unless there was an estimate. Under the rule of the Appropriations Committee, it cannot add an item on an appropriation bill unless there has been a Budget estimate, even though it may be authorized by law. That is the rule which the committee follows.

Mr. BONE. I do not so understand the rule, and I was advised by those who are familiar with the parliamentary practice of the Senate that this amendment was in order or I would not have offered it, because I have upon one or two occasions been subjected to similar points of order. I think, however, there can be no question, or certainly I would not have been advised as I have been by able parliamentarians here, that the amendment is in order.

Let me say that the act under which this expenditure is authorized passed, as I have indicated, in April, and at the present time the Puget Sound Navy Yard is confronting a tremendously heavy program in both repair work and probably construction work.

My purpose in tendering the amendment at this time is to have appropriated promptly the money for this drydock, which is so vital to the program of the Navy.

The PRESIDENT pro tempore. The Chair will state that, in his opinion, the amendment is in order.

Mr. BONE. I may say that it is in pursuance of statutory law, and I cannot assume, as I read the rules of the Senate, that there can be any possible technical objection raised to it.

Mr. McKELLAR. Mr. President, I have just examined the amendment, and I am now quite sure that it is in order.

The PRESIDENT pro tempore. The Chair holds the amendment to be in order. The question is on agreeing to the amendment.

Mr. KING. Mr. President, before voting upon the amendment, I should like to inquire why this item was not included in the general naval appropriation bill?

Mr. BONE. I am unable to advise the Senator of the technical reason, if there be one, for not putting it in the regular naval appropriation bill, but the bill making provision for the drydock was considered and passed by both Houses of Congress and was approved by the President on April 15.

Mr. BYRNES. Mr. President, I should like to have the amendment again stated.

The PRESIDENT pro tempore. The clerk will again state the amendment.

The CHIEF CLERK. On page 48, after line 12, it is proposed to insert the following:

Navy Yard, Puget Sound, Wash.: Graving drydock, services, and auxiliary construction, $4,500,000.

Mr. KING. Mr. President, I inquire if the Senator from Washington has yielded the floor?

Mr. BONE. I have.

Mr. KING. Mr. President, we have appropriated thus far during this session, as I recall, more than a billion dollars for the Army and the Navy for the next fiscal year. This stupendous sum is at least $200,000,000 or $300,000,000 larger than that of any nation on earth for military purposes for the next fiscal year. We affirm our devotion to peace perhaps more than any other nation, unless it is poor, little, struggling Ethiopia, which is about to be swallowed up by Italy, and yet we spend more for military purposes than any other nation in the world.

I am wondering why this item, sought by the Senator from Washington [Mr. BONE] and which seems to be in order, was not included in the general appropriation bill. I have examined the bill before us, and I find on pages 46, 47, 48, 70, and 71 various items of appropriation for the Navy, and on five or six other pages appear large appropriations for the Army.

It is only a few weeks ago that Congress passed so-called "general appropriation bills" for the Army and the Navy, and as I recall one or two others in special bills which also provided millions of dollars for military purposes. The total amount of these bills exceeded $1,000,000,000. How much more will be appropriated before adjournment I do not know.

Mr. BONE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Washington?

Mr. KING. I am glad to yield.

Mr. BONE. When the Senator, who is an experienced parliamentarian, asks me why an item was not included in the regular naval appropriation bill, I am tempted, with somewhat of the perverseness of an impish small boy, to ask him why the California appropriation was not included and why a lot of other appropriations which I have seen approved were not included. I wish I could tell the Senator. I have seen so many different appropriation items brought up in this fashion that I assumed that with the greatest propriety I could offer it at this time, though I do not question the Senator's right or logic in challenging the tremendous military appropriations.

Mr. KING. Mr. President, my friend from Washington is so naive in this matter that it is with difficulty I restrain myself from paying additional compliments to him.

May I say that I do not favor the California item. It seems to me that that great State received benefits that compensated her for whatever contribution she may have made to the Government during the War between the States.

It is to be observed that there was no general appropriation bill dealing with the claims of States and municipalities for appropriations from the Federal Treasury on account of alleged obligations due from the parent government to them.

Consequently there is a parliamentary distinction to be recognized between a special claim by a State and a general claims bill dealing with the subject of Federal obligations to States. I am not opposing the provision for which the Senator is asking, but I am suggesting that it should have been in the general naval appropriation bill. It was assumed that all the demands of the War Department and the Navy Department for appropriations for the new fiscal year would be brought together in the general appropriation bills which were presented by the departments and passed.

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

Mr. KING. May I say to the Senator from Washington that I am not opposing his amendment. I am only challenging attention to the fact that we are making appropriations for the Army and for the Navy far in excess of those of any other military nation in the world.

I yield now to the Senator from Washington.

Mr. BONE. I am wondering if the Senator's reasoning may not be right about the expenditures, but perhaps one might challenge his logic, because this item came before the Senate on a previous occasion and the Senate by its vote authorized the expenditure. I agree with the Senator from Utah that there is propriety in challenging these frightful military and naval expenditures, but we are in the maelstrom now, we are in the stormy waters, and we are merely trying on the Pacific coast to make the navy yard as effective as an agent as it is possible for us to do.

Mr. KING. The Senator need not make an argument in favor of it, nor need his colleague do so, because I am not opposing the amendment.

Mr. SCHWELLENBACH. Mr. President, may I ask my colleague a question which I believe will clear up the point?

Mr. KING. I am using this as a vehicle to direct attention to the military propensities of this Nation, to the enormous appropriations which we are making for the Army and the Navy, which must have their repercussions in other nations. When we profess to be the apostles of peace, and when they learn that our appropriations exceed those of any other nation in the entire world, they may be led to believe that the United States is insincere in its protestations about peace and has some ulterior purpose behind these huge appropriations.

I yield now to the junior Senator from Washington.

Mr. SCHWELLENBACH. May I ask my colleague if it is not his understanding that at the time the bill to which he referred passed the House and the Senate it was the purpose of the authorization to enable the Navy Department to build the ships which were included in the appropriation to which the Senator from Utah refers? At that time it was hoped that the President would make an allocation out of the large relief fund, but, he not having done so, it becomes necessary to get this additional appropriation in order to carry out the purposes of the act and in order to make it possible to build ships for which appropriations have been made.

Mr. KING. I am sure the Senators from Washington will understand the position I am taking in regard to this matter.

Mr. BONE. My colleague's statement in the form of a question is accurate. I do not wish to interrupt the Senator's trend of thought, but I have conceived it to be the duty of the Congress to make an appropriation when it has enacted a law authorizing the creation of an instrumentality. If we are going ahead to enact a law and authorize the doing of these things, then we should not hesitate to spend the money.

Mr. KING. My complaint is not against this particular item per se, but against the policy of the Government, first, in its demanding such enormous appropriations, and, secondly, in spreading them out through half a dozen different bills as though to conceal from the public the aggregate appropriations made. In addition to the direct appropriations for military purposes allocations are made from the Public Works fund and from other funds. And we now have a deficiency appropriation bill which carries appropriations of millions of dollars for the Army and the Navy.

It would be better if we would be a little more frank and tell the public in one bill that we are demanding a billion and several hundred million dollars, than to have the appropriations spread through half a dozen different bills so that the aggregate may not be readily grasped by the public.

Mr. McADOO. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from California?

Mr. KING. Certainly.

Mr. McADOO. I am quite sure my friend the distinguished Senator from Utah did not mean the implication which I think was inevitably contained in his remarks about the California claim—that it was not meritorious.

Mr. KING. I did not say it was not meritorious, nor did I mean to convey the thought that it was without merit or justice. I said California derived great benefit from the conflict referred to. I think all agree that every State ought to have made contributions to the cause.

Mr. McADOO. Every other State which made contributions under the same circumstances has been repaid by the Federal Government the amount of its claims. I do not care to have California put in the attitude of coming here and asking for something that is unfair or inequitable or unjust. We have precisely the same kind of meritorious claim that the other States have had for contributions made to the Federal Government in time of dire necessity in the Civil War. Our claim is one of those which just happens not to have been paid heretofore.

I invite the Senator's attention to, and I shall be glad if he will take the time to examine the Comptroller General's report embraced in Senate Document 220, Seventy-first Congress, third session, in which he will find that this claim is said to be absolutely meritorious and justified in every respect.

Mr. KING. Mr. President, I am glad the merits and the validity and the righteousness of the claim satisfy my dear friend, and with his satisfaction I shall let the matter rest.

Mr. President, before taking my seat I wish to call attention to something not germane to the matter under discussion at the moment.

I notice in this morning's papers, and I have a copy of one of them, the New York Herald Tribune, that the mayor of New York City has barred "Germans from trade here because Nazis restrict United States Jews." Then I further note the statement that the Nazis' "threat to drive the Jews from the Reich is revived."

Mr. President, the German people of course have the right to adopt that form of government which suits them, and we have no right to interfere in their domestic and internal affairs. However, our Government, as well as other governments, have the right to determine who shall be their neighbors, and with whom they shall have diplomatic relations.

There are many cases where governments have withdrawn their representatives and severed all diplomatic relations with other governments. I think that the course pursued by the Reich Government towards the Jews, Catholics, and, for that matter, other citizens of Germany, warrants the Committee on Foreign Relations of the Senate in taking cognizance of the same for the purpose of ascertaining the facts, and studying the precedents where governments have severed diplomatic relations with other governments.

It has been claimed that the Hitler government has treated Jewish citizens and residents of Germany with the utmost brutality and has driven thousands from their homes and from their country. It is also claimed that Catholics have been the victims of persecution; that religious and civil liberty has been denied them, as well as other German citizens. In view of the attitude of the Reich Government towards many of its citizens, it seems to me that we are justified in making an investigation with a view to determining whether this Government shall continue the existing diplomatic relations with the Hitler regime. And it may be

proper to inquire as to whether the obligations of the Hitler government to the United States have been fully observed.

I shall offer a resolution asking for such an inquiry, including a study of the precedents which may be invoked, to determine under all the facts what course this Government should pursue in the matter.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on agreeing to the amendment offered by the Senator from Washington [Mr. BONE].

The amendment was agreed to.

Mr. BYRNES. Mr. President, I offer an amendment, which is already on the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 11 it is proposed to strike out lines 18 to 25, inclusive, and, on page 12, all of lines 1 to 11, inclusive, and in lieu thereof to insert:

Salaries and expenses: For each and every expense necessary to liquidate the affairs of the former Railroad Retirement Board, as established in section 9 of the Railroad Retirement Act, approved June 27, 1934, which is hereby reestablished to effect such liquidation, including compensation of members of said Board and its employees heretofore and hereafter employed for services rendered from May 1 to 6, 1935, inclusive, and subsequently thereto but not beyond September 30, 1935; to pay any expense heretofore incurred by the Board, and not yet paid, for the preparation of a report upon its activities and experiences to the President for transmission to Congress as contemplated in section 2 (b) of the Railroad Retirement Act, and for arranging for turning over the records, papers, and property of the Board to such agency as the President shall designate, fiscal years 1935 and 1936, $35,000; and in addition thereto refundment is hereby authorized to past and present members and employees of the Board of all compensation earned by them but withheld as employees' contribution to the railroad retirement fund and deposited to the credit of said fund in the Treasury, and the amount necessary for this purpose is hereby appropriated from said fund: *Provided*, That no member of the Board or of its staff shall be personally liable for any action heretofore taken within the terms of the authority sought to be granted by the Railroad Retirement Act.

Mr. FLETCHER. Mr. President, may we have some idea what is being offered here?

Mr. BYRNES. In response to the inquiry of the Senator from Florida I will say that the amendment which has been offered and agreed to is a substitute for the language of the bill beginning on page 11, line 17, relative to the Railroad Retirement Board. It merely amends the language so as to make unnecessary the passage by the House of the joint resolution of the Senate which has heretofore passed the Senate, and is pending in the House, with regard to the liquidation of the Railroad Retirement Board.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I offer another amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, after line 12, it is proposed to insert:

Pay, subsistence, and transportation of naval personnel: The limitation on the number of officers of the Dental Corps contained in the Navy Department Appropriation Act approved June 24, 1935, is hereby increased from 186 officers of the Dental Corps to 234 officers of the Dental Corps.

Mr. BYRNES. This amendment is required by reason of the increased personnel, which makes it necessary to increase the amount which is available for pay of officers.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 38, after line 5, it is proposed to insert:

Temporary government for the Virgin Islands: For an additional amount for salaries of the Governor and employees incident to the execution of the act of March 3, 1917 (U. S. C., title 48, sec. 1391), including the same objects specified under this head in the Department of the Interior Appropriation Act for the fiscal year 1936; and including salaries of officers and members of a constabulary force, and not to exceed $9,340 for uniforming and equipping said force, including the purchase, issue, operation, maintenance, repair, exchange, and storage of revolvers, bicycles and motor-propelled passenger-carrying vehicles, uniforms, ammunition, radio equipment, and miscellaneous expenses, $40,000.

Mr. McKELLAR. Mr. President, that appropriation has been estimated for. The letter of the President recommends it.

Mr. KING. What is the amendment about?

Mr. McKELLAR. Its purpose is to provide additional employees in the Virgin Islands. It seems to me it is absolutely necessary. I hope the amendment will be agreed to and considered in conference.

Mr. KING. Mr. President, I regret that the Chairman of the Committee on Territories and Insular Affairs is not here at the moment. Has this amendment his approval?

Mr. McKELLAR. I do not know whether or not it has his approval; I cannot say as to that; but, from the information I have, I am sure the amendment is absolutely necessary to the proper government of the Virgin Islands, and it is very strongly recommended by the Secretary who has charge of that particular department. It is also recommended by the President, and there is a Budget estimate for it.

In my judgment, the amendment ought to go into the bill. I hope the Senator from Utah will not object to it.

Mr. KING. Mr. President, it would be improper for me to comment upon the testimony which has been adduced before the committee which is making an investigation of conditions in the Virgin Islands; but, as Senators know, that duty has been devolved upon a committee of which I am a member. The committee has seriously undertaken the task assigned to it, but it has not completed its work, and, of course, has submitted no report. It seems to me that at this time, in view of the record and the changing conditions in the administration of the islands, the appropriation of money for the setting up of a police force would be unwise. The Governor has been superseded, and the highest judicial officer of the islands has tendered his resignation. These changes would seem to foreshadow—and this is a mere surmise—further changes in the personnel and perhaps in the policies which have prevailed and are now prevailing in the islands.

I take the liberty at this time of voicing my objection to the amendment. I think the amendment ought to have come before the committee——

Mr. McKELLAR. It did.

Mr. KING. I refer to the Committee on Territories and Insular Affairs, who are more or less cognizant of conditions there and are attempting to ascertain the financial and other conditions relating to the government of the Virgin Islands.

Mr. TYDINGS entered the Chamber.

Mr. McKELLAR. Mr. President, if the Senator will yield, the statements which the Senator has just made show the great need of this particular appropriation. This money is to be spent for the sole purpose of preserving order in the Virgin Islands. I hope the Senator from Utah will not object to it, and I hope the Senator from Maryland [Mr. TYDINGS], who is now present, will not object to it.

Mr. KING. I repeat, there is no necessity of appropriating money to preserve order. There is one way in which there may be order in the Virgin Islands; and if this amendment is for the purpose of having troops, or something of that nature, my objection would be very much stronger than I have already indicated. The chairman of the committee is now here. I may say to the chairman that it seems to me, in the light of the investigation which is being made, that we might pretermit voting this appropriation.

Mr. TYDINGS. Mr. President——

Mr. KING. I yield to the chairman of the committee.

Mr. TYDINGS. I have no particular desire to withhold any money that will conduce to the betterment of the Virgin Islands; but, in view of the situation which now exists there, I very much question whether the establishment of a con-

stabulary in the islands would not tend more to injury than to helpfulness.

There is a great deal of feeling in the islands. There have been several marches of thousands of people on the houses of government officials there; and I doubt very much whether it would be a wise move to put a constabulary there. If I thought it would help, I should not for a moment hesitate to support the amendment; but in my present state of indecision I am rather inclined to believe it would not be very helpful.

Mr. McKELLAR. Mr. President, I suggest to the Senator that the amendment be allowed to go to conference; and then, if the Senator from Maryland comes to the conclusion that he is opposed to it, I hope he will confer with the conferees.

Mr. TYDINGS. Let me continue for a moment more. I think perhaps I might give a little sketch of the situation in the Virgin Islands.

The people of the Virgin Islands are very literate. Ninety-five percent of them are literate. They have a much higher percentage of literacy than we have in the United States; and I am sure the members of the Territories Committee who have come in contact with the officials who are now here have been impressed with the intelligence and understanding they have exhibited in testifying before the committee.

I do not believe the people of the Virgin Islands are at all a warlike people. I think they are a very gentle people, and that is the testimony before the committee. There has been a great deal of unrest in the Islands. I am not at this time blaming anybody for that unrest, but it is there; and I rather fear that if an appropriation should be made to put a constabulary there at this time, with pistols and uniforms, it might have very serious consequences.

I should not wish to support a proposition of this kind without some evidence. I rather fear that if this amendment should be adopted, and if a constabulary should be formed and sent there, armed and equipped and uniformed, the people of the islands would look upon it as one of the most unfriendly gestures this Government could possibly make toward them, and that the result of that unfriendliness would make itself apparent in many ways which could be avoided if the amendment should not be adopted.

I cannot consent to have the amendment go to conference, because, so far as I know, there seems to be no justification or reason for it at this time.

Mr. METCALF. Mr. President, I quite agree with the words which have just been uttered by the chairman of the committee. We have been investigating conditions in the Virgin Islands. I am a member of the investigating committee, and I feel as the chairman of the committee does in regard to the people from the islands who have been before us.

If we wish to have trouble, we should carry out the idea that is now brought forward. If it was contemplated to take the course now proposed, why was not the amendment sent to the committee so that the committee could consider and study it? But no; it is brought in here without a moment's consideration.

I am opposed to the amendment, and I believe its adoption would be detrimental to the islands.

Mr. McKELLAR. Mr. President, the Senator is mistaken about the amendment being brought here at the last minute. It has been here since June 4—6 or 7 weeks ago.

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

Mr. McKELLAR. Yes.

Mr. METCALF. Then, why was not the amendment sent to the committee, so that the committee which is supposed to know something about the islands could look into it?

Mr. McKELLAR. Because the Senator's committee is not an appropriating committee. The Committee on Appropriations recommends these appropriations. The Committee on Territories and Insular Affairs does not recommend any appropriations. When it is desired to obtain money for administrative or other purposes, the request has to go to the Appropriations Committee, because that is where such matters are handled; and, of course, the Senator from Maryland recalls that this matter was before the committee at one time.

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

Mr. McKELLAR. Yes.

Mr. TYDINGS. I happen to know that crime in the Virgin Islands, so far as felonies are concerned, is practically nonexistent. The principal volume of crime in the Virgin Islands—there is not much of it, but such as there is—is in the category of misdemeanors, petty offenses. There are very, very, very few crimes that come within the classification of felonies. I can see no reason whatsoever for providing $40,000 worth of policemen when there already are police forces in the various towns such as Frederiksted and St. Thomas.

Further than that, we have been appropriating from two hundred thousand to four hundred thousand dollars a year to the island to make up enough revenue so that they may conduct their affairs. This amendment proposes to add $40,000 more to the amount which comes out of the Federal Treasury in order to furnish the people of the islands with sufficient revenue to conduct their government.

Mr. McKELLAR. Mr. President, does not the Senator think that one of the prime necessities of the Virgin Islands, where there has been so much trouble, is the preservation of order, and that we ought to preserve order there? It seems to me that the very small amount that is recommended, and which it is believed will bring about order, ought not to be objected to. I do not wish to have anyone sent there who will not aid the people of the islands and assist in preserving order. We bought those islands and it is our duty to preserve order in them. I know there has been a great deal of trouble there.

Mr. TYDINGS. I think the Senator is misinformed. There has been so serious trouble in the Virgin Islands beyond mass meetings. There have been several mass meetings, but no violence took place at any of the mass meetings.

Mr. McKELLAR. I think the greatest trouble has been about the Governor and the other officials.

Mr. TYDINGS. When those islands were under the Danes, one of the things that was implanted in the mind of the people, and preserved by the Danish Government inviolate, was that they should always have the right to hold mass meetings, to assemble, and give voice to their grievances. The reason why that was put into the organic law under the Danes was that only seven or eight hundred people in all the islands have the right of suffrage, and if the people cannot hold mass meetings and protest against their wrongs, either real or imaginary, and cannot vote, and if now we are to superimpose on them a constabulary, it strikes me that we will have added about the last straw to break the camel's back of good order; that we will sow the wind and reap the whirlwind, and may have to land the Army and Navy down there before it is over.

Mr. McKELLAR. I think it is the duty of our Government to preserve order, and I hope the amendment will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was rejected.

Mr. FLETCHER. Mr. President, I desire to offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 26, after line 24, it is proposed to insert the following:

West Indian fruit fly and black fly: For determining and applying such methods of eradication and control of the West Indian fruit fly and black fly as in the judgment of the Secretary of Agriculture may be necessary to eradicate these pests from the State of Florida, fiscal year 1936, $36,000: *Provided*, That no expenditures shall be made for these purposes until there has been provided by the State of Florida funds and means which in the judgment of the Secretary of Agriculture are fully adequate to effectively cooperate in the accomplishment of these purposes: *Provided further*, That no part of this appropriation shall be used to pay the cost or value of trees or other property destroyed.

Mr. FLETCHER. Mr. President, I must apologize to the Senate because of the smallness of this item, its insignificance, and for taking up the time of the Senate in considering such

a trifling sum. After the talk about millions, five millions, six millions, seven millions, to refer now to an item of $36,000 I presume will test the patience of the Senate.

This appropriation is asked for in pursuance of a strong recommendation by the Secretary of Agriculture, an appeal by the plant board of Florida, and the recommendation of the President of the United States. The purpose is to eradicate two pests which have come over from the West Indies and are now in Key West and perhaps on the keys of Florida. They are pests which are likely to spread not only in Florida but through all the Gulf States. They attack the citrus fruits, also peaches and apples and mangoes, and other fruits which grow in that region.

The time to deal with a pest like this is when it appears. It is like putting out a fire; the way to do it is to get there as quickly as possible and to put the fire out before a conflagration is started.

I read very briefly from the recommendation of the President, accompanying which is a statement by the Department of Agriculture:

The West Indian fruit fly is a potential pest of importance of such subtropical fruits as mangoes and citrus, though it also has a definite preference for such deciduous fruits as peaches, and is also known to feed on fruits like apples and pears. The black fly attacks the foliage of more than a hundred kinds of plants, particularly citrus. The West Indian fruit fly was discovered at Key West, Fla., about 3 years ago and the black fly at the same locality in August 1934.

Efforts to control and, if possible, exterminate these pests have been carried on by the authorities of the State of Florida.

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

Mr. FLETCHER. I yield.

Mr. VANDENBERG. Is there any relationship between this fruit fly and the Mediterranean fruit fly?

Mr. FLETCHER. No; I will say to the Senator that the Mediterranean fruit fly was there, but we did not know it existed until it started its ravages and became quite widespread. That has been eradicated, however, absolutely destroyed and done away with, never to come again, unless it is imported from Italy.

Mr. VANDENBERG. The result of that campaign was a subsequent demand for damages for the destruction of the fruit, was it not?

Mr. FLETCHER. That has nothing to do with this proposal.

Mr. VANDENBERG. I am wondering whether in this instance we are going to have the same aftermath, a claim for damages for the fruit the Government agents may destroy.

Mr. FLETCHER. Not at all; this has nothing to do with that. In dealing with the Mediterranean fruit fly the Government was largely experimenting, and it proceeded, in pursuance of the work of eradication, to destroy a great deal of property which it was unnecessary to destroy; but that is another question.

The operation involved here is under the State plant board. It is a question merely of having the Government contribute something toward the expense. The State has appropriated $108,000 for this work, and when that appropriation was made it was with the understanding and the expectation that the Federal Government would contribute something toward the work. It is not a local matter.

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

Mr. FLETCHER. I yield.

Mr. McKELLAR. I am not going to object to the Senator's amendment, but I feel that we ought first to be very certain that there is a fly or insect which kills or injures the fruit, because I remember that when the Mediterranean fruit fly was supposed to be down there we appropriated a number of millions of dollars, I forget how many, but I think before it was over it cost fifteen or twenty million dollars.

Mr. FLETCHER. No; five or six million.

Mr. McKELLAR. And no human being in the United States, or in Florida, at any rate, ever saw a Mediterranean fruit fly alive, according to the evidence. If there is an insect which should be eradicated, I will join the Senator from Florida in helping to eradicate it, and I shall not oppose the amendment. I have so much respect for the Senator from Florida that I am not going to oppose it, whatever the consequences may be, but I hope that if we undertake to eradicate this fly, there will be a fly down there to eradicate. [Laughter.]

Mr. KING. Mr. President, will the Senator from Florida yield?

Mr. FLETCHER. I yield.

Mr. KING. I shall not oppose the appropriation only and solely because the Senator from Florida recommends it. If it rested upon the recommendation of the Department of Agriculture, or the agricultural department of the Senator's State, I should oppose it, in view of the misleading representations of these organizations with respect to the Mediterranean fly. They represented to us that the citrus crop of Florida would be destroyed, and millions of dollars of property lost because of the ravages of a nonexistent Mediterranean fly. Because of these representations, considerable property was destroyed foolishly, with no reason whatever. I shall vote for this amendment only because the Senator recommends it.

Mr. FLETCHER. I appreciate what Senators have said, and I shall not forget it. The fly is there, and I think Senators are mistaken about the Mediterranean fruit fly so far as that is concerned; but that is another question. I should like to have this appropriation made. It is counted on by the State; it is expected by the State; the State appropriation was based upon that expectation; the Department recommends it, and the President recommends it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was agreed to.

Mr. ADAMS. Mr. President, I offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 64, after line 23, it is proposed to insert the following:

Mount Rushmore National Memorial Commission: For the continuation of construction on the Mount Rushmore National Memorial, pursuant to the provisions of the act creating the Mount Rushmore National Memorial Commission, approved February 25, 1929, as amended, fiscal year 1936, $100,000.

Mr. ADAMS. Mr. President, this is an amendment authorized by a bill passed today at the instance of the Senator from South Dakota [Mr. NORBECK], and it has been duly estimated for.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ADAMS. Mr. President, I suggest that there is one committee amendment the vote on which was reconsidered at the instance of the senior Senator from California [Mr. JOHNSON], having reference to a building for the General Accounting Office.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 76, after line 14, the committee proposes to strike out:

General Accounting Office: For the extension on land owned by the Government and remodeling of the old Pension Office Building now occupied by the General Accounting Office, including furniture, equipment, rent of temporary quarters during construction, and moving expenses, $2,000,000, within a total limit of cost not to exceed $4,700,000.

And in lieu thereof to insert the following:

General Accounting Office: For the acquisition of the block bounded by B, C, First, and Second Streets NE., and the construction of a building for the General Accounting Office, including furniture, equipment, and moving expenses, $2,000,000, within a total limit of cost not to exceed $11,150,000.

Mr. JOHNSON. Mr. President, the committee very graciously consented this morning to a reconsideration of the vote by which this amendment was approved by the Senate on yesterday. Reconsideration having been thus granted, I am now seeking to have the House language adopted and the Senate committee language rejected.

The House language proposed to be stricken out by the Senate committee read as follows:

General Accounting Office: For the extension on land owned by the Government and remodeling of the old Pension Office Building now occupied by the General Accounting Office, including furniture, equipment, rent of temporary quarters during construction, and moving expenses, $2,000,000, within a total limit of cost not to exceed $4,700,000.

Mr. President, that was the House provision for the construction of a building for the purposes of the General Accounting Office. This House language was stricken out by the Senate committee and the Senate committee adopted the following language——

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. LA FOLLETTE. With the permission of the Senator from California, I should like to suggest the absence of a quorum.

Mr. JOHNSON. I am willing that the absence of a quorum be suggested in order that the subject may be presented to the greatest possible number of Senators.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

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

Mr. JOHNSON. Mr. President, I will begin again with the brief remarks I desire to make upon this amendment.

In this amendment I am dealing with the General Accounting Office and the building recently contemplated to be erected for that office. The bill as it came to the Senate from the House contained a provision in regard to the new structure of the General Accounting Office in this language:

General Accounting Office: For the extension on land owned by the Government and remodeling of the old Pension Office Building now occupied by the General Accounting Office, including furniture, equipment, rent of temporary quarters during construction, and moving expenses, $2,000,000, within a total limit of cost not to exceed $4,700,000.

This language was stricken out by the committee and the following language inserted:

General Accounting Office: For the acquisition of the block bounded by B. C, First, and Second Streets NE., and the construction of a building for the General Accounting Office, including furniture, equipment, and moving expenses, $2,000,000, within a total limit of cost not to exceed $11,150,000.

In the one instance, Senators will observe the limit of cost was to be $4,700,000. In the other instance, as established by the Senate, the limit was to be $11,150,000. All of us, with our hot enthusiasm for economy, of course, contemplate other matters which may be in issue here, and, if they be at all alike, would accept the provision of the House, which provides $7,000,000 less for the General Accounting Office than the Senate committee recommends. I assume that all my brethren upon this floor, struggling, as I have for the past couple of years, for economy at all hazards and in all events in connection with all the legislation which has been enacted, will grasp the opportunity now afforded to save $7,000,000 to the United States Government in the construction of a specific and a particular building.

So much has been said upon the one subject of economy. Economy! How we heard the word only a year or more ago, and how we have forgotten it at present. How we learned a year or more ago that economy was the watchword of every statesman in the land. Today, perhaps because of the multiplicity of our duties and the multifariousness of things we have to attend to in matters of great public policy, how dusky and how foggy, perhaps, has grown the word "economy". Nevertheless, when recalled to Senators, I am sure they have exactly the same feeling I have—the same old enthusiasm for economy—economy in government, and economy wherever we can save millions of dollars, as we can in this instance. So, upon the ground of economy there ought to be no question as to what should be done.

There are other things involved here, however, besides economy. I have an ingrowing prejudice and an inherent repugnance against the idea that any power on earth, whether it be governmental or otherwise, should say to a man who has a home or a house, or to say to an organization which has a home or a house, "Get out! We want your property", and that without more ado we should take over that property.

I was appealed to on yesterday by the women who have their structure in this block. I did not even know, until they spoke to me last evening, that it was contemplated that their home should be taken and that they should be driven from the house which is theirs. They have a right to be there. They purchased from one of the distinguished Members of this body—it was a considerable time ago—the residence in which today their organization is housed. They do not wish to be driven out of it, and they do not wish to leave it. If there are other ways in which accommodations may be provided for the General Accounting Office, they ought not to be required to leave their house, and they ought not to be driven out of it.

It is no answer to me to say that finally the Government, after it has taken one's property, will determine what it shall do for the owner. The Government, under the laws which we have enacted in relation to eminent domain, is not restrained in the District of Columbia, as it is in some States in the Union. It takes the property first, and then at its leisure determines what it will do so far as a particular owner may be concerned. So I do not blame the women who occupy this house, which they have at such expense and at such trouble and at such pains to themselves acquired, for objecting to being driven out of their particular locality now for the General Accounting Office; and particularly I do not blame them when, in the testimony which was given only last May before the House committee, the distinguished gentleman who is the general accountant of the United States was not only perfectly willing but himself selected the particular structure which the House awarded him as the place where he should have his building and where he should have his office.

Senators will find, on page 50 of the House hearings, these remarks by Mr. McCarl:

Let me begin back at the beginning. I had always considered that it would be best for the General Accounting Office to be near the Capitol so that its facilities would be better available for the Congress.

In the conversations which I have had with Members of the Senate concerning this matter only today, they spoke of the General Accounting Office being near the Capitol, and being close by and beyond the Capitol, and so it is provided that it shall be placed on the hill adjoining us, so that it may do its duty; but I venture the assertion that there are very few Members here who communicate with the General Accounting Office otherwise than by mail or by telephone, and it would make little or no difference to us whether the General Accounting Office was down town, where it now is, or in the particular place where at this instant its officials would like it to be.

I quote further from the statement of the Comptroller General before the House committee:

A good many years ago I tried to interest the Congress in that matter, and bills were introduced and hearings were held by the

House Committee on Public Buildings and Grounds. At that time the site contemplated was on the north side of the Senate Office Building, and there was another site down by the House Office Building. But that did not materialize.

The result was that when there seemed a possible opportunity to receive some money from the Public Works Administration I took the matter up, in conjunction with the Treasury Department—and, by the way, their people have been very helpful and very much interested. It is the only agency of the Government that has ever shown any particular interest in the needs of the General Accounting Office for an adequate building.

A very gracious remark, indeed, when he is asking for an appropriation of $12,000,000 from the Congress of the United States.

The General Accounting Office is rather a stepchild. We have no representative in the Cabinet, so we are dependent entirely on what the Congress may do for us.

The matter appealed to me in this way, that by utilizing the old Pension Office Building, perhaps a suitable, workable, and reasonably convenient arrangement could be made with considerably less expense than a new building can be constructed for.

I congratulate the Comptroller General of the United States of America—one officer among them all—for thinking of how something could be accomplished for less expense than it could be accomplished in some other fashion. So I congratulate him and I felicitate him upon his particular peculiar, strange, weird, wild view concerning the construction of a building for the activities of his office, a view not in consonance with that expressed to the House, nor one in keeping with his creed of economy.

If you construct a new building near the Capitol the chances are it would be more or less a monumental building. My own idea is that that would be an extravagance.

And yet now it is proposed to take not a little piece of land but a great square near the Capitol; not a triangle, for he says a triangle would not be sufficient upon which to construct a building to meet his needs; but a tremendous square on which there is to be constructed a monumental building, he says, and that monumental building, he says, "would be an extravagance."

This statement was made only in the latter part of May when the matter was before the House committee.

Then, adds Mr. McCarl:

What the General Accounting Office needs is working space—light and convenient rooms in which to do good work—and absolutely fireproof.

Then, he says:

By utilizing the old Pension Office Building, it seemed to me that a good many hundreds of thousands of dollars might be saved, and, too, the Government owns the land.

That was his opinion in the latter part of May, last, before the House committee when that committee was considering the construction of a building for the General Accounting Office. We were going to save a great deal of money; we were going to remodel the old Pension Office Building and make it an appropriate and modern office for the General Accounting Office. That would have been appropriate, said Mr. McCarl then, but to erect a monumental building on a square would be a great extravagance to which he did not subscribe.

Now we are going to spend $7,000,000 more on a project to which he then did not subscribe and which I trust the Senate will not endorse at this time. So I ask that the committee amendment be rejected and the House text be retained.

Mr. BONE. Mr. President, before the Senator from California takes his seat I should like to ask him a question.

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

Mr. JOHNSON. Certainly.

Mr. BONE. A number of us on this side of the aisle feel that this is an expense that cannot possibly be justified. I have listened with a great deal of interest to the statement of the Senator from California, but I am wondering if he can enlighten us as to why this change was made when the bill came to the Senate committee. What impels the provision for the erection of an $11,000,000 building at this time?

Mr. ADAMS rose.

Mr. JOHNSON. I see the distinguished, able, and fair Senator from Colorado [Mr. ADAMS] on his feet. He is familiar with the matter, and, no doubt, can supply the information. I will leave it for him to do, not saying that I will not disagree with him subsequently.

Mr. ADAMS. Mr. President, I am not in the most favorable position to present the committee amendment, inasmuch as I happen to be one of the very small minority that voted against it in the committee. However, I will explain the situation as it was presented to the committee.

The original suggestion was for the remodeling of the old Pension Office Building. Admiral Peoples, in charge of the building program, recommended the remodeling of that building. He produced a sketch which showed to the satisfaction of some that this building could be harmonized with the other buildings in Judiciary Square. He pointed out that the utilization and remodeling of the old Pension Office Building would result in a very substantial saving.

Then before the committee came representatives of the District of Columbia, some of the judges, who insisted that the District of Columbia should be permitted to develop Judiciary Square in accordance with certain plans which had been laid out by the Planning Commission, and that the old Pension Office Building should be eliminated. They suggested that the District of Columbia owned certain ground abutting on Pennsylvania Avenue which was appropriate in location and adequate in type for the General Accounting Office.

Then General McCarl presented his views, saying that he had acquiesced in the recommendation of Admiral Peoples for the remodeling of the old Pension Office Building; that it could be made adequate; that it had certain advantages as to working space. Asked as to his personal choice, he said that his personal choice would be to have a building erected across from the Senate Office Building.

The committee then procured estimates of cost of three projects. The difference in cost ran from $4,700,000, the cost of remodeling the old Pension Office Building, up to some $8,000,000—I am giving only rough figures—for the utilization of the site on Pennsylvania Avenue; and $11,000,000 for utilizing the site across from the Senate Office Building.

General McCarl said that the site on Pennsylvania Avenue was entirely unsatisfactory, but that he could use the old Pension Office Building. The committee went into the matter with a great deal of care, and, as I have said, with the exception of two members, supported the amendment which is now in the bill.

I think the matter ought to be presented by some Senator who has probably a more favorable aspect, and I am wondering if the Senator from Arizona [Mr. HAYDEN] will not undertake that task?

Mr. NORRIS. Mr. President, may I ask the Senator a question before he takes his seat?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Nebraska?

Mr. ADAMS. I yield.

Mr. NORRIS. How many employees, altogether, are there in the General Accounting Office?

Mr. ADAMS. I am informed by the clerk of the Committee on Appropriations that on December 10, last, the number of employees of the General Accounting Office was 2,724.

Mr. NORRIS. Have we not provided by law for an increase of 1,500?

Mr. ADAMS. I so understand.

Mr. NORRIS. Which will make a total of several thousand?

Mr. ADAMS. Yes.

Mr. NORRIS. If the committee amendment were agreed to, and the plan proposed by that amendment were carried out, would it result in tearing down the old Pension Office Building?

Mr. ADAMS. Yes; if the committee amendment should be adopted, the ultimate plan would be to raze the old Pension Office Building.

Mr. NORRIS. How much would that cost?

Mr. ADAMS. I do not know what it would cost; but I will say to the Senator from Nebraska that, in my judgment—and I am speaking as a minority member of the committee, one who disagreed with the committee amendment——

Mr. NORRIS. I understand. All I wish is to get the facts.

Mr. ADAMS. I think there is a value on the old Pension Office Building of $2,500,000, which would be lost by tearing it down.

Mr. NORRIS. We would have to add that expense to the $11,000,000 included in the appropriation if it were adopted?

Mr. ADAMS. That is what bothers me. I happen to be obsessed, more or less, with a desire to cut down expenses; but I travel rather a lonely path in that respect, and I am forced to concede that I am wrong.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from South Carolina?

Mr. ADAMS. Yes.

Mr. BYRNES. Did the Senator from Colorado intend to say to the Senator from Nebraska that there would be a cost of two or three million dollars in addition to the sum of $4,000,000 provided for in the House bill?

Mr. ADAMS. That is not quite correct. I think that the actual value of the Pension Office Building as it stands is figured at from two to three million dollars. That, of course, would be lost if the Government failed to make use of it; that is, if values can be placed on old buildings.

Some of the judges of the District of Columbia courts said it was an eyesore, that they wanted to extend Judiciary Square, and in order to maintain the dignity of the District of Columbia and its judicial functions they thought the District ought to have that ground, and that the old Pension Building ought to be razed.

Mr. BYRNES. The House bill provides for a cost of not to exceed four and a half million dollars.

Mr. ADAMS. Yes; under that provision it was proposed to build two wings on the old Pension Office Building and resurface and remodel the building, so that as remodeled it would have the appearance of a building adapted and planned for judicial purposes.

Mr. BYRNES. Then, the alternative plan is to buy land and to construct a new building at a cost of $11,000,000?

Mr. ADAMS. The extra cost is largely, of course, because of the land which will have to be purchased. Furthermore, if the building should be constructed in the neighborhood of the Capitol, it would probably have to be constructed of marble rather than of some other material, and it would have to be built along similar architectural lines, that is, with columns, which is a very expensive form of architecture.

Mr. GERRY. What would it cost to remodel the old Pension Office Building?

Mr. ADAMS. To remodel the old building would cost $4,700,000.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Kentucky?

Mr. ADAMS. I yield.

Mr. BARKLEY. Does that expenditure contemplate resurfacing the entire old Pension Office Building so as to eliminate its monstrous appearance, it never having been designed by anybody who had an eye for architectural beauty? Does it contemplate that the whole appearance of that old building is to be altered so as to make it conform to proper architectural standards?

Mr. ADAMS. It is planned to remodel the building and resurface it with Indiana limestone or some other kind of material.

Mr. BARKLEY. The Senator is not committed to any particular limestone?

Mr. ADAMS. No; but perhaps I should say Kentucky limestone.

Mr. BARKLEY. Of course, Kentucky limestone should be "in on the ground floor", and should have consideration; but I am wondering whether anything can be done to that building which will make it harmonize with other public buildings.

Mr. ADAMS. There was submitted a very attractive sketch of what could be done.

Mr. BARKLEY. Does it involve removing the frieze from around the sides of the building?

Mr. ADAMS. I could tell the Senator what it is planned to do, but I do not want it to go in the RECORD.

Mr. HAYDEN. Mr. President, for one who is opposed to the appropriation the chairman of the subcommittee has made a very fair statement of the situation. I wish to amplify it a little.

The most inexpensive thing to be done in this instance is to take an old building, give it a new surface and add some wings to it, and establish quarters for the General Accounting Office. Congress could do that for the least amount of money. However, it would not locate the Comptroller General in the place where he ought to be, and it would seriously interfere with well-designed plans which have been adopted by those competent to lay out plans for the city of Washington, by destroying the place where the courts of the District of Columbia should be located, and that is in Judiciary Square.

When this proposal came from the House of Representatives there appeared before the Committee on Appropriations justices of the Supreme Court of the District of Columbia who pointed out what miserable quarters the local courts now occupy and stated that no provision had been made for them at all and showed the absolute necessity for providing, somewhere in the District, suitable facilities for the courts.

We then called in the Comptroller General and asked what he thought of an alternative proposition which had been submitted by the District authorities; that is, to take a tract of ground near Pennsylvania Avenue which the District has acquired and no longer needs, and build the General Accounting Office there. His first and, I think, soundest objection was that in any building used for that purpose there should be ample storage space underground so that the records would be accessible within the building. No suitable basement could be built at that location on Pennsylvania Avenue, because it is practically at sea level. There has been an enormous amount of money expended to provide a firm foundation for some of the buildings along Pennsylvania Avenue. To attempt to put a deep basement there would be impossible.

The space that General McCarl requires cannot be obtained in a building without a basement because there is a height limit to buildings in the District of Columbia. The committee asked him frankly why it was that he consented, as disclosed by the House record, to this plan to utilize the old Pension Office. He said that for years and years he has been trying to find some place for his headquarters and had been unable to obtain it, and that this looked better than anything else that had been offered, though it was not by any means ideal.

The site immediately east of the Senate Office Building combines two very obvious advantages. It is on a hill, and that would permit a deep basement, which would provide the storage space needed.

In the second place, and that is fundamental, the General Accounting Office is an arm of the Congress. It is a special offspring of Congress, designed to see that the various executive departments and independent agencies of the Government obey the will of Congress and that they do not make expenditures not authorized by law. The nearer we can keep that office as a separate and distinct organization from the executive departments and the independent agencies the better it will be for all concerned.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Arizona yield to the Senator from Missouri?

Mr. HAYDEN. I yield.

Mr. CLARK. Does the Senator think it makes the slightest difference on the face of the earth where the office is

physically located so far as concerns the performance of its functions? Senators and Congressmen are not in the habit of going to the General Accounting Office when they desire information. They invariably write a letter or conduct their business by telephone. It seems to me it makes no difference at all whether the Comptroller General is located down town or in Alexandria or across the street from the Senate Office building, certainly not enough difference to justify an expenditure of $7,000,000 or $8,000,000.

Mr. HAYDEN. That may be true. Nevertheless there is an advantage in having the legislative branch of the Government grouped in one part of the city and the executive branch in another. The advantage may not amount to as much as $7,000,000 or $8,000,000 in any 1 year. But as time passes there will be greater necessity to support the General Accounting Office if we are to keep the departments subject to Congress. The more and more valuable that organization becomes the closer we should keep it to Congress, because of the many millions we will save by so doing. The actual savings will pay for the extra seven or eight million dollars many times over.

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

Mr. HAYDEN. I yield.

Mr. STEIWER. I wish to propound a question to the Senator. I have not had an opportunity to inform myself fully concerning this organization. I understand that not to exceed one-half the personnel of the Accounting Department is presently located in the old Pension Building.

Mr. HAYDEN. That is correct. They are scattered in other buildings throughout the city. The recent increase, however, I believe, is temporary. It was necessary, on account of the emergency activities of the Government, to employ a large number of accountants, which is a situation we hope will not be permanent.

Mr. STEIWER. Can the Senator advise the Senate of the location of the rest of the personnel?

Mr. HAYDEN. It is scattered all over the city in different buildings. I noticed recently that an old store building on F Street had been taken over for office space for the Comptroller General.

Mr. STEIWER. Is the extra personnel in Government-owned buildings or rented buildings?

Mr. HAYDEN. In rented buildings.

Mr. STEIWER. Is the subcommittee prepared to advise us whether it would be a saving to the Government to give up the rented buildings?

Mr. HAYDEN. There would be a decided advantage. It is difficult to say how much of the present personnel is due to emergency conditions and how much would be permanent.

Mr. STEIWER. What is the situation with reference to records? Is the great volume of records belonging to the office of the Accounting Department all preserved in the old Pension Building?

Mr. HAYDEN. No; and that is one of the main things General McCarl stressed to the committee, that at the present time there is great delay and loss of efficiency by reason of the fact that the records are often in one part of the city and the personnel in another.

Mr. NORRIS. Mr. President, may I interrupt the Senator at that point?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Nebraska?

Mr. HAYDEN. I yield.

Mr. NORRIS. Is it not true that the old Pension Building, which was used by the Pension Bureau, is capable of storing more records than any office building in the city?

Mr. HAYDEN. It will store as many records per square foot of floor space as any other office building in the city.

Mr. NORRIS. But the old Pension Building consists of a building constructed around a large open space or court. When the Pension Office used to be there, when it transacted an enormous business, all the records were kept right in the building in the open space or court, as I understand. It would be easier to get the records there than if they were down in the basement.

Mr. HAYDEN. What the old Pension Bureau did was to take care of the cases of probably a million pensioners of the Civil War. The General Accounting Office takes care of hundreds and hundreds of thousands of cases each year and the cumulative effect, when we consider the various activities of the Government, is very much greater than the total business transacted by the old Pension Office, so much greater that there is no comparison.

Mr. NORRIS. I was speaking only in a general way. I believe the records kept by the Pension Office when it was busiest were more numerous than have been kept or will be kept by the General Accounting Office.

Mr. HAYDEN. I am sure that on reflection the Senator would not stand on that statement.

Mr. NORRIS. There were acres of space there in which to keep records. The records were kept right in the open, in that great court.

Mr. HAYDEN. The proof of what I have said is that the General Accounting Office has occupied that entire building, which the Senator has just described, and it has been necessary to rent floor space elsewhere.

Mr. NORRIS. If we should remodel it, however, as proposed by this expenditure of $4,000,000 and build two wings on it, we would be able, I understand, to house the entire office force of the General Accounting Office.

Mr. HAYDEN. It will undoubtedly be much more satisfactory than the present arrangement, but even then there will not be adequate basement storage space.

Mr. NORRIS. There would be the storage space which is there now. I have not been in the building for years, but I understand that the space formerly used for storage is not being used for that purpose now. It is because the Congress found it was the largest open space and the only space where they could successfully hold the old inaugural balls.

Mr. HAYDEN. The Senator is now giving the real reason for the construction of the building. It was so constructed for the purpose of holding the inaugural balls.

Mr. NORRIS. I do not think so, because it cost hundreds of thousands of dollars every 4 years to take those records away and move them back again in order to have that space available for holding the inaugural ball.

Mr. HAYDEN. The story that I have heard, and I think it is quite well authenticated, is that the building was designed in the shape in which it was constructed as a convenient place to hold the inaugural balls. That is why it was built that way.

Mr. NORRIS. But the inaugural balls have passed out of existence. We do not need it for that purpose any more.

Mr. STEIWER. Is this understanding correct—that whether we remodel the present Pension Building or whether the Government acquires and builds upon the block east of the Senate Office Building, in either case the entire personnel and all records will be housed in one building?

Mr. HAYDEN. That is my understanding—that all essential records will be kept in one building, and that all personnel essential to the examination of the normal activities of the Government will be housed in one building. Of course, for these emergency agencies the Comptroller General may need to have some employees outside.

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

Mr. HAYDEN. Certainly.

Mr. CLARK. Of course, one of the great advantages of building a new monumental building, as General McCarl said, which would require additional structural and architectural facilities, as against utilizing an old building which, after all, is worth only two or three million dollars, and might as well be torn down anyhow, would be that under the scheme of having monumental buildings some architect might have an opportunity of doing the same thing that the architect of the Supreme Court Building has done; that is, have his own figure sculptured on the frieze of the building as the central figure of the group, and John Marshall's figure sculptured as a naked boy over in the corner. [Laughter.]

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

Mr. HAYDEN. I yield.

Mr. JOHNSON. Does the Senator recall what Admiral Peoples said as to the value of the old Pension Building?

Mr. HAYDEN. My recollection is that by using the old building——

Mr. JOHNSON. No; I ask first as to value. What is the value of the old Pension Building, according to Admiral Peoples?

Mr. HAYDEN. If the old Pension Building is used, rather than to construct a building containing equivalent space, about $2,000,000 would be saved.

Mr. JOHNSON. I think the Senator will find one place in Admiral Peoples' evidence where he stated that the value was something more than that; but he had complete plans, had he not, which showed how all the employees of the Government could be housed?

Mr. HAYDEN. Yes; practically all the standard personnel.

Mr. JOHNSON. So that the statement made by the Senator from Oregon [Mr. STEIWER] as to now having people scattered about in different sections would no longer be applicable if Admiral Peoples' plans as to the reconstruction and remodeling of the Pension Building were carried out?

Mr. HAYDEN. There is no question at all that if it is a mere matter of housing, one plan is as good as the other. That, however, is not the question. To utilize the old Pension Building would destroy a well-conceived plan of city development.

Mr. JOHNSON. What the Senator means is that it would destroy a plan which somebody has drawn up, which has not yet been executed, for a judicial center. Is not that what the Senator is driving at?

Mr. HAYDEN. Congress has provided for a Fine Arts Commission and for a Planning Board in an effort to build a capital city according to a well-considered plan. That plan includes a judicial square at that site, rather than the General Accounting Office.

Mr. JOHNSON. That is, somebody says, "Sometime in the future, 30, 40, 50, 60, or 100 years from now, we shall have a judicial square right here; and until that time arrives when you are going to build a judicial square, you cannot build anything else upon this land which belongs to the United States Government."

Mr. HAYDEN. Without violating the plan.

Mr. JOHNSON. Without violating that plan. Well, let us violate it.

Mr. GLASS. Mr. President——

Mr. HAYDEN. I yield to the chairman of the committee.

Mr. GLASS. Did anybody suggest that we abolish the Department of Commerce and move the General Accounting Office into that great building?

Mr. HAYDEN. No such suggestion as that was made.

Mr. GLASS. Would not that be about the cheapest and the most advisable thing we could do?

Mr. HAYDEN. I do not know just why the Senator from Virginia selects that particular Department. There may be other departments which it would be as well to abolish as the Department of Commerce.

Mr. GLASS. Did anybody even suggest that the Department of Commerce be moved into the Pension Building, where it could do as little as it does where it is, and in turn that General McCarl's General Accounting Office be moved into the great building down here which the Commerce Department now has?

Mr. HAYDEN. No; neither did anyone suggest that Congress buy the Sears-Roebuck Building out on the highway toward Baltimore, which I imagine would adequately accommodate the General Accounting Office so far as mere space is concerned.

Mr. TYDINGS. I beg the Senator's pardon; that has been suggested.

Mr. GLASS. Very likely it would be just as impossible to abolish the Department of Commerce as it would be to establish General McCarl's office between Baltimore and Washington. That, however, does not mean that it ought not to be done.

Mr. CLARK. Mr. President, I am certain the Senator from Arizona will remember, and I know the Senator from Virginia will remember, when the Department of Commerce and Labor—it was then one Department—was in a building of 50 feet front on Fourteenth Street, a building which is still standing, next to the National Press Club Building; and we had more commerce and better labor conditions then than we have now, when we have these great monumental structures.

Mr. GLASS. Any one of the rented stores on F Street could properly accommodate the useful activities of the Department of Commerce.

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

Mr. HAYDEN. I yield to the Senator from North Carolina.

Mr. REYNOLDS. I should like to say that I am in thorough accord with everything which has been said by my distinguished colleague from the State of California [Mr. JOHNSON], and I am in accord with what has been said by my distinguished colleague from the State of Virginia [Mr. GLASS] in his reference to the Department of Commerce. I cannot for the life of me see the need of our Government, at this particular time, wasting a number of millions of dollars in the willful destruction of a building which at this hour is as substantial as any of the newer buildings we have constructed in the District of Columbia within the past 5 years.

I have been in the old Pension Office Building, which is now being utilized by General McCarl and his some fifteen hundred or two thousand employees; and I must say that to my sense of architectural beauty—which evidently differs from that expressed by my good friend the Senator from Kentucky [Mr. BARKLEY], for whom I have great affection and admiration—there is not a single building in the city of Washington, other than the old Post Office Building on Pennsylvania Avenue, which can in any sense compare with it. Some people in Washington have gotten it into their heads that all in the world we have to do here is to tear down buildings and construct new ones, regardless of the cost which we place upon the taxpayers of the country.

Mr. CLARK. Mr. President, if we did not follow that policy, what would the Fine Arts Commission have to do?

Mr. REYNOLDS. That is exactly the point. As the Senator from Missouri stated a moment ago, in my opinion the only single person who would benefit by the construction of the building proposed here would be the architect, in order that he might rear to the heavens a great monument to himself for those of the centuries to come to feast their eyes upon and say, "That building was designed by Mr. Whoosis." [Laughter.]

Mr. President, if the Senator from Arizona will let me proceed just a moment longer, because in a moment I shall have occasion to go with my colleague, the Senator from Maryland, to the White House, it has been said by Mr. McCarl and those interested with him that it is not possible to construct down town a building for their use, because it is impossible to excavate beneath the earth's surface a distance sufficient to provide them with housing space for the papers and records they are desirous of preserving in the years to come.

In answer to that assertion, Mr. President, I respectfully direct the Senator's attention to the fact that the buildings recently constructed and now under construction on Pennsylvania Avenue are built on a plane many, many feet below the level of the basement of the present Pension Building. Therefore, if the officials of the General Accounting Office are desirous of having space beneath the street floor in any building to be constructed they can bring about excavation in their present location much better than they can bring it about where they propose to do so.

As to beauty, it is said that it is desired to have a great judicial square. Over here we have the Supreme Court. To the right thereof we have the Congressional Library. To bring about a balance, of course, it is true, indeed, that a building might be constructed similar in architecture, design, and proportions to the Congressional Library; but we must remember that it costs money to tear down and to build, and in destroying the building now occupied by the General Accounting Office what should we be doing? We should be willfully destroying property which the officials of that office

themselves unhesitatingly admit is worth $2,000,000; and what should we be further doing? They are proposing the construction of a building at an additional cost of $7,000,000 to the taxpayers.

Mr. President, so far as I am concerned, I shall cast my vote with the Senator from California [Mr. JOHNSON].

Mr. KING. Mr. President——

Mr. HAYDEN. I yield to the Senator from Utah.

Mr. KING. I am compelled to leave the Chamber immediately on official business. I desire to emphasize the fact that I am opposed to this amendment. I wish I had time to explain the reasons for my opposition.

Mr. BARKLEY. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield.

Mr. BARKLEY. We are all concerned, of course, about the beauty of Washington. We all realize that if the plans of L'Enfant a hundred years ago had been adopted at that time, it would have been much cheaper to lay out a beautiful Capital City than it has been to adopt the plans a hundred years later, and buy a lot of property, and tear down a lot of houses. I think it is most unfortunate that that was the fact, but it illustrates our short-sightedness.

What I am concerned about is whether there really will be, in the near future or in the long future, a need for the expansion of the judicial territory in the region of the present courthouse, as I call the judicial building, which will some day require the expansion of that building or other buildings so as to accommodate the courts.

What is the Senator's opinion about that?

Mr. HAYDEN. My opinion coincides exactly with that of the Senator from Kentucky. We cannot accept a plea of saving a little money and wreck a well-designed plan. Congress should not do that.

Mr. BARKLEY. Mr. President, I have been asked to cut short what was the prospect of a very eloquent speech on the beauties of Washington in order that certain gentlemen who have been called to important conferences elsewhere may be allowed to vote. I shall show my unselfishness by yielding, because every one of them is going to vote, probably, in opposition to my own sentiments, and I want the Senators to remember my generous spirit hereafter when I ask favors of them. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. HAYDEN. Mr. President, as I understand it, the rejection of the amendment will keep out of the bill the language suggested by the committee.

The PRESIDING OFFICER. The Chair is of the opinion that it restores the language of the House.

Mr. HAYDEN. That is exactly what I wish to bring to the attention of the Chair. In the light of the new facts developed by the Committee on Appropriations, I do not believe the Senate should vote to concur in what the House has done. The entire matter should be further considered in conference. While I am forced to agree that the proposal suggested by the Committee on Appropriations be stricken out, the Senate should also reject the House amendment.

Mr. BARKLEY. The only way to do that is to offer a substitute of some kind for the House language. Otherwise it will not be in conference.

Mr. HAYDEN. Mr. President, I move to strike out the House provision. Then, if the conferees want to drop the entire matter, it can be done, but to foreclose further consideration by adopting what the House has done, which I am sure is not the best thing to do, would be a mistake.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 76, after line 14, it is proposed to strike out lines 15 to 20, inclusive, as follows:

General Accounting Office: For the extension on land owned by the Government and remodeling of the old Pension Office Building now occupied by the General Accounting Office, including furniture, equipment, rent of temporary quarters during construction, and moving expenses, $2,000,000, within a total limit of cost not to exceed $4,700,000.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

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.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

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

S. 1065. An act to further extend the period of time during which final proof may be offered by homestead and desert-land entrymen; and

S. 3269. An act to amend the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes", approved April 13, 1934.

THE BANKING SYSTEM

The Senate resumed the consideration of the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes.

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

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. GLASS. Mr. President, having been in my seat for nearly 4 hours waiting to present the bank bill, H. R. 7617, and having been waiting in similar fashion for 2 weeks heretofore, I do not much feel in physical condition to make such an exposition of the bill as its importance merits. I shall not undertake in my preliminary remarks—and they are preliminary—to discuss the bill in great measure, and I trust I may not have occasion to do that at all; but, of course, in the event any of its fundamental provisions are sought to be altered, I shall have to defend them as best I can, with the confident expectation that the Senate will confirm the unanimous judgment of the Committee on Banking and Currency in recommending the measure.

The report itself, on the desks of all the Senators, I assume, gives in considerable detail an explanation of the provisions of the bill as reported from the Senate committee, and the differences from the bill as it passed the House of Representatives. At the conclusion of my remarks this afternoon I shall venture to ask unanimous consent that the three titles of the bill be considered separately so that consideration of one title may be concluded before we proceed with the consideration of another title. I think that will facilitate procedure and enable the Senate to reach its conclusion more readily and more intelligently.

Title I of this bill is concerned altogether with the provisions of section 12B of the Federal Reserve Act, relating exclusively to the insurance of bank deposits. There are quite a number of technical provisions in the bill, as reported from the Senate committee, as there were in the bill as it passed the House. The outstanding provisions of title I relate first to the capital set-up of the Federal Deposit Insurance Corporation. The existing law provides for the issuance of and subscription to capital stock. That we have eliminated. The capital-stock provision was first introduced as a possible recompense to the Government for contributing $150,000,000 to the capital stock of the Federal Deposit Insurance Corporation. The capital now paid in approximates $296,000,000. When that provision of the original bank bill of 1932 was presented it was expected that the matter would relate itself solely to the liquidation of failed banks, by consolidations, reorganizations, and by the purchase of the assets of failed banks by the Corporation. It was purely a liquidating proposition, which afterward grew into the existing statute relating to the insurance of bank deposits.

As a liquidating proposition it was confidently thought that the Corporation would be enabled to pay interest on its capital stock; but under the altered arrangement there is no probability in the world that this will ever be done and, therefore, we have abolished the capital-stock provision of the bill and propose that the Corporation shall operate purely for the insurance of bank deposits.

It is provided in existing law that these deposits may be insured 100 percent up to $10,000, and 75 percent, as I recall, up to $50,000, and 50 percent beyond $50,000. The temporary-insurance plan confined the insurance to $5,000. We are proposing now to make the $5,000 limit a permanent provision of law. The insurance of deposits of $5,000 takes care of 98 percent plus of the depositors in the insured banks.

Another important provision of title I relates to the assessments against the banks. Under existing law the assessment was placed at one-fourth of 1 percent, and it could be imposed as often as the Corporation might find it necessary to levy the assessment to meet losses. Under the bill as reported from the Committee on Banking and Currency of the Senate the assessment is placed at one-twelfth of 1 percent, as against one-eighth of 1 percent provided in the bill which passed the House of Representatives.

The committee was assured by the board of directors of the Corporation that there was no necessity for making the assessment more than one-twelfth of 1 percent; that it would bring in a minimum of $30,000,000 a year, and in the judgment of the board no more would be required for the activities of the Corporation.

We have also provided that when the aggregate sum acquired by the Corporation shall have reached the total of $500,000,000 the assessments against the banks shall automatically cease until and unless there is impairment of the capital to the extent of 15 percent, and should that occur, the assessments would be automatically resumed until the capital amount should again reach $500,000,000.

We have given the Corporation ample authority to protect itself against losses on account of bank failures by providing a system of examination and by authorizing the Corporation to determine the character of banks which are to be insured. These matters will be explained in more detail by one of my colleagues on the committee who had charge more intimately than I of title I of the bill.

The Corporation is authorized by the bill to discontinue the insurance of banks which offend against sound policies, and to dismiss them from the privileges of the Corporation. We authorize the facilitation of mergers and consolidations in order to prevent losses.

Under existing law all banks which are insured are compelled to become members of the Federal Reserve System by July 1, 1937. The House of Representatives made a material alteration in that provision of the bill by providing that nearly everything required of a bank might be waived for membership in the insurance fund and in the Federal Reserve Banking System. Of course, all member banks of the Federal Reserve System are compelled to join the insurance fund and to submit to assessments. But as to nonmember banks we require that all banks having deposits of $1,000,000 or more shall become members of the Federal Reserve Banking System by July 1, 1937.

It might interest the Senate to know that this would bring in only 981 nonmember banks with total deposits of $3,214,898,000. It would leave out of the Federal Reserve System 6,701 nonmember banks with deposits of less than $1,000,000, with total deposits of $1,883,214,000. There is a total of 9,669 State banks. Under the bill as reported from the committee, as I have indicated, we compel only 981 to join the Federal Reserve System by July 1937 and we exempt 6,701.

I might say that those in charge of the insurance fund were very unmistakable and emphatic in their assertion that it would menace the fund to have State banks insured which were unwilling to comply with the statute requiring them to join the Federal Reserve System. However, after a prolonged and searching discussion of the problem we came to the conclusion that it might be and very likely would be safe to exempt from that requirement all nonmember State banks with deposits of less than $1,000,000.

The Governor of the Federal Reserve Board suggested that we require all to come in who had deposits of more than $500,000; but the committee thought it would be more advisable and certainly more acceptable to nonmember State banks to make the provision as we have it.

That briefly covers the outstanding provisions of title I of the bill. I come now to title II of the bill with which I have somewhat more familiarity, and which is really of infinite importance to the banking and business interests of the country.

It will be noted upon examination of the bill that we change the title of the Federal Reserve Board by proposing to call it hereafter the "Board of Governors of the Federal Reserve System." That was done largely at the suggestion of the senior member of the Federal Reserve Board, Dr. Miller. Representation was made to the committee that to have a governor and vice governor of the Federal Reserve Board was to place all other members of the Board at a disadvantage in the matter of prestige and of influence upon problems presented for consideration. Therefore he suggested that the Board be called the "Board of Governors of the Federal Reserve System."

Since the establishment of the system, and now, the Secretary of the Treasury and the Comptroller of the Currency have been members of the Federal Reserve Board. Periodically, it has been urged upon the Banking and Currency Committees of the two Houses of Congress that these two officials should be eliminated, for various reasons. With respect to the Secretary of the Treasury, it was urged—and I know it to be a fact, because I was once Secretary of the Treasury—that he exercised undue influence over the Board; that he treats it rather as a bureau of the Treasury instead of as a board independent of the Government, designed to respond primarily and altogether to the requirements of business and industry and agriculture, and not to be used to finance the Federal Government, which was assumed always to be able to finance itself.

Moreover, it was represented that these officials, except when of their own initiative they wanted something to be acted on, rarely ever attended meetings of the board. I think the present Secretary of the Treasury has attended only two or three meetings. I do not think I, as Secretary of the Treasury, ever attended more than one or two meetings of the Board; but, all the same, I dominated the activities of the Board, and I always directed them in the interest of the Treasury, and so did my predecessor, the present Senator from California [Mr. McADOO]. That, however, was because when he functioned it was during the war, and when I functioned it was in the immediate post-war period, when the difficulties of the Treasury perhaps exceeded those of the war period. Certainly they were not less.

In the Banking Act of 1932, which passed the Senate overwhelmingly, there was a provision eliminating the Secretary of the Treasury, and upon a record vote it was retained in

the bill by 62 to 14, after considerable discussion on the floor, which indicated that the Senate concurred in the better judgment of those who think the Secretary of the Treasury and the Comptroller of the Currency should not be on the Board.

That provision would have been retained in the Banking Act of 1933 but for the fact that the then Secretary of the Treasury, in wretched health which eventuated in his death, was greatly concerned about the matter, and was rather importunate and insistent in desiring to be retained as a member of the Board. In the bill which we have reported, however, we leave off both the Secretary of the Treasury and the Comptroller of the Currency, with no dissent from these officials. The bill constitutes the Board of Governors of the Federal Reserve System of seven members, to be appointed by the President, by and with the advice and approval of the Senate. The President is authorized to appoint one of these governors as chairman of the Board, and another as vice chairman of the Board.

It was strongly urged upon the committee that the Board should be permitted to select its own chairman and its vice chairman. After the matter was deliberately debated for a long time the committee concluded—first the subcommittee, and afterward the full committee—that the President should be charged with the duty of selecting the chairman and vice chairman of the Board, respectively, whose term of office as chairman and vice chairman shall be 4 years, but as members of the Board they are permitted to serve a full term.

This change of title of the Federal Reserve Board to the Board of Governors of the Federal Reserve System suggested an alteration of the official title of the chief executive officer of the Federal Reserve banks. Without any sanction of law, but at the suggestion of the Federal Reserve Board itself, the chief executive officer of the Federal Reserve bank was called the "governor" of the bank; and that title has prevailed since a few months after the foundation of the System. We propose to call the chief executive officers of the Federal Reserve bank the president of the bank, and the vice president to be elected by the board of directors.

It was first proposed that the Federal Reserve banks should be stripped of every particle of local self-government, and that we should establish here in Washington practically a central bank, to be operated by people who are not bankers, and who have no technical knowledge of the banking business. That suggestion was so repugnant to the original purpose of the Federal Reserve Banking System that those who propounded the suggestion soon found it convenient to abandon their indefensible attitude. If anything was deliberately and decisively determined in 1913, Mr. President, it was that this country did not want a central bank.

It did not want a central bank even in the skillful guise of the so-called "Aldrich bill." It did not want a central bank at all.

The platform upon which Woodrow Wilson was elected President of the United States textually and unmistakably declared against the Aldrich plan or any other plan for a central bank.

The platform upon which Theodore Roosevelt ran for the Presidency in 1912 likewise denounced the Aldrich plan of centralization.

The Republican Party, in its national platform of that year, did not dare endorse a central bank of any description, and omitted to make any reference to the Aldrich plan.

Instead of a central banking system, the Congress decided to create a regional reserve banking system, upon the theory that the respective regions established would know better how to manage their own credits and to respond to the requirements of their own people than any central bank established either in New York or at Washington.

Therefore we established a regional Reserve System with a large measure of local authority and a Federal Reserve Board charged, not with conducting a central bank system, but charged merely with supervisory power to see that these regional Reserve banks complied with the law.

When the suggestion, practically, of a central bank here in Washington was abandoned because of its obvious repugnance to everything we had done, then it was proposed that the central board here should be given extraordinary authority to control these regional banks. They wanted to name the governor of the regional bank instead of having him named by the boards of directors of the respective banks.

Let me impress upon the Senate the complete fairness and wisdom of the provision of the existing law constituting the boards of directors of these regional reserve banks. The Federal Reserve Bank Board is composed of 9 members, only 3 of whom may be bankers, only 3 of whom may have any interest in banks. They are to be selected by the member banks of the respective regions to peculiarly represent the banking interests.

Three other members of the Board are required actively to represent commerce, agriculture, and industry. They are to be selected by the member banks of these respective regions who supply the funds to conduct the System, who are the stockholders of the Federal Reserve banks, just as an individual is a stockholder of a banking unit. But not one of these three representatives of commerce, agriculture, and industry may be an officer of a bank.

The other three members of the Board are appointed by the Federal Reserve Board here in Washington to represent the public interest, which means to represent the Government of the people.

Can anyone imagine a fairer or a wiser division of interests than we have presented in the organization of a Federal Reserve Bank Board, 3 members representing the banks peculiarly, 3 members representing business only, 3 members representing the Government, meaning the public? But I ask Senators always to bear in mind that the Government of the United States has never contributed as much as one dollar to any Federal Reserve bank.

The capital, the reserves, and the deposits are all contributed by the stockholding banks, known in law as the "member banks."

It has been suggested that because President Wilson would not permit the banks to have representation on the Federal Reserve Board, that his action has some relation to the proposal to permit the Federal Reserve Board, here in Washington, to control the regional banks. Never was a more asinine thing suggested. It not only is not the same thing but it is not akin to the proposition.

Some of us who were in charge of Federal Reserve legislation in 1913 were unwise enough to think that the banks should have minority representation on the Federal Reserve Board. I headed a delegation to the White House in an endeavor to convince the President that he was unfair to the banks, and that he was wrong in not permitting them to have minority representation.

He heard five of the ablest and most skillful, and in some respects the shrewdest, bankers in the United States state the case; and when they had done it he turned and said, "Will any one of you gentlemen point to any governmental board in any civilized country which has upon it representatives of the private business sought to be controlled?" He said, "Would you gentlemen permit the railroads to select any part of the membership of the Interstate Commerce Commission?" He asked other questions of similar character. They could not answer, and I could not answer. I was a convert, and admitted it; and the bankers were converts, and refused to admit it.

To say that the regional banks supplying all the funds of the Federal Reserve System should be completely and literally controlled by a central board set up originally merely as a supervisory power of control is to me the most unreasonable thing that could be suggested.

However, concessions were made along this line. Instead of permitting the Federal Reserve Board to designate the governor of each of these regional Reserve banks, we have accorded the Board the right to confirm the governor selected by the board of directors once in 5 years. As I said, it was first suggested that he should be appointed by the central

Board here. With that position abandoned it was suggested that he might be appointed by the Reserve bank board and his appointment confirmed annually by the Board here. What we have done was to authorize his appointment by the board of directors of these respective banks, subject to confirmation every 5 years by the central Board. It required the yielding of some very definite convictions on the part of some of us to agree to that, but it was agreed to, and we brought in a unanimous report.

The next point of controversy was as to what is known as the "open-market committee." Perhaps the Senate will better be able to determine the wisdom of the proposal contained in the committee report by having recited some of the background of this open-market committee. The open-market committee was established in the original Federal Reserve Act for two purposes only: To enforce the rediscount rate of the Federal Reserve banks in their respective districts, just as the Bank of England enforces its discount rate by going into the open market and purchasing or selling paper. The other reason for the establishment of the open-market committee was to enable the Federal Reserve bank to use its surplus funds in order to insure its overhead expenses, and that was all.

Better to indicate to the Senate that it could not possibly have been in the mind of anybody connected with the legislation—and many Senators here now were connected with that legislation in the other House—that this banking system was set up to finance the deficits of the Federal Government or that the open-market committee was, or should ever be, authorized to compel the regional banks to purchase the bonds of the Federal Government, it needs only to be stated that at the time of the enactment of the legislation there were less than $100,000,000 of United States bonds available for purchase. In other words, the indebtedness of the United States at that time was somewhat less than $1,000,000,000.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. GLASS. I yield.

Mr. BARKLEY. Does that include the bonds which were outstanding, which enjoyed the circulation privilege upon which the national banking currency was issued?

Mr. GLASS. Yes. Including all outstanding bonds, the indebtedness of the United States at that time was somewhat less than $1,000,000,000, and $748,000,000 of that amount were bonds authorizing national-bank circulation and held by the national banks, and a further amount was held by estates; so that not more than $100,000,000 of United States bonds were available for purchase in the open market.

It never was intended that the open-market committee should speculate in United States bonds or any other securities. It was intended that the open-market committee should build up a market for eligible paper, based upon industrial, agricultural, and commercial transactions. It never was intended that the open-market committee should go into the market and speculate. I do not think they have ever bought a dollar of commercial paper made eligible for rediscount under the law. They ought to have created a market for commercial paper. On the contrary, the Reserve banks have $2,500,000,000 of United States bonds in their portfolios. They have not any use for a dollar of these bonds. They cannot sell a dollar of them without demoralizing the entire security market of the United States, National, State, municipal, and corporate.

It is now proposed to make the open-market committee the supreme power in the determination of the credits of the country. No such thing was intended, and no such thing should ever be done. I do not venture very far when I say no such thing can be done. As a matter of fact, if we should put the Federal Reserve Board on the stock exchange to deal in security transactions, they would be as completely lost as the babes in the woods. Not one of them knows anything about it, with the possible exception of one member, and it is not so certain that he knows enough about it to have been a conspicuous success.

I make the statement, verified completely by the record, that there has never been any trouble between the open-market committee, constituted years ago as a voluntary committee and afterward as a statutory committee, and the Federal Reserve Board or the Treasury. The Secretary of the Treasury testified as did every member of the Federal Reserve Board testify, as Senators will note by reading the testimony, that they had gotten on with the open-market committee as at present constituted in perfect harmony—perfect harmony—with $2,500,000,000 of United States bonds purchased by the banks.

Some of us thought it was perfect folly to undertake to interfere with the existing arrangement. Were amazed to have it proposed that the Federal Reserve Board alone should constitute the open-market committee of the system. Let us consider that for a moment.

Here is a board originally established and now operating as the central supervising power. The Government of the United States has never contributed a dollar to one of the Reserve banks; yet it is proposed to have the Federal Reserve Board, having not a dollar of pecuniary interest in the Reserve funds or the deposits of the Federal Reserve banks or of the member banks, to constitute the open-market committee and to make such disposition of the reserve funds of the country, and in large measure the deposits of the member banks of the country, as they may please, and without one whit of expert knowledge of the transactions which it was proposed to commit to them.

As I have said, in order to produce a bill, in order to harmonize radical differences, concessions, even yielding of convictions, had to be made; so it was finally determined to constitute the open-market committee of the 7 members of the Federal Reserve Board and 5 representatives of the Federal Reserve banks. The Federal Reserve banks, which are the trustees of the reserve funds of all the member banks of the country, are graciously given this minority representation upon the open-market committee.

Some of us were opposed to any alteration of the existing arrangement. Others thought that the representatives of the banks, whose money is to be used, whose credit is to be put in jeopardy, should have control of the committee and should have the majority representation. But in order to reconcile bitter differences there was yielding, and we have now proposed an open-market committee composed of all 7 members of the Federal Reserve Board and 5 representatives of the regional reserve banks.

It has been suggested that the representatives of the banks would have to persuade only one member of the Board in order to get an "even break", and they would have to persuade only two members of the Board to have the majority representation which some of us thought they were entitled to by reason of the fact that they were the trustees of the funds to be used.

What more reason is there to assume that the representatives of the banks could persuade members of the Federal Reserve Board of Governors than that the Board of Governors could persuade some of the representatives of the banks?

It has been said—and I call the Senate's attention to this significant fact—that the Federal Reserve banks failed in a great exigency to put a stop to wild speculation—that the Federal Reserve banks failed. As a matter of fact, it was the Federal Reserve Board that failed. For seven successive weeks the New York Federal Reserve Bank proposed a raise in its discount rate, and for seven successive weeks the Federal Reserve Board here at Washington declined to sanction the raise. The purpose of raising the discount rate was largely psychological. It was to put speculators and gamblers on the stock market upon notice that money was no longer to be "easy", and that if the first raise of the discount rate did not put a stop to insane speculation there would be successive raises of the discount rate, in order that these gamblers might not have easy access to the facilities of the Reserve banks and of the member banks of the country.

Yet it was proposed to entrust to the Federal Reserve Board, which failed utterly, the very power that it is com-

plained that the Federal Reserve banks did not exercise, when they did exercise it. They did not exercise it as they should have exercised it. They should have done it in 1927, when they might have put an end to the orgy of wild speculation then going on. They should have exercised it in 1928. They did exercise it in 1929, and even at that late date the Federal Reserve Board would not sanction their action, but let them go on upon a "cheap-money" basis until the crash came.

I agree measurably with the defense which the Federal Reserve Board makes of itself to the effect that in 1929 discount rates did not count; that when a man was gambling and expected to make 50 percent or 150 percent or 200 percent, he was not to be deterred by a raise of 1 or 2 or 3 percent in the discount rate; but, at any rate, it seems to me literally absurb to be empowering the offending board to do what it utterly failed to do in any measure in 1927, 1928, and 1929.

At any rate, some of us, without changing our convictions, yielded to those who desired to constitute this committee as we have constituted it—7 members of the Federal Reserve Board and 5 representatives of the banks. As a matter of fact, there never has been a time since the adoption of the open-market provision of the Federal Reserve Act when the Federal Reserve Board had not largely control of the matter; and I wish to call the attention of the Senate to this fact, too, which seems to have been ignored by persons who have been trying to seize all of this power, and to strip every Federal Reserve bank of local self-government—the fact that there is but one reservation in the existing law that any Federal Reserve bank had. They have to operate, if at all, under rules and regulations to be adopted by the Federal Reserve Board, and their only reservation is that any Federal Reserve bank desiring not to participate in an open-market operation may refuse to do so upon 30 days' written notice to the open-market committee.

Moreover, I point out that, after months and months of fighting and of bitterness, the Federal Reserve Act of 1933 corrected the very things which it is now suggested this reorganized open-market committee might correct. The Federal Reserve Act of 1933 corrected them, and corrected them in the most drastic sort of fashion. In one of the provisions it is made the duty of a Federal Reserve bank to keep in intimate touch with the activities of member banks, and whenever it finds that any member bank is engaging in speculative activities in excess of a sound procedure the Federal Reserve bank must report the fact to the Federal Reserve Board, and the Federal Reserve Board is empowered to warn the offending bank that it must desist, and, upon its failure to desist, can dismiss it from all privileges of the Federal Reserve System.

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

Mr. GLASS. I yield.

Mr. BARKLEY. Does the Senator desire to conclude his remarks today, or would he prefer that we take a recess until tomorrow?

Mr. GLASS. When I rose I did not think I could talk as long as I have talked. I should, of course, prefer to conclude tomorrow. I have been sitting here ever since 12 o'clock today—indeed, I have been sitting here for 2 weeks—waiting for an opportunity to get the bank bill up. It has been very trying for me to wait so long, and I was not particularly anxious to go on today.

EXECUTIVE SESSION

Mr. BARKLEY. With the understanding that the Senator from Virginia shall retain the floor, 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 REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

The PRESIDING OFFICER (Mr. DUFFY in the chair). If there be no further reports of committees, the calendar is in order.

THE JUDICIARY

The legislative clerk read the nomination of Harold M. Stephens, of Utah, to be associate justice, United States Court of Appeals, District of Columbia.

Mr. McKELLAR. Mr. President, I wish to have the RECORD show that I vote against this nomination.

Mr. CONNALLY. Has the nomination been before the Committee on the Judiciary?

The PRESIDING OFFICER. It has been before the committee and is now on the calendar.

The question is, Will the Senate advise and consent to the nomination?

The nomination was confirmed.

POSTMASTERS

The legislative clerk read the nomination of John P. Simpson to be postmaster at Ephrata, Wash., which had been reported adversely by the Committee on Post Offices and Post Roads.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination?

The nomination was rejected.

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the other nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

RECESS

Mr. BARKLEY. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Thursday, July 25, 1935, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 24 (legislative day of May 13), 1935

ASSOCIATE JUSTICE, UNITED STATES COURT OF APPEALS, DISTRICT OF COLUMBIA

Harold M. Stephens to be associate justice of the United States Court of Appeals for the District of Columbia.

POSTMASTERS

CALIFORNIA

Ica C. Adams, Brawley.
Ernest J. Craghill, Corcoran.
Harry E. Crenshaw, Escondido.
William J. Flowers, Ferndale.
Roy L. Terrell, Jr., Grass Valley.
Denny J. McChristy, Imperial.
Oliver G. Miller, Maricopa.
Joseph Scherrer, Placerville.
Philip T. Hill, Santa Monica.
Ray O. Caukin, Sierra Madre.
Alva A. Wilson, Willits.

IDAHO

Ralph R. Fluharty, Eagle.
Henry W. Thomas, Malad City.
George A. Hoopes, Rexburg.

INDIANA

Hazel H. Applegate, Carmel.
Orval E. Monahan, Jonesboro.
Bayard F. Russell, Laurel.
Jesse M. Trinkle, Paoli.
Ellis G. Ashabraner, Pekin.
Thomas J. Conley, Rome City.

KANSAS

Zenobia A. Kissinger, Bennington.
Os Love, Bronson.
Ivan Leo Farris, Cheney.

Harriet M. Mayo, Claflin.
Rolen C. Barrett, Frankfort.
Raymond E. Stotts, Garden City.
John McGrath, Greenleaf.
William F. Varvel, Gridley.
Pauline McCann, Hardtner.
Albert W. Balzer, Inman.
Victor T. Pickrel, Kanorado.
Harry T. Lindquist, Lindsborg.
William Westling, Marquette.
Leslie Eugene Harvey, Minneapolis.
Albert Cameron, Mulberry.
Charles A. Mardick, Richmond.
Raymond Artas, Russell.
George I. Althouse, Sabetha.
James A. Wiley, Sedgwick.
Michael Joseph Baier, Shawnee.
Harry E. Blevins, Stafford.
Harold B. Iliff, Strong.
Robert E. Berner, Waterville.
Verne A. Miller, Weir.
Lester W. Stewart, White City.

MINNESOTA

Alfred Gilbertson, Audubon.
John G. Johnson, Barrett.
Rose C. McFarland, Bena.
Marie B. Diekmann, Collegeville.
Frank J. Mason, Excelsior.
Miles L. Sweeney, Jeffers.
Allan B. Roth, Kasson.
Theodore J. Roemer, Madison Lake.
Frank J. Mack, Plummer.
Lloyd C. Waag, Roseau.

NEW HAMPSHIRE

Walter F. Hanrahan, West Swanzey.

NEW YORK

David J. Fitzgerald, Jr., Glens Falls.

NORTH CAROLINA

Frank H. Stinson, Banners Elk.
Clendenon D. Mallonee, Candler.
James F. Seagle, Lincolnton.
Earl P. Tatham, Robbinsville.
Leonard T. Yaskell, Southport.

OREGON

Ernest E. Puddy, Bonanza.
Harry D. Force, Gold Hill.
William P. Fisk, Sherwood.
Charles L. Pinkerton, Weston.

PENNSYLVANIA

John C. Colahan, Ashland.
George J. Hoke, East McKeesport.
Ambrose M. Schettig, Ebensburg.
Emma R. Smith, Elkland.
Thomas J. McCausland, Falls Creek.
John Laurence Callan, Franklin.
Stratton J. Koller, Glen Rock.
James J. O'Mara, Laceyville.
Martha L. King, Lawrenceville.
Grace G. Makens, Morton.
Vera C. Remaley, Penn.
Mary Camilla Teater, Port Allegany.
Charles M. Dinger, Reynoldsville.
William C. Salberg, Ridgway.
James S. Fennell, Salina.
Beulah S. Fitzpatrick, Tower City.
Catherine V. Morris, Vintondale.

SOUTH CAROLINA

Allen Watson Wallace, Gray Court.
Rosa B. Grainger, Lake View.

SOUTH DAKOTA

Walter H. Stein, Estelline.
Jennings H. Harris, Humboldt.

VIRGINIA

John Owen Lynch, Alexandria.
Oneda H. Carbaugh, Bluemont.
William J. Story, Courtland.
Samuel H. Dawson, Crozet.
Bernard M. Anderson, Dublin.
Alvis T. Davidson, Faber.
Philip Ransom Cosby, Grottoes.
Frank R. Henderson, Nathalie.
Gladys L. Robinson, Pound.
Grace H. Jenkins, Powhatan.
Florence T. Beans, Round Hill.
Florence E. Priest, Scottsburg.
Jesse F. Reynolds, Jr., Stuart.
Ernest E. Sine, Woodstock.

WASHINGTON

William W. Woodward, Darrington.
James C. Weatherford, Dayton.
Dorothy M. Henson, Fort Steilacoom.
Charles G. Gehres, Richland.
Joseph A. Wolf, Roy.
Dorothy H. Lynch, Soap Lake.
Will H. Lamm, Stevenson.

WISCONSIN

Harry R. Jones, Sturgeon Bay.

WYOMING

Christian M. Shott, Monarch.
Robert W. Hale, Thermopolis.
Vernie O. Gose, Upton.
Cecil R. Willhite, Yoder.

REJECTION

Executive nomination rejected by the Senate July 24 (legislative day of May 13), 1935

POSTMASTER

WASHINGTON

John P. Simpson, Ephrata.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 24, 1935

The House met at 12 o'clock noon.

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

Eternal and merciful Father, it is Thy blessed Holy Spirit that can subdue any turbulent desires which break over our souls, and brings peace and brotherhood in the arena of our lives. Imbue us plenteously with heavenly gifts; clarify our minds and purify our hearts. Enable us to act wisely and with statesmanlike fervor, with an eye single to Thy glory. May good and just government obtain for the richest blessings to all our people. Impress us that life is deeper and larger than all its activities. We pray in our Savior's name. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate disagrees to the amendments of the House to the bill (S. 405) entitled "An act for the suppression of prostitution in the District of Columbia", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. KING, Mr. COPELAND, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2034) entitled "An act to prevent the fouling of the atmosphere in the District of Columbia by smoke and other foreign substances, and for other purposes", requests a conference with the House on the disagreeing votes of the two Houses thereon,

and appoints Mr. KING, Mr. COPELAND, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3204. An act to provide additional funds for the completion of the Mount Rushmore National Memorial, in the State of South Dakota, and for other purposes.

CENTRAL VALLEY PROJECT IN CALIFORNIA

Mr. STUBBS. 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 California?

Mr. DOUGHTON. Mr. Speaker, reserving the right to object, I shall not object to this one request; but I must give notice now that we are anxious to go ahead and dispose of the bill that was under consideration yesterday. I shall object to any future requests.

Mr. TREADWAY. Reserving the right to object, I should like very much to have 3 minutes following the gentleman from California.

Mr. DOUGHTON. Of course, I shall not object to that.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. STUBBS]?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. TREADWAY] that he be permitted to address the House for 3 minutes following the address by the gentleman from California?

There was no objection.

Mr. STUBBS. Mr. Speaker, yesterday, July 23, 1935, will become a red-letter day in the history of California, for the National Emergency Council allocated the sum of $20,000,000 with which to begin construction of the Central Valley project in the San Joaquin and Sacramento Valleys in California. I make this statement because this allocation assures immediate work on one of the greatest engineering programs ever conceived by the fertile mind of man. Many of you are not familiar with the purpose and the scope of this great project, but suffice to state its primary purpose is to provide cheap irrigation water and electrical energy for a vast inland nation comprising 20 counties which aggregate an area greater than six eastern States combined, and it presages economic liberty for the people of this area, commonly called the "bread basket of the West."

Those of us who have known the condition of affairs out there long ago realized that, unless water were provided in greater quantities along with cheap electrical power, economic extinction would merely be a matter of time.

It has been impossible for any private concern or the State of California to finance this stupendous project. A great and benevolent government, however, has come to our rescue, and I believe it is becoming to state at this time that if the National Emergency Council exercises equally good judgment in the allocation of other funds from the $4,800,000,000 public-works program, the Members of Congress need have no fears that the money will be spent foolishly.

I predict here and now that when history judges us in providing this immense sum to put men to work that the Central Valley project will be acclaimed the greatest monumental and most successful project of all approved under the public-works program.

I do not believe it would be amiss to express a word of appreciation in the Halls of Congress for the efforts of those hardy and far-seeing pioneers who 30 years ago realized the need for water and power would be acute today. Because they were men of action and characterized by unselfishness, they set into motion the machinery which eventually has resulted in the acceptance of their theories. Many of them are dead today. They handed the torch to their sons and daughters to carry forward. I salute these men and women, living and dead, for the part which they have played in this great work. I believe it is also proper for me to congratulate those officials and citizens of California who have done so much to assist this program. Only they can know the troubles which we have encountered and the obstacles which we have had to hurdle in this movement to translate theories into concrete action.

Soon thousands of men will be employed in the construction of the great power plants, giant canals, huge reservoirs, and pumping units which will dot the interior lowlands and mountainsides of California. Other thousands will be employed outside of the State, in the cement plants, steel foundries, hydraulic mills, and similar industries, bringing business to idle plant operators and work to unemployed. It is estimated that 186,000,000 man-hours of work will be involved, providing labor for many men over a period of several years. It is calculated that this project will bring about employment for 25,000 men for several years within the State of California and approximately 12,000 men in industrial occupations in the East and Middle West.

An almost inconceivable amount of cement, steel, rock, and other supplies will be required to complete this mammoth engineering project.

According to Edward Hyatt, State engineer for California, approximately $77,500,000 of the total $170,000,000 involved will be spent on supplies from outside the State. These outside expenditures will include $10,000,000 for 10,000 tons of steel, $9,250,000 for 12,000 tons of electrical equipment, $9,600,000 for 20,000 tons of construction-camp equipment, $5,000,000 for cement equipment, $4,000,000 for rock-plant equipment, $3,000,000 for copper cable, and additional huge sums for other types of supplies.

In order that there might be no misunderstanding, I can assure Members of the House that this program is not designed to bring any additional agricultural land into production. It is simply a program to preserve that which we already have in production.

Telegrams of almost hysterical appreciation from officials and citizens of interior California are pouring into my office today. For them I am very grateful. They are sentiments of people back home who have fought a long and a hard battle and who envisage successful culmination of their efforts. My part in bringing about this allocation of funds has been a pleasant duty, a duty to which I pledged myself 3 years ago when I first sought this office, and a responsibility which I am happy to have executed. This job, however, has not been a one-man job. Many have participated in the tedious task of presenting the program to the various interested agencies. All of the Members of the California congressional delegation played important roles in this work. I thank them one and all.

As the Representative of an area which will benefit greatly from this project I extend my heartfelt words of thanks for the assistance which has been granted my people. I hope that it will be possible for every Member of Congress to view the beehive of activity which soon will be noted at the scenes of construction in order that all of you might realize the vastness of this undertaking and in order that each of you might realize that, by providing funds for the project, you have been largely responsible for bringing economic freedom into view for a great agricultural and industrial area.

I am the official voice of several hundred thousands who reside in the affected area. For them I thank you from the bottom of my heart. [Applause.]

GUFFEY COAL BILL

Mr. TREADWAY. Mr. Speaker, the morning press seems authoritatively to bring glad tidings of great joy to this House, to this Congress, and to the country. We have what appears to be a very definite announcement at a press conference yesterday that one of the "must" bills on the President's program is soon to be reported out by a subcommittee from the Ways and Means Committee. I happen to be a member of that subcommittee, but I have heard nothing in 2 weeks in relation to the possibility of a report on the so-called "Guffey coal bill." But as the Guffey coal bill seems to be one of the obstructions against the adjournment of this Congress in this terrible heat, I say that we ought to offer great thanks to the Secretary of Labor for what appears as an official announcement that the Guffey coal bill is soon to be reported to the House, or as the Secretary said,

"Within a day or so." That will hasten adjournment. Nothing will hasten it more unless it is to have the Ways and Means Committee report out the other "must" bill, not yet on paper, the tax measure, of which, of course, the Republicans have no knowledge as the door of the committee room is closed to us. Possibly at her next press interview the Secretary of Labor may inform the Congress that the tax bill will be reported "within a day or so." If so, let us prepare a motion, Mr. Speaker, for adjournment. That is what this House wants. That is what the country wants. [Applause.] We, as Members of Congress, do not want a continued session nor does the country want any of the type of legislation that will come out of a continuation of this Congress at this time. So I, for one, express my hearty thanks to the Secretary of Labor for her official announcement that the Guffey coal bill, unconstitutional as we know it to be, is soon to be reported out and voted by the majority. It is very courteous of the Secretary to furnish this definite information to Members of Congress regarding their own actions and about which we have known so little ourselves.

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

Mr. TREADWAY. Certainly.

Mr. TABER. Does the gentleman have any idea that the President is going to allow Congress to adjourn before Christmas?

Mr. TREADWAY. Miss Perkins is one of his right bowers and speaks with authority at a press conference. That is good enough for me, and the Secretary shows her wisdom in wanting adjournment. I am sure she is anxious to have the Congress go home as we are to go. So let us go. Get the adjournment resolution ready, Mr. Floor Leader.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

EXTENSION OF REMARKS

Mr. ADAIR. Mr. Speaker, I ask unanimous consent that the speech delivered by Hon. WILLIAM H. DIETERICH, Senator from the State of Illinois, in memory of Hon. Henry T. Rainey, former Speaker of this House, be printed in the permanent RECORD containing the Rainey memorial services.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

WHAT IS A CONSTITUTIONAL DEMOCRACY?

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

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HILDEBRANDT. Mr. Speaker, some of the numerous editorial comments on my advocacy of constitutional amendments that will assure the right to pass humanitarian legislation and prevent interference by the Supreme Court with lawmaking functions show accidental or intentional misunderstanding of the points I raised. The majority of these comments, however, have been very favorable and reasonable.

The Huronite, of Huron, S. Dak., inquires:

> Since when has any Congress had the authority to disregard the Constitution? And has Mr. HILDEBRANDT forgotten that this is a constitutional democracy?

The editor seems to overlook the fact that legislation is an important part of a constitutional democracy and that lawmaking is a function of Congress that is distinctly authorized in the same Constitution to which he refers. The Constitution states very clearly that Congress shall make laws. It says nothing about permitting the Supreme Court to override laws Congress enacts.

The same paper remarks that I "continue to doubt the wisdom of the judges of the Supreme Court and the wisdom of any constitutional law." This is a weak and absurd and unfair way of meeting my arguments.

I do doubt the wisdom of the judges sometimes. So did Jefferson and Lincoln doubt their wisdom on occasion. Judges are human like other people. It is hardly to be assumed that they are made of such superior clay that they make no mistakes. When the members of the Supreme Court differ so frequently among themselves on vital subjects is there anything wrong in other citizens differing with the Court occasionally? Least of all, is there rational objection to such doubts arising in the minds of legislators who are chosen for the precise purpose of enacting legislation?

I do not, however, doubt "the wisdom of any constitutional law." The basic law of our country, the Constitution, is the very document that provides for its own amendment. I respect that document as able, but I appreciate the good sense and enlightened vision of those who wrote it and who made this provision for changes. It is not I who am doubting the wisdom of any constitutional law. It is the editor of the Huronite who wants to disregard two of the most elementary parts of our Constitution—the section giving Congress exclusive legislative authority and the section permitting amendments.

The Watertown Public Opinion comments that—

> It would have been easier to pass judgment on the contentions raised if the Congressman had been more explicit in outlining the changes which he thinks ought to be made now.

As a matter of fact, in a later statement on the same subject, which perhaps the editor of the Public Opinion did not see, I went into the matter more in detail. I called attention to the proposal of Senator COSTIGAN, made at the opening of the present session of Congress. This suggested amendment would definitely authorize national legislation governing business, industry, wages, and prices. It would be very helpful, although it is possible that it should go a trifle further. The language of such an amendment should certainly be so unmistakable that the Government should have full right to nationalize any industry.

I also discussed the proposals of Senator NORRIS, which are not sufficient, it seems to me. His plan of requiring a 6-to-3 vote by the Supreme Court would still leave in the hands of this tribunal the power to set aside legislation—a power that I insist should never exist.

Mention has often been made of the fact that in Great Britain, which assuredly is an orderly country, no act of Parliament is ever set aside by any court. Much of our own legal framework was copied from English law and it stands to reason that, with no contrary provision in our own Constitution, its framers expected to follow British procedure except where otherwise stated. In a matter of this importance such an assumption would seem the natural one.

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that on tomorrow after the reading of the Journal and disposition of matters on the Speaker's table I may be permitted to address the House for 10 minutes.

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

Mr. MICHENER. Reserving the right to object, may I ask the floor leader what the program is for tomorrow? It all depends on what the program is as to whether or not there will be objection.

Mr. TAYLOR of Colorado. It will probably be consideration of rules tomorrow from the Rules Committee.

Mr. MICHENER. That is quite a broad term—"consideration of rules." Does the gentleman mean the advisability of granting rules in the future?

Mr. TAYLOR of Colorado. I yield to the Chairman of the Rules Committee to answer.

Mr. MICHENER. The gentleman does not mean the advisability of granting rules in future?

Mr. O'CONNOR. Mr. Speaker, I may say, with the permission of the gentleman from Colorado, that, as I understand the program, following the whisky bill we will take up the tobacco bill. There is no relationship between them.

Mr. MICHENER. The gentleman is sure there is no relationship between them?

Mr. O'CONNOR. It is just a coincidence.

Mr. BLANTON. They are the two bad-habit bills.

Mr. O'CONNOR. Following the tobacco bill, the plan is to take up the Mississippi River set-back bill.

Mr. MARTIN of Massachusetts. Did the gentleman say Mississippi River set-back or Treasury set-back? [Laughter.]

Mr. O'CONNOR. Following that, the plan is to take up the Army promotion bill.

Mr. MICHENER. That is the bill advocated by the gentleman from California [Mr. HOEPPEL]?

Mr. O'CONNOR. Yes.

Mr. BLANTON. Mr. Speaker, reserving the right to object, is this to be a speech on the proposal of the gentleman from New York to waste another $50,000 on an investigation?

Mr. DICKSTEIN. No; it deals with another subject entirely.

Mr. BLANTON. If it is not on that ridiculous subject, I shall not object.

Mr. RICH. Mr. Speaker, reserving the right to object, these days it seems that $50,000 is only a pea in the pod alongside some of these huge authorizations, and that is the way it will look alongside the Mississippi River set-back proposition.

Mr. MILLARD. Mr. Speaker, reserving the right to object——

Mr. PARKS. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is, Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. YOUNG. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. YOUNG. May not the statement of the gentleman from Massachusetts be a lot of guff about the Guffey bill?

The SPEAKER. That is not a parliamentary inquiry.

SECTION 213 OF ECONOMY ACT, SO-CALLED "MARRIED WOMEN'S CLAUSE", SHOULD NOT BE DISTURBED

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Missouri [Mr. COCHRAN] may have leave to extend his remarks in the RECORD on section 213 of the economy act.

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

There was no objection.

Mr. COCHRAN. Mr. Speaker, the Committee on the Civil Service has ordered reported a bill which has as its purpose the modification of section 213 of the economy act. Section 213 provides that when there is to be a reduction in personnel in a Government agency either a husband or wife, where both are employed by the Government, must be separated from the service before an employee is discharged whose wife or husband is not employed by the Government.

I am the author of this legislation. It originated in my mind and was unanimously agreed to by the first economy committee, of which I was a member, in the Seventy-second Congress. I accept full responsibility for the act and desire at this time to cite briefly why the act should not be repealed or modified.

The bill ordered reported by the committee was originally the Celler bill, H. R. 5051, which was rewritten by the Civil Service Committee before it was ordered reported.

I note in the hearings where Mr. CELLER said, in speaking of what he termed discrimination and injustice involving section 213, the following:

> Mr. PEARSON. In other words, the outright repeal of section 213 might accomplish that.
>
> Mr. CELLER. Yes. As a matter of fact, I introduced a bill which is the out and out repeal of that section, in H. R. 136.
>
> The CHAIRMAN. Where was that bill referred, Mr. CELLER?
>
> Mr. CELLER. That went to Expenditures in the Executive Departments. That is why it is dead and buried.

That statement is unfair, and as chairman of the committee I must resent it. Mr. CELLER did introduce the bill H. R. 136. It was referred to the Committee on Expenditures in the Executive Departments, of which I am chairman. Although opposed to his bill, I called upon Government agencies for information relative to the enforcement of section 213, and the replies are in our committee files. Mr. CELLER introduced H. R. 136 on the opening day of the Seventy-fourth Congress. Feeling he was deeply interested in the bill, especially as he lost no time in introducing it, and in order to have information for the committee when we had our first meeting, I asked Mr. CELLER if he desired a hearing, and he replied by saying, "Let it ride a while." He never asked for a hearing nor advanced the subject in any way so far as H. R. 136 was concerned, but weeks after he did introduce H. R. 5051, so worded that the Parliamentarian referred the bill to the Committee on the Civil Service.

This question had never been considered by the Committee on Expenditures in the Executive Departments, because, as I said before, it originated in the first economy committee, of which our present distinguished Speaker was chairman, in the Seventy-second Congress. Mr. CELLER's remark, "That is why it is dead and buried", was a reflection on the members of my committee, because he practically accuses us of burying his bill in committee without giving him a fair opportunity to be heard. Nothing would have pleased me more than to have a hearing on the bill. True, if I had my way, the bill would never have been reported, but he would have had his day in court. I never speak for the committee as a whole unless instructed to do so. Therefore I am only expressing my own view on the repeal of this act.

What is the thought behind the law? The economy committee was trying to reduce Government expenditures. Our hearings disclosed many departments, bureaus, and commissions could function properly even after the personnel was reduced. In making the separations from the service I was very anxious to continue earning power in as many homes as possible. Therefore, when husband and wife were both employed if one was separated from the service, rather than discharging a man who had a wife and children to support, we would continue earning power in two homes. To me such a policy is sound. There is no more discrimination against the wife than there is against the husband. If the husband left the service the wife could remain and would not be affected by section 213.

I know what I am talking about when I say if a secret ballot was taken on this question among Government employees the vote would be 50 to 1 against repeal or modification of the section.

Whenever the question is discussed at a meeting of employees that meeting is packed by those directly affected. There are so many husbands and wives holding key positions in the Government the employees are afraid to open their mouths fearing retaliation.

The representatives of employees' organizations do not speak for the great majority of Government employees. E. Claude Babcock, president of the American Federation of Government Employees, insulted the single men and women in the service when he testified before the committee that single women and single men are living together without marriage. I answered this slander on the floor of the House. When later pressed for specific instances by the committee, Babcock said he had information, personal knowledge, of nine cases. Think of it, indicting nearly a million Government employees because in nine cases a man and woman are living together without being legally married. I let his own words answer his slander.

Mr. Speaker, even in this day, with probably 10,000,000 of our citizens unable to find work, I honestly feel there is one job for every family in the United States, if the jobs were properly spread.

If the Government will lead the way and try and spread employment, it will set an example for private business, but if the Congress repeals section 213, then private business can say Uncle Sam employs married women when their husbands are likewise employed, why cannot we do the same?

I want to see a census of not only those unemployed but those employed. We need information to show how many are working in families; how many are employed in the vocation for which they were trained and how many are not. We need reliable information on labor savings and labor-displacing devices. Information as to just how many men and women are discarded by various machines. I have urged such a census to be taken now and paid for out of the relief fund. It would be money well spent.

No matter how prosperous this country might get in the future you are going to find when prosperity is at its peak there will not be sufficient jobs to take care of the unemployed, honest citizens, through no fault of their own, willing to work, but unable to find a job.

Private business, like the Government, is going to be required to give more attention to employing men and women when work becomes available if it expects to ever be relieved of paying taxes for relief purposes. There can be no doubt about this.

Mr. Speaker, there is not a Member of this House whose district does not contain thousands of unemployed citizens. In the face of this condition, I do not see how we can repeal a law that seeks in the end to provide work for some of those we represent.

The real benefit of section 213 will come when the time arrives for reduction of the Government personnel. It is only when there is a reduction that the law becomes operative. Our Government employees back in our district are not asking for the repeal of section 213. It is those directly affected, thousands right here in the District of Columbia, who would hold their jobs, thus denying some of our constituents a share of the work.

The Washington papers, that depend upon Government employees for their very existence, are not the voice of our constituents. These papers advocate laws for Government employees that they do not or will not apply to their own personnel.

The Government employees of my district and city support me. They know my liberal attitude toward them and legislation affecting their welfare. My mail is the barometer by which I judge their views. They are not dissatisfied. They know, taking them as a whole, they are well paid and have the best paymaster in the country.

I, too, have been visited by scores of Washington Government employees and committees and have received hundreds of letters about section 213. I was threatened by several groups if I did not withdraw my opposition to repeal. I welcomed their opposition in my campaign and was promised I would get it. All I asked of them was that they fight fair and in the open. I wanted to make it a real issue. Did they come in 1932 when I ran for reelection at large, received over a million votes, and led the congressional ticket? Did they come in 1934 when I was reelected in a new district by over 29,000 votes? No. I waited until 2 weeks before the election; and when they did not appear, I brought up the issue myself. No statement I made in the campaign was greeted with more applause than my declaration that I would not consent to the repeal of the section and that I would fight every effort to do so.

Section 213 is sound legislation. It will prove in the end beneficial. The effort to repeal or modify the law should be defeated. Let us adopt as our motto, "Live and let live."

We can never have contentment, peace, and prosperity in this country with all the earning power and luxuries on one side of the street and poverty and misery on the other.

I have secured many reports from Government departments on section 213. While the following letter is far from being complete, nevertheless, it is interesting. It is dated April 12, 1935, from the Civil Service Commission:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., April 12, 1935.

Hon. JOHN J. COCHRAN,
Chairman Committee on Expenditures in Executive Departments,
House of Representatives, Washington, D. C.

MY DEAR MR. COCHRAN: Further reference is made to your letter of February 20, 1935, requesting information with respect to section 213 of the Legislative Appropriation Act for the fiscal year ending June 30, 1933. Replies from the various departments and independent establishments have now been received, with one exception, and the information available is being forwarded to you as indicated below:

Department	Dismissed	Resigned	Retained
Agriculture	19	50	[1] 73
Commerce	28	17	285
Interior	49	26	[2]
Justice	16	----------	75
Labor	10	4	42
Navy	205	45	268
Post Office	377	----------	568
State	42	----------	24

[1] Figures available for Agricultural Adjustment Administration only.
[2] Not available.

Department	Dismissed	Resigned	Retained
Treasury	[3] 149	----------	1,294
War	139	24	171
American Battle Monuments Commission	0	0	3
Architect of the Capitol	(4)	(4)	(4)
Bureau of the Budget	0	0	2
Civil Service Commission	2	4	49
District Government	12	----------	748
Employees Compensation Commission	----------	1	20
Federal Communications Commission	12	0	20
Federal Power Commission	0	0	14
Federal Trade Commission	13	1	18
General Accounting Office	41	----------	[3] 207
Government Printing Office	95	4	56
Interstate Commerce Commission	28	----------	95
Library of Congress	0	5	61
National Advisory Committee for Aeronautics	0	0	6
National Mediation Board	0	0	1
Recorder of Deeds	0	0	1
Register of Wills	0	0	3
Securities Exchange Commission	0	0	9
Smithsonian Institution	0	3	36
Tariff Commission	2	----------	26
Board of Tax Appeals	0	2	14
Veterans' Administration	266	----------	----------

[3] Includes resignations.
[4] Information not yet received.
[5] Includes temporary employees.

Sincerely yours,

HARRY B. MITCHELL, *President.*

There are thousands of additional cases. In some instances, owing to the cost, I have not pressed departments to make a complete survey, but I have been promised that where reductions are made, section 213 will be complied with.

There is another matter that is of importance which I hope to press as well as take care of by proper legislation. That is Government employees holding more than one position. We certainly should see that one job is sufficient for each Government employee, thus setting another example for private industry.

Thousands of Government workers go to another job as soon as they are dismissed for the day. I have personally seen women employed by the Government as stenographers and clerks working in restaurants after Government hours. Messengers and elevator conductors get additional work from apartment houses, also as butlers in private homes. Accountants keeping books for business houses at night, and any number of Government doctors in private practice, while other employees are teachers. This is a big field and certainly should be stopped.

I have heard section 213 criticized because it does not cover the legislative branch of the service. I repeat now what I have often said—I regret it does not. At every opportunity I will support legislation that will prevent nepotism, not only in the executive and judicial branches of our Government, but in the legislative branch as well. I will favor legislation making forfeiture of office the penalty. I will never be charged with inconsistency. Such a law would set an excellent example to private industry.

Mr. Speaker, the question of employment and unemployment is to my mind an outstanding one and will remain so for many years to come. I can see not far distant a shorter work week. It is bound to come just like the 12-hour day was gradually reduced. We must meet this situation, so why not begin now? Do not set aside a law that will be helpful. It would be a backward step. Let us think of the thousands back home who are on relief, through no fault of their own, and spread the jobs. Our constituents will resent any other course we take.

Mr. CANNON of Missouri. Mr. Speaker, the Members will be glad to know that Mr. COCHRAN is rapidly recuperating and we may expect him back on the floor in the near future. [Applause.]

RELIEF OF CERTAIN DISBURSING OFFICERS, UNITED STATES ARMY

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 556) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to consideration of the bill?

Mr. DOUGHTON. Mr. Speaker, I object.

Mr. PITTENGER. Will not the gentleman withhold his objection to permit me to make a short explanation of the bill? I have no interest in the bill.

Mr. HOEPPEL. Mr. Speaker, reserving the right to object, I would like to ask the gentleman a question.

Mr. YOUNG. Now, Mr. Speaker, I object.

The SPEAKER. Objection is heard.

THIRD WORLD POWER CONFERENCE

Mr. O'CONNOR, from the Committee on Rules, submitted the following resolution (H. Res. 308, Rept. No. 1634) for printing in the RECORD:

House Resolution 308

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 350, a joint resolution to authorize the President to extend an invitation to the World Power Conference to hold the Third World Power Conference in the United States. That after general debate, which shall be confined to the bill, and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

RECONSTRUCTION FINANCE CORPORATION

Mr. O'CONNOR, from the Committee on Rules, presented the following resolution (H. Res. 309, Rept. No. 1635) for printing in the RECORD:

House Resolution 309

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 8279, a bill to authorize the Reconstruction Finance Corporation to make loans to institutions organized for the purpose of making loans for the payment of taxes on real estate, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

RELIEF FOR PUBLIC-SCHOOL DISTRICTS

Mr. DRIVER, from the Committee on Rules, presented the following resolution (H. Res. 310, Rept. No. 1636) for printing in the RECORD:

House Resolution 310

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8628, a bill to provide for the relief of public-school districts and other public-school authorities, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

PAYMENT OF THE BONUS OUT OF PUBLIC-WORKS FUNDS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks by including a radio speech.

Mr. HOEPPEL. Mr. Speaker, reserving the right to object, I would like to ask the gentleman if he has read my remarks appearing on page 11707 of today's RECORD on the question of the Army promotion bill? I recommend that all Members of Congress read these remarks, for they are important.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

Mr. FISH. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address delivered by me over the National Broadcasting Co. network, Wednesday evening, July 24, 1935, at 6:45 o'clock:

For the first time in my political life of over 20 years I am appealing to the American public back home to write, wire, or otherwise communicate with your Representative in Congress to sign the petition at the Clerk's desk to discharge the Committee on Appropriations of further consideration of House Joint Resolution 300, introduced by me, to pay the adjusted-service certificates to World War veterans out of the $4,000,000,000 public-works funds and the unexpended balance for the same purpose passed by the preceding Congress. The right of the American people to petition their Members of Congress is still a sacred and constitutional right.

The money has been appropriated and is now available to be distributed to the World War veterans in the amount of $2,000,000,000, which would be spread over every State, county, city, and hamlet in the Nation. My appeal is directed to every veteran and nonveteran, business and professional man, farmer and wage earner, to ask his or her Representative in Congress to pay the so-called "bonus" to the veterans who are in need and in debt before it is squandered on useless and impractical projects. The obligation to the veterans has to be paid to them, and why not now when many are destitute, unemployed, and in need of relief? Why dole out billions to other groups for destruction of cotton, of foodstuffs, and for birth control of pigs and bees, and discriminate against the veterans who hold a binding obligation of the Government? The veterans are naturally fearful that if the adjusted-service certificates are not paid this year they may be paid off in inflated currency at 20 cents on the dollar or less.

When Congress passed, over President Coolidge's veto, the Adjusted Service Certificates Act, in 1925, it was on the basis of a sound gold dollar. Since then the new-deal administration has already broken the contract with the veterans by reducing the value of the dollar to 59 cents. President Roosevelt, however, takes the position that the contract entered into with the veterans is like the laws of the Medes and Persians, not to be changed or modified. In view of the fact that the new-deal administration has broken most of its promises and repudiated most of its platform pledges, the veterans are wondering why they should be selected as the only group in America against whom the pound of flesh is exacted and no mercy whatever shown.

Without costing a single cent to the taxpayers the obligation to the veterans can be paid immediately, provided the people back home take the trouble to write their Representatives in Congress to sign the petition to bring House Joint Resolution 300 on the floor of the House for consideration and adoption. It is proposed in my resolution to pay the adjusted-service certificates on the basis of the Vinson bill, which was sponsored by the American Legion, and reported favorably by the House Ways and Means Committee. This resolution in no way affects the $880,000,000 in the original Public Works relief bill allocated for direct relief purposes.

I feel reasonably sure that unless you write or telegraph your Representative, expressing your wish for immediate and favorable action on the Fish petition to pay the veterans there will be no other opportunity to pay the bonus during this session of Congress before the $4,000,000,000 have been wasted and frittered away or used as a slush fund for campaign purposes.

It is reported in the public press that Rexford Guy Tugwell has been allotted $1,000,000,000 for rural resettlement, reclamation, and irrigation. What a travesty to reclaim more land for production when the Government is insisting on a reduction in crops and a program of scarcity as opposed to abundance.

Briefly, my own record on the so-called "bonus" is as follows: I voted to override vetoes of Presidents Harding, Coolidge, and Hoover and to sustain that of President Roosevelt on the Patman inflationary proposal. My vote could not have been more distasteful to me, as I do not at all agree with the President's contention that there is no difference between the able-bodied veteran who served in our armed forces during the war at $1 a day and those who were employed at home at $10 a day and upward. The Congress settled that issue years ago with the passage of the Adjusted Service Certificates Act.

However, as I regard the Patman bill as the most vicious and dangerous in principle of any bill introduced in my 16 years in Congress, providing as it does for printing-press money to the extent of $2,000,000,000, I voted against it, and would have done so if I had been the only Member of Congress who did.

If the principle incorporated in the Patman bill is once invoked it could be just as reasonably applied to the payment of the national debt, the salaries of Government officials, the maintenance of the Army and the Navy, and the running expenses of the Government generally. The result would be ruinous inflation, chaos, and governmental bankruptcy.

Why should we be free from the curse and taint of printing-press money? Experience proves that any country that plays with the fire of fiat money gets burned, as Germany and Soviet Russia were. Experience also demonstrates that the wage earners are the worst sufferers. That is why the American Federation of Labor is against inflation. It is a delusion and a snare that crops up in

periods of depression and tends to make people believe that they will become richer if more currency is printed. The fact is that the wages of labor do not keep up with the inflation of prices and that fiat money depreciates in value in proportion to the amount issued.

In addition to labor, the disabled veterans, pensioners, those with small incomes, and Government and city employees, and all those on fixed salaries would be hardest hit by inflation. The millionaire and the speculator would reap a golden harvest by having available funds to take advantage of any temporary money crisis as occurred in Germany in 1923.

I would not ordinarily attack or denounce any colleague of mine for a mere difference of opinion, for that is what makes the world go round. But, in view of the recent attempts of Representative WRIGHT PATMAN, of Texas, to pry into my record as a friend of the veteran for the past 16 years in Congress, in order to twist it out of shape and befog the issues for political purposes, I am constrained to make certain observations and present some facts in regard to Mr. PATMAN's claims as a friend of the veterans.

First, let me remind Mr. PATMAN that he who lives in glass houses should not throw stones. I state without fear of substantial contradiction that if Representative PATMAN had not been in Congress this year the so-called "Vinson bill", backed by the American Legion, would have been passed over the President's veto and the adjusted-service certificates would have been paid to the veterans by now.

Mr. PATMAN has crucified the veterans on a cross of inflation, self-pride, and selfish politics. The Patman printing-press bill never had a ghost of a chance of being passed over the President's veto. In both the House and the Senate irreconcilables against any bonus shifted from the Vinson bill to the Patman bill, knowing that it would be vetoed and that the veto would be sustained.

In spite of Mr. PATMAN's shouting and ballyhooing for the bonus, it apparently means only one kind of a bonus, and that is his printing-press, inflationary bonus. Judging from his record, he is not as much interested in the payment of the bonus to the veterans as he is in inflation. He has won the confidence of a number of veterans through advocacy of payment of the bonus, in order to further his pet legislative hobby—currency expansion. If Mr. PATMAN was interested in the payment of the bonus, he would not oppose every movement initiated by other Members of Congress to effect payment and insist only upon his inflationary plan.

I have every reason to believe that the Democratic majority in the House of Representatives, worried and harrassed because my bill to pay the certificates to the veterans out of the public-works fund is sound and logical and has a tremendous popular appeal, and further frightened into the jitters by the strong support given my proposal by the Hearst newspapers, drafted Mr. PATMAN to come to their rescue for political reasons. "The voice is Jacob's voice, but the hands are the hands of Esau." The voice is WRIGHT PATMAN's, but the hands are those of the Speaker and the Democratic organization in the House and very probably the President's.

The proof of the pudding is in the eating thereof. Exactly 50 Members have signed my petition, 47 Republicans and 3 Democrats, in a House which has 3 to 1 Democratic majority. Every Republican, except one, on the Ways and Means Committee, which has handled all bonus legislation in the past, has signed, as have the two ranking Republican members of the Rules Committee, and all Republican Members from the States of Illinois, Nebraska, Indiana, Kentucky, Missouri, and Tennessee, and most of the Members from Michigan and Pennsylvania, as well as half the Republicans from New York. I predict that 90 percent of the Republicans will sign the petition.

As the oldest veteran in the House of Representatives, in point of service in the Republican Party, and probably in the entire Congress, and as chairman of the committee of three which wrote the American Legion preamble at the St. Louis convention, in 1919, there is one other account I want to settle with Mr. PATMAN, and that is his outrageous alibi attack on the national commander of the American Legion, Frank N. Belgrano, without any justification or excuse. Representative PATMAN insisted on leading the veterans into a blind alley with his inflationary bill, where they were easily mowed down by a Presidential veto. The veterans were betrayed and slaughtered for the sake of inflation.

The veterans are not concerned with inflation and refuse any longer to be exploited and made use of by Mr. PATMAN or other inflationists. I repeat, the attack on Commander Belgrano was ill-conceived and totally unjustifiable, and a disservice to the American Legion, as it tends to cause dissensions within the Legion and creates an erroneous conception in the minds of the public. The charge that the Legion, or Vinson, bill was backed by the bankers is absurd. Practically all the new-deal financing has been transacted by the issuance of Government bonds, which is the same method proposed by the Vinson bill. If that method is playing into the hands of the bankers, then the whole new deal is a scheme of the American bankers—bunk and nonsense. The PATMAN charge is nothing but a smoke screen to cover up the failure of the Patman bill.

Newspaper reports indicate that he is again endeavoring to revive the inflationary features of his bill, in spite of the certainty of its veto and defeat in the Senate. Any attempt to use the bonus for inflationary purposes is doomed, and it would only mean leading the veterans again into an ambush and further slaughter. It is playing politics at the expense of the needy veterans.

I reiterate my appeal to the radio audience to write their Congressmen on behalf of House Joint Resolution 300, to pay the bonus out of the public-works funds before they are squandered. The merits of this resolution, in comparison with other bonus legislation, include: (1) It will pay an obligation that must be paid eventually, and by payment out of the public-works fund will actually help to reduce the national debt and effect a direct saving to the taxpayers; (2) it is merely an allocation of money already appropriated by Congress which, under the Constitution, should have been allocated by the legislative branch of the Government and not turned over to the President without strings, thus, in a measure, correcting an illegal act on the part of Congress; (3) the administration has broken its pledge to Congress when the public-works bill was passed early this year that the funds would be put to work immediately; this resolution will work for more rapid distribution of real relief than any other project proposed by the administration and prevent any waste through the setting up of bureaucracies and adding thousands to the already bulging Federal pay roll; and (4) it will promote the interests of the American people by diverting slush funds, which many people believe will be used to influence votes in the 1936 national election on behalf of the new deal.

In conclusion, I want to say that, bonus or no bonus, the American Legion and the Veterans of Foreign Wars constitute the greatest patriotic force in our country for the maintenance of the Constitution, our free institutions, and republican form of government; against communism, fascism, and naziism, and all who would undermine and subvert the Government of the United States.

CALL OF THE HOUSE

Mr. RICH. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] 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. 140]

Andrew, Mass.	Dietrich	Kimball	Rudd
Andrews, N. Y.	Disney	Kleberg	Russell
Bacon	Doutrich	Kniffin	Sadowski
Bankhead	Dunn, Miss.	Knutson	Sanders, La.
Bell	Eagle	Lamneck	Sandlin
Bolton	Eicher	Lee, Okla.	Schuetz
Brennan	Engel	Lewis, Md.	Scott
Brown, Mich.	Ferguson	Lloyd	Scrugham
Buckley, N. Y.	Fernandez	Lucas	Shannon
Bulwinkle	Fitzpatrick	Lundeen	Smith, Va.
Burnham	Frey	McGroarty	Smith, Wash.
Cannon, Wis.	Gasque	McLean	Snell
Carter	Gearhart	Maas	Stewart
Cary	Gifford	Maloney	Sutphin
Casey	Granfield	Marshall	Sweeney
Cavicchia	Greenway	Montet	Thomas
Chandler	Gregory	O'Connell	Turpin
Claiborne	Hamlin	Oliver	Underwood
Clark, Idaho	Harter	Perkins	Walter
Cochran	Hartley	Peyser	Weaver
Collins	Higgins, Mass.	Ransley	White
Corning	Hobbs	Rayburn	Wigglesworth
Cox	Hoffman	Reed, N. Y.	Withrow
Dear	Kee	Reilly	Wolfenden
DeRouen	Kelly	Rogers, N. H.	

The SPEAKER. Three hundred and thirty Members have answered to their names. A quorum is present.

On motion of Mr. TAYLOR of Colorado, further proceedings under the call were dispensed with.

FEDERAL ALCOHOL CONTROL BOARD

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8870) to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, 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 H. R. 8870, the Federal Alcohol Administration Act, with Mr. MILLER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Chair wishes to announce that the Committee was considering section 4 when it rose yesterday and the last amendment disposed of was the amendment offered by the gentleman from Massachusetts [Mr. CONNERY] to subsection (c) on page 9. Further amendments are now in order.

Mr. BOILEAU. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BOILEAU: On page 10, line 16, after the word "person", strike out the comma, and in line 17 strike out all down to and including the comma following the word "club."

Mr. BOILEAU. Mr. Chairman, my amendment is to strike out of line 17, on page 10, the language "except a bona fide hotel or club." I discussed this amendment yesterday in general debate. At that time the gentleman from Massachusetts [Mr. CONNERY] stated that he intended to offer a similar amendment. The gentleman from Massachusetts [Mr. CONNERY] and I have discussed the matter, and it has been agreed that I offer this amendment and he has assured me he would give the amendment his support. I hope to have the attention of the Membership of the House for just a few moments, because I feel certain that if the Members thoroughly understand this amendment they will overwhelmingly vote to strike this language from the bill.

The bill in its present form provides that retailers may buy wooden kegs or barrels of liquor and may sell that liquor only in the original package; that is, they may sell a whole keg or a whole barrel, but they cannot break a barrel or keg and sell it over the counter by the drink or by the bottle. The bill, however, does provide that any bona fide club or hotel may break the package and sell the liquor by the drink, over their bar or over the table, a privilege which is given to hotels and clubs but not to other retailers. It is not given to restaurants; it is not given to bona fide taverns or other legitimate business institutions. It is a privilege which is absolutely unfair, and I do not believe there is a member of the Ways and Means Committee who can justify allowing this privilege to a hotel or club and withholding it from a restaurant or other legitimate business establishment. In my opinion, it is rank discrimination. I do not see how anyone can justify such a provision and for this reason I have offered the amendment to withdraw that privilege from hotels and clubs.

Mr. Chairman, I call attention to the fact that throughout the country there are many small hotels. There is not a Member here who has not many, many times driven through a small community and noticed a building with the sign "hotel" over it. If you go into the hotel and investigate you will find that they have about two or three guests or boarders; but nevertheless, it is a bona fide hotel because that small community needs a hotel for occasional guests that may come there to spend a night or two. That little hotel would have the privilege of selling this liquor out of a barrel while the legitimate restaurant or the legitimate tavern across the street, which may be better regulated, would not have this privilege. I believe that the privilege should be withdrawn from hotels and clubs so that there will be no discrimination.

In addition, this bill in its present form would encourage the organization of numerous drinking clubs throughout the country. A small group of people could get together and form a club and have the privilege of selling liquor from a barrel, not only to their own members but to the public as well. Therefore, there would be numerous clubs throughout the country that would be in direct competition with other legitimate business and such clubs would have a privilege that is not extended to their competitors.

[Here the gavel fell.]

Mr. DUNCAN. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for one additional minute.

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

There was no objection.

Mr. DUNCAN. Is the effect of the gentleman's amendment to prohibit the sale of liquor that is purchased in kegs to anyone who might desire to purchase it?

Mr. BOILEAU. Yes; for resale. The retailers under my amendment may sell it to individuals to take home for home consumption. A retailer could buy liquor in kegs and sell it by the keg, but he cannot break the package. Under the bill as drawn at present he cannot repackage it. My amendment simply strikes out the provision that gives the hotels and clubs privileges not given to other retailers.

[Here the gavel fell.]

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

Mr. Chairman, as I understand the effect of this amendment, it would permit the sale of liquor in bulk to an individual who might take it home and put it in his basement, and it would permit the sale of liquor to a retailer who might thereafter rebottle it and sell it to the retail trade.

Mr. BOILEAU. No; if the gentleman will yield, my amendment does not affect the bill in that respect at all.

Mr. DUNCAN. Then I misunderstood the effect of the gentleman's amendment.

Mr. BOILEAU. The pending bill prohibits a retailer from reselling in that way to the trade.

Mr. DUNCAN. Yes.

Mr. BOILEAU. All I do by my amendment is to withdraw from the hotels and clubs the right to open the barrel and sell a drink out of the barrel, a privilege which you do not give the restaurant and other similar establishments.

Mr. CULLEN. Mr. Chairman, may I ask the gentleman from Wisconsin just what his amendment would do?

Mr. BOILEAU. My amendment strikes out, on page 10, line 17, the words "except a bona fide hotel or club." In other words, my amendment would put a hotel or club in exactly the same position as a restaurant or tavern or any other place that dispensed liquor.

Mr. DUNCAN. There was some confusion when the gentleman's amendment was read, and I should like to ask the gentleman this question: Under his amendment will the retailer and the hotel owner or any other person licensed under the laws of his State to sell liquor by the drink be permitted to buy a barrel of liquor or a keg of liquor and break it and sell it by the drink?

Mr. BOILEAU. No; and if my amendment is approved it will put the hotels and the clubs in exactly the same position that the taverns and restaurants, and so forth, are under the bill at the present time. The amendment does not change the effect of the legislation with respect to retailers other than hotels or clubs.

Mr. DUNCAN. In other words, there can be no sale of bulk liquor by the drink by anybody?

Mr. BOILEAU. That is correct.

Mr. CONNERY. Will the gentleman yield?

Mr. DUNCAN. I yield.

Mr. CONNERY. If the amendment is adopted the language of the bill will read, "and no such person shall, for purposes of sale, remove from any such barrel, cask, or keg any distilled spirits contained therein."

Mr. BOILEAU. Yes. Mr. Chairman, will the gentleman yield further?

Mr. DUNCAN. My time is about exhausted, and I must decline to yield.

Mr. Chairman, if the proposed amendment is adopted we might just as well not have any bulk provision in this law. It would destroy the entire effect of the bill. The object of putting this language in here, as I said yesterday, is to get rid of the bootlegger and to bring the price of liquor down so that there might be some honest competition in the sale of alcoholic beverages and not leave the sale entirely to the large institutions that have the money to advertise their products and advertise just a few brands of liquor.

Mr. O'MALLEY. Then why did they not put in the tavern keeper, too? He is just as much entitled to draw it out of a keg as a hotel or a club.

Mr. DUNCAN. Certainly. As I have said, any retailer who has been licensed under the laws of his State, under the provisions of this bill ought to be permitted to observe the law and to draw it out and sell it by the drink if the laws of his State permit that to be done.

Mr. BOILEAU. Then why did not the gentleman's committee permit the sale of a drink of whisky out of a barrel in the taverns and retaurants?

Mr. DUNCAN. So far as I am concerned, I think that ought to be done.

Mr. BOILEAU. Does not the gentleman think they ought to be treated alike?

Mr. DUNCAN. Yes; but the gentleman's amendment does not do that. The amendment prohibits the breaking of a package for resale by the drink.

Mr. BOILEAU. But it does treat them all alike.

Mr. DUNCAN. It does treat them all alike and I am in favor of treating them all alike, but I am not in favor of prohibiting the sale of liquor by the drink in this way.

[Here the gavel fell.]

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

Mr. Chairman, I rise in support of the amendment of the gentleman from Wisconsin, principally because if the bill is enacted in its present form it will amount to unjust and unwarranted discrimination against the thousands of package-goods stores and bars, taverns, and restaurants throughout the country.

In my State packages are sold in package-goods stores and drinks are sold on the premises by the taverns. This bill provides that bona fide hotels or clubs may dispense liquor either by the glass or may bottle it and sell it over the counter in bottles to the consumer. This privilege is denied the proprietor of a bar or a saloon or a so-called "tavern", as well as the package-goods stores and the restaurants. The owners of package-goods stores and taverns have invested considerable sums of money to establish their business, and in most every instance have had to pay a large license fee. They have contributed to the revenues of the municipality where they do business by paying this large license fee. Usually the rental is high and they are having a difficult time to do business now, and if this language is allowed to remain in the bill, any three persons in a community may obtain a charter for a club and locate right in the vicinity of a tavern that is now doing business, and by virtue of the fact they are allowed to sell in bulk, they will put the tavern or restaurant or other dispensary out of business because of the advantage which they will have.

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

Mr. HEALEY. I yield.

Mr. McCORMACK. Without regard to the outcome of the amendment, does my friend think that this permits the sale in Massachusetts, for example, by bona fide hotels and clubs?

Mr. HEALEY. I think if the language here remains in the bill, it does, of course.

Mr. McCORMACK. Of course, it does not; because this bill is predicated upon the theory that we are providing in this measure that nothing can be done which is in violation of a State law, and in Massachusetts it is against the State law, and in many other States of the Union there is a similar law.

Mr. HEALEY. I do not know of any State law that will prevent them from receiving the benefits of this law.

Mr. BOILEAU. Will the gentleman yield?

Mr. HEALEY. I yield.

Mr. BOILEAU. I should like to state to the gentleman from Massachusetts [Mr. McCORMACK], when he said that they cannot sell it in any other State, he is mistaken.

Mr. HEALEY. I am making this appeal for the benefit of the proprietors of traverns and package-goods stores, who will certainly be placed at a disadvantage if this particular language is allowed to remain in this bill. Either they ought to have the same privilege as the hotels and clubs or no one ought to have the privilege. It should be none or all. Certainly we should not retain in this bill language that is so discriminatory, and will work at such a disadvantage to persons legitimately doing business at the present time.

[Here the gavel fell.]

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

Mr. Chairman and members of the Committee, I have never made it a practice where a standing committee of the House has given great time and thought to the consideration of a bill, to take it on myself to undertake to change the language and reconstruct it on the floor of the House. It is hardly ever done, and I anticipate that it will not be done in this case.

These gentlemen say that this is discrimination, because we make an exception to bona fide hotels and clubs. It is a discrimination against the saloons. It may be that we should have gone further, but this is merely an experiment, and we did not want to go too far at first. It cannot affect any State in the Union where they have a law to prohibit the sale of liquor by drinks.

Here in Washington my general information is that most of the liquor is sold in bona fide clubs and hotels. These dealers ought to have a right to buy liquor from the distiller in barrels by the carload like they used to do, and thus give the public the benefit of obtaining liquor per drink for half the present price.

Mr. O'MALLEY. Was this put in simply for Washington?

Mr. FULLER. Oh, no; principally for Wisconsin. [Laughter.]

Mr. BOILEAU. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. BOILEAU. The gentleman would not want to give the hotels and clubs of Washington the privilege of buying liquor at half as much as they now pay and deny it to the West.

Mr. FULLER. No; but here is what you are trying to do: You are trying to limit this—that everywhere, all over the country, where the State will permit the saloon, to allow the saloons to buy it by the barrel.

Mr. BOILEAU. Oh, no; just the opposite.

Mr. FULLER. You want to kill the effect of this bill. This does not affect the State that has a law against selling liquor by the drink out of the barrel.

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

Mr. FULLER. Yes.

Mr. RICH. Does the gentleman not believe that without this amendment we will be gradually getting back to the point where we are bringing back the old saloon?

Mr. FULLER. No; I do not. We are not doing that. That is exactly what we are trying to avoid doing.

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

Mr. FULLER. Yes.

Mr. FOCHT. Is it not a fact that this law must be concurrent with and conform to the State laws?

Mr. FULLER. Certainly.

Mr. McCORMACK. In other words, every provision of this bill recognizes the law of the State, and where the law of the State is inconsistent with the provisions of this bill, the law of the State prevails.

Mr. FULLER. That is correct. I am not going to let these people come in here and amend this bill simply because of some fancy they have, if I can help it. Let us stay with the committee. If this proves to be a bad policy, we can amend it.

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

Mr. CONNERY. Mr. Chairman, I move to strike out the last two words.

Mr. CULLEN. Mr. Chairman, I move that all debate on this amendment close in 5 minutes.

Mr. GRAY of Indiana. Mr. Chairman, I would like to have 5 minutes.

Mr. CULLEN. Then I make it 10 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from New York that all debate upon this amendment close in 10 minutes.

The motion was agreed to.

Mr. CONNERY. Mr. Chairman, it seems to me that the question before us now has been described very succinctly by an interrogation made on the Republican side of the House a few minutes ago. We are getting back to the old question of the saloon, whether you want the corner saloon again, in another form; for instance, in the form of a hotel or a club. In other words, what they used to call in the old days in Massachusetts—and I suppose in all the rest of the States—the "kitchen barroom", in the name of a club. Three or four people would get a charter and establish a club in a basement, or in a clubhouse, as my distinguished

colleague from Massachusetts [Mr. HEALEY] said, establishing that so-called "club" right alongside of a place which is trying to run a reputable establishment selling package and bottled goods. This club will be established right next door to that establishment, in the basement, or in the kitchen barroom, or in the so-called "clubhouse", and sell to consumers drinks directly out of the cask, to any people who come in there, with the fine probability and possibility that what they sell to them will be the old-time bootleg liquor that was peddled during prohibition.

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

Mr. CONNERY. Yes.

Mr. FULLER. Surely the gentleman would not try to make his colleagues believe that any two or three people could get together and fool the authorities in charge of the enforcement of the liquor laws of the various States as to what is meant by a bona fide hotel or a bona fide club? This means just what it says; it is not a subterfuge.

Mr. CONNERY. Oh, they fooled them so much during prohibition on the same proposition that the graveyards of the country are filled as a result of it with victims of poisonous bootleg liquor.

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

Mr. CONNERY. Yes.

Mr. TRUAX. Would not the gentleman state that this section is designed for a special privilege for large hotels and exclusive clubs?

Mr. CONNERY. I do not agree with the gentleman entirely. It is a special privilege for reputable hotels and clubs, but what it really means is that you could get four rooms and call the place a hotel, as they did in the old days, and bring customers in and sell them a drink of whisky out of the barrel.

Mr. TRUAX. But the workingman does not go to clubs or hotels to get a drink.

Mr. CONNERY. Oh, he would have to go to a big hotel or to these so-called "clubs."

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

Mr. CONNERY. Yes.

Mr. LEHLBACH. Is it not a fact that when one wanted to avoid liquor restriction and prohibition the favorite form of doing it has been through the hotel or club?

Mr. CONNERY. Yes; absolutely. That is what we knew in the old days before prohibition and during prohibition.

Mr. O'MALLEY. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. O'MALLEY. If a man wanted to cheat in selling whisky out of a barrel he could do it just as well in selling out of a bottle?

Mr. CONNERY. No; because the seal is on there under Government supervision. I looked on F Street yesterday—I looked at bottles and saw the seal put there under Government supervision. That is what I was trying to get at yesterday in my amendment.

Mr. BOILEAU. The bill does not say "reputable hotels." It says "bona fide hotel." Any dinky little hotel is a bona fide hotel.

Mr. CONNERY. Yes. Three or four back rooms.

Mr. CHURCH. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. CHURCH. Will it not be the administration in power which will select these hotels or clubs?

Mr. CONNERY. I do not know.

Mr. CHURCH. Well, it can be political in that way.

Mr. RICH. Governor Earle, of Pennsylvania, signed a liquor bill yesterday whereby anybody can stand up to a bar and put his foot on the brass rail just as he did years ago. Will this bill stop that?

Mr. CONNERY. No; not if the State of Pennsylvania passed such a law. This would not interfere with that law. Personally I am against that. I would like to see it sold only in package goods.

I hope the amendment offered by the gentleman from Wisconsin [Mr. BOILEAU] will be carried. I think it is in the interest of temperance and will keep us from going back to the old saloon during preprohibition days, which practically everyone in this House has said he is absolutely against. I hope the amendment will be agreed to.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. CONNERY] has expired.

Mr. GRAY of Indiana. Mr. Chairman, I realize that in making a pledge, a candidate may make a mistake or in some way bind himself to an error. But regardless of whether right or wrong, he should discover and declare his mistake before the election. It is too late after the votes are cast.

During the course of my last campaign, I was called upon by the glassworkers and requested to advocate and urge a law to forbid the reuse of liquor bottles. I told them I would consider the matter as a measure in the recovery program and would give them an answer later.

In taking up a study of the subject under the recovery program, I was impressed that this requirement for new bottles to provide employment for the unemployed possessed equal merit and was equally justified with the processing taxes for the farmers in payment for stock and crop reduction.

I concluded that if cotton farmers could be paid for plowing up cotton, if antitrust laws could be suspended to allow corporations to raise prices to consumers, all to stimulate employment and restore industry, that a requirement for the use of new, clean bottles for liquor to restore employment to the glassworkers was of equal merit as a recovery policy.

To guard against any possible error induced by the impulse of self-interest, I went into fasting and prayer and recurred to the Holy Scriptures for further and more complete advisement, when I read from the Gospel of St. Mark, chapter II, verse 22, the words:

> And no man putteth new wine into old bottles; else the new wine doth burst the bottles, and the wine is spilled, and the bottles will be marred: but new wine must be put into new bottles.

[Laughter.]

When I read this verse from St. Mark I concluded my strenuous inquiry, I was more than doubly assured, assured not only by precedence and usage from provisions already under administration but by authority time honored and higher up. [Laughter and applause.]

Other grounds and reasons considered and upon which the declaration was based was the ground of sanitation and purity, the menacing dangers to health resulting from the use of old bottles allowed to become putrid or germ infested, collected from dumps and refuse piles. But this ground was mere incidental to the main grounds of necessity for the restoration of employment to the glassworkers of my district.

I immediately called a meeting in the vicinity of the glassworkers and announced that I would speak explaining the conclusions that I had reached. The meeting was well attended and at which I declared my pledge. My declaration was well received, especially my recital from St. Mark. Election day was awaited with interest, facing a 28,000 adverse majority. While the returns were not unanimously conclusive, they were in no way discouraging.

I came to Washington soon after, strong in my determination, fervent in spirit, diligent in the affairs of my office, with the one purpose and object in view of bringing the glassworkers up in the national recovery program on a level with the hog and corn raisers and the cotton farmers of the South, and the manufacturers of the country, granted the right to raise prices to consumers under the suspension of the antitrust laws.

Immediately upon reaching the Capitol I called to my office the representatives of the National Association of Glass Workers, for counsel and to devise ways and means and to formulate appropriate legislation. After full and exhaustive consideration, I was advised by these representatives that while the program was a worthy one and in keeping with other measures for the relief of other classes and was practical of attainment, yet it was a questionable policy to be entered upon. The glassblowers' association most graciously undertook the explanation to my constituents and did so to

the complete satisfaction of the glassworkers in my district as well as myself as their Representative. [Laughter.]

The whole matter now comes before me more real and fervent than a dream. While I will not be able to prevent the use of old bottles for new wine, the opportunity is afforded here today to maintain and continue the use of bottles in the retail of distilled spirits. I am faced with a choice between bottles and barrels, and under both my platform pledge and the Gospel of St. Mark I am constrained to take my stand for bottles and against barrels upon the pending amendment. [Applause and laughter.]

There is a story of the old times, under the local-option laws, which will illustrate the merits of this amendment and the demerits of the bill without it.

Michael Sullivan was a far-seeing Irishman, and, apprehending a drought resulting from a pending local-option election, he rolled a barrel of whisky into his cellar. The apprehension proved not without grounds. The election carried the town dry. Michael was a genial soul with many old-time friends around him. After the town was declared dry many of his friends were observed going into his cellar and coming out in a disorderly way.

Complaint was made by the neighbors to the priest that Michael had a barrel of whisky and was dealing it out to his friends contrary to the peace and order of the community and in disregard of the statutes made and provided in such cases. The reverend father called upon Michael and informed him of the complaints and the charge that he was dispensing a barrel of whisky from his cellar. Michael's reply was substantially as follows, to wit: "And shure, I have a barrel in my cellar, and what is a barrel of whisky in a family where there is no cow. [Applause and Laughter.]

There is a moral to this story which I want to impress during the consideration of this legislation. If the retail of distilled liquors had been provided for in bottles, Michael would have carried bottles to his cellar resort instead of rolling in a barrel. He would have handed out one bottle at a time to his friends and not all of these experienced drinkers would have become intoxicated on one bottle, or, if intoxicated on one bottle, they would not have all been drunk at the same time at the same place. [Applause and laughter.] And Michael would have been saved from the charge and odium before his neighbors of maintaining a nuisance in his cellar and of disturbing the peace and order of his community while overcoming a Sahara drought and showing hospitality to his friends. [Laughter.]

The law as it stands today requires that liquor be retailed in bottles, and this requirement will be continued unless a new law enacted provides otherwise by barrels. So, I want to give timely notice, that regardless of all other merits of this measure, I will be constrained to vote against this bill to maintain good faith with my constituents and to vindicate my platform pledge unless the pending amendment is adopted.

Mr. Chairman, I propose to stand for bottles and against resort to barrels or kegs as long as there is an opportunity afforded. If I have made a mistake in my pledge to the glassworkers, I have discovered the error too late for change and correction. [Applause and laughter.]

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

The question is on the adoption of the amendment offered by the gentleman from Wisconsin [Mr. BOILEAU].

The question was taken; and on a division (demanded by Mr. BOILEAU) there were ayes 68 and noes 70.

Mr. BOILEAU. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. BOILEAU and Mr. CULLEN to act as tellers.

The Committee again divided; and the tellers reported there were ayes 81 and noes 86.

So the amendment was rejected.

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

The Clerk read as follows:

Amendments offered by Mr. CELLER: On page 12, line 16, strike out the words "such appeal shall be taken by", and strike out lines 17, 18, 19, 20, 21, and 22, and strike out the words "or in part", in line 23.

On page 14, strike out lines 3, 4, 5, and in line 6 "and 347", and insert in lieu thereof after the period in line 16, page 12, the following: "The permittee or applicant for a permit may by petition or appropriate proceeding in a court of equity have the action of the administrator reviewed, and the court may affirm, modify, or reverse the finding of the administrator, as the facts and law of the case may warrant; and during the pendency of such proceeding may restrain the manufacture, sale, or other disposition of articles, and may restrain all operations under the permit."

Mr. CELLER. Mr. Chairman, I ask unanimous consent to have an additional 5 minutes, that I may address the House altogether 10 minutes on this important amendment.

Mr. CULLEN. Mr. Chairman, reserving the right to object, we want to allow as full discussion on this bill as possible, but we want to try to pass it today.

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

There was no objection.

Mr. CELLER. Mr. Chairman, it is with considerable hesitancy that I offer this amendment. I know the members of the Ways and Means Committee have worked hard and assiduously on this bill. I offer the amendment, nevertheless, for whatever it may be worth, but offer it seriously with the hope the membership of this committee will accept it.

In a word, what I seek to do is this: Under the bill as written, a person who is aggrieved may not go to the district court, but must go to the United States circuit court of appeals. He is thus deprived, in the first instance, of the right of going to that court, where it has always been customary to handle such cases, even during prohibition days, namely, the United States district court. I do not know why this skipped this court. It is unfair to do so.

I discussed this matter with the Department of Justice officials. They have given me valuable information which I shall bring to your attention.

I may say further, Mr. Chairman, that the language of my amendment was taken bodily from section 5 of title II of the National Prohibition Act. In other words, under the old National Prohibition Act, stringent as were its provisions against permittees, they could, nevertheless, go into the district courts. Why should not the same privilege be given the permittees and others who will operate under the pending bill? Why should they be compelled to go to the circuit court of appeals in the manner indicated in this bill?

This is what the Department of Justice officials say:

The provision in the pending bill providing that the determination of the Administrator in matters relating to the granting, withholding, or revoking of permits shall be reviewable by appeal to the circuit courts of appeals, are highly undesirable and should be stricken from the bill. There should be substituted for this proposed procedure a review by a suit in equity in the United States district court, which is the same procedure as that provided by the National Prohibition Act (National Prohibition Act, title 2, secs. 5 and 9; U. S. Code, title 27, secs. 14 and 21).

I embodied in my amendment the recommendation of those officials of the Department of Justice.

Mr. VINSON of Kentucky. What officials are they? We ought to have the whole story.

Mr. CELLER. I shall come to that in a moment. These officials make this further statement:

There are a number of impelling reasons in support of this contention.

First, the action of the Administrator is purely administrative in character, and, therefore, it is wrong in principle to provide a direct appeal from his action to an appellate court.

I appeared before the Ways and Means Committee and argued as I am arguing now; and it was indicated to me as an answer to my argument that these commissions such as the Federal Radio Committee, the Interstate Commerce Commission, and others, being quasi-judicial in character, that appeals from a decision must be taken to the circuit court of appeals. I maintained then as I maintain now, that an administrator does not do anything which is quasi-judicial. His very title "administrator" shows that he administers. He does not act as a judge or in a judicial or quasi-judicial capacity. In an appeal is taken from the decision of a mere administrator, therefore, it should be taken

to a court of equity, the district court, and not to the circuit court of appeals. Further the Department of Justice says:

The Administrator's action should be reviewable in the district court and appeals should be taken only from the decisions of the tribunal of first instance. While it is true that decisions of certain Commissions like the Federal Trade Commission, the Federal Radio Commission, and others, are reviewable directly by the circuit court of appeals, it must be remembered that those commissions are quasi-judicial in character and their decisions are quasi-judicial in their nature. This was held only recently by the Supreme Court in the so-called "Humphreys case." On the other hand, the actions of the Administrator in dealing with permits do not partake of any quasi-judicial character, nor is he himself a quasi-judicial officer.

Second, as a practical matter the provision now in the bill for direct review by circuit courts of appeals would clog up the dockets of those courts with miscellaneous liquor business to an intolerable degree. The volume of this type of business can be inferred from a consideration of the following figures.

At the time the Federal Alcohol Control Administration suspended operations because of the Schechter decision it had under permit—

Wholesalers (wine, liquor, and beer)	12,534
Rectifiers	447
Distillers	488
Total	13,469
Plus importers	1,192

In addition to these the Alcohol Tax Unit of the Treasury Department issues permits to manufacturers, dealers, and users of industrial and tax-free alcohol under title III of the National Prohibition Act. The number of such permits issued by it up to a few months ago were:

Denaturing alcohol plants	38
Bonded warehouses	70
Bonded manufacturers of specially denatured alcohol	4,103
Bonded dealers in specially denatured alcohol	70
Withdrawers and users of tax-free alcohol	5,970
Total	10,251

This makes a total of something like 25,000 individuals who might potentially have the right to take appeals.

You can readily see that you would clog up the dockets of the circuit court of appeals, which you have no right to do. The appeal in these cases should go directly to the district courts.

I continue reading from this statement by the Department of Justice:

Third, the procedure for review by suit in equity in the district court provided by the National Prohibition Act is simple and expeditious. The procedure has been well established by a series of decisions. Delays will be inevitable if the jurisdiction is transferred to the circuit courts of appeals.

Let us dwell on this a moment. Hundreds, literally hundreds, of cases were tried under the National Prohibition Act in the district courts. The procedure is well marked, the proceedings are well defined. A person going to those courts knows exactly what is expected and he can very readily get justice there because there is no confusion, decisions are clear, and the whole procedure has become crystallized as a result of years of experience.

In the pending bill you map out a new procedure, requiring appeal to be taken to the circuit court of appeals. This is going to be experimental at best. Why should the permittees suffer in this regard? There will be intolerable delays. The circuit court of appeals, for example, is on vacation for the months of July, August, September, and part of October; and during this time you can get no redress in the circuit court of appeals. What is the permittee to do? Close his place of business? In the district court, on the other hand they can always get redress. In most of the district courts there is more than one judge or if the judge in one court is on vacation the litigant can go to another judge; but if you make him go to the circuit court of appeals there is bound to be disastrous delay.

Furthermore, let me show you the distances that must be traveled before one reaches the circuit court. I have before me the official register of the United States for the year 1934 indicating situs of that court. Let us take e. g. the fifth circuit, comprising the States of Alabama, Florida, Georgia, Louisiana, Mississippi, Texas, and the Canal Zone.

Incidentally the officials of the Department of Justice who support my amendment are Messrs. Kiefer and Holtzoff.

If a man is aggrieved and he lived at El Paso, where must he go? Not to the district court near his place of business. He must travel a thousand miles to New Orleans. From the Canal Zone he must go to New Orleans. From Macon to New Orleans. Consider the unnecessary expense of traveling of the permittee and his lawyers and witnesses.

If he lives in the sixth circuit, comprising the States of Michigan, Ohio, and Tennessee, say in Detroit, for example, he must go all the way down to Cincinnati instead of going to the district court situated in Detroit where it would be convenient for him to go.

If he resides in the eighth circuit, comprising the States of Arkansas, Iowa, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota, he must go thousands of miles from Aberdeen, S. Dak., or Fargo, N. Dak., all the way to St. Louis, Mo.

The same difficulty would obtain in almost each circuit. In the circuit court expensive records must be prepared. This is avoided in the district court—the court of equity. Let me quote finally from the report of the Department of Justice officials:

Fourth, the proposed procedure is unfair to the individual, for it casts upon him a heavy burden of expense in proceeding to the circuit court of appeals. It must not be overlooked that in many parts of the country this requirement will entail travel for a long distance with a consequent heavy expense. Moreover, it will result in delay in the adjudication of the rights of business men. It is unfair to subject them either to the added expense or the enhanced delay.

On the other hand, we know of nothing to commend the proposed procedure in preference to that heretofore followed, namely, a review by a suit in equity in the district court.

Lastly, the officials of the Alcohol Tax Unit also favor my amendment.

Mr. VINSON of Kentucky. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, you have just witnessed the versatility of a lawyer. This is a natural appeal, wanting to bring the litigants to the nearest court, wanting to bring this appeal or review into the district court instead of the circuit court of appeals. The gentleman from New York [Mr. CELLER] asked the question as to what a person would do if the circuit court of appeals was on vacation and an appeal was desired from the Administrator's order. We take care of that situation in lines 6, 7, and 8 on page 14, where it is stated that the commencement of the proceedings under this subsection shall, unless specifically ordered by the court, operate as a stay of the Administrator's order.

As I caught the gentleman's contention, he tried to convey the impression that if the circuit court of appeals was on vacation, and the Administrator made a certain ruling, it closed up the business of the permittee. Of course, this language answers his contention in the negative.

The gentleman from New York [Mr. CELLER] very eloquently referred to keeping on the beaten path. He talked about going far into new fields and trying out experiments. If you do what the gentleman from New York wants you to do you are doing that very thing. The language in this bill which he seeks to strike is the identical language used in a half dozen or more acts of Congress dealing with appeals from orders of administrators and administrative bodies, to the circuit court of appeals. The gentleman from New York [Mr. CELLER] talked about a quasi-judicial status. Why, Secretary Wallace down here has no quasi-judicial status, but under the Stockyards Act the Congress provided for an appeal from the Secretary's order to the circuit court of appeals. In the Securities Act we provided for an appeal to the circuit court of appeals. In the Securities Exchange Act we provided for an appeal to the circuit court of appeals. Under the Federal Trade Commission Act the Congress provided for an appeal to the circuit court of appeals. Under the Interstate Commerce Act I believe there is provision for an appeal to a three judge court, which is substantially the same thing.

Let us see what we have here in the form of this amendment. Who on this floor knows exactly what the amendment offered by the gentleman from New York covers? He says

there shall be a review through a petition in equity. Whether this is a review of law or a review of fact, we do not know. I do know it means more work for the lawyers. I do know it means more expense to litigants. I do know it means a more clogged docket in the district courts. What do we do in this bill and under the standardized form of procedure provided? That is what this bill is. There is no experiment here. It is the standard form used in a half dozen or more Federal statutes. We simply save to the litigants one step in the judicial procedure, because you know and I know when litigants go into the district court whichever side loses will appeal to the circuit court of appeals, thence to the Supreme Court.

May I say that the gentleman from New York did not offer the amendment that has been offered here to the committee. He made reference to the fact they ought to go to the district court, but the first time I ever heard anything about a petition in equity was on the floor this morning when the gentleman offered the amendment. I may be in error, and if I am I shall be glad to have the gentleman correct me.

Mr. CELLER. I simply copied the language of the National Prohibition Act.

Mr. VINSON of Kentucky. When the gentleman appeared before the committee did he say anything about providing for the filing of a petition in equity?

Mr. CELLER. That is the technical language used when referring to petitions in the district court.

Mr. VINSON of Kentucky. As I understood the gentleman when he came before our committee he wanted an appeal from the Administrator's order to the district court. There is a difference between an appeal from the order of the Administrator and filing a petition in equity, and I may say there is a very material difference. There is a difference in favor of the lawyers. There is a difference in favor of added expense to the litigants.

Mr. Chairman, I trust that the amendment offered by the gentleman from New York will be voted down.

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

The amendment was rejected.

Mr. MASSINGALE. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment by Mr. MASSINGALE: On page 9, lines 15 and 16, after the word "store", in line 15, insert the word "or" and strike out the last word "or" on line 15 and the words "sell or from which to sell" on line 16.

Mr. MASSINGALE. Mr. Chairman, in the discussion of this bill yesterday there were two points brought out as to why the law should be changed in the respects recommended by the Committee. One was that the Whisky Trust controlled the bottle industry of America, and the other was that the stave industry in Arkansas and other States ought to have some recognition so far as the use of barrels and kegs is concerned in connection with the handling of whisky and other liquors.

Mr. Chairman, I am not interested in the stave industry or in the bottle industry. The only thing about this bill that concerns me is the selling part of it. The amendment which I have offered is for the purpose of taking away or denying the right of an unlicensed retailer to sell liquor out of barrels or out of any other kind of a container. The argument was made that we needed barrels that had been charred on the inside so that the liquor would age and taste better.

I am not interested in that feature of the matter. I would not know the difference whether whisky had been put up in a charred barrel or whether it had not been put up in a charred barrel. I am not an expert along that line, but I am interested in this proposition. I know that the draughtsmen of this bill have nothing in mind that will disappoint the people in this Republic who are interested in decency in the liquor business.

I do not know what the conditions are in New York or in other large cities of the country, but I know that once you give a bootlegger or a club—I do not care what you call it—I have seen these clubs operate down in Oklahoma, and I know what they will do, and the minute you give them the right to peddle liquor out of a barrel without a license, you have a hog wallow in every alley in every little town in the country, and you will have around such a place every cheap gambler and bootlegger in the community. This is the thing I want to avoid in my part of the country, although I am free to say to you that I believe Oklahoma will be safe from this condition because probably the laws of that State would not permit them to bring the whisky in there in barrels, but I also know, as a general proposition, when you provide that a man, without a license or without any restraint, or without a permit of any kind, have the right to draw whisky out of a barrel or a bottle or whatever kind of container it may be, you set up a condition that will ultimately, and pretty soon, raise in this country a desire to go back to prohibition, and I do not blame them if you create this kind of condition.

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

Mr. MASSINGALE. I yield.

Mr. McCORMACK. I can buy a barrel of liquor now as a consumer, bring it to my home or have it in my office. That is true, is it not?

Mr. MASSINGALE. I presume the gentleman can.

Mr. McCORMACK. That is, in a State where it is permitted. Of course, I could not do so in a State where it was not permitted by law. Why should not I, as a consumer, have the right to buy a barrel of liquor for my home if I want to? Why should I be prohibited from doing that?

Mr. MASSINGALE. The gentleman from Massachusetts did not understand me. The point I am making is this: I do not care how much whisky you buy. The point I am making is that when you buy it you have no right to retail it and sell it to boys and children throughout the country.

Mr. McCORMACK. No; but the gentleman's amendment would stop me from buying it for my own personal consumption.

Mr. MASSINGALE. No; I do not stop you from buying it. [Here the gavel fell.]

Mr. CULLEN. Mr. Chairman, I rise in opposition to the amendment simply to say that this amendment is similar to the one that the Committee just voted on, offered by the gentleman from Wisconsin. It allows the transportation of liquor, which is a right they have now, and I do not see the necessity, Mr. Chairman, of taking up the time of the Committee further on this proposition. I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was rejected.

Mr. CULLEN. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

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

The Clerk read as follows:

Amendment offered by Mr. ROBERTSON: On page 10, line 9, strike out the period after the word "spirits" and insert in lieu thereof a colon and the following words: "*Provided further*, It shall be unlawful for any person to store, transport in or sell from a barrel, cask, keg, bottle, or other container having a capacity in excess of 1 wine gallon in any State, the laws of which prohibit the importation or transportation into such State of intoxicating liquors in containers of the size aforesaid."

Mr. ROBERTSON. Mr. Chairman, this is the bulk-shipment provision limited to the 13 States which, by State law, prohibit importation in bulk and the sale of liquor from barrels or kegs.

The distinguished gentleman from Kentucky [Mr. VINSON] has repeatedly mentioned the fact that the pending bill gives protection to States that prohibit the transportation or sale of anything except bottled goods. The language used in the bill is, "This section shall not apply to any condition in any basic permit." All that this bill does is to authorize the Administration to revoke a permit if the permittee, knowingly and willfully, ships liquor into a State in violation of the law of that State, but you would never have any

distiller who would knowingly and willfully commit this offense. The distiller sells to someone else, and the other person is the one who brings it in to your State in violation of your State law, and under this bill the remedy is on the permit only. There is nothing in the bill that carries out the title that this bill is to enforce the twenty-first amendment.

I agree with my friends from Massachusetts and from Oklahoma and from Wisconsin that when we write into this bill permission for any little fly-by-night hotel or club to sell by retail liquor from barrels we are writing a barroom bill.

There are many good provisions in this bill. We need a control bill; but, frankly, I do not see how I could give my vote to this bill on its final passage with a provision in it like that.

The amendment which I have offered possibly would be more appropriate to the Sumners bill that will probably come up later, a bill specifically for the enforcement of the twenty-first amendment. I shall offer, when that bill comes up, a somewhat similar amendment. I am offering this amendment to the pending bill—not with any hope that it is going to be adopted, because the members of the committee have told us they are not going to let any amendments be adopted; and one member has even gone so far as to say that we would be presumptuous if we offered any—but because some of us have our own views about these matters and wish to express them publicly.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, the time has been limited to 10 minutes; and as I shall not have time to speak on an amendment which I shall offer, I want to say that I am going to offer an amendment which is similar to the one I offered yesterday, doing the same thing, to stop the business of selling liquor in kegs and barrels at wholesale where the wholesaler can open the cask and fill it up with bootleg liquor. When that amendment is offered, the House will know for what purpose it is offered.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. ROBERTSON].

The question was taken, and the amendment was rejected.

Mr. GILCHRIST. Mr. Chairman, I have an amendment at the desk which I offer.

The Clerk read as follows:

Page 9, line 9, after the period, insert a new sentence, as follows: "Every such basic permit shall contain an express prohibition against the use of imported molasses in the manufacture of alcohol or distilled spirits."

Mr. GILCHRIST. Mr. Chairman, I want to read an extract from a letter which is relevant to the debate we had here yesterday concerning the importation of blackstrap molasses and its use in manufacturing distilled spirits. This letter was dated at Terre Haute in March last year. Among other things, it said:

The importation of large quantities of blackstrap molasses during recent weeks had the immediate effect in Terra Haute of throwing 200 men out of work, of losing a local daily market for 12,000 bushels of corn, and of disorganizing an important industry.

Mr. CULLEN. Will the gentleman yield?

Mr. GILCHRIST. I cannot yield when I have only a minute and a half.

I will also read an extract from another letter I received sometime ago:

I was making a speech on this subject down in the district last spring during the primary campaign, and one of the farmers in the audience spoke up and said, "Yes; I know that is true, because the American Distillery Co. at Pekin, Ill., unloaded 17 carloads of blackstrap molasses at their distillery the day before, and this was being converted into industrial alcohol at the expense of the corn farmers."

Now, Mr. Chairman, I want to refer to the statement made yesterday, and I ask leave to withdraw my amendment because it will be offered again at the proper time.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. O'NEAL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 11, line 10, strike out the words "1 year" and insert in lieu thereof "2 years."

Mr. CULLEN. Mr. Chairman, the committee will accept that amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The question was taken, and the amendment was agreed to.

Mr. CONNERY. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 9, strike out all of lines 10 down to 16, inclusive, and the first two words on line 17.

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order that the amendment just offered is the same amendment that has been already acted on by the Committe.

Mr. CONNERY. Mr. Chairman, it is not the same amendment. Yesterday I moved to strike out all of that subsection. This merely strikes out part of it and is a limitation on subsection (e).

The CHAIRMAN. The point of order is overruled. The gentleman from Massachusetts is recognized for 1 minute.

Mr. CONNERY. Mr. Chairman, this will do exactly what I tried to do yesterday, and it removes the objections of my friend from Kentucky [Mr. VINSON] in regard to the States. If you want at least to try to stop bootleg liquor, vote for this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. Connery) there were—ayes 32, noes 73.

Mr. CONNERY. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

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

The Clerk read as follows:

Amendment by Mr. MASSINGALE: Amend section 4 by striking the comma after the word "spirits", in line 16, and insert a period, and by striking all words in line 16 following the word "spirits", and by striking all of lines 17 and 18 and down to and including the period in line 19 of paragraph (3) of subsection (e), on page 10.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was rejected.

The Clerk read as follows:

UNFAIR COMPETITION AND UNLAWFUL PRACTICES

SEC. 5. It shall be unlawful for any person engaged in business as a distiller, brewer, rectifier, blender, or other producer, or as an importer or wholesaler, of distilled spirits, wine, or malt beverages, or as a bottler, or warehouseman and bottler, of distilled spirits, directly or indirectly or through an affiliate:

(a) Exclusive outlet: To require, by agreement or otherwise, that any retailer engaged in the sale of distilled spirits, wine, or malt beverages, purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale by other persons in interstate or foreign commerce, if such requirement is made in the course of interstate or foreign commerce, or if such person engages in such practice to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such requirement is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such retailer in interstate or foreign commerce; or

(b) "Tied house": To induce through any of the following means, any retailer, engaged in the sale of distilled spirits, wine, or malt beverages, to purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale by other persons in interstate or foreign commerce, if such inducement is made in the course of interstate or foreign commerce, or if such person engages in the practice of using such means, or any of them, to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such inducement is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such retailer in interstate or foreign commerce: (1) By acquiring or holding (after the expiration of any existing license) any interest in any license with respect to the premises of the retailer; or (2) by acquiring any interest in any

premises of the retailer; or (3) by furnishing, giving, renting, lending, or selling to the retailer any equipment, fixtures, signs, supplies, money, or other thing of value, subject to such exceptions as the Administrator shall by regulation prescribe, having due regard for public health, the quantity and value of articles involved, established trade customs not contrary to the public interest and the purposes of this subsection; or (4) by paying or crediting the retailer for any advertising, display, or distribution service; or (5) by guaranteeing any loan or the repayment of any financial obligation of the retailer; or (6) by extending to the retailer credit for a period in excess of the credit period usual and customary to the industry for the particular class of transactions, as ascertained by the Administrator and prescribed by regulations by him; or

(c) Commercial bribery: To induce through any of the following means, any trade buyer engaged in the sale of distilled spirits, wine, or malt beverages, to purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale by other persons in interstate or foreign commerce, if such inducement is made in the course of interstate or foreign commerce, or if such person engages in the practice of using such means, or any of them, to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such inducement is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such trade buyer in interstate or foreign commerce: (1) By commercial bribery; or (2) by offering or giving any bonus, premium, or compensation to any officer, or employee, or representative of the trade buyer; or

(d) Consignment sales: To sell, offer for sale, or contract to sell to any trade buyer engaged in the sale of distilled spirits, wine, or malt beverages, or for any such trade buyer to purchase, offer to purchase, or contract to purchase, any such products on consignment or under conditional sale or with the privilege of return or on any basis otherwise than a bona fide sale, or where any part of such transaction involves, directly or indirectly, the acquisition by such person from the trade buyer or his agreement to acquire from the trade buyer other distilled spirits, wine, or malt beverages—if such sale, purchase, offer, or contract is made in the course of interstate or foreign commerce, or if such person or trade buyer engages in such practice to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such sale, purchase, offer, or contract is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such trade buyer in interstate or foreign commerce; or

(e) Labeling: To sell or ship or deliver for sale or shipment, or otherwise introduce in interstate or foreign commerce, or to receive therein, or to remove from customs custody for consumption, any distilled spirits, wine, or malt beverages in bottles, unless such products are bottled, packaged, and labeled in conformity with such regulations, to be prescribed by the Administrator, with respect to packaging, marking, branding, and labeling and size and fill of container (1) as will prohibit deception of the consumer with respect to such products or the quantity thereof and as will prohibit, irrespective of falsity, such statements relating to age, manufacturing processes, analyses, guarantees, and scientific or irrelevant matters as the Administrator finds to be likely to mislead the consumer; (2) as will provide the consumer with adequate information as to the identity and quality of the products, the alcoholic content thereof (except that statements of, or statements likely to be considered as statements of, alcoholic content of malt beverages are hereby prohibited unless required by State law and except that, in case of wines, statements of alcoholic content shall be required only for wines containing more than 14 percent of alcohol by volume), the net contents of the package, and the manufacturer or bottler or importer of the product; (3) as will require an accurate statement, in the case of distilled spirits (other than cordials, liqueurs, and specialties) produced by blending or rectification if neutral spirits have been used in the production thereof, informing the consumer of the percentage of neutral spirits so used and of the name of the commodity from which such neutral spirits have been distilled; (4) as will prohibit statements on the label that are disparaging of a competitor's products or are false, misleading, obscene, or indecent; and (5) as will prevent deception of the consumer by use of a trade or brand name that is the name of any living individual of public prominence, or existing private or public organization, or is a name that is in simulation or is an abbreviation thereof, and as will prevent the use of a graphic, pictorial, or emblematic representation of any such individual or organization, if the use of such name or representation is likely falsely to lead the consumer to believe that the product has been endorsed, made, or used by, or produced for, or under the supervision of, or in accordance with the specifications of, such individual or organization: *Provided,* That this clause shall not apply to the use of the name of any person engaged in business as a distiller, brewer, rectifier, blender, or other producer, or as an importer, wholesaler, retailer, bottler, or warehouseman, of distilled spirits, wine, or malt beverages, nor to the use by any person of a trade or brand name used by him or his predecessor in interest prior to the date of the enactment of this act; including regulations requiring, at time of release from customs custody, certificates issued by foreign governments covering origin, age, and identity of imported products. No person shall remove from Government custody after purchase at any Government sale any distilled spirits, wine, or malt beverages in bottles to be held for sale until such bottles are packaged, marked, branded, and labeled in conformity with the requirements of this subsection.

It shall be unlawful for any person to alter, mutilate, destroy, obliterate, or remove any mark, brand, or label upon distilled spirits, wine, or malt beverages held for sale in interstate or foreign commerce or after shipment therein, except as authorized by Federal law or except pursuant to regulations of the Administrator authorizing relabeling for purposes of compliance with the requirements of this subsection or of State law.

In order to prevent the sale or shipment or other introduction of distilled spirits, wine, or malt beverages in interstate or foreign commerce, if bottled, packaged, or labeled in violation of the requirements of this subsection, no bottler, or importer of distilled spirits, wine, or malt beverages shall, after such date as the Administrator fixes as the earliest practicable date for the application of the provisions of this subsection to any class of such persons (but not later than Jan. 1, 1936, and only after 30 days' public notice), bottle or remove from customs custody for consumption distilled spirits, wine, or malt beverages, respectively, unless the bottler or importer, upon application to the Administrator, has obtained and has in his possession a certificate of label approval covering the distilled spirits, wine, or malt beverages, issued by the Administrator in such manner and form as he shall by regulations prescribe: *Provided,* That any such bottler shall be exempt from the requirements of this subsection if the bottler, upon application to the Administrator, shows to the satisfaction of the Administrator that the distilled spirits, wine, or malt beverages to be bottled by the applicant are not to be sold, or offered for sale, or shipped or delivered for shipment, or otherwise introduced, in interstate or foreign commerce. Officers of internal revenue and customs are authorized and directed to withhold the release of such products from the bottling plant or customs custody unless such certificates have been obtained, or unless the application of the bottler for exemption has been granted by the Administrator. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States court for any Territory shall have jurisdiction of suits to enjoin, annul, or suspend in whole or in part, any final action by the Administrator upon any application under this subsection; or

(f) Advertising: To publish or disseminate or cause to be published or disseminated by radio broadcast, or in any newspaper, periodical, or other publication or by any sign or outdoor advertisement or any other printed or graphic matter, any advertisement of distilled spirits, wine, or malt beverages, if such advertisement is in, or is calculated to induce sales in, interstate or foreign commerce, or is disseminated by mail, unless such advertisement is in conformity with such regulations, to be prescribed by the Administrator, (1) as will prevent deception of the consumer with respect to the products advertised and as will prohibit, irrespective of falsity, such statements relating to age, manufacturing processes, analyses, guaranties, and scientific or irrelevant matters as the Administrator finds to be likely to mislead the consumer; (2) as will provide the consumer with adequate information as to the identity and quality of the products advertised, the alcoholic content thereof (except that statements of, or statements likely to be considered as statements of, alcoholic content of malt beverages are prohibited and except that, in case of wines, statements of alcoholic content shall be required only for wines containing more than 14 percent of alcohol by volume), and the person responsible for the advertisement; (3) as will require an accurate statement, in the case of distilled spirits (other than cordials, liqueurs, and specialties) produced by blending or rectification if neutral spirits have been used in the production thereof, informing the consumer of the percentage of neutral spirits so used and of the name of the commodity from which such neutral spirits have been distilled; (4) as will prohibit statements that are disparaging of a competitor's products or are false, misleading, obscene, or indecent; (5) as will prevent statements inconsistent with any statement on the labeling of the products advertised. This subsection shall not apply to outdoor advertising in place on the date of the enactment of this act, but shall apply upon replacement, restoration, or renovation of any such advertising.

The provisions of subsections (a), (b), and (c) shall not apply to any act done by an agency of a State or political subdivision thereof, or by any officer or employee of such agency.

The Administrator shall give reasonable public notice, and afford to interested parties opportunity for hearing, prior to prescribing regulations to carry out the provisions of this section.

Mr. BUCK. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. BUCK: Page 16, lines 6 and 7, strike out the words "by acquiring any interest in any premises of the retailer" and inserting in lieu thereof the following: "by acquiring any interest in real or personal property owned, occupied, or used by the retailer in the conduct of his business."

The amendment was agreed to.

Mr. BUCK. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 16, line 9, after the word "money", insert a comma and the word "services."

The amendment was agreed to.

Mr. BUCK. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. BUCK: Page 19, line 10, after the word "rectification", insert the following: "or in case of gin, whether or not produced by blending or rectification."

The amendment was agreed to.

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

The Clerk read as follows:

Committee amendment offered by Mr. BUCK: Page 23, line 9, after "rectification", insert "or in case of gin, whether or not produced by blending or rectification."

The amendment was agreed to.

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

The Clerk read as follows:

Committee amendment offered by Mr. BUCK: Page 23, lines 18 and 19, strike out "the date of the enactment of this act" and insert "June 18, 1935."

Mr. BUCK. Mr. Chairman, I shall explain this amendment so that the Members of the Committee may know the reason for it.

This amendment is designed to make outdoor advertising which has been erected since June 18, 1935, conform to the provisions of the bill relating to what must be placed on such advertising and what must not be placed on such advertising.

Congress has the power to make outdoor advertising no matter when erected conform to such provisions and, therefore, the requirement that advertising erected or repainted since June 18, 1935, conform to the provisions of the bill is not unreasonable since that date is not an arbitrary date. That date is the date of the introduction of the original bill, H. R. 8539, and the industry had notice on that date of the contemplated regulation. It seemed fair to the committee to permit advertising in place on and prior to such date to continue until replaced, restored, or renovated but that the provisions of the bill ought not be permitted to be avoided by the erection of permanent signs between June 18 and the passage of the act.

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

Mr. BUCK. Yes.

Mr. KVALE. Aside from the merits of the amendment, would the gentleman join in a movement to forbid all outdoor nature-defacing advertising?

Mr. BUCK. The laws of the State that I have the honor in part to represent limits severely that type of advertising.

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

Mr. BUCK. Yes.

Mr. TRUAX. The gentleman states that Congress has the power to regulate outdoor advertising. I think the gentleman is right, but why would not the Congress have the same right to regulate outdoor advertising, for instance, of the gasoline and oil companies, the Standard Oil, the Sinclair, the Texas Co.? They all furnish their dealers who are confined exclusively to the sale of their own products, with electric signs. As I understand this bill, it will impose very drastic regulations upon the use of such signs and outdoor advertising material. Is that true?

Mr. VINSON of Kentucky. It does not restrict the use, but it prohibits a distillery or a brewery from furnishing signs and other things to induce the retailer to purchase exclusively the product of the distillery or brewery.

Mr. BUCK. If the gentleman will permit, it goes further than that. It prohibits the placing of misleading advertising on any signs that may be erected.

Mr. TRUAX. The point I wish to make is: If we enter this field as we are entering it in this bill, why not also enter the fields of similar advertising? For instance, the Coca Cola Co. That company furnishes all its dealers with prepared signs, outdoor advertising signs. Why discriminate and single out the brewers and beer dealers?

Mr. BUCK. I am afraid our committee has no jurisdiction over these other subject matters. They will have to be taken care of in some other committee, no matter how meritorious the contention of the gentleman may be.

Mr. TRUAX. I wanted to make the point that this section of the bill, in my judgment, is unfair and discriminatory in that it singles out this particular traffic and this particular commodity and will dictate to the dealers and to the wholesale brewers.

Mr. BUCK. May I suggest that the liquor industry, including the wine and brewing industry, has always been subject to Federal jurisdiction.

Mr. TRUAX. In the matter of advertising?

Mr. BUCK. In the matter of almost any sort of control that the Government wants to place upon these industries.

Mr. TRUAX. But not advertising.

Mr. BUCK. We have never placed it upon them before in this form, but the Food and Drug Act forbids false or misleading labeling or advertising.

[Here the gavel fell.]

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. O'MALLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'MALLEY: Page 16, line 9, after the word "signs", insert "costing collectively more than $100 per year per retail outlet."

Mr. O'MALLEY. Mr. Chairman and members of the committee, I have offered the amendment just read, because as I interpret this particular section it works a hardship on the small producer in the brewing and distilling industry. In the light of the first part of this section, the large brewer or distillery can provide outrageously expensive advertising signs to those who handle their product at retail, provided only that they do not make as a condition of furnishing this advertising, the exclusive handling of their products.

Now, the only possible way the small producer in the business can get his product before the public is through the use of advertising signs directly at the retail outlet. To force him to compete in the furnishing of high-priced advertising material with the great aggregations of wealth of the few large concerns is to make it practically impossible for him to do business. Likewise this section as it is written leaves it entirely in the discretion of the Administrator to decide what is reasonable in the way of the value of the articles involved. This might be construed to mean that the Administrator could O. K. the placing of a thousand-dollar sign of a large brewing or distilling company in front of a retail outlet while the little fellow could not possibly hope to meet this type of competition. My amendment seeks to provide a limitation upon the value of this type of advertising to be offered to the retailer so that the small brewer or distiller is not at an unfair advantage in competing for outlets for his product.

My amendment is exactly in line with the original code which contained a provision that no signs could be furnished by the producer to the retailer in excess of a cost of $100 per retail outlet. I think that is a fair limitation and was agreed to by all the brewers who participated in the drawing of the code. Even if signs were ruled out, the big brewers would still have the advantage of millions of dollars to spend in newspaper and radio advertising while the small producer cannot afford this expenditure and must rely entirely upon the use of this small and necessary advertising to sell his product.

Now, if signs are going to be included in this section at all, we certainly ought to place a limitation upon their cost, since, after all, they are commercial inducements recognized in every field of business, so that the little fellow can get his sign in the retail outlets for his products and not be compelled to spend thousands of dollars attempting to compete with the financially powerful producers in order to obtain an outlet for his product.

I have sought enlightenment upon what this section does from many members of the committee, and everyone I have talked to has agreed that, as this section is written, no limitation is placed upon the amount of advertising material which may be furnished retailers by brewers and distillers so long as no agreement is entered into for exclusive outlet. If the chairman were to tell what transpired in the committee, he would agree with me that there was a very sharp division on this particular point, and I am reliably informed that this very proposition contained in my amendment lost in committee by only one vote. I think we should take out of here by the adoption of my amendment the possibility of discrimination and hardship in the use of advertising that this section works upon the small producer who certainly needs some help and not hindrance in endeavoring to compete for the sale of his product.

I sincerely hope this minor amendment, which places exactly the same limitation that was in the original code, will be adopted, since the code as adopted had the complete approval of the Administrator, including this limitation on advertising display furnished retailers.

Now, there is another and perhaps even more important reason why my amendment should be adopted. This section as written leaves the matter of regulation entirely to the Administrator. He could if he chose forbid the use of all advertising signs and might conceivably do so since, as I have said, the larger concerns in the field can still gain advertising for their product through millions spent in radio and other forms of advertising which the small man has not the funds to purchase.

If, after this law is enacted, the Administrator should rule against the use of advertising display signs he would throw out of work some 25,000 men in the sheet metal, sign painting, and other organized trades engaged in producing this type of advertising throughout the country, to say nothing of many thousands of other craftsmen employed in this field alone.

We should not place the possible fate and livelihood of a great group of workers in the hands of any one particular man whose rulings may deprive them of a livelihood. Only today I received a letter from the president of the Sheet Metal Workers' International Association saying that they hoped the Administrator would not be given the blanket authority he is given in this bill to arbitrarily, if he should deem fit, rule out the use of advertising signs in the sale of beer and distilled liquors. He pleads with me in this letter to consider this possibility in the light of the present wording of this bill, and I, under leave, insert a copy of his letter to me:

SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION,
Washington, D. C., July 24, 1935.

Congressman THOMAS O'MALLEY,
Fifth District Wisconsin,
House of Representatives, Washington, D. C.

HONORABLE SIR: The liquor-control bill now before your body contains a clause vitally affecting the interest of a great many of our members. If it should be left to the discretion of the Administrator whether or not brewers should be allowed to give a tavern keeper a sign denoting what particular product he handles, and if the Administrator should decide against the use of said sign, approximately 9,000 sheet-metal workers now engaged on the work in connection with the fabrication and erection of signs, bulletin boards, etc., in the United States will be thrown out of work.

We urge you to study this bill, considering this fact very carefully and seriously.

Very truly yours,

JOHN J. HYNES,
General President.
WM. O'BRIEN,
General Secretary-Treasurer.

Practically all of the small producers, many in my district and many throughout the country, ask only that they be placed upon the same level of competing for business with the large concerns, and I know if this $100 limitation on advertising sign material furnished to retail outlets is adopted, they will at least have the opportunity of advertising their products at the point of sale.

Mr. TRUAX. Will the gentleman yield?

Mr. O'MALLEY. I yield.

Mr. TRUAX. The $100 limitation is already a part of the regulation, is it not?

Mr. O'MALLEY. It was, but now the code is wiped out. The reason we are passing this bill is because there is no longer any code. The $100 limitation was in the code, and I think it ought to be in here specifically so that the big brewers cannot force the small fellow out of all his retail outlets by furnishing excessively expensive advertising signs and displays which the small manufacturer cannot begin to afford.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. O'MALLEY] has expired.

Mr. VINSON of Kentucky. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is just another evidence of legislating by either telegrams or letters. I am actually surprised at the very able gentleman from Wisconsin [Mr. O'MALLEY] presenting this amendment in the name of the small brewery. I want to tell you it is the big breweries who want to dig in with this sign proposition.

Mr. O'MALLEY. Will the gentleman yield right there?

Mr. VINSON of Kentucky. Yes; I yield.

Mr. O'MALLEY. Does the gentleman maintain that the big breweries wrote this code when it was in there?

Mr. VINSON of Kentucky. I mean to say——

Mr. O'MALLEY. The gentleman said the big breweries want this.

Mr. VINSON of Kentucky. I say it is the big breweries who want to dig in with this sort of an amendment. I will answer the gentleman. I want to say that Schlitz & Co., from the gentleman's State, was charged with 2,100 different violations affecting signs, under the Federal Alcohol Control Administration. I want to say that the three big breweries are the ones who want to undermine the salutary provisions in the tied-house paragraph.

Here is the proposition in its entirety: If you adopt the amendment of the gentleman from Wisconsin, or if you strike "signs" out of this paragraph you will have gone back to the evils of the old tied house, that is, substantially the control of the retail establishment by either the distillery or the brewery. Nobody who believes in enforcement will want to go back to the old days where the saloon was controlled by the brewery or the distillery.

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

Mr. VINSON of Kentucky. No; I cannot yield.

Gentlemen who may read just a line or two from page 16 without going back to the beginning of the paragraph, miss the real essence of the paragraph in its relationship to tied houses.

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

Mr. VINSON of Kentucky. No.

(b) "Tied house": To induce through any of the following means, any retailer, engaged in the sale of distilled spirits, wine, or malt beverages, to purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale.

Mr. O'MALLEY. The gentleman does not want to make a misstatement?

Mr. VINSON of Kentucky. I beg the gentleman's pardon; I am not making a misstatement; I am reading from the bill, and I am making a correct statement.

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

Mr. VINSON of Kentucky. I will not yield to the gentleman.

Mr. Chairman, I continue quoting:

Sold or offered for sale by other persons in interstate or foreign commerce, if such inducement is made in the course of interstate or foreign commerce, or if such person engages in the practice of using such means, or any of them, to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such inducement is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such retailer in interstate or foreign commerce: (1) By acquiring or holding (after the expiration—

It does not make any difference if you make the value of the sign $5, permit signs even $5 in value; if you write that amendment into the bill you might as well strike out all of paragraph (b) on pages 16 and 17 and go back to the evils of the "tied house." Now, if the Committee, if the House,

if the Congress want to go back to the evils of the "tied house", vote for the amendment of the gentleman from Wisconsin; but I hope it will not be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

The Clerk read as follows:

MISCELLANEOUS

SEC. 9. (a) As used in this act—

(1) The term "Administrator" means the head of the Federal Alcohol Administration.

(2) The term "United States" means the several States and Territories and the District of Columbia; the term "State" includes a Territory and the District of Columbia; and the term "Territory" means Alaska, Hawaii, and Puerto Rico.

(3) The term "interstate or foreign commerce" means commerce between any State and any place outside thereof, or commerce within any Territory or the District of Columbia, or between points within the same State but through any place outside thereof.

(4) The term "person" means individual, partnership, joint stock company, business trust, association, corporation, or other form of business enterprise, including a receiver, trustee, or liquidating agent and including an officer or employee of any agency of a State or political subdivision thereof; and the term "trade buyer" means any person who is a wholesaler or retailer.

(5) The term "affiliate" means any one of two or more persons if one of such persons has actual or legal control, directly or indirectly, whether by stock ownership or otherwise, of the other or others of such persons; and any one of two or more persons subject to common control, actual or legal, directly or indirectly, whether by stock ownership or otherwise.

(6) The term "distilled spirits" means ethyl alcohol, hydrated oxide of ethyl, spirits of wine, whisky, rum, brandy, gin, and other distilled spirits, including all dilutions and mixtures thereof, for nonindustrial use.

(7) The term "wine" means (1) wine as defined in section 610 and section 617 of the Revenue Act of 1918 (U. S. C., title 26, secs. 441 and 444) as now in force or hereafter amended, and (2) other alcoholic beverages not so defined, but made in the manner of wine, including sparkling and carbonated wine, wine made from condensed grape must, wine made from other agricultural products than the juice of sound, ripe grapes, imitation wine, compounds sold as wine, vermouth, cider, perry and sake; in each instance only if containing not less than 7 percent and not more than 24 percent of alcohol by volume, and if for nonindustrial use.

(8) The term "malt beverage" means a beverage made by the alcoholic fermentation of an infusion or decoction, or combination of both, in potable brewing water, of malted barley with hops, or their parts, or their products, and with or without other malted cereals, and with or without the addition of unmalted or prepared cereals, other carbohydrates or products prepared therefrom, and with or without the addition of carbon dioxide, and with or without other wholesome products suitable for human food consumption.

(9) The term "bottle" means any container, irrespective of the material from which made, for use for the sale of distilled spirits, wine, or malt beverages at retail.

(b) The right to amend or repeal the provisions of this act is expressly reserved.

(c) If any provision of this act, or the application of such provision to any person or circumstance, is held invalid, the remainder of the act and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

(d) This act may be cited as the "Federal Alcohol Administration Act."

Mr. BUCK. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. BUCK: On page 30, strike out lines 22 and 23.

The committee amendment was agreed to.

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

Mr. Chairman, I am reluctant to take this time except to refresh the recollection of the committee that on yesterday the gentleman from Iowa [Mr. GILCHRIST] offered an amendment seeking to prohibit the manufacture of distilled spirits from imported blackstrap molasses. A motion to recommit the bill for the purpose of inserting this amendment will, I am informed, be made in a little while, and I want to say just this last word to the committee and to those here assembled with respect to this amendment.

When Mr. Wallace became the Secretary of Agriculture, he proceeded on the theory that since our outlet for grain through the export market for ham, bacon, lard, and for cereal products was at least temporarily gone, and since the purchasing power of the people of this country had been sadly diminished, that it became necessary to curtail the production of agricultural commodities. Among these commodities under the Agricultural Adjustment Act were included corn and hogs.

A report by Mr. Davis, the Administrator, dated June 17, 1935, shows that under that program they contracted to take out of production 13,030,000 acres of corn land. Some of the finest, most productive, and most fertile acreage in the 11 major corn-producing States was contracted to the Secretary of Agriculture. In so doing every person in this country contributed, directly or indirectly, through the agency of the processing tax to the extent of $111,840,000 in order to pay farmers for the land they took out of cultivation at the rate of 30 cents a bushel, for the corn that was not produced.

We paid that huge sum to take this corn land out of production. Is there, then, any reason why we should permit the importation of hundreds of millions of pounds of blackstrap molasses from the Philippines, Cuba, and elsewhere annually for conversion into alcohol, since molasses is directly competitive with corn? The figures of the Department of Commerce show that for January and February alone of this year over 205,000,000 pounds of molasses came into the United States. The figures show further that 1,250,000,000 pounds of molasses were imported during 1934, sufficient to displace twenty-five to thirty million bushels of corn, if it were all converted into alcohol.

It looks to me like the sheerest kind of folly and nonsense to have an agricultural adjustment program paying 30 cents a bushel to the farmers to cut down their corn production and then let the barriers down so that this dark molasses can come in from offshore possessions to destroy what little is left of agriculture's industrial market.

When the time comes to record yourselves upon this motion to recommit, if you vote "yes" on this motion you do not necessarily oppose the merits of the present bill. I think this is a good bill and ultimately I may vote for it; but the inclusion of this amendment would make it an infinitely better bill.

It seems to me high time that every Member in whose State or among whose constituency they raise corn, wheat, rye, and other agricultural commodities ought to stand up here and vote for a motion to recommit so that we will get a little justice for the farmer and cut out this nonsense of leaving the back door open to competitive commodities.

[Here the gavel fell.]

Mr. LEWIS of Colorado. Mr. Chairman, I ask unanimous consent to return to page 16 so that I may offer an amendment.

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

Mr. CULLEN. Mr. Chairman, I may say for the information of the membership that the bill has been read. I do not want to take unfair advantage of the gentleman from Colorado. I want to give him his day in court. Therefore I shall not object.

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

There was no objection.

Mr. LEWIS of Colorado. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment by Mr. LEWIS of Colorado: On page 16, line 22, after the word "or", insert "(7) by requiring the retailer to take and dispose of a certain quota of any such products or."

Mr. LEWIS of Colorado. Mr. Chairman, this is a further restriction on the so-called "tied house" which is regulated under section 5 (b) of this bill. Before prohibition, in our part of the country at least, one of the evils of the liquor traffic was that a retailer was required by the brewer or distiller to take a certain quota of beer or spirits of some private brand as a condition to being allowed to retail that brand. The temptation was often irresistible for the retailer to induce customers to buy drinks when they had already had quite enough. This was a very great evil, as I believe the Members of the Committee will concede. I think this is an

important amendment to this bill. I hope the Committee will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. LEWIS].

The amendment was agreed to.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8870) to further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes, pursuant to House Resolution 305, he reported the same back to the House with sundry amendments agreed to in Committee.

The SPEAKER. Under the rule, the previous question is ordered on the bill and amendments to final passage.

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

The amendments were agreed to.

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

Mr. BACHARACH. Mr. Speaker, I offer a motion to recommit, which I send to the desk. I am opposed to the bill.

The Clerk read as follows:

Mr. BACHARACH moves to recommit the bill (H. R. 8870) to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments: Page 3, line 23, strike out the words "without regard to" and insert in lieu thereof the words "in accordance with"; page 9, line 9, before the period, insert a comma and the following: "and shall be further conditioned upon the agreement by the holder thereof that no imported molasses shall be used in the manufacture of alcohol or distilled spirits, and upon any breach of such agreement such permit shall be revoked."

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 46, noes 117.

Mr. MARTIN of Massachusetts. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Evidently there is no quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 124, nays 211, not voting 94, as follows:

[Roll No. 141]

YEAS—124

Adair	Eaton	Kvale	Reece
Allen	Ekwall	Lambertson	Reed, Ill.
Amlie	Englebright	Lehlbach	Reilly
Andresen	Fish	Lemke	Rich
Arends	Fletcher	Lord	Robsion, Ky.
Ayers	Focht	Luckey	Rogers, Mass.
Bacharach	Gearhart	McAndrews	Rogers, Okla.
Biermann	Gehrmann	McKeough	Sauthoff
Binderup	Gilchrist	McLean	Schaefer
Blackney	Gillette	McLeod	Schneider
Boileau	Goodwin	Maas	Secrest
Brennan	Guyer	Mapes	Seger
Brewster	Gwynne	Marcantonio	Short
Buckbee	Halleck	Martin, Mass.	Smith, W. Va.
Buckler, Minn.	Hancock, N. Y.	Mason	Stefan
Cannon, Wis.	Hess	Massingale	Taber
Carlson	Hildebrandt	Meeks	Tarver
Carpenter	Hoeppel	Merritt, Conn.	Taylor, Tenn.
Cartwright	Hollister	Michener	Thompson
Christianson	Holmes	Millard	Tinkham
Church	Hope	Mott	Tobey
Coffee	Houston	Nichols	Treadway
Cole, N. Y.	Hull	O'Brien	Turpin
Cooper, Ohio	Imhoff	O'Malley	Utterback
Crawford	Jenkins, Ohio	Patterson	Wadsworth
Culkin	Johnson, Okla.	Perkins	Welch
Darrow	Johnson, W. Va.	Pittenger	Wilson, Pa.
Dirksen	Kahn	Plumley	Wolcott
Ditter	Keller	Polk	Wolfenden
Dobbins	Kinzer	Powers	Wolverton
Dondero	Kramer	Ramspeck	Woodruff

NAYS—211

Arnold	Beam	Bland	Boehne
Ashbrook	Beiter	Blanton	Boland
Barden	Berlin	Bloom	Boylan
Brooks	Eckert	Lloyd	Robertson
Brown, Ga.	Edmiston	Ludlow	Robinson, Utah
Brunner	Ellenbogen	Lundeen	Rogers, N. H.
Buchanan	Faddis	McClellan	Romjue
Buck	Farley	McCormack	Ryan
Burch	Fiesinger	McFarlane	Sabath
Burdick	Flannagan	McGehee	Sadowski
Caldwell	Ford, Calif.	McGrath	Sanders, Tex.
Cannon, Mo.	Ford, Miss.	McLaughlin	Schulte
Carmichael	Frey	McReynolds	Sears
Castellow	Fuller	McSwain	Shanley
Celler	Fulmer	Mahon	Sirovich
Chandler	Gambrill	Mansfield	Smith, Conn.
Chapman	Gassaway	Martin, Colo.	Smith, Va.
Citron	Gavagan	Maverick	Smith, Wash.
Clark, Idaho	Gildea	May	Snyder
Clark, N. C.	Gingery	Mead	Somers, N. Y.
Colden	Goldsborough	Merritt, N. Y.	South
Cole, Md.	Gray, Ind.	Miller	Spence
Connery	Gray, Pa.	Mitchell, Ill.	Starnes
Cooley	Greenway	Mitchell, Tenn.	Steagall
Cooper, Tenn.	Greenwood	Monaghan	Stubbs
Cox	Griswold	Moran	Sullivan
Cravens	Haines	Moritz	Sumners, Tex.
Crosby	Hancock, N. C.	Murdock	Taylor, Colo.
Cross, Tex.	Harlan	Nelson	Taylor, S. C.
Crosser, Ohio	Hart	Norton	Terry
Crowe	Harter	O'Connor	Thom
Cullen	Healey	O'Day	Thomason
Cummings	Hennings	O'Leary	Tolan
Darden	Hill, Ala.	O'Neal	Tonry
Deen	Hill, Knute	Owen	Truax
Delaney	Hill, Samuel B.	Palmisano	Turner
Dempsey	Hobbs	Parks	Umstead
Dickstein	Hook	Parsons	Vinson, Ky.
Dies	Huddleston	Patman	Wallgren
Dingell	Jacobsen	Patton	Walter
Disney	Jenckes, Ind.	Pearson	Warren
Dockweiler	Johnson, Tex.	Peterson, Fla.	Wearin
Dorsey	Jones	Pettengill	Weaver
Doughton	Kennedy, Md.	Pfeifer	Whelchel
Doxey	Kenney	Pierce	Whittington
Drewry	Kloeb	Quinn	Wilcox
Driscoll	Kocialkowski	Rabaut	Williams
Driver	Kopplemann	Ramsay	Wilson, La.
Duffey, Ohio	Lambeth	Randolph	Wood
Duffy, N. Y.	Lanham	Rankin	Woodrum
Duncan	Larrabee	Rayburn	Young
Dunn, Pa.	Lesinski	Richards	Zioncheck
Eagle	Lewis, Colo.	Richardson	

NOT VOTING—94

Andrew, Mass.	Dietrich	Kerr	Sanders, La.
Andrews, N. Y.	Doutrich	Kimball	Sandlin
Bacon	Dunn, Miss.	Kleberg	Schuetz
Bankhead	Eicher	Kniffin	Scott
Bell	Engel	Knutson	Scrugham
Bolton	Evans	Lamneck	Shannon
Brown, Mich.	Fenerty	Lea, Calif.	Sisson
Buckley, N. Y.	Ferguson	Lee, Okla.	Snell
Bulwinkle	Fernandez	Lewis, Md.	Stack
Burnham	Fitzpatrick	Lucas	Stewart
Carter	Gasque	McGroarty	Sutphin
Cary	Gifford	McMillan	Sweeney
Casey	Granfield	Maloney	Thomas
Cavicchia	Green	Marshall	Thurston
Claiborne	Greever	Montague	Underwood
Cochran	Gregory	Montet	Vinson, Ga.
Collins	Hamlin	O'Connell	Werner
Colmer	Hartley	Oliver	West
Corning	Higgins, Conn.	Peterson, Ga.	White
Costello	Higgins, Mass.	Peyser	Wigglesworth
Crowther	Hoffman	Ransley	Withrow
Daly	Kee	Reed, N. Y.	Zimmerman
Dear	Kelly	Rudd	
DeRouen	Kennedy, N. Y.	Russell	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Snell (for) with Mr. Buckley of New York (against).
Mr. Marshall (for) with Mr. Dietrich (against).
Mr. Cavicchia (for) with Mr. Rudd (against).
Mr. Doutrich (for) with Mr. McMillan (against).
Mr. Wigglesworth (for) with Mr. Green (against).
Mr. Andrews of New York (for) with Mr. Kennedy of New York (against).
Mr. Gifford (for) with Mr. Kniffin (against).
Mr. Knutson (for) with Mr. Colmer (against).
Mr. Bolton (for) with Mr. Dear (against).
Mr. Withrow (for) with Mr. Sandlin (against).
Mr. Stewart (for) with Mr. Sanders of Louisiana (against).
Mr. Ransley (for) with Mr. Montet (against).
Mr. Hoffman (for) with Mr. Maloney (against).
Mr. Reed of New York (for) with Mr. DeRouen (against).
Mr. Bacon (for) with Mr. Fernandez (against).
Mr. Hartley (for) with Mr. Fitzpatrick (against).
Mr. Andrew of Massachusetts (for) with Mr. Sisson (against).
Mr. Corning (for) with Mr. Granfield (against).

Until further notice:

Mr. Kelly with Mr. Crowther.
Mr. Cochran with Mr. Carter.
Mr. Scrugham with Mr. Burnham.
Mr. Sutphin with Mr. Higgins of Connecticut.

Mr. Bulwinkle with Mr. Engel.
Mr. Oliver with Mr. Fenerty.
Mr. Bankhead with Mr. Kimball.
Mr. Cary with Mr. Thomas.
Mr. Vinson of Georgia with Mr. Thurston.
Mr. Gasque with Mr. Lamneck.
Mr. Schuetz with Mr. Peterson of Georgia.
Mr. Lea of California with Mr. Bell.
Mr. Claiborne with Mr. McGroarty.
Mr. Lewis of Maryland with Mr. Brown of Michigan.
Mr. Lee of Oklahoma with Mr. Casey.
Mr. Montague with Mr. O'Connell.
Mr. Daley with Mr. Costello.
Mr. Russell with Mr. Dunn of Mississippi.
Mr. Eicher with Mr. Scott.
Mr. Greever with Mr. Evans.
Mr. Ferguson with Mr. Stack.
Mr. Gregory with Mr. Sweeney.
Mr. Hamlin with Mr. Werner.
Mr. Kleberg with Mr. Higgins of Massachusetts.
Mr. Zimmerman with Mr. Kee.
Mr. White with Mr. Hildebrandt.
Mr. Kerr with Mr. West.
Mr. Underwood with Mr. Peyser.

Mr. AYERS and Mr. FLETCHER changed their votes from "no" to "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. CULLEN. Mr. Speaker, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

The question was taken; and there were—yeas 239, nays 101, not voting 89, as follows:

[Roll No. 142]

YEAS—239

Amlie	Driver	Lea, Calif.	Richardson
Arnold	Duncan	Lesinski	Robinson, Utah
Ashbrook	Dunn, Pa.	Lewis, Colo.	Rogers, N. H.
Ayers	Eagle	Lewis, Md.	Romjue
Barden	Eckert	Lloyd	Ryan
Beam	Edmiston	Luckey	Sabath
Beiter	Ekwall	Ludlow	Sadowski
Berlin	Ellenbogen	Lundeen	Sanders, Tex.
Biermann	Englebright	McClellan	Sauthoff
Blackney	Evans	McCormack	Schulte
Bland	Faddis	McGehee	Sears
Bloom	Farley	McGrath	Secrest
Boehne	Fiesinger	McKeough	Shanley
Boileau	Fletcher	McLaughlin	Sirovich
Boland	Ford, Calif.	McLeod	Smith, Conn.
Boylan	Frey	McReynolds	Smith, Va.
Brennan	Fuller	Maas	Smith, Wash.
Brooks	Gambrill	Mansfield	Snyder
Brown, Ga.	Gassaway	Mapes	Somers, N. Y.
Brunner	Gavagan	Marcantonio	South
Buchanan	Gearhart	Martin, Colo.	Spence
Buck	Gehrmann	Maverick	Stack
Burch	Gildea	May	Starnes
Caldwell	Gillette	Mead	Steagall
Cannon, Mo.	Gingery	Merritt, N. Y.	Stubbs
Cannon, Wis.	Goldsborough	Michener	Sullivan
Celler	Greenway	Miller	Sumners, Tex.
Chandler	Greenwood	Mitchell, Ill.	Taylor, Colo.
Chapman	Greever	Mitchell, Tenn.	Taylor, S. C.
Citron	Haines	Monaghan	Terry
Clark, Idaho	Hancock, N. C.	Moran	Thom
Clark, N. C.	Harlan	Moritz	Thomason
Coffee	Hart	Mott	Thompson
Colden	Harter	Murdock	Tobey
Cole, Md.	Healey	Nelson	Tonry
Connery	Hennings	Norton	Truax
Cooley	Hildebrandt	O'Brien	Turner
Cooper, Ohio	Hill, Ala.	O'Connor	Umstead
Cooper, Tenn.	Hill, Knute	O'Day	Vinson, Ky.
Cox	Hill, Samuel B.	O'Leary	Wallgren
Cravens	Hobbs	O'Malley	Walter
Crawford	Hoeppel	O'Neal	Warren
Crosby	Hook	Owen	Wearin
Cross, Tex.	Huddleston	Palmisano	Weaver
Crosser, Ohio	Imhoff	Parks	Welch
Crowe	Jacobsen	Parsons	Werner
Cullen	Jenckes, Ind.	Patman	Whittington
Darden	Jenkins, Ohio	Patton	Wilcox
Delaney	Jones	Pearson	Williams
Dempsey	Keller	Peterson, Fla.	Wilson, La.
Dickstein	Kennedy, Md.	Pettengill	Wilson, Pa.
Dies	Kenney	Pfeifer	Wolcott
Dingell	Kerr	Quinn	Wolfenden
Disney	Kloeb	Rabaut	Wood
Dockweiler	Kocialkowski	Ramsay	Woodruff
Dondero	Kopplemann	Ramspeck	Woodrum
Dorsey	Kvale	Randolph	Young
Doughton	Lambeth	Rayburn	Zimmerman
Drewry	Lanham	Reilly	Zioncheck
Driscoll	Larrabee	Richards	

NAYS—101

Adair	Arends	Brewster	Burdick
Allen	Bacharach	Buckbee	Carlson
Andresen	Blanton	Buckler, Minn.	Carmichael
Carpenter	Gray, Pa.	Lemke	Reed, Ill.
Cartwright	Green	Lord	Rich
Castellow	Griswold	McAndrews	Robertson
Christianson	Guyer	McFarlane	Robsion, Ky.
Church	Gwynne	McLean	Rogers, Mass.
Cole, N. Y.	Halleck	Mahon	Rogers, Okla.
Culkin	Hancock, N. Y.	Martin, Mass.	Schaefer
Cummings	Hess	Mason	Schneider
Darrow	Hollister	Massingale	Seger
Deen	Holmes	Meeks	Short
Dirksen	Hope	Merritt, Conn.	Smith, W. Va.
Ditter	Houston	Millard	Stefan
Dobbins	Hull	Nichols	Taber
Doxey	Johnson, Okla.	Patterson	Tarver
Duffey, Ohio	Johnson, Tex.	Perkins	Taylor, Tenn.
Eaton	Johnson, W. Va.	Pierce	Tinkham
Fish	Kahn	Pittenger	Treadway
Focht	Kinzer	Plumley	Turpin
Ford, Miss.	Kramer	Polk	Utterback
Fulmer	Lambertson	Powers	Wadsworth
Gilchrist	Lee, Okla.	Rankin	Whelchel
Goodwin	Lehlbach	Reece	Wolverton
Gray, Ind.			

NOT VOTING—89

Andrew, Mass.	Dear	Kelly	Sanders, La.
Andrews, N. Y.	DeRouen	Kennedy, N. Y.	Sandlin
Bacon	Dietrich	Kimball	Schuetz
Bankhead	Doutrich	Kleberg	Scott
Bell	Duffy, N. Y.	Kniffin	Scrugham
Binderup	Dunn, Miss.	Knutson	Shannon
Bolton	Eicher	Lamneck	Sisson
Brown, Mich.	Engel	Lucas	Snell
Buckley, N. Y.	Fenerty	McGroarty	Stewart
Bulwinkle	Ferguson	McMillan	Sutphin
Burnham	Fernandez	McSwain	Sweeney
Carter	Fitzpatrick	Maloney	Thomas
Cary	Flannagan	Marshall	Thurston
Casey	Gasque	Montague	Tolan
Cavicchia	Gifford	Montet	Underwood
Claiborne	Granfield	O'Connell	Vinson, Ga.
Cochran	Gregory	Oliver	West
Collins	Hamlin	Peterson, Ga.	White
Colmer	Hartley	Peyser	Wigglesworth
Corning	Higgins, Conn.	Ransley	Withrow
Costello	Higgins, Mass.	Reed, N. Y.	
Crowther	Hoffman	Rudd	
Daly	Kee	Russell	

So the bill was passed.

The following pairs were announced:

On the vote:

Mr. Granfield (for) with Mr. Corning (against).
Mr. Marshall (for) with Mr. Cavicchia (against).
Mr. Knutson (for) with Mr. Hartley (against).

Until further notice:

Mr. Sisson with Mr. Andrew of Massachusetts.
Mr. Kennedy of New York with Mr. Andrews of New York.
Mr. Fernandez with Mr. Bacon.
Mr. Bankhead with Mr. Kimball.
Mr. Dear with Mr. Bolton.
Mr. Buckley of New York with Mr. Snell.
Mr. Bulwinkle with Mr. Engel.
Mr. Scrugham with Mr. Burnham.
Mr. Cochran with Mr. Carter.
Mr. Cary with Mr. Thomas.
Mr. Rudd with Mr. Casey.
Mr. Kelly with Mr. Crowther.
Mr. Gasque with Mr. Lamneck.
Mr. DeRouen with Mr. Reed of New York.
Mr. Eicher with Mr. Scott.
Mr. Claiborne with Mr. McGroarty.
Mr. Dietrich with Mr. Marshall.
Mr. Oliver with Mr. Fenerty.
Mr. Collins with Mr. Fitzpatrick.
Mr. Costello with Mr. Daly.
Mr. Dunn of Mississippi with Mr. Russell.
Mr. McMillan with Mr. Doutrich.
Mr. Kniffin with Mr. Gifford.
Mr. Gregory with Mr. Sweeney.
Mr. Sutphin with Mr. Higgins of Connecticut.
Mr. Kleberg with Mr. Higgins of Massachusetts.
Mr. Maloney with Mr. Hoffman.
Mr. Montague with Mr. O'Connell.
Mr. Montet with Mr. Ransley.
Mr. Peterson of Georgia with Mr. Schuetz.
Mr. Peyser with Mr. Underwood.
Mr. Sanders of Louisiana with Mr. Stewart.
Mr. Sandlin with Mr. Withrow.
Mr. Vinson of Georgia with Mr. Thurston.

The result of the vote was announced as above recorded.

Mr. GASSAWAY. Mr. Speaker, my colleague, Mr. FERGUSON, was called to Oklahoma on account of illness. If he had been present, he would have voted "no" on the motion to recommit and "aye" on the passage of the bill.

Mr. McCORMACK. Mr. Speaker, the gentleman from Ohio, Mr. LAMNECK, is unavoidably absent. If he had been present, he would have voted "aye" on the passage of the bill.

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a letter from which I quoted.

The SPEAKER. Is there objection?

There was no objection.

LEAVE TO FILE COMMITTEE REPORT

Mr. SADOWSKI. Mr. Speaker, I ask unanimous consent that I may have until midnight to file a report on the bill S. 1629.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, is there any minority report?

Mr. SADOWSKI. A supplemental report by the gentleman from Montana [Mr. MONAGHAN], and I will include that in my request.

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

There was no objection.

AN AMERICAN EPIC IN 600 WORDS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and insert therein an article by Rev. Prof. Karl Sigmund Felder. I made the request yesterday, but I understand the objection has been withdrawn.

The SPEAKER. Is there objection?

Mr. BLANTON. Reserving the right to object, I would like to ask whether or not this is on one of the so-called "Kerr bills"?

Mr. DICKSTEIN. Nothing to do with it.

The SPEAKER. Is there objection?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, under leave to extend my remarks in the RECORD I include an article known as "An American Epic in 600 Words", which is an original article by Karl Sigmund Felder, of Washington, D. C., who calls his article "A 600 Word History of the American People." I ask that it be printed in the form submitted.

AN AMERICAN EPIC IN 600 WORDS

(By the Reverend Prof. Karl Sigmund Felder, B. A., B. D., Th. M.)

A 600-WORD HISTORY OF THE AMERICAN PEOPLE OF THE UNITED STATES OF AMERICA

1620–1935

Dedicated to Franklin Delano Roosevelt, the President of the United States of America, "Rescuer of Forgotten People", and to Dr. Anna Eleanor (Hall) Delano Roosevelt, "People's Mother."

1776–1935

From Christopher Columbus to Franklin Roosevelt, 1492–1933.

From Plymouth Rock to Mount Rushmore National Memorial Carvings and Inscriptions, 1620–1935.

From Declaration of Independence to Declaration of New Order, 1776–1933.

IN GOD WE TRUST

Columbus discovered Americas, 1492.

Pilgrims landed at Plymouth Rock, 1620, conquering continent with Bible, hoe.

1776: Colonists proclaimed independence.

1787: United States Constitution adopted "* * * to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, * * * secure the blessings of libery to ourselves * * * our posterity, * * *."

Washington, Country's Father, first President, won independence war (1776–1783). Franklin won independence diplomatically.

Morris, Salomon, Vigo financed independence.

Lafayette, Pulaski, Kosciusko, Steuben, Rochambeau, Europeans, fought for our independence.

Hamilton, first Treasurer, organized Nation's finances. Whitney invented cotton gin, 1794.

Jefferson, Democracy's father, founded Nation's education, wrote Independence Declaration, third President, bought from Napoleon (1803) Louisiana Territory, doubling domain.

Madison, fourth President, Constitution's father.

1814: Navy won seas' freedom. Key wrote national anthem, Star-Spangled Banner. 1819: Floridas ceded by Spain. 1822: People founded Liberia. 1823: Monroe, fifth President, proclaimed Monroe Doctrine, declaring Americas free from Europe. McCormick invented reaper, 1831. Morse invented telegraph, 1833.

1845: Texas Republic joined Union. 1846: Oregon boundary negotiated with England. 1848: Southwestern territory ceded by Mexico. California joined Union, 1850. Perry opened Japan, 1854.

Lincoln, sixteenth President, won Civil War (1861–65), preserving Union, abolishing slavery. (Free white citizens shed their blood in brothers' war, saving union, freeing negro slaves.)

Seward bought Alaska, 1867. Pacific Railroad, transcontinental, completed, 1869. Bell invented telephone, 1875.

Spanish-American War (1898), freeing Cuba, made Republic world power. Hay established China's "open-door" policy, 1899.

1903: Theodore Roosevelt, twenty-sixth President, built Panama Canal, uniting Atlantic with Pacific. Wrights invented airplane. Peary discovered North Pole, 1909.

1918: Wilson, twenty-eighth President, won World War; founded Nations' League, World Court. Women were enfranchised, 1919. Lindbergh flew across Atlantic, 1927.

1928: Government renounced wars. Byrd flew over South Pole, 1929.

1929: Depression.

1933: Franklin Roosevelt, thirty-second President, inaugurated new order; rescued Nation.

1934: Congress granted Philippines' independence.

Heroes:

Henry: "* * * liberty or * * * death!"
Revere awoke Nation.
Hale, Witherspoon, Rodney: Loved country.
Jones founded Navy.
Boone, Gray, Lewis, Clark, Pike: Pioneer explorers.
Jay prevented war.
Fulton perfected steamboat.
Perry won Lakes.
Marshall, Clay, Webster: Nation's champions.
Sequoia, Indian, invented Cherokee alphabet.
Mann trained teachers.
Shattuck founded public health.
Long discovered anesthetic ether.
Field laid Atlantic cable.
Grant won Lee back into Union.
Whistler painted "Mother."
Brooks, Moody: Preached Jesus.
Dewey defeated Spanish fleet.
Reed traced yellow fever.
Booker, Negro educator.
Cardinal Gibbons served God.
Edison, Westinghouse: Electrical creators.
Stanford, Duke, Guggenheim: endowed education.
Gompers started American Labor's Federation.
Rockefellers: Benevolent wealth.
Ford manufactured automobiles.
Burbank: Plant breeder.
Carleton: Wheat.
Mott, Borden, Jones, missionaries.
James, Thorndike, psychologists.
Michelson, Millikan, Compton, physicists.
Mayos: Physicians.
Walsh: Priest-teacher.
Frank: Educator.
Anda, Brisbane: Editors.
Rogers: Jester.
Thomas, Read: Radio commentators.
Barrymores: Actors.
Gilbert designed Supreme Court.
Unknown.
Borglum carved this: Stone Mountain, Southeast.

Heroines:

Lyon founded women's college.
Mott, Stanton, Anthony, Willard's, Howe, Shaw: Advocated women's rights.
Hale: Editor.
Alcott, Cather, Rinehart: Authoresses.
Barton founded Red Cross.
Addams saved people.
Sabin: Physician.
Sullivan tutored Keller.
Dickinson, Millay: Poetesses.
Eddy, Buck: Missionaries.
Schumann: Singer.
Woolley: Teacher.
Allen: Judge.
Caraway: Senator.
Earhart: Aviatrix.
Perkins: Cabinet member.
Bryan: Envoy.
Roosevelt saves families.

Immigrants:

Schurz: Ambassador, general, Senator, Cabinet member.
Gaudens, Bitter: Sculptors.
Steinmetz, Tesla: Electrical inventors.
Pupin: Scientist.
Bok, Mukerji: Authors.
Damrosch's: Musicians.
Davis: Puddler, Cabinet member, Senator.
Carnegie founded thousands of libraries.
Felder: Miner; wrote this.

Literature:

"Scarlet Letter": Colonial Iliad.
"Uncle Tom's Cabin": Nation's Odyssey.
Emerson, Dewey, Hocking: Philosophers.
Poe, Longfellow, Whitman: Poets.
Twain: Humorist.
Prescott, Motley, Parkman: Historians.

Ideals:
Equal opportunity: Heritage.
Work: Honor.
Schools: "Barracks."
"Abundant life": Christian religion.
Men honor women.
Law: Arbiter.
Flag: Freedom, security, brotherhood.

Mr. WOOD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD, and include therein an editorial by Arthur Brisbane and my comments thereon.

The SPEAKER. Is there objection?

Mr. RICH. Reserving the right to object, who is the author of the editorial?

Mr. WOOD. Arthur Brisbane.

Mr. RICH. I shall have to object, because we are trying to keep editorials out of the RECORD.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On July 10, 1935:

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

On July 15, 1935:

H. J. Res. 347. Joint resolution to provide for the compensation of pages of the Senate and House of Representatives from July 1, 1935, until the close of the first session of the Seventy-fourth Congress.

On July 16, 1935:

H. R. 4751. An act to amend sections 11 and 24 of the Interstate Commerce Act, as amended, with respect to the terms of office of members of the Interstate Commerce Commission.

On July 18, 1935:

H. R. 3512. An act for the relief of H. B. Arnold;

H. R. 4760. An act limiting expenditures for repairs or changes to naval vessels; and

H. J. Res. 201. Joint resolution giving authority to the Commissioners of the District of Columbia to make special regulations for the occasion of the Seventieth National Encampment of the Grand Army of the Republic, to be held in the District of Columbia in the month of September 1936, and for other purposes incident to said encampment.

On July 19, 1935:

H. R. 5393. An act for the relief of Moses Israel.

On July 22, 1935:

H. R. 5599. An act to regulate the strength and distribution of the line of the Navy, and for other purposes.

PERCY C. WRIGHT (H. DOC. NO. 250)

The SPEAKER laid before the House the following message from the President of the United States, which was read, as follows:

To the House of Representatives:

I am returning herewith, without approval, H. R. 2566, entitled "An act for the relief of Percy C. Wright."

This bill would authorize and direct the Administrator of Veterans' Affairs to place on the pension rolls at the rate of $100 per month a Reserve officer of the Army who was injured in an airplane accident while on active duty. I am informed by the Administrator of Veterans' Affairs that this officer now receives the same amount of pension that is paid to other veterans who have been similarly injured; namely, $45 per month. It would therefore be unjustly discriminatory to provide a higher pension in this instance than is paid to other veterans in this same category.

The records show that in addition to the payment of pension at the rate of $45 per month for permanent and total disability, insurance benefits have been awarded on account of permanent and total disability at the rate of $55.57 per month from August 25, 1930.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 24, 1935.*

Mr. HILL of Alabama. Mr. Speaker, I move that the message and the bill be referred to the Committee on Military Affairs, and ordered printed.

The motion was agreed to.

CLASSIFICATION AND INSPECTION OF TOBACCO

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 294, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 294

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 8026, a bill to establish and promote the use of standards of classification for tobacco, to provide and maintain an official tobacco inspection service, etc. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. HOEPPEL. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count.

Mr. HOEPPEL (interrupting the count). Mr. Speaker, I withdraw my point of no quorum.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN]. Before proceeding with the debate on the rule, I suggest that we possibly may reach an agreement about the passage of the rule. It has been suggested that as there is 1 hour of general debate on the rule and 1 hour under the rule provided for the bill, and as there is no particular objection to the adoption of the rule, we might agree by unanimous consent to extend the time for general debate upon the bill to 2 hours, in which event I would move the previous question.

Mr. MARTIN of Massachusetts. Is it the purpose of the gentleman to finish the bill tonight? ?

Mr. SMITH of Virginia. I had hoped we might finish general debate on the bill tonight.

Mr. MARTIN of Massachusetts. I cannot agree to any such unanimous consent, if there is to be an effort to try to finish the general debate tonight.

Mr. SMITH of Virginia. I suggest that we might go along as far as we can.

Mr. MICHENER. If the consent is granted, will the gentleman agree to rise at 5:15 o'clock?

Mr. SMITH of Virginia. Yes.

Mr. POLK. Mr. Speaker, I call attention to the fact that the rule attempts to make certain annual appropriations from the United States Treasury of some $750,000.

Mr. SMITH of Virginia. Mr. Speaker, I cannot yield for that.

Mr. HOEPPEL. Mr. Speaker, I renew my point of no quorum.

The SPEAKER. The Chair will count. [After counting.] Two hundred and twenty-six Members present, a quorum.

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

The SPEAKER. Does the gentleman from Virginia yield to the gentleman from Wisconsin for the purpose of making a parliamentary inquiry?

Mr. SMITH of Virginia. I yield for that purpose.

Mr. O'MALLEY. Is this the rule that we are now discussing?

The SPEAKER. It is.

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the rule may be considered as adopted, with an amendment extending the time for general debate upon the bill to 2 hours instead of 1 hour, with the understanding that we will rise at 5 o'clock.

Mr. MARTIN of Massachusetts. Mr. Speaker, that will be agreeable to this side of the House, if we adjourn at 5 o'clock.

Mr. O'CONNOR. Of course, the gentleman cannot agree to adjourn at that time, but he will agree to have the Committee rise.

Mr. MARTIN of Massachusetts. Yes; I understand the other will follow.

Mr. TRUAX. Mr. Speaker, I reserve the right to object to ask if the statement made by my colleague from Ohio, Mr. POLK, is true, namely, that this rule provides for an authorization of $750,000?

Mr. SMITH of Virginia. I do not remember the amount. I do not think there is an authorization of that amount. There will be necessary inspection costs, but there is no authorization.

Mr. TRUAX. This is not a farmer's measure, this is a bureaucrat's measure.

Mr. COX. Oh, the gentleman is mistaken about that.

Mr. TRUAX. As I understand, all debate on the rule will be waived if this request is granted?

Mr. SMITH of Virginia. Yes.

Mr. MARTIN of Massachusetts. And another hour will be given to general debate on the bill.

Mr. TRUAX. Will time be given to the opponents of the measure?

Mr. SMITH of Viriginia. I will not have control of the time.

Mr. TRUAX. Who will have?

Mr. SMITH of Virginia. I suppose the Chairman of the Committee on Agriculture.

Mr. TRUAX. I withdraw my reservation of objection.

The SPEAKER. The gentleman from Virginia asks unanimous consent that the rule be adopted, and that there be 2 hours of general debate, one-half to be controlled by the gentleman from South Carolina [Mr. FULMER] and one-half by the gentleman from Kansas [Mr. HOPE]. Is there objection?

Mr. POLK. Mr. Speaker, I feel constrained to object.

Mr. SMITH of Virginia. Mr. Speaker, this is the rule for the consideration of what is known as the "Flannagan tobacco grading bill." The rule is brief in itself. It provides for 1 hour of general debate on the bill. It is what is known as a "wide-open rule", subject to any and all amendments and subject to the usual motion to recommit. In other words, under the rule everyone will have an opportunity to express his opposition to the bill and may seek to put into the bill any amendment he may regard as desirable. The object of the bill itself is to provide a grading service in the tobacco markets of the country.

At the present time there is no system of grading tobacco in the United States, and the bill will provide for the adoption of such an arrangement by the Federal Government so that tobacco may be properly graded.

Mr. Speaker, for further explanation of the bill I intend to yield time to gentlemen on this side.

I reserve the balance of my time.

I yield 5 minutes to the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Speaker, I want to discuss briefly with you our present tobacco-auction system, the objects of the grading bill, the merits of the grading system, those behind the grading system, the opposition that has developed, and those behind the opposition, so you will be in position to form an intelligent opinion as to the merits or demerits of the bill under consideration.

For just a few minutes let us look into our present system of selling tobacco at public auction on the warehouse floor. To begin with, very few growers really know how to grade tobacco. The average grower knows only some 4 or 5 grades, while there are between 60 and 100 different grades. And everyone familiar with conditions around the warehouse floor knows that the average grower, under the system, is absolutely helpless when his tobacco is sold. It is sold without being officially graded in order to let the grower know what he has to offer for sale, and like you would sell a dead man's estate, at public auction, to the highest bidder. In fact, conditions surrounding the sale of tobacco under our present system are much worse than the conditions under which the effects of a dead man are sold, in that in the case of tobacco the buyers are organized, which is not true when we offer for sale the property left by those who have passed on. Again, tobacco is sold at the rate of a pile every 10 seconds, and during that short time the grower has to decide, without knowing the true grade of his tobacco or what similar tobacco is bringing on other markets, whether he will accept or reject the bid.

The true picture is simply this: Here is a farmer offering his tobacco for sale at public auction, to the highest bidder, without the grade being first determined and without knowing what similar tobacco is bringing on other markets, to a purchaser who is represented by an expert in the grades of tobacco and who is in possession of all available information with respect to quality and price. There is no justice in such a one-sided sale. There would be just as much justice in forcing the cattle farmer to sell his cattle without knowing whether they were fat or poor, light or heavy, thorough breeds or "penny ribs", and without knowing the price the different grades of cattle are bringing from day to day on the cattle markets.

If when tobacco is sold the buyer is protected by an expert in grades, why should not the seller have the same protection? Common sense tells us that if the buyer needs an expert in the transaction the seller also needs an expert.

And I want to remind you of the fact that while huge fortunes have been made in tobacco, all of them have been made by those who were represented by experts in buying tobacco.

Under our present system adjoining farmers who have the same character of soil, who get their plants out of the same tobacco bed, who use the same amount of fertilizer, who have the same rainfall and sunshine, who cultivate their tobacco in the same way, cure and prepare it for market in the same way, and who could not tell their tobacco apart on the warehouse floor, receive prices for their tobacco ofttimes varying from 50 to 200 percent.

Under our present system warehouse "pets"—usually large growers and men of influence—are to be found on every market. These "pets" stand in with the warehousemen and buyers and receive good prices for their tobacco, usually prices in excess of the general tobacco price level; and then when the ordinary grower—the one-gallows grower—offers his tobacco for sale the price is hammered down and the one-gallows fellow robbed in order to pay the "pet" and maintain the average price level.

And under our present system speculators and "pinhookers" infest every warehouse floor. These fellows know tobacco, wait for bargains—wait until they see some poor devil's tobacco going for a song and dance—before buying. They then resell the tobacco, usually on the same floor, but at a later time, for a profit. And the profits made by these fellows who labor not, neither do they spin—these parasites the system has developed—rightfully belong to the growers who have labored about 13 months in the year to produce the tobacco.

So much for the present system. Now let me devote a few minutes to the grading bill.

The tobacco grading bill was introduced primarily for the purpose of protecting the growers in marketing their tobacco. Simply stated the bill has two objects: First, the grading of the growers' tobacco before sale by a competent grader in order to determine what grades the growers have to offer for sale, and second, furnishing the growers with a daily marketing news service so they will know what the different grades of tobacco are bringing on the other tobacco markets and thus put them in position to intelligently accept or reject a sale. Surely the growers are entitled to know what they are offering for sale—the different grades of tobacco they have to offer—and the prices that the different grades are bringing from day to day upon the different tobacco markets. Deny them these rights and you deny them the opportunity to make a fair and honest sale.

Now, Federal grading is not a dream. It is not a utopian theory. As demonstrated by the Department of Agriculture independently or in conjunction with some of the State agencies it has proven to be not only a practical, sensible, and just way of assisting the growers in obtaining better and fairer prices for their tobacco, but in stabilizing prices.

Let me state to you briefly what the Department of Agriculture has demonstrated. Last season the Department either independently or in conjunction with the State agencies graded for the growers something over 197,000,000 pounds of tobacco at an average grading cost of one-tenth of 1 cent per pound. Tests were made in order to determine if grading was beneficial to the farmers. These tests show that where tobacco was officially graded and the growers furnished with daily marketing reports that they received an average of at least 15 percent more for their tobacco. I only have time to give you the results of one of these tests. The tests were made in this way: One hundred lots of tobacco were officially graded, the Government grade being placed on each lot. The graders then skipped several rows and graded another 100 lots in code. The lots officially graded and sold according to grade averaged $2.92 per hundred pounds more than the lots officially graded in code but not sold according to the grades. In other words, this test demonstrated that the tobacco officially graded and sold according to grade brought nearly 14 percent more than the same tobacco officially graded but not sold according to grade.

The report on this test is as follows:

TABLE 1.—*Price comparison between officially inspected tobacco and tobacco graded in code*

[Market: Oxford, N. C. Type: Middle Belt flue-cured, Type 11 (b). Period: Season from Sept. 13, 1934, to Jan. 24, 1935]

United States standard grade	Average sales price of 100 or more lots officially inspected	Average sales price of 100 or more lots graded in code
Leaf grades:		
B2F	$43.60	$41.30
B3F	34.70	31.00
B3R	32.60	27.70
B4F	24.70	23.70
B4R	23.20	18.80
B5F	17.20	14.30
B5R	14.90	12.70
B5D	13.40	11.50
B6R	9.90	8.60
B6D	8.80	8.00
Smoking leaf grades:		
H2F	41.90	39.90
H3F	35.80	31.70
H4F	27.50	22.80
H4R	23.00	20.20
H5F	17.60	14.20
H5R	15.10	13.30
Lug grades:		
X1F	39.60	35.40
X2F	33.40	29.60
X3F	25.10	20.90
X4F	16.70	14.50
General average	24.93	22.01

The Department made several other tests, but in an entirely different way. Let me give you the history of one of them: On the Clarksville and Springfield, Tenn., markets, where all the tobacco was graded during the past season, and where the growers not only had the benefit of knowing what grades they had to offer for sale but also had the benefit of daily market reports, and from these reports knew when to accept and reject sales, the record shows that the growers by rejecting sales and reselling averaged $1.40 per 100 pounds on all tobacco resold. This report, therefore, shows that by reason of the fact the growers were in possession of the knowledge that they are rightfully entitled to, and which the grading bill will give them, namely, the grades they have to offer for sale and the prices those grades are bringing from day to day on the other markets, that they averaged 13.46 percent more for their tobacco.

The report of this test is as follows:

This table gives the average prices received by producers for officially inspected tobacco of United States Type 22 on the markets of Clarksville and Springfield, Tenn., for the season through December 20, 1934, compared with the average prices offered and rejected for corresponding grades, on the same markets and during the same period. Prices are in dollars per 100 pounds, and in each case represent averages of 20 or more lots:

TABLE 3.—*Comparison between the sales price accepted by farmers and the bids at which tobacco was rejected*

United States grade and size	Sale price or market average	Average offered and rejected	Difference
B3F 45	$18.50	$15.20	$3.30
B3T 45	17.80	14.40	3.40
B3G 45	16.30	14.10	2.20
B4F 45	12.80	11.30	1.50
B4G 45	12.60	9.90	2.70
C3F 45	16.00	13.70	2.30
C3M 45	13.00	11.40	1.60
C3G 45	13.30	11.30	2.00
C4F 45	13.30	10.90	2.40
C4M 45	10.60	10.00	.60
C4G 45	9.60	9.00	.60
C5G 45	7.70	7.10	.60
X3G	7.20	6.80	.40
X4G	5.10	4.90	.20
X5G	3.80	3.30	.50
Average	10.40	9.00	1.40

Mr. Grower, Government grading should increase the price level of tobacco from 10 to 15 percent. Do you know that an increase of 10 percent last year would have amounted to over $25,000,000 in new money to the growers, which is nearly one-fourth as much as the entire tobacco crop brought in 1932, the year before tobacco went into the A. A. A. as a basic commodity?

It will also bring about uniformity in prices. That is, put the small grower on a price parity with the large grower.

Now, let me give you a few actual cases under the old auction system and under the same system supplemented by official grading and the marketing service in order for you to see just what official grading and the daily marketing service will mean. These are true cases vouched for by the Department of Agriculture.

Cases where the grading service was not available:

A farmer of North Carolina accepted the sale at auction of a lot of 154 pounds of his tobacco which was bid off at 12 cents per pound. On the same day, in the same warehouse, before the same set of buyers, the speculator who purchased this lot resold the same 154 pounds for 22 cents per pound. In this case the speculator's gross profit was $15.40 for a few minutes of his time, while the farmer received gross $18.48 for his year's work in producing the tobacco.

Another farmer of North Carolina sold a lot of 292 pounds at auction for 8 cents per pound. This lot was bought by a speculator who picked out 18 pounds of inferior tobacco and 3 days later sold the remaining 274 pounds for 25 cents per pound. In this case the speculator made a profit of $45.14, less handling and selling charges, and the farmer received $23.36, less selling charges.

The third North Carolina farmer sold at auction 146 pounds for 6 cents per pound. After losing 4 pounds in handling and picking, the speculator sold 142 pounds of this tobacco for 22½ cents per pound. In this case the farmer received a gross price of $8.76, while the speculator received a gross price of $31.95.

Cases where the grading service was available:

A speculator on one of the Virginia markets bought in the auction two lots of tobacco which had not been officially graded, the grower failing to take advantage of the grading service, paying $9.25 per hundred for one and $5 per hundred for the other. The following day the speculator sold the two lots after having them officially inspected. Both lots graded P3L. The one which cost the speculator $9.25 sold for $16.75, and the other, which cost him $5, sold for $17.25 per hundred pounds.

On the same Virginia market, a farmer offered two lots of tobacco for sale at auction after having it officially inspected. On one lot the bid was $46 per hundred, and on the other the bid was $39 per hundred. As these prices were materially below the market average as shown by the daily Market News Report of the Department, the farmer rejected both lots and moved the tobacco over two rows in the same warehouse. On the second sale both lots averaged $55 per hundred. In this case the farmer, by using the standard grade and the Market News Report, in a few minutes received $9 per hundred more for one lot and $16 per hundred more on the other.

In another Virginia case, a farmer offered for sale two lots of tobacco without having it officially graded. One of these lots was bid off at $12.25 per hundred and the other at $18 per hundred. Both were rejected, officially inspected, and again offered for sale. The first lot resold, officially inspected, for $14 per hundred, and the second lot resold, officially inspected, for $37 per hundred.

Now, just a few minutes as to the advantages of Federal grading:

First. Under our present system prices frequently vary widely as between lots of the same quality sold under the same marketing conditions. The tobacco-inspection service would have a marked influence in bringing about a more unform price for tobacco of like quality.

Second. The opportunity for speculators and pinhookers making large profits by buying tobacco in the auction market and reselling, which is a daily occurrence under our present system, will be greatly reduced if not eliminated, because the growers will know what they have to offer for sale and the prices the different grades are bringing. That this is true is evidenced by the fact that the speculators and pinhookers are opposing Federal grading.

Third. In the rush of the auction sale buyers frequently overlook tobacco of good quality, which results in eliminating their competition on such lots. This is not likely to happen if the tobacco has been graded and the standard grade is announced during the sale.

Fourth. Without some definite guide farmers frequently accept bids which are materially below the market price. If the tobacco is officially graded, the grade placed on the pile and announced when the sale is made, and the farmers furnished with the daily and weekly tobacco-price reports, they are not likely to accept a bid materially under the market price.

Fifth. When mold or other damage is found on one or two lots of tobacco it frequently causes the buyers to be overcautious so that the price of succeeding lots—although sound and free of damage—sell materially below the market price. Buyers, however, should feel free to purchase lots of tobacco which have been officially inspected without the fear of getting damaged tobacco, since all tobacco found in the inspection to be damaged will be clearly indicated.

Sixth. The purchase of tobacco in very soft or doubtful keeping order is a hazard which most buyers will avoid. When any material amount of tobacco is offered for sale extreme caution on the part of the buyers frequently results in lowering the price of other tobacco which is in safe keeping order. The question of order would be largely eliminated by official inspection, since all the tobacco found in the inspection tq be so damaged will be clearly indicated.

Seventh. At the speed tobacco is sold buyers are frequently unable to make a proper examination and accurately determine its quality. This results in the buyer playing safe and placing a low bid. Under Federal grading the buyers could rely upon the accuracy of the information shown on the tag and announced by the auctioneer. Hence, in spite of the speed of the sale a buyer would feel safe in placing his bid.

Eighth. Improper or unfavorable light on an auction floor frequently results in a low price because the buyers do not have time to take samples to other portions of the warehouse where the light is suitable for the proper determination of quality and color. In the case of officially inspected tobacco the graders who perform their work more deliberately have time to take such samples to the proper light before making their determination. Therefore, the standard grade in such a case will serve as a reliable guide to buyers.

Ninth. Unusually heavy offerings or blocked sales continuing over any material length of time usually result in a lower price. The farmers, through the market news service, would be advised of such conditions and would keep their tobacco off of the market until the glut was over.

Who are the people that are behind the bill? Well, let us see.

The Federal Trade Commission has given considerable study to the system since back in 1920.

Under date of December 11, 1920, the Federal Trade Commission reported:

The Commission also recommends that a Federal system of grading leaf tobacco be established by the Department of Agriculture. It is believed that this would tend to stabilize market values under abnormal conditions, such as prevailed during part of last season.

Under date of December 23, 1925, the Federal Trade Commission submitted its report on the American Tobacco Co. and the Imperial Tobacco Co., which was published as Senate Document No. 34, Sixty-ninth Congress, first session. This report contains a reference to the need for a uniform system of grading tobacco, as follows:

"Under the private auction warehouse system, crops were practically 'dumped' on the market within a short selling season under conditions largely controlled by the buyers. Practices under this system were regarded by the growers as unjust and unfair, tending to manipulation against the smaller, more helpless farmers. Discrimination between growers and undue variations in prices were facilitated, it is claimed, by the absence of a uniform system of grading."

On May 14, 1931, the Federal Trade Commission again published a report of an investigation pertaining to tobacco, and although the investigation related to flue-cured tobacco the conclusions reached apply with equal force to all types sold at auction. By the time this investigation had been made the Department of Agriculture had inaugurated tobacco-grading service and tobacco-market news service, both, however, on a very limited scale. The grading service was furnished on only a few markets, where the cooperation of warehousemen could be obtained, and only to farmers who were willing to pay fees for having their tobacco graded.

The following excerpts are taken from this report:

It has been stated that tobacco is sold at the rate of approximately one pile every 10 seconds, and under this system of high-pressure salesmanship it is manifestly impossible for any number of buyers to make a careful inspection of tobacco offered, and no matter how expert the buyers may be it is unreasonable to believe that a group of buyers on any warehouse floor can inspect, bid, and buy tobacco from a fair competitive standpoint under the present system. It is a physical impossibility, and these conditions will continue unless some system is devised whereby there can be some authentic determination of quality and grade."

It is absolutely essential in the leaf-tobacco industry that standard grades be established which will not only assist and educate the tobacco farmer in sorting and grading his tobacco for market, but will give the product some definite ascertainable value. Standardizing the various grades of tobacco would also place the farmer and buyer on a more equitable plane and would establish uniformity in commercial transactions and constitute a basis on which the market value of leaf tobacco could be determined with some degree of definiteness.

It would appear that much would be accomplished if the Secretary of Agriculture be given the same authority with respect to tobacco, which coupled with the necessary legislative enactments on the part of the various tobacco-growing States establishing United States standards on tobacco sold within these States, would give to leaf tobacco a definite ascertainable value from a commercial standpoint and would clarify, as well as simplify, the system under which leaf tobacco is now marketed.

A Government grading system would also operate to the benefit of the tobacco buyer because he would have knowledge that the tobacco had been inspected and graded by a competent grader and that the quality or grade of tobacco offered for sale is exactly as represented. It would also be a tremendous factor in teaching the tobacco grower the necessity of properly grading and sorting his tobacco before placing it on the market. It would also do away with one of the chief sources of dissatisfaction of the present system in that all tobaccos of the same grade would bring approximately the same price, whereas, under the present system, one pile of tobacco of apparently the same quality as an adjoining pile may sell for a price greatly in excess of that obtained for the former. A Government grading system would cure most of the defects inherent in the present system and would substitute therefor "an impartial, disinterested, and authentic determination of quality."

The present system of Government grading established at a number of warehouses in the flue-cured district is probably the most progressive step taken in this industry within the last 50 years and warrants the support and encouragement of the producer and manufacturer alike.

Secretary of Agriculture Wallace, who, in my opinion, is probably the greatest Secretary of Agriculture this country ever had, and whose sole aim is to serve the farmer, when called upon by the House Committee on Agriculture for a report on the tobacco-grading bill, filed a lengthy report strongly endorsing the bill.

He said in part:

The inspection of tobacco by disinterested official inspectors on the basis of uniform standards at the time it is offered for sale is a service which the tobacco grower has long needed. As your committee is aware, specific legislation has been in effect for many years providing for the establishment by this Department of standards for grain and cotton and the inspection and classification of these commodities. The Bureau of Agricultural Economics has also been conducting for many years an extensive inspection and grading service for fruits and vegetables, meats, butter, cheese, poultry, eggs, beans, hay, and several other farm products. Although one of our important farm products, it was not until the fiscal year beginning July 1, 1929, that the Agricultural Appropriation Act was amended and a small appropriation made for that Bureau to inaugurate a similar grading service for tobacco. Like all such services it has had to pass through a trial period, during which technical and administrative problems could be worked out and during which time its usefulness could be determined.

Satisfactory progress has been made and the positive value of the service to growers has been demonstrated. The quantity of tobacco graded has increased from 500,000 pounds during the first year of the service to nearly 200,000,000 pounds during the last marketing season. Interest in the service appears to be constantly increasing. In developing the service, the Bureau of Agricultural Economics has cooperated extensively with the States and H. R. 3258 contains authority for continuing such cooperation whenever practicable.

Notwithstanding the success that has been attained in establishing official inspection as a phase in the marketing process, it has become increasingly evident that additional legislation is necessary in attaining that desirable objective. Fully 35 percent of American-grown tobacco is sold at auction in small farm lots. It is found that the official inspection of tobacco promotes more uniform selling conditions and results in growers receiving prices for their tobacco more nearly on the basis of its actual market value. With official inspection the buyers' judgment at the time of sale is supplemented by the unbiased judgment of the inspectors as to the quality of the tobacco. It is an unfortunate fact also that under present conditions speculators frequently take unfair advantage of growers by buying their tobacco cheap and reselling it at a profit on the same market, thus absorbing a part of the return rightfully due the grower. It is believed much of this evil would be eliminated by this bill.

The Department is of the opinion, therefore, that the enactment of H. R. 3258 would be in the interest of tobacco growers and the marketing of tobacco generally.

The bill has also been endorsed by practically all of the secretaries of agriculture of all the tobacco States, by hundreds of tobacco growers' associations, and—I make the statement advisedly—by practically all the tobacco growers in this country who have not been influenced by the false propaganda the tobacco manufacturers and dealers have spread among the growers.

Who are the people opposing the bill? Well, let us see. The opposition can be divided into three classes:

First. The manufacturers and dealers, united under the leadership of their organization, the Tobacco Association of the United States. This is the crowd that in 1932—the year before tobacco went under the A. A. A.—paid the tobacco growers of America only $107,000,000 for the entire tobacco crop, but in the same year four of the large tobacco companies made in net profits $110,340,000, which is more than the entire tobacco crop brought, and paid their stockholders that year in dividends $79,650,000. The same crowd that paid George Hill, as president of the American Tobacco Co., $2,500,000 per year as salary, which is more money than the 8,000 growers of dark air-cured tobacco, producing around 50,000,000 pounds, got for their entire crop in 1932. The same crowd that paid the American tobacco growers around six-tenths of 1 cent for the tobacco in a 15-cent package of cigarettes. The same crowd whose representative while testifying against this bill admitted, when I questioned him about the above facts, that they were true, but put in a plea of confession and avoidance by stating that they had repented and were now paying better prices. Well, I am only trying to keep them on the mourners' bench so they will hereafter deal fairly with the tobacco growers.

Second. The second class opposing the bill are the "pinhookers", the crowd that makes a living off the 12-month's sweat that falls from the brows of the tobacco growers.

Third. And the third class are the warehouse "pets", these large fellows who, by education and experience, are able to take care of themselves, and who stand in with the warehousemen and buyers. The record shows, with one or two exceptions, that the growers who testified against this bill before the committee produce from 40,000 to 200,000 pounds of tobacco annually.

That is the crowd that is opposing this bill.

I wish the Members of the House could have attended the hearing when these fellows arrived by pullman, bus, and automobile; some of whom, I am reliably informed, came on free transportation, and practically all of whom, I am informed, came as a result of the efforts of the Tobacco Association of the United States, dealers and warehousemen, who sent their hirelings to each tobacco market town to hold local meetings and organize their forces, secure new recruits, and secure petitions by making false representations to the growers. The growers know what they were told in order to induce them to sign. Well, they arrived safely and without any lung trouble, as was evidenced by the cheering and applause that followed the nonsensical reasons, advanced by their spokesmen, some of whom, at least, had not even read the bill, as to why the legislation should not be passed.

I just want to say this: That was a pretty good crowd that they brought, but, in my opinion, if the ordinary growers had one-tenth of the money that has been spent by the opposition, they could fill Washington so full of supporters of the grading bill that their feet and legs would be sticking out of the hotel and boarding-house windows all over town.

Now, is it not a little singular, to say the least, that that crowd that has been living off the toil and sweat of the growers should all of a sudden—overnight, so to speak—become so considerate of their rights?

Beware of the Greeks bearing alms!

Now, I want to say this to the ordinary grower: The next time one of these fellows comes to you to sign a petition or to take a petition around, or with an offer to pay your expenses to Washington to furnish an audience to applaud while they furnish the Agriculture Committee with reasons why the grading bill should not pass, just ask him this question: "Why do you object to the tobacco grower knowing, when he offers his tobacco for sale, the different grades of the tobacco he is offering for sale and the prices the grades have been bringing on the different tobacco markets from day to day?"

If he is honest, he will answer: "Simply because it is against my business for the grower to have the information."

Now, let us see what these fellows have been telling the growers about the grading bill. No more vicious and contemptible propaganda was ever circulated against a bill. Money, you know, is the spring from which propaganda comes, and the crowd opposing this bill has the money.

What are they saying?

That the bill will cost the grower 5 cents per pound for grading—one of the North Carolina papers carried this falsehood in box-car letters. Well, of course, this statement is a downright falsehood. The Government last year graded 197,000,000 pounds of tobacco at an average cost of one-tenth of 1 cent per pound.

What else? Yes; that the Secretary of Agriculture can close warehouse floors and probably the growers will, due to the fact their market has been closed, have to take their tobacco to some distant market. The man who makes such a statement has never read the bill or is deliberately misrepresenting the facts. The Secretary of Agriculture cannot close a single warehouse under the bill.

What else? Yes; that the bill provides for grading tobacco in hogsheads and that all export shipments will be graded. Another deliberate misstatement. The bill only provides for grading tobacco offered for sale at auction on a warehouse floor.

What else? Oh, yes; that the bill prohibits barn sales. This tale was only told down in certain parts of Tennessee and Kentucky where tobacco is sold at the barns. Another willful misrepresentation. As I have already stated, the bill only applies to auction sales on warehouse floors.

What else? That a grower cannot reject a sale. Another willful misrepresentation. Why, the very object of the bill is to determine the grades each grower offers for sale and furnish him with a daily market report showing what each particular grade is bringing so he will be in position to reject the sale if he is being chiseled or robbed.

What else? Oh, they are saying in one breath that the growers know how to grade tobacco and that it is a reflection on them to say they do not—appealing to their vanity—and in the next breath they are saying that it is impossible to grade tobacco. Well, the facts are that every manufacturer and dealer grades tobacco, that they have experts in grades representing them in the purchase of every pound of tobacco they purchased, and that they would not permit—so they stated in their evidence—a grower to represent them in purchasing tobacco. Well, who is reflecting upon the grower's intelligence? Am I, when I tell the truth and say the ordinary grower does not know how to grade his tobacco—there are 60 to 100 grades, and the ordinary grower

only knows about 5 or 6—or are the manufacturers and dealers, who say that the growers know how, but admit that they would not let growers grade for them?

What else? Oh, when they are unable to deceive you by misrepresentations they are, in some instances, resorting to intimidation and coercion. Why, they have gone so far as to tell growers they had better stand in with them because they had nowhere else to sell their tobacco, the implication clearly being that if they refused to sign the petition against the bill there would be a hereafter on the warehouse floor.

What else? Yes; they are telling that we are trying to destroy the present auction system of selling tobacco, another willful misrepresentation. We are not trying to do that, we are only trying to correct its vices and make it an honest and fair system. We are only trying to perpetuate the system by correcting its abuses.

But let me tell the opposition this: If the present auction system of selling tobacco is not cleaned up, if the injustices that are daily perpetrated on the warehouse floors are not corrected, no one will have to destroy it by legislation or otherwise, because it will die of its own rottenness.

Why is the manufacturer and dealer opposed to the grower knowing the grade of the tobacco he is offering for sale and the price the grade is bringing from day to day on the other tobacco markets? The answer is obvious—he wants the grower to continue to sell a pig in the poke. But remember the manufacturer and dealer will not buy a pig in the poke—they have experts, who know grades, representing them. Why, when the hearings were going on and one of the dealers was testifying that the bill was useless because growers knew how to grade their tobacco, I stopped him and made the statement that there were several thousand growers in my district; and then I asked him this question: "You state that growers know how to grade tobacco. Now, there are several thousand growers in my district. Would you be willing for a single grower in my district—you state they know grades—to buy tobacco for you on the warehouse floor?" He answered; "No: I would not."

Yes; a buyer, when he buys tobacco, is protected by an expert in grades, a man who knows tobacco and the different grades. Why should not the seller—the man who produces the tobacco—have the same protection?

When the tobacco manufacturers, dealers, and warehousemen, and their representatives appeared before the committee they urged two objections against the bill. The first objection was that the bill was compulsory. Well, we have eliminated the compulsory feature and provided for a referendum. This objection, therefore, has been met. The other objection was that the bill put the grading cost on the purchaser, and that the purchaser would pass the cost, probably two or three fold, on back to the grower. Well, this provision has been eliminated and the Director of the Budget has approved the bill as now drafted, which provides the Government shall pay the grading costs. It is estimated that the costs will amount to around $200,000 for the first year and that when the grading service is extended to all markets it will be around $750,000. Due to the fact that tobacco is the only farm product that is taxed, and the further fact that it brings in an enormous revenue, it is only right that the Government should pay the costs so there can be no question of the cost being passed back to the grower.

The Government receives more in revenue from the taxes on tobacco than the growers receive for their tobacco. Here are the figures:

Year	Revenue from sale of manufactured tobacco products (fiscal year)	Gross returns to growers from sale of tobacco (crop year)
1930	$449,000,000	$212,000,000
1931	444,000,000	130,000,000
1932	309,000,000	108,000,000
1933	403,000,000	179,000,000
1934	425,000,000	241,000,000

Certainly, it is fair for the Government to pay the cost of grading.

Now, they are saying that I am against the manufacturers and dealers and the auction warehouse system. Well, I am not against the manufacturers and dealers and the auction warehouse system; what I am against is the manufacturers and dealers and some of the warehousemen operating the auction warehouse system primarily for their own selfish interest and to the detriment of the ordinary grower. I am not against the manufacturer making a profit. He is entitled to a legitimate profit. I am not against the legitimate dealer making a profit. He is entitled to a legitimate profit. I am not against the warehouseman making a profit. He is entitled to a legitimate profit. What I am against is the manufacturer and dealer and warehouseman acting the hog and leaving the ordinary grower out of the profit equation.

There is plenty of money in tobacco for the manufacturer, legitimate dealer, warehouseman, and grower if the profit is divided in the right way. All I am trying to do is to put the ordinary grower in position to get his just and equal share—no more, no less—of the profits of tobacco.

Mr. MITCHELL of Tennessee. Will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mr. MITCHELL of Tennessee. As a matter of fact, about how many different grades of tobacco do we have?

Mr. FLANNAGAN. Between 60 and 100 different grades of tobacco when graded by experts.

Mr. MITCHELL of Tennessee. What opposition developed before the committee with reference to this bill?

Mr. FLANNAGAN. The only opposition that developed was from Mr. P. M. Carrington. He is the first man who opposed the bill. He is head of the Manufacturers' Tobacco Association of the United States, which is composed of the manufacturers and warehousemen. They oppose it on the ground that it did not provide for a referendum, and further, that it placed the cost upon the purchaser. Both of these objections were cured by amendments adopted by the Committee on Agriculture.

Mr. MITCHELL of Tennessee. There is in the bill at this time a referendum provided for on the part of the growers?

Mr. FLANNAGAN. There is.

Mr. MITCHELL of Tennessee. As a matter of fact, is there any real competition on the part of the buyers when they come to these markets?

Mr. FLANNAGAN. Not a bit. They have been in cahoots all the time. They take the farmer's tobacco for a song and dance, and he stands there helpless.

Mr. MITCHELL of Tennessee. It is just a scheme to rob him of his toil and his efforts?

Mr. FLANNAGAN. And they have been mighty successful. Four tobacco companies in this country in 1932 paid more in net dividends to their stockholders than they paid the growers for their tobacco.

Mr. MITCHELL of Tennessee. How much revenue does the Government get per year, if my colleague knows, out of the tobacco industry?

Mr. FLANNAGAN. Very nearly half a billion dollars a year is paid into the Treasury—over $400,000,000 a year is paid into the Treasury of the United States. Last year the Federal tobacco tax amounted to $425,000,000.

Mr. MITCHELL of Tennessee. Is that more than is paid by any other commodity that is grown?

Mr. FLANNAGAN. Tobacco is the only farm crop that is taxed.

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

Mr. FLANNAGAN. I yield.

Mr. TRUAX. The gentleman stated that tobacco is the only farm crop sold at auction. What about cattle and hogs, the thousands and millions of cattle, hogs, and sheep that are sold at auction on the world's greatest livestock market, namely, Chicago?

Mr. FLANNAGAN. I have never made the statement that tobacco is the only farm crop sold at auction.

Mr. TRUAX. The only major farm crop.

Mr. FLANNAGAN. I made the statement that tobacco was the only farm crop that was taxed.

Mr. TRUAX. Then I beg the gentleman's pardon; but the committee reports that tobacco is the only major farm crop which is sold at auction.

Mr. FLANNAGAN. And that is true; no other farm crop is sold on the auction floor the way tobacco is.

[Here the gavel fell.]

Mr. CARPENTER. Mr. Speaker, I ask the gentleman from Massachusetts if he will not yield one additional minute to the gentleman from Virginia that I may ask him a question.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 1 additional minute to the gentleman from Virginia.

Mr. CARPENTER. I appreciate the fact that the gentlemen proposing this bill are sincere in their efforts to help their farmer constituents, but does not this subject matter fall within the sphere of State rights? Has the gentleman and his colleagues on the committee given any consideration to the constitutionality of this bill or what is sought to be accomplished by this bill?

Mr. FLANNAGAN. I got an opinion from the Solicitor's office of the Agriculture Department. He holds that the bill is constitutional. I shall be pleased to insert his opinion in the RECORD. No one, so far as I know, has ever attacked the constitutionality of the legislation. We regulate the sale of wheat and cotton and cattle; why can we not legislate with respect to the grading of tobacco?

Mr. O'MALLEY. Is not this regulation exercised at the point of purchase in the State?

Mr. FLANNAGAN. There must be a uniform system.

Mr. SMITH of Virginia. Mr. Speaker, I yield 10 minutes to the gentleman from North Carolina [Mr. CLARK].

Mr. CLARK of North Carolina. Mr. Speaker, I do not care to enter into any controversy about the fact that there are certain bad practices connected with the auction sale of tobacco; I admit that this is true. Further, I admit that the principle aimed at in this bill is a good one and that good can come out of this kind of legislation. I will say further that in view of the very large amount of money the Government of the United States collects annually out of tobacco, the tobacco growers are entitled as a matter of right and equity to have at Government expense any facility that will reasonably promote their good. [Applause.]

I am not attacking the principle of this bill, and I am not unmindful of the fact that it comes from one of the greatest committees of the House. I am compelled, notwithstanding this fact, to feel that in one respect the legislation might be amended to make it a wiser, more permanent, and more beneficial bill to the farmers themselves; and I have no interest in the subject aside from their interest. I represent a district that grows a great deal of tobacco.

Mr. Speaker, I am opposed to the compulsory features of this bill. I do not know of any law that has been enacted by this Congress or by any State that compels the producer of an agricultural commodity to have it graded before he offers it for sale. As to cotton and some other commodities, we do have a Government standard of grade by which the grower, if he wishes, can measure the quality of his own product; but until this good hour I have never heard it seriously proposed to compel the producer of an agricultural commodity to submit it to grading by a Government agent before he may offer it for sale. Under this bill, there can be no grading except compulsory grading. I am aware of the fact that the bill contains a provision for some kind of a little synthetic referendum by which the Secretary of Agriculture can go into a community that seems to him propitious, put up a box, hold an election, and see what the people say about it. But the fact remains that, whether arrived at by referendum, a shirt-tail fiat of the Secretary of Agriculture, or by any other means, any tobacco grading under this bill will be compulsory grading.

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

Mr. CLARK of North Carolina. I yield.

Mr. PIERCE. We have compulsory grading today in the case of wheat.

Mr. CLARK of North Carolina. Under what penalty?

Mr. PIERCE. Under the law.

Mr. CLARK of North Carolina. I know; but what is the penalty?

Mr. PIERCE. We bring our wheat to the market and it is graded by Government and State authorities.

Mr. CLARK of North Carolina. May I ask the gentleman if they can put his constituents in jail for 12 months for offering for sale wheat which has not been graded by a Government grader?

Mr. PIERCE. We would not try to market our wheat in any other way.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. CLARK of North Carolina. I yield.

Mr. VINSON of Kentucky. The gentleman is a distinguished Member of this House and comes from a great tobacco district. When the Kerr-Smith bill was up, did the gentleman refer to its provisions as a synthetic referendum or—what was the other expression?

Mr. CLARK of North Carolina. A shirt-tail fiat.

Mr. VINSON of Kentucky. Did the gentleman say anything about that at that time?

Mr. CLARK of North Carolina. If the gentleman will give me an opportunity I will answer his question.

In the case of the control of production it was absolutely necessary to have cooperation among all the States of the Union. No one State could agree with another as to the quota or as to the amount of production a State should be permitted to have. It was necessary for Congress to go into that proposition and we went into it as a voluntary matter and not until it was demonstrated that more than 96 percent of the tobacco growers had gone voluntarily into the proposal was the Kerr-Smith bill suggested.

Mr. VINSON of Kentucky. Under the Kerr-Smith bill it was compulsory and the referendum was taken after the first market. In this bill the referendum comes before.

Mr. CLARK of North Carolina. I hope the gentleman will remember that this is my speech.

Mr. VINSON of Kentucky. Is that not the truth?

Mr. CLARK of North Carolina. I would not be willing to say that. However, the very fact the gentleman from Kentucky makes that statement I will admit it is true.

Mr. TREADWAY. Will the gentleman yield?

Mr. CLARK of North Carolina. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. Will the gentleman inform me whether in States where the method of auctioning off the tobacco does not prevail, this bill will force that kind of sale in those States?

Mr. CLARK of North Carolina. No; I do not think it will.

Mr. TREADWAY. In other words, the New England tobacco which is sold by the farmers to the jobber who goes to the farm and sees the tobacco in the farmer's barn is not affected; that is, the farmer may trade with that jobber under this bill just the same?

Mr. CLARK of North Carolina. I may say to the gentleman I think the bill does not cover that.

Mr. FLANNAGAN. That is correct.

Mr. CLARK of North Carolina. I think this bill applies to the auction sale of tobacco only.

Mr. TREADWAY. That type of sale rather than the farm sale?

Mr. CLARK of North Carolina. Yes. When you put the compulsory feature in this bill, in my judgment, you invalidate the law. You cannot tell me that finding a pile of tobacco on a warehouse floor is no. 4, no. 3, or no. 2 and is a transaction in interstate commerce. This bill was written before the decision of the Supreme Court in the Schechter case, and, with all due respect to the opinion of the attorneys in the Agricultural Department, I feel beyond any question that this is the most unconstitutional measure that has yet been proposed in this House.

Mr. Speaker, this bill undertakes to say that in fixing the grade of a pile of tobacco lying on a warehouse floor and which has not even started to enter the channels of interstate commerce the Congress has authority under the commerce clause to do so. Now, I have not the time to enlarge

upon the constitutional argument, but there is no difference between picking chickens, slaughtering chickens, buying, and reselling or transporting them after they have reached New York City and transportation has ended, and going down to a warehouse and grading or conditioning a pile of tobacco on a warehouse floor before it has gotten into the channels of interstate commerce or transportation. The serious thing about that is if we put this compulsory feature in the bill it seems to me any good lawyer will have to admit that the Supreme Court will invalidate the whole law and the farmers will get nothing. All I am asking the Members to do is to adopt an amendment which will be offered by my colleague from North Carolina, Mr. UMSTEAD, which simply strikes from this bill the language that makes it compulsory upon the farmer and subjects him to a penalty of a fine of $1,000 or imprisonment for 12 months if he does not comply.

Mr. COX. Will the gentleman yield?

Mr. CLARK of North Carolina. I yield to the gentleman from Georgia.

Mr. COX. The gentleman does not mean to convey the idea to the House that he is opposed to the adoption of the rule. He is simply taking advantage of the time given him for the rule to discuss the merits of the bill.

Mr. CLARK of North Carolina. I think the Members of the House have already caught on to the fact that I am speaking to the bill rather than to the rule. Of course, I have no objection to the rule and should have so stated.

There is one other thing I desire to mention. The amendment which will be offered will strike from the bill the compulsory language. It will not emasculate the bill. The Secretary of Agriculture may still hold his referendum and secure the sentiment of the farmers of a particular community as to whether they want this service or not. If they show by the referendum that they want the service, then the Secretary may put it in and the farmers may make use of it. If it is a good thing the farmers will make use of it voluntarily. If it is not a good thing, or if they do not want it, it should not be forced upon them by compulsory legislation through a referendum or otherwise.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. HANCOCK of North Carolina. Will my distinguished and able colleague yield?

Mr. CLARK of North Carolina. I yield to the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. Does the gentleman not appreciate the fact that if inspection and grading is to be optional with the minority, we are pushing them right back up against the coercive and powerful influence, that has tended to thwart every constructive piece of legislation of this character, which has been designed to help the grower in the sale of his tobacco? In other words, does not the gentleman believe that the so-called "Umstead amendment" will defeat the true purposes of this bill? That is my feeling about it.

Mr. CLARK of North Carolina. I honestly do not, sir. It is my judgment, after careful study of this legislation and with a personal knowledge of the growing and marketing of tobacco for the period of my lifetime, that the adoption of the Umstead amendment will put this bill upon safe ground and will give the farmers in the tobacco territory legislation that they will gradually embrace and make use of, that will be helpful to them, and by doing which we remove any question of its unconstitutionality.

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

Mr. CLARK of North Carolina. I must finish my statement and then I shall yield to the gentleman if I can get through in time.

I want to add this remark. As I stated a moment ago, I have no interest in this matter from the standpoint of the warehouseman, but the tobacco warehousemen of this country are not a bunch of thieves and thugs. They are not the agents of the farmer at all, as my distinguished friend from Virginia has suggested.

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

Mr. CLARK of North Carolina. I cannot yield right now.

Mr. FLANNAGAN. Who pays the commission?

Mr. CLARK of North Carolina. The system is that the warehouseman runs his place of business upon a commission basis. The farmer can take his tobacco to the warehouse or not, as he sees fit, and there are as many as 5 or 6 of these warehouse markets in each of the towns where there is a large tobacco trade; and he can go to either one of them. He does not, as the gentleman from Virginia stated, decide in 10 seconds what to do. If the price put on his pile of tobacco does not suit him, he simply goes along and looks it over, taking as much time as he wants to take, and if he does not like the price he can turn the tag and take his tobacco back home, or take it to any one of the 4 or 5 other warehouses in that city.

However, as I stated, I do not want to get into a controversy about that; but, representing the tobacco growers of my district, I may say that there has never been anything that has succeeded more marvelously than the A. A. A. as applied to tobacco. It is a success today, far beyond the fondest expectations of the most enthusiastic of those of us who advocated the legislation, and this is due, more largely than anything else, to cooperation—cooperation by the growers with the Government, by the growers with the warehousemen, and by the warehousemen with the growers—and I will even go so far as to say a word for the "Big Four" and say that these giant tobacco companies have cooperated in a measure. By this legislation, which starts to divide sentiment right here among the delegation from the tobacco territory, we are injecting, needlessly, into a successful program the first element of disagreement and discord and dissension. This will go on down through the warehousemen and the growers and what not, and this dissension and disagreement and discord will follow clear to the bottom of the program. When it is today a success that ought to be the pride of the Department of Agriculture, we are putting the first drop of discord and dissension into it, and we are doing it without being asked by any appreciable number of farmers to do it. I do hope my colleagues will adopt the sensible and well-considered amendment of my colleague from North Carolina, Mr. UMSTEAD, and cut out the compulsory feature of this legislation.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I am opposed to this legislation for what I believe are three substantial reasons. I am opposed because I believe it will result in putting an unnecessary burden upon the Public Treasury. I am opposed because I believe, eventually, it will mean higher cost to the consumers of tobacco; and, third, I am opposed because I do not want to harrass the tobacco farmer by sending to his farm a herd of Government inspectors.

I believe, eventually, whatever little good the farmer may get out of this legislation will be more than offset by the interference on the part of Government inspectors.

This is a new policy the Department is setting up here. It is now saying to those who grow commodities in this country, "You must come forward with the product of your farms and let us examine them before they are offered for sale." The Department of Agriculture has brought many new theories and new ideas to America in recent months, but I believe this is the most dangerous one, and if it is started in the tobacco field, it will eventually spread to other fields.

Mr. HANCOCK of North Carolina. Mr. Speaker, will the gentleman yield for a question?

Mr. MARTIN of Massachusetts. I yield.

Mr. HANCOCK of North Carolina. The gentleman referred to the fact that under the bill agents of the Government would probably be sent to the farms of the tobacco growers. The gentleman should know that there is nothing in the bill that provides for inspection and grading at the farms. It would be a real solution of the problem if this

could be effectively done through a practical educational program.

Mr. MARTIN of Massachusetts. The gentleman knows that when the Department of Agriculture, or any other department of the Government, gets a foothold they generally go further and we get more than we bargain for before they get through.

Mr. HANCOCK of North Carolina. The gentleman understands that as a practical matter these Federal graders or inspectors of tobacco would have to do their work on the warehouse floors when the auction system is employed.

Mr. MARTIN of Massachusetts. They might, to start with, but who knows how far they are going to go eventually? Those of us who have been in Congress any length of time know that these things all start in a small and humble way, but they all expand, and I believe this activity will expand both in its cost to the Treasury and the people of the United States as well as in harrassment of the farmer.

Mr. HANCOCK of North Carolina. The gentleman cited as another reason for his opposition to the bill the fact that it would be a burden on the Federal Treasury.

Mr. MARTIN of Massachusetts. Yes.

Mr. HANCOCK of North Carolina. The gentleman knows, does he not, that the maximum probable cost would be less than one-quarter of 1 percent of the amount of tobacco taxes paid into the Federal Treasury annually?

Mr. MARTIN of Massachusetts. The gentleman means the people, the consumers of tobacco, for they eventually pay the bill. I will say this: I have never seen any bureau of the Federal Government but that it became increasingly burdensome to the Government, and I believe this will.

Mr. COX. Will my colleague yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman.

Mr. COX. I know the heart of the gentleman, and I know he would be in sympathy with this legislation if he believed that it would benefit the masses.

Down in my section of the country it is the poor people, the poor white and the Negroes that grow tobacco. In the marketing of their crop under the auction system they are at the complete mercy of the warehouseman and the buyer. The warehouseman is supposed to be the agent and protector of the seller, but as a matter of practice he works in conjunction with the buyer. He practices the buying of tobacco himself far below its value, and then in turn sells it to the buyers, the big companies.

Every Government agent studying this question has advocated legislation of this type. I am not interested in the compulsory feature. The Federal Trade Commission studied it in 1920, and in 1925, and again in 1931, and urged this legislation.

I know that if the gentleman from Massachusetts understood the problem and the purpose of the legislation and the necessity for the legislation, as a matter of protection to the buyer, that he would favor the passage of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. ANDRESEN].

Mr. ANDRESEN. Mr. Speaker, the gentleman from Georgia has stated that the purpose of the bill is to help the poor grower. I might state to you the experience we have had in the Northwest with the Federal grading of grain.

Some years ago we operated under a State grading law, where we set up the machinery for grading the grain. There arose a dissatisfaction among the growers of one State and growers of other States over grades, and finally they demanded Federal inspection.

Now we find that under the compulsory grain-inspection law the people are dissatisfied with the Federal grading and want to go back to the State grading system because they feel that the State graders are closer to the people and give them a more satisfactory grade.

Under the Federal grading system of grain, we found invariably that the Federal inspector graded the grain against the interest of the producer, and that the State inspector was closer to the people and would give the producer a better grade.

I know that in some of the tobacco-growing States you are having the same experience. You have State grading systems. I do not know whether they have such a system in Georgia or not, but you will be sadly disappointed in the results you seek to get from a Federal inspection, because the Federal inspector is so far removed from the actual grower. He may try to be a little bit more impartial sometimes, but we are suspicious of him. I am quite sure that you will have little satisfaction in the passage of this bill so far as the tobacco growers are concerned. I am afraid that the small tobacco grower, whom the gentleman from Georgia [Mr. Cox] seeks to protect—and we are all for him—will get no benefit from the bill. I have been a member of the Committee on Agriculture for some years, and we have gone all over this tobacco matter. In that committee we have tried to shape legislation that the tobacco grower wanted. We had a great deal of discussion in our committee, and we heard gentlemen from the tobacco sections on both sides. They made some splendid arguments for and against this bill.

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

Mr. ANDRESEN. Yes.

Mr. PIERCE. Does the gentleman want us to understand that the wheat growers of Minnesota are dissatisfied with the National Grain Grading Act?

Mr. ANDRESEN. They are dissatisfied not only in Minnesota, but in North and South Dakota and in the other hard spring wheat States. They are dissatisfied with the Federal grades. On appeals being made from the State grading up in Minnesota we have invariably found that 75 percent of those grades have been lowered by Federal inspection.

Mr. PIERCE. That certainly is not true in our Pacific Northwest.

Mr. ANDRESEN. Oh, out in the gentleman's section they grow the macaroni wheat, which they do not raise in any other part of the United States, and you have a market abroad for it.

Mr. VINSON of Kentucky. For the crop of 1933 there were some Federal grading markets throughout the country. They have some in my district, which produces a large amount of tobacco, and I say to the gentleman that the farmers in my district were very much pleased with the Federal grading.

Mr. ANDRESEN. I hope they will continue to be after they get the law passed.

Mr. FLANNAGAN. And I will say that we had Federal grading on several markets last year and that the price level of tobacco was raised at least 15 percent.

Mr. ANDRESEN. And I say that inside of 5 years after this becomes a law you gentlemen from the tobacco-growing sections will be here asking for a repeal of the law.

The SPEAKER. The time of the gentleman from Minnesota has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, I do not know anything about the merits of this controversy with respect to the desirability of grading tobacco. As the gentleman from Georgia says, with the gentleman from Massachusetts [Mr. MARTIN], and everyone else, we have great sympathy for the poor farmers who are engaged in raising small patches of tobacco, and we want to do everything to ameliorate their condition. I do know that an act of Congress which provides that before the grower of tobacco may take even the first step after it is taken from the ground before he can offer it for sale he must submit to the Federal Government's grading it and be subject to a penalty of a thousand dollars or a year in prison if he does not is so manifestly unconstitutional that I do not see what all the pother is about.

The SPEAKER. The time of the gentleman from New Jersey has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. POLK].

Mr. POLK. Mr. Speaker, it was with some hesitancy that I asked for time to speak against this rule. This is the first time during the 4½ years that I have been a Member of this

House that I have taken the floor in opposition to a rule which has been reported by our Committee on Rules. However, because of my belief that the measure which this rule seeks to make in order fosters the growth and development of another bureaucracy at the expense of the taxpayers, and for the further reason that the testimony taken before the Committee on Agriculture with reference to this bill, failed to show any material benefits to the growers of tobacco, I am forced to oppose the establishment of a system of Federal grading for tobacco.

The bill which this rule seeks to make in order was considered very thoroughly by a subcommittee of the Committee on Agriculture. Hearings were held February 27, 28, March 4, 12, and 13. I regret very much that those hearings have not been printed, because there is contained therein some very interesting testimony which would be of material interest and help to the House in deciding what should be done with the bill which this rule seeks to make in order.

I want to state at the outset that I have the highest personal regard for Mr. FLANNAGAN, the author of this bill, and the gentleman from Kentucky [Mr. VINSON] and other gentlemen who are so much interested in its passage, and nothing that I shall say is in any sense a reflection upon their sincerity of purpose. I with equal sincerity disagree with them on this proposition.

As I mentioned before, there has been some very interesting testimony offered concerning this measure.

Mr. Thomas B. Hall, representing the Virginia Dark Fired Tobacco Growers' Association, testified that they have in Virginia a grading law passed by the General Assembly of Virginia about 2 years ago, and at the present time the producer of tobacco in Virginia is paying 5 cents per 100 pounds for the grading of his tobacco. During the testimony, in answer to a direct question by Mr. MAY, of Kentucky:

How do the farmers feel about this 5 cents per 100 pounds as the cost of inspection and grading? Do they feel that it is justified?

Mr. HALL. No, sir. Not altogether. You will find some that are perfectly willing to pay it and some who object to it, and they feel that it should be borne by someone other than the producer. I do not think there is any question about the worth being many times that, but we would much rather have someone else pay it.

In other words, the tobacco growers of Virginia feel that they would like to have the Federal Government pay for this grading and inspection instead of paying for it themselves.

During the hearings the only farmers, so far as I was able to learn, who appeared in any number before our committee in favor of this legislation were the tobacco growers from the State of Virginia, who have an interest, I submit, in having this legislation enacted, in order that they will be enabled to unload their present cost of grading onto the Federal Government.

Mr. Dawson Chambers, of Walton, Ky., president board of directors of the Burley Tobacco Growers Cooperative Association, testified that it would take at least $1,000,000 to carry out the provisions of this bill and that in his judgment it will be a waste of public money to establish compulsory grading.

Mr. Charles E. Gage, Tobacco Section, Bureau of Agricultural Economics, testified in answer to a question as to how many graders it would take to grade a tobacco crop:

We figure that there ought to be two graders to each set of buyers aside from the head grader on the market and the supervisors and extra graders to take charge in case of sickness or unusual rush, say, 10 or 11 graders with a head grader, on a market like Greenville.

In answer to a question as to the cost, he stated:

We would have to pay them a very good price. It would be probably the highest price for any inspection of commodities in the Department of Agriculture.

Thomas H. Woodward, of North Carolina, in answer to a question as to the attitude of farmers toward Federal grading, said:

I will answer that by saying that I would be willing to make a wager that you would get 80 percent of the farmers of Wilson County to say that they do not want any interference whatever. We have followed the Government right through. We get down on our knees and thank God for Roosevelt every Sunday morning—but we do not want to be molested any further, and I know that that is the answer you would get from 80 percent of them on a conservative estimate. Another thing is this: What is your incentive for expert handling if you are going to have your tobacco grader tear your tobacco to pieces before you get there? I do not want any inspector to interfere. If you have a grader coming along and tearing that tobacco up before the buyer comes there, it is ruined, because the more tobacco is handled the more it is apt to be harmed.

I believe the following testimony taken at the hearings will be of interest to the Membership of the House:

EXCERPTS FROM SUBCOMMITTEE NO. 1, COMMITTEE ON AGRICULTURE, HOUSE OF REPRESENTATIVES, TUESDAY, MARCH 12, 1935

Hon. Russell Wright, of Hartsville, Tenn., stated, as on page 6 SW:

"Grading tobacco is not like grading corn, it is not like grading wheat. As I understand it, there are some 54 grades of burley tobacco. Even the dark-fired tobacco, or dark air-cured tobacco has a limited number of grades, but burley tobacco has 54 different grades to it. Those grades blend into each other just like colors blend into each other. You cannot get any two people who will grade tobacco exactly alike. Indeed, as I understand it, the buyers of this tobacco use what is known as a "circuit rider", who rides over from 10 to 15 markets to control the grades that his own men for his own concern are buying and grading. He does not have to go there to tell them what to pay for this tobacco. The fact that he is overseer for maybe 15 or 20 buyers on 15 or 20 different markets is only for the purpose that those grades will be the same when they get into the manufacturing plants. And it keeps him busy all the time, and those graders are men who have had 5 to 10 years' schooling in the buying of tobacco.

"If the Government could put on graders, where could you get these graders? It takes time to teach those men. Indeed, anybody that is capable of judging tobacco has already got a job with some tobacco concern, some warehouseman, or somebody else. Are you going to pick up a broken-down warehouseman, a broken-down tobacco buyer, or something, and put them into the business? Or are you going to start a school somewhere to educate somebody over 10 days and teach them what has taken the tobacco graders, working in their own concerns, 10 years to learn?

"I just cannot see the necessity for it. I cannot see where anybody is going to get any good out of it. If anything, it will cost something, and that cost is bound to be reflected on to the grower."

J. W. Holmes, of Farmville, N. C., debated, as on page 31 SW to 33 SW:

"Mr. COOLEY. Mr. Holmes, I am sure that you are thoroughly familiar with the auction-warehouse system and with the ills that the farmers have experienced in the tobacco-growing sections in the past. I just want to see if I can sum up the objections to this bill. First, you take the position that the farmers do not want this legislation which calls for Government grading.

"Mr. HOLMES. Yes, sir.

"Mr COOLEY. That is one objection. And you take the further position that the bill will force upon them by compulsion certain regulations and certain help—that is, help which they, the producers, do not want.

"Mr. HOLMES. Yes, sir.

"Mr. COOLEY. The next objection is that you object to the cost of it, because you are of the opinion that the cost of the administration of the act will ultimately be passed back to the farmer.

"Mr. HOLMES. Yes, sir.

"Mr. COOLEY. Next you object to it because of the possibility that the legislation will result in the closing of certain warehouses or markets; or is that an objectionable feature to you?

"Mr. HOLMES. If my understanding is correct, that is an objection; yes, sir.

"Mr. COOLEY. The next is the possibility of ultimately abandoning the auction system which has been in practice for a great number of years.

"Mr. HOLMES. It appears to me that is correct.

"Mr. COOLEY. Then there is another objection, that you fear the inability of the Government to obtain expert graders in sufficient numbers to properly grade the crop in an orderly fashion, so as not to impede the sales on the auction floor.

"Mr. HOLMES. It will take 10 years to get competent graders for all the markets.

"Mr. COOLEY. And your last objection to it is that even if the Government were to provide the expense, that would be an unnecessary waste of public funds?

"Mr. HOLMES. I certainly do believe it; yes, sir.

"Mr. COOLEY. Do you know of any other objection that has been raised to the bill other than those I have attempted to enumerate?

"Mr. HOLMES. I might think of some others, but that is enough.

"Mr. COOLEY. You did not mention one other one, and that is this, that you are of the opinion that with the present legislation which has been enacted during this administration the tobacco farmers are now in better condition than they have been for a number of years, and you are in favor of letting well enough alone for the time being, at least?

"Mr. HOLMES. Absolutely. Our farmers are satisfied, and happy with the marketing system we have, and they do not want to be disturbed."

Statement of Dr. Paul E. Jones, of Pitt County, N. C., as on page 40 SW to 41 SW:

"Dr. JONES. Mr. Chairman and members of the committee, I am not here to argue this bill at all. I came up here as a representative citizen and a tobacco grower and a man who has been born and raised up to this date on the growing of tobacco.

"I live in a town that sells 20,000,000 pounds of tobacco a year, and I have always sold my tobacco in this town. In this town we have had the Government grading for the last 4 years. The first year we had the grading I had some tobacco graded, and I did not see that it did me any good. I am not representing now, mind you, anybody but myself. But I believe I know the sentiments of a lot of my people in my section.

"As I say, I did not see that this was any benefit; but I became friends, more or less, with some of these tobacco graders in my town, and through their influence from time to time I have had a little tobacco graded since then in the years going on since. The first year they graded some tobacco, as I told you. The next year they graded less tobacco. They graded less the third year, and last year they graded practically no tobacco through the Government grading on the market in my town.

"This is the simple story that I am here to tell you, and that is about all I have to say. I do not believe our farmers want the tobacco grading, and I do not see why it should be forced on them when they do not seem to want it. They have tried it and it has not appealed to them. If it has, they have not shown it by their continued participation in the grading, even though they graded it free one year.

"Mr. HOLMES. How many acres of tobacco do you grow?

"Dr. JONES. I grow about 150 acres, sir.

"Mr. HOLMES. That is all right.

"Mr. FULMER. Thank you very much, Doctor.

"Dr. JONES. Thank you."

From statement of J. Hurt Whitehead, of Chatham, Va., as per page 1 SW to 2 SW:

"Mr. L. T. PIERCE (of Farmville, N. C.). We have here tonight a good many who came here for the express purpose of giving you information as to why they are opposed to this Flannagan bill. We have had only a few that have been able to speak to you. Those in the minority seem to be monopolizing the time here. I feel that we should be entitled to let you hear just why we are opposing this bill, and not permit those in the minority to consume practically all the time.

"Mr. FULMER. I would like to state for the information of the gentleman that I tried my best to get arrangements whereby all groups could be heard, and in the meantime, we have given more time to those opposing the bill than we have to those for the bill.

"Mr. PIERCE. Mr. Holmes here today was appointed our chairman, and he had those names. They were to be called in order, from the various States and the various localities. It does not seem that he has been able to do that.

"Mr. FULMER. We gave Mr. Holmes 1 hour, and we lack a short time of giving the other side 1 hour, after which time if you gentlemen want to remain we will be very glad to hear from any others who may remain with us.

"Mr. PIERCE. There are 25 to 1 here tonight that are opposing this bill. I think they should be heard."

Statement of W. S. Fleming, of Creedmore, N. C., as per page 7 HH:

"Regarding the tobacco grading, it has been in Oxford for the last 4 years and in Durham and that vicinity. It takes in all those counties around there. There is the News Observer printed in Raleigh, and the Raleigh Times; and in Durham there are the Durham Herald and the Morning Sun. They carry the Government grading from day to day. Every afternoon at 6 o'clock you hear the Government reports. The graders' reports come out from Raleigh over the radio station, and they vary in price just like the auction market. They will come on from day to day. Then on Friday night they will give the summary. I have kept up with them, and next Friday night they will give the summary for that week; and they vary anywhere from $2 to $5."

Continued as per page 9 HH:

"When it comes to grading tobacco, how long would it take two or four Government men to step on the Durham market, where they sell as high as 600,000 pounds of tobacco in one day—how long would it take them to grade tobacco? By the time they had finished the last pile would have rotted before the graders got to it. The company buys it, redries it overnight, and it will keep 100 years if the bugs do not get to it.

"So therefore we folks are very well satisfied. North Carolina grades more flue-cured tobacco than Virginia, South Carolina, Georgia, and the upper edge of Florida. We grade more than all of them put together, and we people are satisfied down there."

Statement of R. Leo Carter, of Lake City, S. C., as per page 12 HH:

"The farmers in that district down there in South Carolina, where we grow the cigarette type of tobacco, are opposed to this bill. For 2 years, I think it was, we had Government graders there on the Lake City market, and I fail to see where it did one bit of good. I had my tobacco graded and I did not see where I accomplished one thing by it.

"Our people are opposed to that. Your Congress here did a great thing for us when they passed that bill that there has been so much talk of tonight. We, to a great extent, have farmers now who are pleased, who are going along, and, I might say, who are happy, because we hope that we are on the road to recovery. We do not want anything to come in there to knock up that happiness."

Testimony of Mr. J. P. Phillips, of Pleasantview, Va., as per page 19 HH:

"I was up here before you about 10 days ago, and I went back to Lynchburg, and I called a meeting of the farmers there. On Saturday I had a couple of petitions written up, one for and one against this bill. This bill was explained there to the best of my ability. I did not understand it so well myself. On this petition against this bill there were 492 names, people that signed. They were not all there that day, but in the 2 days' time they were there. There were 25 here that signed a petition for the bill. Here are the two petitions."

Testimony of Mr. G. Willie Lee, of Johnston County, N. C., as per page 26 HH:

He stated with reference to tobacco grading:

"We tried it out there 3 years. Practically every farmer had some grading. The next year they began to wean off from it, and the third year it had become so unpopular that practically all of them quit it and would not have any grading. So the fourth year the tobacco Government grader was not invited back to Smithfield. Anyway, they abandoned the idea of having the tobacco graded."

Testimony of Henry Gaughan, of Nash County, N. C., as per pages D–4 and D–5:

"Several of my neighbors have tried the Oxford market, where they had Government grading, and it being new, they went there and tried it out. Every man that I have heard make an expression of it was disappointed. I remember one neighbor who lived right near me went up there for his first time and had his graded. The Government grader graded it, and he compared the prices on the bulletin board of what he might expect. He found his tobacco graded higher than his expectations were for the tobacco. So he got his hopes up. They sold the tobacco and every pile went away under the grading.

"He went back and got this grader to go back and look at his tobacco, and he said, 'Well, I will agree that your tobacco is on the low side of these grades, but here are two grades I would take in and sell again.' One brought 8 and one brought 12. He took them in and sold them again, and one brought 4 and one brought 6, and he came home.

"If Mr. FLANNAGAN's district wants Government grading, I see no reason in the world that eastern North Carolina would object to him having it. The farmers in that section are not in favor of Government grading of their tobacco. They feel like they have to have a vestige of their American democratic spirit to give them some say-so in what they are doing. So if the farmers of one section want it, I see no objection that Congress should not grant them that power. I do not see any reason that it should be over a section that does not want it. My county has signed petitions here 2,500 strong against compulsory grading. Now, there is the principle in the bill that does not strike Nash County farmers, compelling them to have their tobacco graded before it is put on the market."

Statement of W. O. Nelson, of Danville, Va., as per page D–3:

"I got grading put in Danville, not myself altogether, but largely through my help, through our five tobacco warehouses. I helped Mr. Wilkinson put it over. I met with him and worked it out, and we got grading down. I thought it was a good thing and decided it would be a great help to me as a tobacco warehouseman. I imagined I would just pick up a ticket. We sell 300 or 400 pounds of tobacco an hour. I expected that that man would have judged the tobacco. He would come on and examine this pile of tobacco, and it would take him probably half a minute or a minute to grade the pile of tobacco. I would see it only a second. I would pick up that ticket on the pile of tobacco he had graded there. He had put a ticket on there, a $20, $30, or $40 grade, whatever it might be. It would give me an opportunity to know about what price to start that pile of tobacco. Say he had graded it at $30; I could start it at $27. We could sell it in 2 or 3 seconds and go to the next one.

"I had my man that stood in front of me who handed the ticket back to the auctioneer. He got up there and took the ticket. My buyers all knew that BL–4 meant what that price was, what X–2 was, whether it was, say, $20, $30, or $40.

"That man, with my instructions to pick up that ticket, would call the BL–4 tobacco, which stood for $20. I thought those buyers were going to buy the tobacco around $17 or $22.50. I sold hundreds of those tobaccos for $30 that were graded at $20 and $22.50. I have sold hundreds of those for $12.50 or $14 that were graded at $22.50, and I have sold a great many at $22.50 that were graded at that price.

"I tried it out for a year and did my very best. I had my clerks ask every farmer that came to that office if he wanted his tobacco graded. If he said he did, he put a certain ticket on that tobacco—that he wanted it graded—and charged him 5 cents per hundred, and we turned it over to the proper authorities. The Government grader came in and he went over my sale. He would find this ticket to be graded and he would grade that tobacco, and he would strike another lot with another ticket on it which did not call for grading. I gave it a fair test for a year. I saw it was a failure the first week I put it in. The buyers did not pay any attention in the world to my man calling the grade to them. It did not help me sell the tobacco for one cent more.

"The farmers asked me did I think it paid them to grade it, and I just finally told them, 'Use your own judgment on it.'

"I just want to say I gave that a fair test. We tried it out for that year, and I think every farmer that paid 5 cents per hundred for grading his tobacco threw away 50 cents a thousand. I do not

think it was worth one cent to him. The buyers did not pay any attention in the world to it.

"The grader made it a very unsatisfactory proposition to us warehouse people. If he graded a pile of tobacco in the $20 grade and it brought $30, the farmer was very much pleased with the proposition, he had done wonderfully well. If he graded it in the $20 grade and it brought $12, which it did often, the farmer would take it in. You could not get him to let it go at $12. He took it in because it did not bring what the Government man had put on it."

The fundamental question which this House must decide is whether or not the appropriation of some $750,000 to $1,000,000 annually, which this measure provides for the grading of tobacco, is justified.

The only individuals outside of the employee of the United States Department of Agriculture, who can possibly benefit from this legislation are the growers of tobacco. I am a member of the Committee on Agriculture of this House, and I represent a district each county of which produces much tobacco, and while this bill has been under consideration for several months, I do not recall having received a single communication, by letter or otherwise, from any tobacco grower in my district urging its passage.

On the other hand, I have received numerous appeals from the tobacco growers of my district protesting against the enactment of the so-called "Flannagan tobacco bill."

Consequently, I believe it cannot be said that the tobacco growers themselves favor the compulsory grading of tobacco.

If the tobacco growers do not favor the enactment of legislation providing for the compulsory grading of tobacco, who else does favor it? So far as I have been able to learn, the only persons solidly and whole-heartedly behind this proposed legislation are certain individuals in the tobacco division of the Department of Agriculture.

I submit that these gentlemen have a selfish interest in sponsoring this legislation.

A few years ago a former very able and very valuable Member of this House, Hon. James M. Beck, of Pennsylvania, wrote a book entitled "Our Wonderland of Bureaucracy." In this very interesting and valuable book Mr. Beck traces the growth of bureaucracy in our Government. He points out how natural it is for most bureau chiefs and department heads to continually endeavor to build up and increase the activities of their departments and bureaus in order to increase their own salaries and importance in their chosen fields of endeavor.

The bill H. R. 8026, which this rule seeks to make in order, is a fine illustration of this natural tendency of Government bureaus and departments to endeavor to expand. In order to expand and increase their personnel these departments must find new fields to conquer.

And so we have this proposition to make it compulsory for the growers of tobacco to have their tobacco graded by a Government inspector before a single pound can be sold.

It provides that any person violating any provision of sections 5 and 10 of this act shall be subject to a fine of $1,000 or imprisoned for one year, or both.

This bill provides for the appropriation out of the United States Treasury of from $750,000 to $1,000,000 of the taxpayers' money. I regret that time does not make it possible to go into the further details of this proposed legislation; however, because of the great cost involved, and because the tobacco growers themselves have not asked for this legislation, I believe that the rule providing for its consideration should be defeated.

Mr. SMITH of Virginia. Mr. Speaker, I yield 4 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I am not a tobacco grower, but I am perhaps one of the greatest tobacco users in the United States, and I am not ready to pay an extra high price for my cheap cigars. I desire to state, however, that I am satisfied the passage of this bill will not increase the cost of tobacco or cigars. The committee had several witnesses before it and I paid attention to some of the evidence that was given. Judging from this evidence I am satisfied this legislation is for the best interest of the growers.

I can readily understand why some gentlemen have received communications opposing this bill, for it was testified that the Big Four, who were making millions upon millions of dollars and spending the money abroad, started propaganda against this legislation. Mr. Duke, Mr. Reynolds, and his successors, of course, need additional millions to take care of daughters abroad; but I for one am not willing to pass any legislation which they desire or to stop the passage of legislation in the interest of the people which legislation they oppose.

I think this legislation is in the right direction. I have the greatest admiration for both of the gentlemen from North Carolina. They themselves feel it will be helpful, but they are fearful that if the provision for a referendum is not included in the bill the courts might hold the bill to be unconstitutional. That would not be unusual. I know the ability of my colleague, the gentleman from North Carolina; I know he is a wonderful lawyer, but he is fearful as to what some of the judges are likely to do nowadays; they are going far afield.

As I said yesterday, they are liable to hold almost any law we pass here unconstitutional. But I hope that in a short space of time we shall be able to pass legislation or an amendment to the Constitution to eliminate this usurpation on the part of the courts.

I think this bill will be helpful to the farmers. I know they have been taken advantage of by the agents and the buyers of the "Big Four." I know that many a farmer has had the experience of having his tobacco graded at the warehouse as no. 4 and no. 5 and then finding that that same tobacco was immediately regraded no. 1 and no. 2 and sold at a price increase of from 50 to 100 percent.

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

Mr. SABATH. I do not think the gentleman from Pennsylvania knows anything about it. I think, as I say, that this bill is a step in the right direction and should be favorably considered.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DIETRICH (at the request of Mr. HAINES), for 1 month, on account of official business to Alaska.

To Mr. MARSHALL, for 5 days, on account of death in family.

To Mr. RUDD, indefinitely, on account of illness.

To Mr. CONNERY, for 3 days, on account of death in family.

To Mr. GRAY of Indiana, for 10 days, on account of important official business.

WITNESSES BEFORE HOUSE COMMITTEES

Mr. MILLER. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 8875) to clarify section 104 of the Revised Statutes (U. S. C., title II, sec. 194).

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. YOUNG. Mr. Speaker, reserving the right to object, I would like to know something about the bill in order to determine whether or not I should object. I do object, as a matter of principle, to bringing up any measure for final action at this late hour. I do not think it is the proper practice, and I think I ought to object, and I do object.

Mr. MILLER. Will the gentleman withhold his objection?

Mr. YOUNG. I withhold my objection.

Mr. MILLER. Mr. Speaker, the bill merely clarifies section 104, which gives to congressional committees sitting outside the District of Columbia the same authority to deal with recalcitrant witnesses and to subpena records, and so forth, as those committees have when they are sitting in the District.

Mr. MARTIN of Massachusetts. Is this a unanimous report of the Committee on the Judiciary?

Mr. MILLER. It is a unanimous report and is very much in need at this time.

Mr. O'CONNOR. For years this has been considered necessary by many committees that have been investigating various things.

Mr. YOUNG. Under the circumstances I withdraw my objection to this particular bill, but I still say this way of doing business is wrong.

Mr. RICH. Mr. Speaker, reserving the right to object, I agree with the gentleman that we ought not to permit bills to come up for consideration without giving notice to the membership of the House. I understand that there are a lot of bills that are going to be presented at the last minute. It requires diligence on the part of the membership to keep these bills from being enacted into legislation when they are brought up at this late hour. I do not object to this bill being considered at this time.

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

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 104 of the Revised Statutes (U. S. C., title II, sec. 194) is amended to read as follows:

"SEC. 104. Whenever a witness summoned as mentioned in section 102 of the Revised Statutes fails to appear to testify or fails to produce any books, papers, records, or documents, as required, or whenever any witness so summoned refuses to answer any question pertinent to the subject under inquiry before either House or any committee or subcommittee of either House of Congress, and the fact of such failure or failures is reported to either House while Congress is in session, or when Congress is not in session, a statement of facts constituting such failure is reported to and filed with the President of the Senate or the Speaker of the House, it shall be the duty of the said President of the Senate or Speaker of the House, as the case may be, to certify, and he shall so certify, the statement of facts aforesaid under the seal of the Senate or House, as the case may be, to the appropriate United States attorney, whose duty it shall be to bring the matter before the grand jury for its action."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by Mr. Bruce Bliven, editor of the New Republic.

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

Mr. LAMBETH. Mr. Speaker, I object.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1065. An act to further extend the period of time during which final proof may be offered by homestead and desert-land entrymen; and

S. 3269. An act to amend the act entitled "An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes", approved April 13, 1934.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 5 minutes p. m.) the House adjourned until tomorrow, Thursday, July 25, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

434. Under clause 2 of rule XXIV, a letter from the Chairman of the Reconstruction Finance Corporation transmitting a report of the activities and expenditures of the Reconstruction Finance Corporation for the month of June 1935 (H. Doc. No. 249), was taken from the Speaker's table, referred to the Committee on Banking and Currency, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. O'CONNOR: Committee on Rules. House Resolution 308. Resolution providing for the consideration of House Joint Resolution 350; without amendment (Rept. No. 1634). Referred to the House Calendar.

Mr. O'CONNOR: Committee on Rules. House Resolution 309. Resolution providing for the consideration of H. R. 8279; without amendment (Rept. No. 1635). Referred to the House Calendar.

Mr. DRIVER: Committee on Rules. House Resolution 310. Resolution providing for the consideration of H. R. 8628; without amendment (Rept. No. 1636). Referred to the House Calendar.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 7653. A bill to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over certain roads about to be constructed in the Presidio of San Francisco Military Reservation and Fort Baker Military Reservation; without amendment (Rept. No. 1637). Referred to the Committee of the Whole House on the state of the Union.

Mr. FADDIS: Committee on Military Affairs. S. 1301. An act to provide further for the maintenance of United States Soldiers' Home; without amendment (Rept. No. 1638). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 3044. A bill to amend the act of May 29, 1930 (46 Stat. 349), for the retirement of employees in the classified civil service and in certain positions in the legislative branch of the Government, to include all other employees in the legislative branch; with amendment (Rept. No. 1639). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 5051. A bill to amend the Civil Service Act approved January 16, 1883 (22 Stat. 403), and for other purposes; with amendment (Rept. No. 1640). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROWE: Committee on the Territories. H. R. 8845. A bill to authorize the incorporated town of Cordova, Alaska, to construct, reconstruct, enlarge, extend, improve, renew, and repair certain municipal public structures, utilities, works, and improvements, and for such purposes to issue bonds in any amount not exceeding $50,000, and for other purposes; without amendment (Rept. No. 1641). Referred to the House Calendar.

Mr. HEALEY: Committee on the Judiciary. House Joint Resolution 321. Joint resolution granting the consent of Congress to the minimum-wage compact ratified by the Legislatures of Massachusetts and New Hampshire; without amendment (Rept. No. 1642). Referred to the House Calendar.

Mr. CHANDLER: Committee on the Judiciary. H. R. 8180. A bill to prohibit the use of the mails for the solicitation of the procurement of divorces in foreign countries; with amendment (Rept. No. 1643). Referred to the House Calendar.

Mr. UTTERBACK: Committee on the Judiciary. S. 3058. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, and for other purposes; without amendment (Rept. No. 1644). Referred to the House Calendar.

Mr. SADOWSKI: Committee on Interstate and Foreign Commerce. S. 1629. An act to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes; without amendment (Rept. No. 1645). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H. R. 8686) for the relief of John Lewis, and the same was referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FORD of California: A bill (H. R. 8949) to authorize and adopt a certain public-works project for controlling floods, improving navigation, and regulating the flow of the Colorado River; to the Committee on Flood Control.

By Mr. KVALE: A bill (H. R. 8950) to amend the act of June 4, 1920, entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes', approved June 3, 1916, and to establish military justice", to limit its application in the case of civil educational institutions to those offering elective courses in military training; to the Committee on Military Affairs.

By Mr. LAMBETH: A bill (H. R. 8951) to amend an act entitled "An act to authorize the collection and editing of official papers of the Territories of the United States now in The National Archives", approved March 3, 1925, as amended; to the Committee on Printing.

By Mr. DIMOND: A bill (H. R. 8952) providing old-age pensions for Indians of the United States; to the Committee on Indian Affairs.

By Mr. McSWAIN: A bill (H. R. 8953) to make provision for the care and treatment of members of the National Guard, Organized Reserves, Reserve Officers' Training Corps, and citizens' military training camps who are injured or contract disease while engaged in military training, and for other purposes; to the Committee on Military Affairs.

By Mr. BEAM: A bill (H. R. 8954) to amend section 48 (b) and section 53 (a) (1) of the Revenue Act of 1934; to the Committee on Ways and Means.

By Mr. BOYLAN: A bill (H. R. 8955) authorizing the Secretary of the Treasury to make an examination of certain claims of the State of Missouri; to the Committee on the Judiciary.

By Mr. ADAIR: A bill (H. R. 8956) to authorize a preliminary examination of Spoon River, in the State of Illinois, with a view to the control of its floods; to the Committee on Flood Control.

By Mr. CLARK of Idaho: Joint resolution (H. J. Res. 366) providing for the establishment of a game-management supply depot and laboratory, and for other purposes; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of New York: A bill (H. R. 8957) granting a pension to Hanna M. MacCleverty; to the Committee on Pensions.

By Mr. AYERS: A bill (H. R. 8958) for the relief of the Waterton Oil, Land & Power Co.; to the Committee on Claims.

By Mr. COLE of New York: A bill (H. R. 8959) granting a pension to Isabelle Walton Prentice; to the Committee on Pensions.

By Mr. CROWTHER: A bill (H. R. 8960) granting a pension to Maude Harriman Sanford; to the Committee on Pensions.

By Mr. McSWAIN: A bill (H. R. 8961) for the relief of Mr. and Mrs. R. H. Minton; to the Committee on Claims.

By Mr. WHELCHEL: A bill (H. R. 8962) for the relief of Howard Hefner; to the Committee on Claims.

PETITIONS, ETC.

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

9191. By Mr. BUCKBEE: Petition of the Chamber of Commerce, Ottawa, Ill., calling upon Congress to adjourn sine die as soon as possible in order to remove any cause for retarding business recovery through the uncertainty of legislation; to the Committee on Rules.

9192. By Mr. CULLEN: Petition of the Eastern Fisheries Association, Inc., New York City, urging the speedy enactment of House bill 8055; to the Committee on Merchant Marine and Fisheries.

9193. Also, petition of the Advertising Men's Post, No. 209, American Legion, unequivocally and unqualifiedly opposing any amendments to the Agricultural Adjustment Act which would in any manner attempt to curtail advertising or reputable, legitimate advertisers, either through processing taxes, or by control of the Department of Agriculture or any other governmental department; to the Committee on Agriculture.

9194. By Mr. SAUTHOFF: Petition of the League of Women Voters of Oconomowoc, Wis., supporting the neutrality bills; to the Committee on Foreign Affairs.

9195. By the SPEAKER: Petition of the Polish Workers' Club "Solidarity", Milwaukee, Wis., to the Committee on Immigration and Naturalization.

SENATE

THURSDAY, JULY 25, 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. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, July 24, 1935, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quroum.

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. LEWIS. I announce that the Senator from Mississippi [Mr. BILBO], my colleague the junior Senator from Illinois [Mr. DIETERICH], the Senator from Louisiana [Mr. LONG], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Arkansas [Mr. ROBINSON] are necessarily detained from the Senate. I request that this announcement stand for the day.

Mr. CONNALLY. I wish to announce that my colleague the senior Senator from Texas [Mr. SHEPPARD] is necessarily detained from the Senate. I ask that the announcement stand for the day.

Mr. AUSTIN. I desire to announce that the Senator from New Hampshire [Mr. KEYES], the Senator from Delaware [Mr. HASTINGS], and the Senator from Rhode Island [Mr. METCALF] are necessarily absent.

Mr. VANDENBERG. I repeat the announcement as to the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House