

SENATE

FRIDAY, MARCH 8, 1935

(Legislative day of Monday, Mar. 4, 1935)

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

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Thursday, March 7, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haligan, one of its reading clerks, announced that the House had agreed to a concurrent resolution (H. Con. Res. 15) for the holding of memorial services in honor of the late Justice Oliver Wendell Holmes, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H. R. 2881) authorizing the adjustment of contracts for the sale of timber on the national forests, and for other purposes, in which it requested the concurrence of the Senate.

MESSAGES FROM THE PRESIDENT

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

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

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

| | | | |
|----------|-----------|-------------|---------------|
| Adams | Costigan | La Follette | Radcliffe |
| Ashurst | Couzens | Lewis | Reynolds |
| Austin | Cutting | Logan | Robinson |
| Bachman | Dickinson | Loneragan | Russell |
| Bailey | Dieterich | Long | Schall |
| Bankhead | Donahay | McAdoo | Schwollenbach |
| Barbour | Duffy | McCarran | Sheppard |
| Bilbo | Fletcher | McGill | Shipstead |
| Black | Frazier | McKellar | Smith |
| Bone | George | McNary | Stetwer |
| Borah | Gerry | Maloney | Thomas, Okla. |
| Brown | Gibson | Metcalf | Thomas, Utah |
| Bulkley | Glass | Minton | Townsend |
| Bulow | Gore | Moore | Trammell |
| Burke | Guffey | Murphy | Truman |
| Byrd | Hale | Murray | Tydings |
| Byrnes | Harrison | Neely | Vandenberg |
| Capper | Hastings | Norbeck | Van Nuys |
| Carey | Hatch | Norris | Wagner |
| Clark | Hayden | Nye | Walsh |
| Connally | Johnson | O'Mahoney | Wheeler |
| Coolidge | Keyes | Pittman | White |
| Copeland | King | Pope | |

Mr. AUSTIN. I announce that the Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness. I ask that the announcement stand for the day.

Mr. LEWIS. I wish to announce that the junior Senator from Arkansas [Mrs. CARAWAY] and the junior Senator from Louisiana [Mr. OVERTON] are absent because of illness, and that the Senator from Kentucky [Mr. BARKLEY] is necessarily detained from the Senate.

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

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a petition of several citizens of Laurinburg, N. C., praying for the passage of old-age-pension legislation, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Board of Supervisors of Monroe County, N. Y., favoring the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty, which was referred to the Committee on Foreign Relations.

He also laid before the Senate resolutions adopted by the Rochester Borough Council, of Rochester, Pa., and the Common Council of the City of Blue Island, Ill., favoring the passage of pending legislation proclaiming October 11 in each

year as General Pulaski's Memorial Day, which were ordered to lie on the table.

Mr. WALSH presented a petition of sundry citizens of Springfield, Mass., praying for the enactment of old-age-pension legislation, which was referred to the Committee on Finance.

He also presented memorials and papers in the nature of memorials of sundry citizens of Easthampton and Boston, Mass., remonstrating against the publication of personal income-tax returns, which were referred to the Committee on Finance.

He also presented petitions of sundry citizens of Boston and vicinity, in the State of Massachusetts, praying for the enactment of legislation providing immediate cash payment of adjusted-service certificates of World War veterans, which were referred to the Committee on Finance.

He also presented a resolution adopted by the Fifty-seventh Branch of the Lithuanian Alliance of America, S. L. A., Worcester, Mass., favoring the enactment of the so-called "Lundeen bill", or similar legislation, providing for old-age pensions and unemployment insurance, which was referred to the Committee on Finance.

He also presented resolutions adopted by a meeting of the Massachusetts Women's Constitutional League held at the Women's College Club, Boston, Mass., opposing the adoption of the so-called "Borah resolution", being the resolution (S. Res. 70) protesting against religious persecutions by the Government of Mexico and authorizing an investigation thereof by the Committee on Foreign Relations, and also opposing and favoring the passage of sundry other legislative proposals, which were referred to the Committee on Foreign Relations.

He also presented the memorial of Erik Borg and sundry other employees of the Morgan Construction Co., of Worcester, Mass., remonstrating against the enactment of the so-called "Black-Connelly 30-hour-week bill", or other measures designed to reduce the working hours in the machine-building industry, which was referred to the Committee on the Judiciary.

Mr. MURRAY presented a joint memorial of the Legislature of Montana, favoring the enactment of legislation granting to the State of Montana a site containing a hot-water spring to be used for the benefit of an infantile paralysis sanatorium, which was referred to the Committee on Public Lands and Surveys.

(See joint memorial printed in full when laid before the Senate by the Vice President on the 5th instant, p. 2958, CONGRESSIONAL RECORD.)

Mr. BARBOUR presented a concurrent resolution of the Legislature of the State of New Jersey, favoring the prompt enactment of the so-called "Frazier-Lemke farm-refinancing bill", which was referred to the Committee on Agriculture and Forestry.

(See concurrent resolution printed in full when laid before the Senate by the Vice President on the 7th instant, p. 3080, CONGRESSIONAL RECORD.)

Mr. BARBOUR also presented the following concurrent resolution of the Legislature of the State of New Jersey, which was referred to the Committee on Finance:

Concurrent resolution requesting that the Congress of the United States enact an amendment to the United States Internal Revenue Act of 1934, preventing the imposition of a tax upon any State or Territory of the United States, the District of Columbia, or any political subdivision, agency, or district thereof

Whereas the construction given to the United States Revenue Act of 1934, by the Commission of Internal Revenue of the United States and the collector of internal revenue of the district of New Jersey, intends to classify every public utility operated by the several municipalities of the State as not being an exercise of an essential governmental function; and

Whereas the said aforesaid construction of the said United States revenue act affects every such public utility operated by the several municipalities of the State in that they are subject to the payment of the taxes provided for in the said United States Revenue Act of 1934; and

Whereas many of the municipalities of this State operating public utilities have acquired water distribution systems and are supplying pure and wholesome water for public and domestic consumption, including water for the use of their respective fire departments for the prevention of fire and for the use of their

respective street departments for the cleaning of their streets and sewers, and for their public-school systems and other like public purposes; and

Whereas the various collectors of internal revenue, judges of the United States district court and judges of the United States circuit court of appeals have rendered conflicting opinions as to the intent, meaning, and construction of the language used in the said United States Revenue Act of 1934; and

Whereas there is no express provision in the said revenue act that the States and their political subdivisions are in a Federal taxable status; and

Whereas any Federal tax upon said States, their agencies, political subdivisions, or districts, is contrary to public policy: Now, therefore, be it

Resolved by the House of Assembly of the State of New Jersey (the senate concurring):

1. That the Congress of the United States should enact an amendment to the said United States Internal Revenue Act of 1934 preventing the imposition, directly or indirectly, of a tax upon any State or Territory of the United States, the District of Columbia, or any political subdivision, agency, or district thereof.

2. That a copy of this memorial, duly authenticated, be forwarded by the secretary of state to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and to each Senator and Representative in Congress from this State.

LESTER H. CLEE,
Speaker of the House of Assembly.
FREDERICK A. BRODESSER,
Clerk of the House of Assembly.
HORACE G. PRALL,
President of the Senate.
OLIVER VAN CAMP,
Secretary of the Senate.

SIX-HOUR DAY IN RAILWAY INDUSTRY

Mr. CONNALLY presented resolutions of Wichita Lodge, No. 652, Brotherhood of Locomotive Firemen and Engineers, which were referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

BROTHERHOOD OF LOCOMOTIVE FIREMEN AND ENGINEERS, WICHITA LODGE, No. 652.

To the Members of Congress of the United States:

Whereas there are approximately 50 percent of employees once in the service of the railways of the United States that are at this time out of service, and for the most part are on relief rolls, with no apparent prospect of being returned to their former positions, or other employment; and

Whereas certain conditions of contractual relations between the railways and certain of their transportation department employees permit of a condition where men are, on a mileage basis, permitted to work the equivalent of from 32 to 48 days per month, in some instances no limitation having been applied; and

Whereas our committees have utterly failed in their efforts with the management to effect any equitable distribution of mileage allowances, the management often giving every advantage and comfort to the senior employees in their piratical efforts to appropriate more mileage to their selfish selves; and

Whereas there is at this time a bill before the Senate and Congress of the United States having for its purpose the establishment of a 6-hour day in the railway industry: Therefore be it

Resolved, That we petition the Congress of the United States to enact into law these bills now pending before these honorable bodies making a 6-hour day for the railroad industry of the United States; and be it further

Resolved, We do especially urge, in the name of suffering humanity, now crying to high heaven for relief, a portion of the bill be made to fix an equitable maximum of days per month, or the equivalent thereof in miles, or any arbitrary allowances, an employee may be permitted to work, and providing a penalty for the violation thereof.

J. W. Parker, T. H. Boggan, J. E. Worthen, H. Hendrix, O. B. Allred, S. B. Bacher, J. K. Simmons, E. R. Blount, F. A. Reader, G. F. Strother, J. T. Ricks, W. C. McCollough, T. F. Tucker, H. A. Tanner, O. B. Brooks, E. B. Corley, R. M. Lay, V. J. Hess, M. Pye, E. L. Kimmerly, H. L. Koken, H. W. Wilborn, H. G. Kuykendall, W. K. Sparks, W. D. Alsobrook, Neal Rowland, T. J. Nichols, E. G. Gomer, J. H. Marberry, L. L. Spillmann, H. H. Halsey, R. D. McIver, L. C. Rodgers, D. B. Sewell, M. M. Scarborough, E. A. Stewart, N. R. Whited, W. J. Baker, W. C. Greenwood, T. R. Hanks.

"PINK SLIP" PROVISION OF INCOME-TAX LAW

Mr. ASHURST. Mr. President, each day for the past 10 or 12 days I have received upward of a dozen telegrams from valued constituents in Arizona urging me to vote to repeal the so-called "pink slip" provision of the income-tax law.

In order not to burden the contingent-expense account of the Senate with telegraph tolls, I here announce that I am in favor of the repeal of the "pink slip" provision. The

"pink slip" serves no one and assists no one except the kidnaper, the highjacker, and the blackmailer.

REPORTS OF COMMITTEES

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

S. 875. A bill for the relief of Michael F. Calnan (Rept. No. 277); and

S. 881. A bill for the relief of Leo James McCoy (Rept. No. 278).

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 2029) to authorize naval and Marine Corps service of Army officers to be included in computing dates of retirement, reported it without amendment and submitted a report (No. 279) thereon.

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (H. R. 5032) for the relief of the dependents of Carl Lindow, known also as "Carl Lindo", reported it without amendment and submitted a report (No. 280) thereon.

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 560. A bill for the relief of the Western Electric Co., Inc. (Rept. No. 281); and

S. 908. A bill for the relief of Edwin C. Jenney, receiver of the First National Bank of Newton, Mass. (Rept. No. 282).

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 1821) for the relief of Frank White and others, reported it without amendment and submitted a report (No. 283) thereon.

Mr. BAILEY, from the Committee on Claims, to which was referred the bill (S. 1864) for the relief of the State of Nebraska, reported it with an amendment and submitted a report (No. 284) thereon.

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 37) authorizing the Comptroller General of the United States to settle and adjust the claims of subcontractors and materialmen for material and labor furnished in the construction of a post-office and courthouse building at Rutland, Vt., reported it without amendment and submitted a report (No. 285) thereon.

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 82. A bill to authorize the disposal of surplus personal property, including buildings, of the Emergency Conservation Work (Rept. No. 286); and

S. 1065. A bill to further extend the period of time during which final proof may be offered by homestead entrymen (Rept. No. 287).

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT RELATIVE TO RICE

Mr. SMITH. Mr. President, from the Committee on Agriculture and Forestry, I report back favorably, with amendments, the bill (H. R. 5221) to amend the Agricultural Adjustment Act with respect to rice, and for other purposes, and I submit a report (No. 289) thereon. I call the attention of the Senator from Arkansas [Mr. ROBINSON] to the report.

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

GOVERNMENT OF THE VIRGIN ISLANDS

Mr. TYDINGS. From the Committee on Territories and Insular Affairs, on behalf of the subcommittee composed of Mr. METCALF, Mr. CLARK, and myself, I report a resolution requesting an investigation into the affairs of the Virgin Islands, and ask that it be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

The VICE PRESIDENT. Without objection, the report will be received and the resolution referred as indicated by the Senator from Maryland.

Mr. LA FOLLETTE. Mr. President, may I inquire if this is a report from the full committee?

Mr. TYDINGS. The full committee voted that the subcommittee should prepare the resolution and tender it to the Senate.

The resolution (S. Res. 98) was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That a special committee of five Senators, to be appointed by the President of the Senate, is authorized and directed to make a full and complete investigation of the administration of the government of the Virgin Islands. The committee shall report to the Senate as soon as practicable the results of its investigations, together with its recommendations, if any, for necessary legislation.

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

EXECUTIVE REPORTS OF A COMMITTEE

Mr. SHEPPARD, as in executive session, from the Committee on Military Affairs, reported favorably the nominations of several officers for appointment, by transfer, in the Regular Army, which were ordered to be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. BULKLEY:

A bill (S. 2188) for the relief of the estate of Frank B. Niles; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 2189) granting a pension to Jean L. Jadwin; to the Committee on Pensions.

By Mr. LOGAN:

A bill (S. 2190) to provide public educational facilities for certain children where adequate educational facilities are lacking; to the Committee on Education and Labor.

By Mr. VANDENBERG:

A bill (S. 2191) granting a pension to Francis K. Puckett (with accompanying papers); and

A bill (S. 2192) granting a pension to Marion Wells (with accompanying papers); to the Committee on Pensions.

By Mr. KING:

A bill (S. 2193) to provide for the construction, extension, and improvement of public-school buildings in Duchesne County, Utah; to the Committee on Indian Affairs.

By Mr. GUFFEY:

A bill (S. 2194) for the relief of Robert M. Foster; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 2195) to amend section 8 of the Agricultural Adjustment Act, as amended, by providing a system of crop insurance; to the Committee on Agriculture and Forestry.

A bill (S. 2196) to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes; to the Committee on Education and Labor.

By Mr. BYRD:

A bill (S. 2197) to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products in the District of Columbia; to the Committee on the District of Columbia.

By Mr. BONE and Mr. SCHWELLENBACH:

A bill (S. 2198) to amend Public Law No. 383, Seventy-third Congress, relating to Indians, by exempting from the operation of certain sections thereof the Yakima Indian Tribe of the State of Washington; to the Committee on Indian Affairs.

By Mr. NYE:

A bill (S. 2199) relative to the reasonable regulation of competition; to the Committee on Finance.

By Mr. HASTINGS:

A bill (S. 2200) for the refund of estate tax erroneously collected; to the Committee on Finance.

By Mr. BYRNES:

A bill (S. 2201) for the relief of William Leo Wurthmann; to the Committee on Naval Affairs.

By Mr. POPE:

A bill (S. 2202) to add certain lands to the Cache National Forest; to the Committee on Agriculture and Forestry.

By Mr. THOMAS of Oklahoma (by request):

A bill (S. 2203) to promote the development of Indian arts and crafts and to create a board to assist therein, and for other purposes; to the Committee on Indian Affairs.

By Mr. CUTTING:

A bill (S. 2204) to regulate the value of money in pursuance of article I, section 8, paragraph 5, of the Constitution of the United States; to create a Federal Monetary Authority; to provide an adequate and stable monetary system; to prevent bank failures; to prevent uncontrolled inflation; to prevent depressions; to provide a system to control the price of commodities and the purchasing power of money; to restore normal prosperity and assure its continuance; and for other purposes; to the Committee on Banking and Currency.

A bill (S. 2205) for the relief of Thomas F. Cooney; and

A bill (S. 2206) for the relief of the State of New Mexico; to the Committee on Claims.

By Mr. GORE:

A bill (S. 2207) to establish in the Department of Agriculture a Soil Conservation Service to control flood waters affecting the navigability of streams, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. VANDENBERG:

A joint resolution (S. J. Res. 79) authorizing the President to present in the name of Congress a medal of honor to J. Harold Arnold (with an accompanying paper); to the Committee on Naval Affairs.

HOUSE BILL AND CONCURRENT RESOLUTION REFERRED

The bill (H. R. 2881) authorizing the adjustment of contracts for the sale of timber on the national forests, and for other purposes, was read twice by its title and referred to the Committee on Agriculture and Forestry.

The concurrent resolution (H. Con. Res. 15) for the holding of memorial services in honor of the late Justice Oliver Wendell Holmes was referred to the Committee on the Library.

CHANGE OF REFERENCE

On motion of Mr. SHEPPARD, the Committee on Military Affairs was discharged from the further consideration of the bill (H. R. 2569) for the relief of the estate of R. A. Wallace Treat, and it was referred to the Committee on Foreign Relations.

POWER REVENUES ON RECLAMATION PROJECTS—AMENDMENT

Mr. HAYDEN submitted an amendment intended to be proposed by him to the bill (S. 1924) to provide for the distribution of power revenues on Federal reclamation projects, and for other purposes, which was referred to the Committee on Irrigation and Reclamation and ordered to be printed.

WORK-RELIEF PROGRAM—AMENDMENTS

Mr. KING submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 117) making appropriations for relief purposes, which was ordered to lie on the table and to be printed, as follows:

On page 3, line 20, in the committee amendment, after the words "flood control", to insert "irrigation and reclamation."

Mr. COSTIGAN submitted amendments intended to be proposed by him to the joint resolution (H. J. Res. 117) making appropriations for relief purposes, which were ordered to lie on the table and to be printed, as follows:

In section 3, on page 5, line 20, to strike out the word "and" following the semicolon, and on page 6, in line 4, to strike out the period after the word "appointed" and add the following: "and

(c) utilize the Federal Emergency Administration of Public Works established under title II of the National Industrial Recovery Act without regard to any limitations imposed by said act, and said Federal Emergency Administration of Public Works is hereby continued until June 30, 1937, and is authorized to perform such of its functions under said act and such functions under this joint resolution as may be authorized by the President. All sums appropriated for carrying out the purposes of said act shall remain available until June 30, 1937."

On page 3, line 20, after the comma and before the word "flood", to insert the words "water conservation, transmountain water diversion, irrigation and reclamation."

GOLD—ARTICLE BY THOMAS T. HOYNE

Mr. DIETERICH. Mr. President, I ask unanimous consent to have published in the RECORD an article on Gold and Its Use as Money written by Thomas Temple Hoyne, a student of finance, and financial writer of Chicago, Ill. While this article is covered by copyright, I have the consent of its author to insert it in the RECORD.

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

LOVE-O'-GOLD

Since Christopher Columbus, poor weaver, who forsook his trade for the sea, commanding a company of 120 adventurers aboard the *Santa Maria*, the *Pinta*, and the *Nina*, drove westward across the Atlantic in 1492 on the first of his four brave voyages of discovery, the world has produced 35,000 tons of virgin gold.

Thirty-five thousand tons! Long tons of 2,240 pounds each! Gold enough to rear a column of splendor 20 feet in diameter, 196 feet high—a tower of solid gold for all the millions of all lands in all climes to worship.

And worship the millions would, in abject humility, for gold is the only thing so loved by man that it is eagerly sought in exchange for every other thing by every people, from the lowest to the highest, on the slippery steps leading upward from savagery to civilization.

DOLLARS, DOLLARS, DOLLARS

That glittering 35,000-ton pillar of pure gold, untarnishable, indestructible, pointing magnificently at the stars, would represent in our money of January 1, 1933, approximately twenty-three and one-half billion dollars; in our new money of January 1, 1935, approximately \$39,000,000,000.

It would be worshiped as the recognized embodiment of the Protean power that in countless forms whips onward the affairs of men in order and in disorder; inspires the most earnest industry; instigates the basest crimes; makes the best brains wise masters or cringing servants; lays low the courageous; or puffs up cowardice into semblance of bravery.

This power is beyond accurate gage by statisticians poring over lifeless bank statements, corporate earnings, bond issues, price indices, and other laboriously grouped figures supposed to divulge the inmost secrets of economic progress or retrogression.

It was born of adoration of gold as a fetish, first aroused by the fancied resemblance of gold to the sun in the primitive minds of sun worshipers. Pieces of the sun they thought pieces of gold actually were, and they adored and treasured them as such.

BEFORE THE MINT

The sun god was worshiped throughout the ancient world. As *Mathras* by the Persians; *Baal* by the Chaldeans; *Belphegor* by the Moabites; *Moloch* by the Canaanites; *Osiris* by the Egyptians. In his glorification Babylonian and Assyrian temples blazed with gold.

As "kin" the Mayas, ruling race of Yucatan when America was discovered, exalted him in their word for gold—"takín", meaning "excrement of the sun god." In the picturesque language of the Aztecs the word for gold, "teocuitlatl", had a similar meaning.

The alchemists took note of man's oldest religion when they called gold by the name of the old Italic sun god, "Sol."

THE FIRST COINAGE

The inherited effect of religious worship of gold for thousands of years still safeguards it against possibility of depreciation as a universal medium of exchange. Many a monetary denomination records this tradition of intrinsic value.

An old French coin, the "sol", was replaced at the time of the French Revolution by the "sou." In Peru, once land of the sun-worshipping Incas, the "sol" is today the monetary unit, equivalent to 48.7 cents of the former United States dollar.

But it was the ancient Lydians, claiming descent from *Lud*, son of *Shem*, son of *Noah*, who invented the coining of gold.

PAPER MONEY

Paper money, however, had no worshipful origin in the traditions of the Middle Ages. According to *Goethe*, it was the invention of the devil himself.

In *Faust* the Chancellor reads to the Emperor the noble promise appearing on the first paper money, as follows:

"To all whom it concerns: let it be known
Who hath this note, a thousand crowns doth own.
As certain pledge thereof shall stand
Vast buried treasure in the Emperor's land.
Provision has been made that ample treasure,
Raised straightway, shall redeem the notes at pleasure."

THE FIRST INFLATION

Later the Steward, describing the heady effects of this new currency, says:

"The flight of notes we could nowise prevent;
Like lightning notes were scattered on the run.
The changers' shops ope wide to everyone;
And there all notes are honored, high or low,
With gold or silver—at a discount, though.
From these to butcher, baker, tavern hasting.
One-half the world seems thinking but of feasting.
The other, strutting, its new raiment shows;
The draper, cuts the cloth, the tailor sews,
In cellars, 'Long live the Emperor!' is the toasting;
There platters clatter, there they're boiling, roasting."

Mephistopheles remarks sardonically:

"Nor gold nor pearls are half as handy as
Such paper. Then a man knows what he has."

WORTHLESS CURRENCY

The subsequent tale of ruin was a poetic warning from the master mind of the German people, to which in modern times they paid no heed.

After the World War Germany thought she did not have sufficient money and plunged into an orgy of currency inflation. Late in 1924 the value of the mark, once monetary unit of the proud German Empire and worth 23.8 cents, had all but vanished.

A single United States dollar could buy 4,200,000,000 paper marks.

"No complaint is more common than that of a scarcity of money", wrote *Adam Smith*, author of *Wealth of Nations*, in the last half of the eighteenth century. "This complaint, however, is not always confined to improvident spendthrifts. It is sometimes general through a whole mercantile town, and the country in its neighborhood. Overtrading is the common cause of it."

IN THE WORLD'S PURSE

So it was in recent years in this country.

At the depth of the present depression the cry went up that there was not enough money with which to do business. But at that very time the amount of money in circulation was the largest in our history, and the volume of business that could be done was woefully small compared with the volume a few years before.

The world's monetary stocks of gold had grown to more than \$11,000,000,000 in 1931 from approximately \$5,000,000,000 in 1913.

The late *Joseph Kitchen* pointed out in the *London Economist* of January 31, 1933, that from 1913 to 1931 these monetary stocks had increased faster than economic activity.

No lack of gold accounted for the low level of prices in 1932. It was hoarding that made gold seem scarce—hoarding by individuals and nations.

OUTPUT OF GOLD

During that period (1913 to 1931) the record year of gold production was 1915, when the world's output was 22,593,833 fine troy ounces. In 1930 the output was 20,385,000 ounces—the largest since 1917.

A new record of 24,226,000 ounces was set in 1932. In 1933 that record was beaten with 24,282,000 ounces, and in 1934 the output for the first 9 months (19,617,000 ounces) promised another new record annual production.

The British Empire accounted for 62 percent of the world's output in 1914; 70 percent in 1932. From mines in the *Transvaal* came more than one-half the total production for 1930.

In 1931 Canada moved up into second place as a producer of gold. The United States stepped down into third.

MONETARY STOCKS OF GOLD

This country, France, Switzerland, Holland, and Belgium had 44 percent of the world's monetary stocks of gold in 1913; 71 percent in 1931.

On January 1, 1927, the monetary gold of the United States had increased from less than \$2,000,000,000 before the World War to \$4,492,000,000—nearly one-half of the monetary stocks of the world.

This store of gold decreased to \$4,375,000,000 by January 1, 1928. But it began to climb again, and on September 16, 1931, it stood at the peak of \$5,016,000,000—equal to 44.54 percent of the world's total monetary stocks.

Five days later (Sept. 21, 1931) came suspension of gold payments by Great Britain, and the wrecking of the gold standard began.

PANIC AND HOARDING

Panic swept over Europe. Nations and individuals went mad with the love of gold. Seeking some place of safety, they shifted it from country to country, stowed it away in vaults and safety-deposit boxes, buried it, hid it under mattresses, in teapots, cupboards.

At the end of 1931 the United States still had \$4,461,000,000 in gold; France, \$2,699,000,000; England, \$588,000,000; Switzerland, \$444,000,000; the Netherlands, \$361,000,000; Belgium, \$355,000,000; Italy, \$296,000,000; Germany, \$234,000,000.

Important decreases for the year were: Germany, \$290,000,000; the United States, \$135,000,000; England, \$130,000,000.

France gained \$600,000,000; Switzerland, \$310,000,000; the Netherlands, \$190,000,000; Belgium, \$170,000,000.

OUR BUSINESS WRECKED

Banks were tottering and crashing behind their paper bulwarks, the only defense they had against the attack of hoarders trying to get solid gold for intangible credit.

The net profits of 900 corporations in the United States, that had shrunk during 1930 from \$2,162,000,000 in 1929 to \$1,258,000,000, shriveled away in 1931 to \$592,000,000.

The profits of 38 iron and steel companies fell 99.9 percent under 1930; of 28 petroleum companies, 97.9 percent.

The number of business failures in this country during 1931 was 29,054, with total liabilities of \$2,280,829,316.

January 1932 set a new high record for the monthly number of failures—3,214, with total liabilities of \$308,273,000.

END OF THE GOLD STANDARD

In spite of the high record production of gold in 1932, 33 countries were listed that year by the United States Department of Commerce as "officially" off the gold standard, and 11 more as "practically" off.

At the end of September 1932 the United States, France, Switzerland, and Holland had 69 percent of the world's monetary stocks of gold.

At these holdings ponderous pedants of an old and out-worn school of economics pointed the awkward finger of unconvincing explanation. In the words of one of them:

"This accumulation of gold in a few countries which did not need it for currency or credit purposes depressed the movement of prices and retarded the making of international payments. Although gold continued to be the only commodity acceptable to creditors, in a number of European countries, it ceased to perform its primary function as a basis for credit and currency."

SOMETHING ABOUT MONEY

No wonder Mr. Arthur Brisbane frequently wrote in his entertaining column:

"Nobody knows anything about money."

The chief function of money has altered since the Victorian era. Then it was to act as a direct means of bringing about desired exchanges of things and services.

Bank checks and other forms of credit do most of that work nowadays. The chief function of money no longer is its direct use in effecting exchanges, but its service as a measure of value. Correctly to denote prices it must really be what it pretends to be.

THE 40-PERCENT FALLACY

Half a century ago, before so many financiers had learned to live by debt alone, hard cash played a more important part in the daily affairs of life. In this country no investment trusts stood at one end of the scale, no installment-selling plans at the other.

A wholesome memory of our paper-money experiences during Civil War days still survived. To be on the gold standard meant that money calling for redemption in gold must really be redeemable in gold at any time.

But this memory faded, with only recurrent flashes of vividness at longer and longer intervals. Meanwhile a banking convention grew into the financial obsession that only a portion of the gold represented by an issue of paper money need actually stand behind it to keep it sound.

The old invention of Mephistopheles!

Forty percent came to be regarded as a requisite coverage. Why, nobody knows. Probably on no better authority than the confidence in 1929 that a share of stock must be worth from 15 to 20 times its annual earnings.

A GLITTERING FICTION

No mystery obscures the reason why England was driven off the gold standard, and why every other country was driven off, including the United States. That reason is crystal clear. There was not enough gold to redeem the paper currencies issued against it.

Those who had paper money, seeing all around them the ruin wrought by credit inflation in everything else, feared that their money might have been vitiated in the same way. When they rushed to get the gold it called for, they found their fears were justified.

The gold standard was a glittering fiction. A \$10 bill, unless it happened to be a gold certificate (in effect, a warehouse receipt for \$10 worth of gold delivered to the Treasury of the United States to be returned on demand), was not sound money at all. It was merely an instrument of credit, like a bank check or an individual's promissory note, that might, or might not, be worth what it pretended to be worth.

THE WAY WE WERE

On February 28, 1933, the issues of paper money in this country, exclusive of silver certificates, were: Gold certificates, \$1,250,621,639; national-bank notes, \$879,878,433; Treasury notes of 1890, \$1,214,500; United States notes, \$344,939,233; Federal Reserve notes, \$3,677,350,720; total, \$6,154,004,535.

The monetary stock of gold behind this paper money was \$4,379,539,509.

But \$1,250,621,639 worth of this gold stood dollar for dollar to redeem the \$1,250,621,639 of gold certificates. This left \$3,531,728,727 of gold behind the remaining \$4,903,382,896 of paper money.

In other words, there was \$1,371,654,169 more paper money than there was gold to redeem it.

THE WAY WE ARE

What is the situation since the value of gold has been raised from \$20.67 an ounce to \$35 an ounce by Presidential proclamation, January 31, 1934?

On the first of last November it was this:

The total volume of money in circulation, including silver certificates, silver dollars, subsidiary coins, and \$139,000,000 of gold certificates still outstanding, was \$5,453,684,537.

The monetary stock of gold behind this was \$8,001,522,568.

In other words, there was \$2,547,838,031 more gold than there was money of all kinds in circulation—more than \$1.46 in gold behind every dollar of that money.

WORLD'S SOUNDEST MONEY

Furthermore, even if that \$8,001,522,568 of gold were reckoned at its old value of \$20.67 an ounce, instead of at its present value of \$35 an ounce, the total amount would be more than the monetary stock of gold on February 28, 1933, by over \$400,000,000.

No evidence of impaired Government credit is discernible in this condition of our currency.

The money of the United States is by far the soundest money in the world.

It is unimpeachable.

THAT GOLD IS OURS NOW

And lest we forget:

Every dollar of that \$8,001,522,568 is now owned by the Government of the United States.

No longer are nearly three and three-quarter billions of it (\$2,225,068,000 under the old valuation on February 28, 1933) an exclusive asset of the Federal Reserve banks, and thus owned by their member banks and, indirectly, by the individual stockholders of those member banks.

Every dollar of that \$8,001,522,568 in gold belongs to the people of the United States of America.

That gold stands as their more than adequate guaranty, one to another, that the billions of paper dollars in circulation are 100 percent sound. And no one, except in accord with governmental limitations, neither international banker nor domestic miser, can lessen that guaranty by taking out of the Treasury to ship abroad or to hoard at home, so much as a single dollar's worth.

NO GOLD FOR PAPER

How utterly the world has abandoned the gold standard was made clear in the foreign news during the third week of last October, when representatives of the seven countries composing the so-called "gold bloc" met at Brussels, talked vaguely, did nothing, and adjourned to this month (January 1935).

Not one of these countries was really on the gold standard. Not in Switzerland, Holland, or Belgium was gold to be had for paper francs, guildens, or belgas. In Italy no gold was given in exchange for paper lira.

France was the only country where paper money was exchangeable for gold; and there only in one way, which required approximately \$8,000 worth of paper francs and plenty of patience. Presenting this sum at the Banque de France and demanding gold for it, would eventually obtain the gold in the form of a solid bar.

FOREIGN EXCHANGE

British economists, voicing the international point of view—which is the English point of view—sagely wag their heads and tell us we must stabilize our money for the benefit of world-wide trade.

Stabilized our money already is, as firmly as it ever was, and in exactly the same manner—by Federal law. But what about the pound sterling?

Ever since Great Britain suspended gold payments the pound has jumped around between a low of \$3.14½ on November 29, 1932, and a high of \$5.52½ on November 16, 1933. Daily it wobbles like a jelly. England shows no inclination to stabilize the pound.

It looks like good business for England not to stabilize it. If through machinations of foreign exchange the pound could be forced up to a temporary equivalence with, say, \$5.25, note how much more cotton in this country and probably wheat in Canada a pound would buy; and then, if it could be let down again to temporary equivalence with, say, \$4.75, note how much easier it would be for English manufacturers to attract the purchasing power of importers here and probably in Canada.

FOREIGN PROPAGANDA

The most depressing influence in the United States is psychological. Commonly described as "want of confidence", it is, in fact, woeful blindness to our own advantages that breeds a commercial inferiority complex upon which international propaganda plays effectively.

We are in more danger of economic poisoning from this kind of propaganda than from the thin, tricky logic of communistic absurdities.

For months we have been told that we are lagging far behind the rest of the world on the road to recovery.

What is the truth?

Take inventory of our economic blessings.

SEEDS OF PROSPERITY

Our money is the soundest in the world; our tax burden probably the lightest among civilized nations; our average standard of living the highest; our opportunities the greatest.

Our national debt, not even considering disparity in population, is small compared with Great Britain's.

We are threatened neither with internal dissension—like France, Spain, Mexico, Germany, the Balkan countries; nor with possibility of war—like Japan, Russia, and those European nations that may become involved in disputes left in the wake of the settlement of the Saar controversy.

We need no currency inflation. Between eight and ten billion dollars of established bank credit stands unused, ready to express itself in industrial activity that will mean increasing employment, the instant business requires credit for justified expansion.

Stocks and commodities are full of promise of a higher price trend.

OUR FUTURE IS HERE

Our greatest market for our own products is here at home where they are produced, not thousands of miles away.

What ingredients of prosperity that compare with this one alone has any foreign country?

Before another year rolls around developments abroad may make clearer to eyes over here the financial, economic, and social miseries that stalk through Europe. The wisdom of our aloofness from that incomprehensible turmoil of racial hatreds may become more manifest.

Those foreign countries, expounding the benefit of cooperation, urging us into closer international relations, owing us more than \$11,000,000,000 they refuse to pay—are they unmoved by love of gold?

Note: The statistics in this issue are taken from, or based upon, the figures of Dr. Adolph Soetbeer, Joseph Kitchen, the National City Bank Bulletin, the American Bureau of Metal Statistics, the Director of the United States Mint, the United States Department of Commerce, the Chicago Federal Reserve Bank, the Encyclopedia Americana. If social and economic effects of varying production of gold interest the reader, he may find entertaining *Intrigue on the Upper Level*, a recent novel by the editor of the Economic Forum, which describes life in 2050 A. D., when the secret discovery of how to manufacture gold at insignificant cost suddenly becomes public property.

THEORY OF COLLECTIVE BARGAINING—ADDRESS BY FRANCIS BIDDLE

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD a very instructive and very able address delivered by Francis Biddle, Chairman of the National Labor Relations Board, before the Community Forum at Carnegie Lecture Hall, Pittsburgh, Pa., March 4, 1935, on the Theory of Collective Bargaining.

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

H. G. Wells says, in his *Experiment in Autobiography*: "We are waking up to the fact that a planned world-state governing the complex of human activities for the common good, however difficult to attain, has become imperative, and that until it is achieved the history of the race must be now inevitably a record of catastrophic convulsions. * * * No real going back to the old, comparatively stable conditions of things is possible. * * * We are, therefore, impelled to reconstruct the social and economic organization until the new conditions are satisfied."

I take it that an essential premise of the new deal is that our American world here about us can be planned; and that we cannot go back to the old condition of things. Planning involves stabilization. Thus, in industry an attempt was made from within to eliminate cutthroat competition and outlaw unfair trade practices. Monopoly, where monopoly was desirable, was to be permitted under the watchful eye of the Government.

There are perhaps few economic theories with which most of us could agree. To swing right, to swing left, is hardly the definition of a plan. Nor is the itch to change any more than the desire to stay inert—and let nature take its course—more than a very simple description of emotion. The words radical and conservative hardly more than describe a state of mind. They do not chart a direction in which we should go—or stay. Yet some general economic formulas are acceptable, even in the welter of prophecies and convictions. One such theory I shall take today as a starting point of my discussion. Simply, it may be stated as follows: Our domestic consumers' market in the past 5 years has been gradually drying up. The national income between 1929 and 1934 has been cut in half. We do not produce too much to consume, measured in terms of need; but our national income cannot absorb goods on a scale large enough to keep our vast plants running at capacity, or to put men back to work on anything like a predepression basis. Our problem then is to increase consumption, to broaden buying power. The alternative of curtailing production, except as a temporary emergency, is hardly calculated to create wealth.

How to increase the national income?

At this point, roughly speaking, two schools of thought divide. The first, its emotional outlook largely determined by its own easy comfort, fixed in the naive faith that a "comparatively stable condition of things" can again be achieved if the Government will only let business alone, uses the simple watchword of "recovery." Recovery first, reform afterward. Lower wages, and business men can sell at a profit. Profit will tempt capital. Take away the restrictions and the profit motive, regulated by the ordinary law of supply and demand, will stimulate business activity. New factories will spring up. The unemployed will go back to work. The inevitable course of nature will have its way.

As a general rule, that is the ready philosophy of a majority of American business men. Their most cogent argument is historical. It has always worked this way, and it will, therefore, work again.

But those who believe that reform is essential before recovery, can be heard to question the method as well as the ideal. What kind of recovery do we want? Even in 1929 the national per capita income was definitely inadequate for a decent living. Production then was as inadequate from the point of view of need as it was overexpanded from the consideration of the adequacy of the national income to consume. Overconcentration of wealth was a historic phenomenon accentuated during the great boom; a tendency which progressively increased in the lean years. As wealth shriveled it also concentrated. The vicious circle closed in on a shrinking market.

And the process, accelerated since the Great War, has been going on for years. In 1849 the wage earners' share in each dollar created by manufacture was 51 percent; in 1919, 42 percent; and in 1933, 36 percent. In other words, the share going to profits and overhead and other costs has increased from 49 percent to 64 percent over the 84-year period. On the other hand, between 1919 and 1933 the average worker's producing capacity almost doubled; production per worker per hour in our manufacturing industries increased 71 percent, while their share, as I have said, dropped 6 percent.

The new deal—a new economic way of thinking—was based, partially at least, on a conviction that to sustain our economic structure, wealth must be more quickly and evenly distributed. None of us question that the wealth is there—the natural resources, the huge plant, the man power, the technological skill. How to spread it? For to sustain the very structure itself, top-heavy with maldistribution, the fruits of field and factory must be more widely consumed.

I believe that in the 2 years that have passed we have come to realize these truths, to hold them self-evident; that prosperity must have a broad basis; that it cannot balance on the apex of the pyramid; that we cannot drift back into good times; that lower real wages tighten the circle of economic destruction; that the profit motive, uncontrolled, will not distribute wealth; that we have been for many generations interfering artificially with the natural law of supply and demand, so that it no longer works, if indeed it ever did work in a society maintained by the haphazard balancing of everyone's individual striving for advantage; that a few must be content with less if indeed they are to get anything at all; that the future, the very present, in fact, demands an economy consciously controlled to the desired end.

How then should these controls be exercised?

A definite attempt of our people to exercise control through its Government found expression in N. R. A. It is easy now, when the start has been made, when the first difficulties have been put behind us, to say that N. R. A. has broken down, that it should be scrapped. We forget its lasting achievements—the virtual abolition of child labor, the elimination of competitive excesses in many fields, the increase of employment and pay rolls in many industries, resulting from codes. I do not believe that the social philosophy behind the N. R. A. will be abandoned. Other or modified social controls will undoubtedly be found. And perhaps we can find the reason for failure in those fields where failure has existed.

The theory of code structure was that industry would police itself. Minimum prices and wages were to be fixed by industry from within itself, instead of being forced on us by an inexperienced Government.

One basic clause written into all codes was the famous section 7 (a), a declaration of the right to organize and bargain collectively. But it was hardly more than the bold declaration of a right. Rights are not self-enforcing. If hours of work, wages, and basic working conditions had been the subjects of collective bargaining in code making; if labor, as well as industry, had written the codes and been equally represented on the code authorities; if the provisions of the codes then could and would have been enforced, I believe that today we should have had higher wages, a broader market, and more basic economic improvement. I believe in reform, therefore, because it builds a sounder recovery.

In these last 2 years the banks have been saved and are sound, even if they do comparatively little business. Corporations are again figuring in black instead of red. The return from income taxes has increased. The combined index of business activity (Annalist) stood at 75 in December 1934, as against 69 in December 1933. The factory employment index (Bureau of Labor Statistics) was 79 for 1934, as against 75 for the year before. (The index of 100 is the 1923-25 average.) The Bureau's combined factory and nonmanufacturing index of average earnings from pay rolls was 101 in 1934, as against 94 in 1933.

The demand for consumers' goods has not kept pace with these apparent signs of improved conditions. Heavy industry is still at a standstill. Unemployment is almost as great as ever. In December, according to the survey of current business of the Department of Commerce, "over 19,000,000 persons, or about 15 percent of the total population, were receiving Federal relief, the largest total for any period since the present program has been in effect." The report on the operation of the National Industrial Recovery Act, just issued by the Research and Planning Division of N. R. A., shows unemployed in December 1934 of 10,830,000, as against 10,613,000 in December 1933. The basic market, the broad consumers' market, on which the whole system rests, in spite of the vast priming poured in by the Government, appears to be at a standstill. Without that priming the process of shrinkage would continue with far more disastrous results.

How about wages? Factory workers in 25 industries, according to the Bureau of Labor Statistics, averaged \$20.71 a week in December 1934, as against \$18.50 a week in December 1933. Common labor averaged \$0.40 an hour in December 1934 as against \$0.38 an hour in December 1933. In short, there was an increase of a little over 10 percent in the weekly wages of factory workers, and of 5 percent in the hourly wage rate of unskilled labor. But the cost of living in the same period has gone up about 5 percent, in which the largest increase is food—about 10 percent. Therefore, in the past year there has been substantially no change in the earnings of factory workers and unskilled labor.

What has happened to profits over the same period? In 1932, instead of any profit there was a loss in manufacturing business of 5.3 percent per share; in 1933, with an increased production of 19 percent, a small profit, nearly 1 percent on capital stock was realized. From figures thus far available it would appear that in 1934, with an increase of 4 percent in production, this profit has been further substantially lifted. According to a business survey in the New York Times the average dividends of 600 companies rose through 1934 to \$1.27 a share as against \$1.11 the year before. In December 1934, \$231,000,000 was paid in dividends as against \$191,000,000 in December 1933. The total market value of shares listed on the New York Stock Exchange increased almost a billion dollars in the year.

The N. R. A. report makes the following comparison of profits between 1926 and 1934:

"Even more startling is the light placed upon the lot of those receiving dividends and interest by historical comparison. Although pay rolls in December 1934 were only about 60 percent of the total in 1926, dividends and interest were 150 percent of their total in 1926. In short, the income enjoyed by those who received dividends and interest was 50 percent higher than in 1926, even though the national income has declined nearly 40 percent since that date and volume of production has declined by one-third. Rough as the compilations are, clearly the recipients of profits have not failed to enjoy their proportionate share of the increase in industrial recovery."

Nor would it seem that the machinery of codes has effected any real redistribution of income. In some industries, the report finds, earnings have increased, whereas they have decreased in others. And any redistribution effected is often merely among the workers themselves. Thus, although female workers in the cotton-textile industry in the North enjoyed a real income in October 1934, higher by 7 percent than in July 1933; and in the South a real income higher by 16 percent—nevertheless the real income of the best paid two-thirds of the male wage earners in the North was smaller in October 1934 than in July 1933; and the upper 10 percent had a real income 8 percent smaller. The real income of the upper three-fifths of such workers in the South was also less in October than in July; and the upper one-tenth had 10 percent less real income (Bureau of Labor Statistics).

Profit rests on large-scale production which cannot live on the small market of the few wealthy, but must be absorbed in the vast and general market of the masses. To buy, the many must have the means. Consumption is the ultimate test of wealth. The few can consume only on a limited and vicarious scale. We have thought of consumption in terms of need and desire. But there is plenty of demand in that sense. "Demand", in the sense used when we speak of "supply and demand", involves the ability to pay as well as the desire to consume. It is the demand that can find satisfaction only through money; and, for an overwhelming majority of us, out of what we earn.

It cannot be denied that where collective bargaining exists, where unions are well-established and recognized, real wages are higher, and work more regular. Moreover, any tendency of minimum rates fixed by codes toward pulling down the higher wage scale in a given industry would, of course, be checked by collective bargaining. If it were otherwise, if collective bargaining and unions meant lower wages and longer hours, we should have for them the enthusiastic support of employers of labor. But we do not. Employers are, not unnaturally, afraid of increased wage costs if the union is recognized. But without increased wages we cannot have the broad market necessary to absorb the fruits of large-scale production.

There is, too, another factor involved, in considering the need for an increased wage income to workers. We have come to believe that unemployed men must be supported by the State where private charity is unavailing. If the base market is broadened by absorbing the unemployed under the demand of increased production stimulated by mass purchasing power, and higher wages, profits may be less. But so, too, will taxes. For a vast share of taxes, very much the greatest part today, goes into supporting the unemployed. It is a definite choice. You can't have your cake and eat it. Employers can have their profits taxed to be turned back by the Government through the medium of a dole paid to the unemployed, or they can forego some of the profits—get less but keep more—by paying higher wages. I can think of no alternative between a dole existence and a wage existence. If that is true, there can be no choice if we are to be free men.

For freedom to work and to live decently no longer means the theoretical freedom of a man to make a contract with the steel corporation. There is no freedom of contract where power is all on one side and the choice is to take what you can get or starve. Mr. John Lewis, with half a million miners behind him, can make a contract, because he, too, with this vast power of collected labor, can say, "Take it or leave it." The forces are balanced; the game is even.

There are two theories about the relationship of capital and labor. One is the partnership theory, the other the class-war theory. The first insists that since both employer and men depend for their living on the success of the business they are necessarily partners and must cooperate to a common end. The boss and his workmen, under this conception, are the members of the partnership. Employers like this theory because it puts them in a position to object—with logic if you accept the definition—to any form of strike, agitation, unionization in fact, which interferes with the relationship.

The other approach is exactly the opposite. Class war, so it runs, is an inevitable result of our economic system. The interest of employer is absolutely opposed to the interest of his men. He is after as much profit as he can squeeze out of his men; they are alone interested in the highest wages they can get out of the business.

A little thinking will show that both these generalities are partly true; that each taken alone is misleading; that together they are not only not inconsistent but complementary. For the interest of each partner in any partnership agreement is to get all he can out of the business. If one gets more the other must get less. But that does not mean they cannot agree on the share of each, on the theory that their joint endeavor, mutually regulated, will be more satisfactory to both in the long run.

There is, however, one real flaw in the argument that the relationship is one of partnership, which is usually overlooked. A partnership is the result of agreement and presupposes equality of bargaining. This condition does not, as we have already said, apply to an individual seeking a job. The partnership is created as the result of an agreement. Thus it becomes fair to describe the relationship as a partnership only after an agreement has been entered into by the parties from some equality of bargaining power. Such agreements are collective bargaining agreements, signed by employer and union, and are real partnerships, which carry with them the joint good will and spirit of team play of real partnerships.

Therefore if employers are sincere in their insistence that labor is a partner of capital; if they wish to work in cooperation with their employees instead of in continual struggle with them; if, in a word, they wish peace and not industrial war, they will say frankly, "We wish to bargain in groups; we will not exploit our labor by hiring individuals, but will honestly and sincerely treat labor as an actual and not merely as a nominal partner in the joint enterprise." Industry, instead of welcoming the Wagner bill, is preparing to fight it on all sides. It is a bill primarily intended to bring about by collective bargains that true partnership of which I have spoken. And yet on February 23 the Journal of Commerce characterized it as founded "upon the theory that there is a perpetual conflict between employer and employee." But the truth is that most employers do not want to treat labor on a basis of equality. They want neither alternative—free contracts or industrial war—because they are embedded in the passing doctrine that a workman should take what he can get. They do not mind occasionally "improving" his lot, if the improvement comes from the top down—the old gesture of charity. But free men hate charity as much as they cherish independence. So that collective bargaining has come to mean industrial freedom to American workmen.

This inconsistency runs through the whole concept adopted by industry. Thus in its now famous "platform for recovery" the National Association of Manufacturers for the United States frankly expresses its view that the same principles need not be applied when dealing with industry as are called for in labor disputes. What is sauce for the goose is evidently not sauce for the gander, according to the association, which shies at the majority rule applied to employees. The desired result "demands that employer and employee be free to bargain collectively or individually"; and that we should "recognize the equal right of minorities or individuals to bargain for themselves, directly or through representatives of their own selection." All very well for employees. But no such limitation to collective bargaining should, according to the "platform", affect industry. For industry the majority rule is often advisable. The "platform", a little later, says: "Under appropriate safeguards the approved competitive practices and prohibitions submitted by the properly defined majority of a group, trade, or industry should be binding on the minority." The Wagner bill, in section 9 (a), provides: "Representatives designated * * * by the majority of the employees in a unit appropriate for such purposes, shall be the exclusive representatives of all the employees * * *." The parallel is not without interest.

That is why company unions, however effective for handling individual grievances, cannot bargain collectively in any selective sense of the words. They don't and they are not intended to. The classic statement of such intent is a letter quoted in the Supreme Court's decision in 1930 in the case of the Texas & New Orleans Railway. The railway's vice president wrote the president explaining that to bargain collectively with a labor union under Government board arbitration proceedings would cost wage increases amounting to \$340,000, while to bargain "with our own employees" might cost only \$75,000. To this blunt dollar-and-cents end, the railway formed and fostered a company union "of our own employees." A man inside his shop is not free to bargain for his fellows. If he presses his bargaining too hard, he loses his job. But the trade-union representative is paid by the union to do the union's bargaining—not by an employer whom he is trying to convince. Of course, employers dislike outside interference, and like to sneer at "walking delegates." He cannot dominate them by the

most effective means which every employer has, and is loath to give up—the fear of the man's losing his job.

I do not underestimate racketeering in organized labor. It exists, unfortunately, as it exists in politics, in industry, among lawyers, and with bankers and brokers. Leadership is a crying need in this field as in the others. And I am convinced that there are today in our country employers who have some vision of the new industrial democracy that is bound to come, that is growing, here at our feet, inexorably; who will, perhaps, be leaders side by side with the leaders of labor. For with power grows responsibility. Democratic tradition cannot be built on the fear of consequences. It must be grounded in faith and courage and patience. If the faith is not justified, our institutions are, indeed, of no value. For ultimately men and not theories determine the achievements of our civilization.

THE CONSTITUTION—ARTICLE BY CHARLES HALL DAVIS

Mr. SCHALL. Mr. President, I ask leave to print in the RECORD an article by Charles Hall Davis, of Virginia, on the Constitution. Mr. Davis argues that the new deal will eventually and logically destroy individual and political liberty through delegation of power to bureaucrats to administer as they wish. This transfer of power has been on the theory that "the forgotten man" cannot be protected under our Constitution, but that his welfare requires a strong centralized government as in Russia, Italy, and Germany.

The result of an application of this philosophy is the destruction of the American philosophy of Government that the individual has certain inalienable rights such as life, liberty, and the pursuit of happiness, and that he instead depends on the benevolence of his ruler and his privileges are granted him by his Government. His inalienable rights are wiped out and in their place he has privileges granted him by his ruler, and if the ruler is harsh or cruel or indifferent to his welfare the individual suffers.

"The forgotten man" can only be protected if he has certain rights which he cannot alienate, and with which no despot or President can interfere, and which are superior to the rights of the Federal Government.

It is a contradiction in fact and in theory to delegate powers to the President that no branch of the Federal Government has. Nowhere in the Constitution is Congress given the right to delegate power to the President to deprive any citizen of his inalienable right to life, liberty, and the pursuit of happiness. In Russia and in Germany and in Italy this philosophy is practiced. Elsewhere in Europe the philosophy is gaining ground with no apparent help to "the forgotten man." But in the United States this philosophy can only be practiced at the cost of a revolution in Government and at the sacrifice of the Constitution which our fathers handed down to us. A step so momentous was not contemplated in the elections of 1932 and has no justification in theory or in practice. The 57 Heinz varieties of bureaus of our Federal Government, after a 2-year term, can only show 22,000,000 on the dole and 11,000,000 unemployed, and a business stagnation rapidly reaching the zero point. Meanwhile our public debt has mounted \$10,000,000,000 with the end not in sight and with the shoals of bankruptcy right in front of us.

The burden of these debts will rest on "the forgotten man" till discharged. Meanwhile the Roosevelt administration will not even leave him his constitutional rights if it is permitted to follow in the course of Germany, Italy, and Russia.

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

THE NEW DEAL WILL REENSLAVE "THE FORGOTTEN MAN"

By Charles Hall Davis, of the Virginia bar

The proponents and advocates of the so-called "new deal" claim that it protects and safeguards the rights and interest of "the forgotten man."

Is such a claim well-founded? Or is it true that the successful carrying out of the administration's program must necessarily deprive the humble citizen—"the forgotten man"—of the rights and powers inherent in him as a sovereign under our American theory and plan of government?

The rights and powers of citizens of the United States represent the culmination and fruition of thousands of years of struggle for human freedom. If the so-called "new deal" jeopardizes this priceless heritage of American citizenship, every man, woman, and child should be warned and should be on guard to protect our national birthright.

The so-called "new deal", if carried to its logical conclusion as apparently intended by the present administration, must even-

tually wipe out individual and political liberty, destroy American citizenship, and again reduce the humble and forgotten man to the position of political, economic, and social slavery which he held for thousands of years, and from which he was finally freed by the only new deal in history—that of 1787, which established the United States of America.

The political and social problem of "the forgotten man" is as old as history. The protection of the humble citizen, of the poor man, of the man of small influence, of the man who does physical labor, of the man who is the employee of another, of the toilers, and of the weak and helpless has been the most vital problem of the philosophers and sages of the past, who have repeatedly endeavored to formulate some political philosophy that will assure justice and equality of opportunity to each human being for the development of his personality and for the pursuit of his individual happiness.

"The forgotten man" can be fully protected only when he holds his individual rights and powers under such a title and under such guarantees that no one can deprive him of them under any circumstances. If he holds them as privileges granted by government, then the same government which granted them can withdraw them at its whim; and in that case a tyrannical or dictatorial ruler can reduce any portion of the people to practical slavery whenever he desires to do so.

But if the rights and powers of the individual are held under a title superior even to that under which the government holds its powers, then the weak individual can be protected against the aggression and injustice of stronger men, and even of rulers, and true liberty can be preserved.

When the founders and framers of the American Republic attempted to formulate a governmental plan for the United States, they recognized that the rich and powerful needed little protection, in comparison with the humble, the lowly, the helpless, and the poor. They adopted a political philosophy which they believed would assure equality of right, equality of burden, and equality of opportunity to each citizen of the American Republic, a system under which "equal rights to all and special privileges to none" would be made possible.

In order to attain this end they recognized that the rights of each citizen, however humble, were equal to the rights of every other citizen, however powerful; and to sustain this claim they recognized that those individual rights of each must be derived from the same source, and must be established as of such supreme dignity and as held under such a supreme title, that they could not be successfully invaded by any man or group of men, however strong and powerful, and could not justly be assailed even by the collective force of the community acting through its governmental agents.

In the Declaration of Independence the founders and framers formulated and stated our political philosophy, whereby they undertook to protect "the forgotten man." In that great instrument they declared:

"We hold these truths to be self-evident; that all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness; that to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed; that whenever any form of government becomes destructive of these ends it is the right of the people to alter or abolish it and to institute new government, laying its foundation on such principles, and organizing its powers in such form as to them shall seem most likely to effect their safety and happiness."

This charter of our American liberties is based on principles so generally accepted and so universally recognized that they are declared to be self-evident, needing no proof.

The first statement declares that there must be equality of right, opportunity, and burden in any system of just government, by asserting the political equality of each human being with every other human being.

The second statement recognizes that man derives his individual rights from the Creator Himself by direct endowment. Holding these rights under such a supreme title, man cannot be deprived of them nor restrained in their use by any lesser authority, save by his own consent. This being true, it necessarily follows that government can exercise only such restraints upon the individual as the people may entrust to government as their agent; and hence that government must derive all its just powers from the consent of the governed.

It is here further recognized that the sole purpose of government is to secure the individual in the exercise of his God-given rights; and that while the individual derives his rights from Deity by direct endowment, government is delegated its entrusted powers by human beings, and can properly exercise only such powers as are delegated to it. The position of government as a limited agent and servant of the people is asserted, and the reserved rights of the people as sovereigns over government (and as its creator) to alter and abolish the agency, and to institute new government, with such delegated powers as they may choose to grant, is expressly recognized; with renewed emphasis on the fact that the only purpose of government is to effect the safety and happiness of the people.

Under this political philosophy "the forgotten man" is protected so long as that philosophy is maintained and enforced. The humblest citizen holds his rights by endowment from the Creator, under such a solemn and supreme title that the most powerful citizen cannot deprive him of them; and government itself, representing the collective force of the community, cannot justly take

them away. Tyranny and arrogance on the part of rulers is provided against by declaring that rulers are mere agents and servants, removable by the people at will, and having no powers save those entrusted to them by the people, which powers can be exercised only in accordance with the terms of the entrustment.

To enforce and effectuate this political philosophy the Constitution of the United States was adopted. That Constitution was merely a means to an end. It provided the machinery for carrying out and administering certain enumerated powers delegated to the Federal governmental agent under its terms, and expressly stated that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively or to the people."

It limited the powers to be administered by enumerating them, expressly reserved from Federal governmental control all powers not delegated; and then proceeded to outline how the entrusted powers should be exercised.

A marvelous system of checks and balances was provided to prevent any usurpation of additional powers, and to guard against any attempted extension of the powers delegated to one department through usurpation of those entrusted to other departments. A supreme court was provided for, so that any attempted extension of the granted powers, or any invasion of reserved State rights, or any invasion of individual liberty by any department of the Federal Government could be restrained.

Under this American political philosophy and governmental plan the "forgotten man" was not dependent upon the whims of his temporary rulers for the recognition and maintenance of his rights or for protection in his pursuit of his own happiness along lines of his own choosing.

Each man had the unalienable right to pursue his happiness as he chose, provided that he did not interfere with the similar and equal right of every other human being to pursue a similar course. Each had a right to life, liberty, and the pursuit of happiness, which last the Supreme Court has said means the right to acquire, use, and own property. To exercise these rights no franchise or grant of privilege from government was necessary. The rights were recognized as inherent in each human being, and the task of the Government was to secure these rights—not to interfere with them or destroy them. A man could own and use property as a natural right. He did not have to secure a permit or a certificate of necessity from government in order to carry on a legitimate business. Government could not deprive him of this right; nor could the Government use its resources to engage in competitive business with him.

The function of the Government was to govern—that is, to secure each individual in the exercise of his unalienable rights—and this was its sole purpose. It was not authorized to use the sovereign powers entrusted to it for the purpose of granting special privilege, or for benefiting one class as against another, or for the redistribution of wealth through taxation or by any other means, or for dispensing charity, or for developing the natural resources of the country, or for providing jobs for the unemployed. These are not proper functions of the Federal Government. No such powers were granted to it.

Our Government was, moreover, designed as a government of law rather than of men. It was based on eternal principles of right and justice—not on the benevolence or malevolence of individual rulers. To it was not entrusted any authority to seize and exercise additional powers whenever the governmental agents thought that such a course would be wise. On the contrary, it was expressly declared that the powers not delegated to it by the Constitution were reserved to other parties; and the Federal Government was definitely inhibited from exercising any powers in addition to those granted, unless and until a further grant had been made.

The entire power of the Government was made available for use in the protection of each individual in the exercise of his God-given rights whenever those rights were infringed by other more powerful individuals. Even if some branch of the Government itself attempted to override the rights of the private citizen, the Supreme Court stood as a bulwark of liberty, ready to defend the humblest citizen against injustice and oppression, even if attempted by the President of the United States or by the Congress.

Abuses and injustice naturally arose, even under this system, for the system had to be administered by imperfect and selfish men, many of whom were constantly attempting to use the delegated power for the benefit of themselves or their friends. But these abuses arose from a distortion of the plan rather than from any fault of the plan itself. Chiefly they arose from the abandonment by the governmental agents of their proper function of restraint, and the assertion by them or some of them of the power to grant privileges or rights.

Government in the United States has no rights, but exercises only delegated powers; and when government attempts to grant rights or privileges, it has distorted its real purpose, and has become tyrannical; for when special privilege is granted to one citizen over another, this destroys the very equality of opportunity guaranteed to each citizen under our political philosophy and by our constitutional plan.

The present administration came into power at the time of the culmination of a great economic depression, when "the forgotten man" had been noticeably oppressed and exploited by those of power and influence—when the ordinary citizen was struggling to make a living under economic conditions brought about by a distortion of our governmental theories and plan that made such a struggle a foredoomed failure.

Government had been used, not to secure the individual in the exercise of his unalienable rights but to grant special privileges and powers to favored groups, largely to corporate enterprises, which had been created by government for the convenience and use of human beings but which had become so swollen and arrogant with their combination of wealth and privileges that they had assumed to become the masters of the people and had in many cases reduced them to a position of economic slavery. Government, moreover, had unconstitutionally extended its functions and activities to such an extent that it had become topheavy and oppressive, and a great body of bureaucratic officers had been established who systematically oppressed the people.

Under these circumstances the Democratic nominee called attention to "the forgotten man", whose rights had been disregarded under these conditions. Those rights had been violated by distorting the plan and purpose of American Government, by an unconstitutional extension and enlargement of its powers, by the attempted grant of privileges to certain groups, and by the use of the entrusted powers for purposes other than those provided for by the entrustment. The remedy obviously lay in reasserting our political philosophy, in limiting governmental activities to the achievement of the ends set out in that philosophy as being its sole purpose, and in again enforcing the limitations on governmental powers set out in the Constitution which had been adopted in order to effectuate that philosophy.

To this program, the Democratic candidate solemnly pledged himself; and on the faith of that pledge, he was overwhelmingly elected. In the whole history of the United States, it is doubtful if there has ever been formulated and adopted a fairer or more admirable political platform than the one adopted by the last Democratic Convention at Chicago, on which Mr. Roosevelt was elected and which he pledged himself to carry out.

Upon taking office, the President took a solemn oath to "preserve, protect, and defend the Constitution of the United States." With the platform on which he had been elected, and with this oath as an assurance that in carrying out the pledges of that platform, he would preserve, protect, and defend the limitations imposed on governmental powers by the Constitution, there seemed to be every assurance that individual and political liberty in America would be restored under the only effective plan for their preservation ever established by a great nation—that "the forgotten man" would again come into his priceless heritage of equality of right and opportunity; that special privilege would be abolished; and that government would administer impartial justice to every citizen as the only sound basis of permanent economic prosperity and individual happiness.

But the administration has apparently abandoned and scrapped our political philosophy, and has violated and disregarded the limitations on governmental powers imposed by the Constitution. Pretense has been made that the rights of "the forgotten man" cannot be preserved under our political philosophy and constitutional plan; and the people have been urged to condone unprecedented usurpations of power by the Federal Government on the plea that only by vesting the President with dictatorial powers can the present situation be met. The benevolent intentions of the President have been advertised, and the advantages of a benevolent despotism have been widely proclaimed.

A benevolent despot is a contradiction in terms. However well-intentioned may be the ruler, yet a despot is one who seizes undelegated powers; and the good intentions of the ruler do not excuse his rape of authority. Moreover, the possession of power invariably leads to tyranny and oppression.

The present administration has undertaken to establish government as a partner of the people, rather than as their agent and servant. It has attempted to utilize government as a means of redistributing the wealth of the Nation, as an organization for the conduct of great business enterprises in competition with individuals, as a charitable organization, as a dispenser of jobs, as a developer of the natural resources of the country, as a means of diverting the wealth of one group for the benefit of another, and as a controller of the business of the country to such an extent that the individual can do little business without a permit from the Federal Government, and must then do it in conformity with rules and regulations established by bureaucrats in Washington, which may be changed from day to day, and which are enforced by the power of the Federal Government.

The Federal Government has ceased to be the servant of the people and has become their master. It daily asserts its mastership and its right to control all the details of their daily lives. It has rejected the theory of the supremacy of the individual over government, and asserts the supremacy of government over the people. It denies the right of each man to pursue his own happiness as he chooses and to develop his personality along lines of his own selection, and asserts the right of government to permit him to act only upon a grant of permission or privilege. It has abandoned the theory that the people must support the Government, and attempts to establish the theory that government must support the people.

In carrying out this plan it has imposed an unbearable burden of taxation, and has mortgaged the future of the American people to an unbelievable extent. It has trained the people to dependence on Washington for material help and business leadership, has impaired the initiative and resourcefulness of the American citizen, and has made him a mere subject of a dictatorial group. It has attempted to establish and is establishing the governmental philosophy and plan of the socialist school of thought. It is destroying the American Republic and rapidly driving us into a bureaucratic

despotism, where the cry is for ever more power in the Government, and ever greater restrictions on individual and political liberty.

The real issue today is not whether a further concentration of power in the Federal Government will afford some temporary economic relief, but whether we shall abandon the political philosophy adopted by the founders and framers, and the instruments established by them for effectuating it. They were familiar with dictatorships, with regimented states, with bureaucracy, with price fixing, and with all phases of governmental absolutism. These had been repeatedly tried in history and had always failed. They rejected all of these tried-and-proven failures and set up a government of laws rather than of men, a government founded on eternal and unchanging principles of right and justice, safeguarded by the most perfect instrument that ever came from the mind of man for the preservation of liberty, for the protection of "the forgotten man", and for the prevention of tyranny and oppression, namely, the Constitution of the United States.

Shall America become a mere province of an international socialist state, governed from some other country in the interest of a class? Or shall it return to the faith of the fathers and continue its great destiny as the citadel of individual and political liberty, the land where man may develop the personality with which the Creator has endowed him, with the least possible interference by government, and with the greatest possible respect for the similar rights of every other human being? Shall we be governed by dictatorial and tyrannical rulers and bureaucrats, or shall we govern ourselves? Shall we enforce equality of opportunity, of right, and of burden, or shall we have a government of special privilege, where government permits are needed before we can engage in the pursuit of happiness, and where the wealth and resources of the country must be seized to pay the cost of an army of bureaucrats employed to enforce curtailment of our essential liberties?

If economic welfare can be secured only at the price of such a sacrifice, it would come too dearly. We may temporarily escape economic vassalage to the powerful business corporations, but we are substituting therefor political and social slavery to a permanent governmental bureaucracy. So long as the sovereignty of the people over government is maintained, economic abuses on the part of the favored classes and of corporate enterprises can be remedied; but when government is made sovereign over the people who create it, individual and political liberty disappear; and "the forgotten man", divested of his God-given rights, and exercising only such privileges as his rulers may grant, becomes the subject of despotic power, which ever seeks to enlarge its authority and to impose constantly increasing burdens and restrictions upon the great mass of the people.

Our past has shown that under our system of free government, man can attain a position of economic welfare, of happiness, and freedom not possible under any other form of government yet developed. Distortions of our governmental plan have been responsible for our troubles.

The reestablishment of our political philosophy and the reenforcement of limitations on governmental powers as set out in the Constitution will restore the United States of America to its old position of leadership among the nations, and to its far more important position of protector of the weak and helpless, the only safe guardian of "the forgotten man", the citadel of human liberty, and the hope of mankind for the preservation of individual and political freedom.

"The forgotten man" was rescued from age-long helplessness and servitude under America's unequaled system of free institutions and of the sovereignty of the people. The new deal of 1787 accomplished this after thousands of years of struggle for human freedom.

The so-called "new deal" of today advocates an abandonment of these gains and a return to governmental despotism.

If the present administration program is carried to its logical conclusion, liberty will disappear, individual rights will be submerged in a flood of governmental privilege, and the "forgotten man" will be buried in the graveyard of the Sadducees, beyond the hope of resurrection, until in some distant age a more virile people, resentful of slavery, shall make another supreme sacrifice of blood and treasure to regain the freedom which Americans once had but supinely surrendered at the behest of theorists.

The so-called "new deal" will divest "the forgotten man" of his supreme dignity as a sovereign, strip him of his inalienable God-given rights, and make of the free American citizen a servile subject of autocratic and tyrannous power. Already, while we retain the forms of a republic, our rulers exercise the powers of dictators; and American citizens can act in many vital matters only by the consent of government, and then only in accordance with bureaucratic regulations. All too obviously, under such a system, "the forgotten man" must eventually "live and move and have his being" only at the whim of autocratic despots.

It was Thomas Jefferson who said, "Talk to me no more of confidence in man, but bind him down from mischief by the chains of the Constitution."

THE ARMAMENT RACE

Mr. POPE. Mr. President, I ask leave to have printed in the CONGRESSIONAL RECORD an editorial in the Washington Post of this date entitled "The Armament Race." It seems very opportune at this time.

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

[From the Washington Post, Friday, Mar. 8, 1935]

THE ARMAMENT RACE

The British military estimates for 1935, representing an increase of almost exactly \$50,000,000—at current exchange rates—over those of last year, are not in themselves a serious evidence of the world-wide growth of militarism. No single step of this nature ever is. Moreover, His Majesty's Government can, and doubtless will, argue that the increased expenditure which it asks is far less than that which our own services are now demanding from Congress. Great Britain's proposed national defense budget, totalling approximately \$590,000,000, contrasts not unfavorably with the \$792,000,000 requested for this purpose in President Roosevelt's last Budget message.

Much more significant than the actual figures is the fact that Great Britain is abandoning, as this country has abandoned, its undoubtedly sincere efforts to secure at least a measure of disarmament. And it is a matter for very sober reflection when Great Britain and the United States join the general hysterical stampede which, if continued, can only result in another world war.

Behind such national "preparedness" programs there are always powerful forces. Their influence in any country is greatly augmented when other nations begin to arm heavily. A vicious circle is then created which steadily becomes more difficult to cut. For this reason the collapse of the Disarmament Conference and the reckless programs of military expenditure on which virtually all countries are embarking as a result are matters of grave concern to all who possess any power of foresight.

In this situation no intelligent person will be satisfied by the superficial argument that Nation X must arm because Nation Y is arming. It is too apparent that the nationals of Y are using exactly the same argument in reverse. At the closing end of this chain of reasoning—blaming it on the other fellow—lies the completely catastrophic war which the great majority of people everywhere wish to avert. But what lies at the opening end? What has started the armament race which is now pressing with ever greater intensity on a world still staggering from its last debauch of belligerency? Is any solution suggested if the historical sequence is carefully examined?

At the close of the World War a great opportunity to start fresh on the subject of national security was presented to mankind. In the launching of the League of Nations, in the energetic preliminaries for the Disarmament Conference, in the tangible achievements of the Washington Naval Conference, are seen the valiant efforts which were made to seize that opportunity. They have failed neither because of munition makers nor because mankind wants war. They have failed primarily because of a simple blunder with two separate parts—the attempt to enforce compulsory disarmament on the defeated powers, while refusing to honor the pledge in the Treaty of Versailles which made that specified disarmament a preliminary to universal action in this field.

Soon or late the failure of the victorious nations to redeem that pledge was bound to result in surreptitious arming by Germany. Such action, particularly under fanatical leadership, could only cause fear, and therefore further arms increases, among Germany's neighbors. The atmosphere of growing suspicion, unsuccessfully disguised by the ineffective idealism of Geneva, inevitably encouraged the realistic Japanese to grab while the grabbing was good. The result: More fears, more arming, an ever-widening spread of the malignant prairie fire of thinly veiled antagonisms and ominous preparations.

Today recriminations in these matters can only feed fuel to the flames. The problem of civilization is not futile argument over who has the greater responsibility for what has come about. The problem is how to stem the mounting tide. Only in two ways can this be done. One is by resuming the collective effort for disarmament on a basis of real equality among the negotiating states. The other is by a truly courageous stand on the part of those nations which have least to fear from their neighbors. The first method could end the present vicious circle by liquidating it; the second method could end it by a cut.

From an objective viewpoint it is becoming apparent that the Anglo-Saxon Nations are today laggard in giving more than lip service to the cause of peace. Great Britain is inclined to meet the collapse of the Disarmament Conference by arming against, instead of treating with, Germany. The United States is disposed to throw its hat into the armament ring with a belligerent shout.

Of course, the policy of both Governments can be explained, excused, and justified. There are lots of stones to throw at the glass houses of others. But hurling those tempting stones will do less than nothing to solve the problem at hand. The present administration has had the courage and the statesmanship to try to break the vicious circle of mounting tariff barriers. It is curious that it should be so apathetic in face of the far more serious trend which is rapidly turning the world into a cluster of armed camps.

WAR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 5913) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1936, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from New York to reconsider the amendment, on page 50, line 3, adopted on motion of the Senator from Mississippi [Mr. HARRISON].

Mr. HARRISON. Mr. President, I will merely ask for a division on the motion.

On a division, the motion was rejected.

Mr. COPELAND. Mr. President, I have a letter from the Secretary of War calling attention to the fact that the Budget had estimated the contingent expenses of the War Department at \$200,000. We had testimony on the subject, but did not take any action, apparently; and the Secretary asks, after the word "expenses", on page 5, line 22, that "\$180,000" be stricken out and "\$200,000" be inserted in lieu thereof. I think it should be done for the reason as stated by the Secretary in his letter, which I will ask to have printed in the RECORD. I offer the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from New York proposing, on page 5, line 22, to strike out "\$180,000" and insert "\$200,000."

The amendment was agreed to.

Mr. COPELAND. I now ask that the letter from the Secretary of War, to which I have referred, may be printed in the RECORD.

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

WAR DEPARTMENT,
Washington, D. C.

HON. ROYAL S. COPELAND,
Chairman Subcommittee in Charge of
War Department Appropriation Bill,
United States Senate.

DEAR SENATOR COPELAND: The Army appropriation bill just reported to the Senate fails to restore the \$20,000 deducted in the House from the appropriation "Contingent expenses, War Department." While the amount involved is relatively small, the failure to provide it will deprive the War Department of supplies and services which are indispensable in administering the Army, and which cannot be secured from any other source due to the restrictive language of the bill.

Accordingly I am availing myself of this opportunity to urge that this sum be restored on the floor of the Senate when the bill comes up for consideration. The amendment required is as follows:

Page 5, line 22, after the word "expenses", strike out "\$180,000" and insert "\$200,000."

The reduced appropriations of recent years have exhausted stocks of supplies and prevented replacement of worn-out equipment. Recently prices have doubled in several instances, the average increase being approximately 20 percent. Five hundred and fifty-four typewriters and 134 adding and calculating machines are from 10 to 16 years old. Practically all equipment was purchased during the World War, and replacement cannot be longer deferred. Unless relief is granted, it appears certain that the War Department will be seriously embarrassed in carrying on essential office work, and this embarrassment will be reflected in the field.

Your assistance in the matter will be appreciated.

Sincerely yours,

GEO. H. DEBN,
Secretary of War.

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

POSTMASTER GENERAL FARLEY

Mr. LONG. Mr. President, I wish to read an affidavit handed to me this morning.

Mr. COPELAND. Mr. President, will the Senator yield to me for a moment?

Mr. LONG. I yield.

Mr. COPELAND. Would the Senator be willing, because of the fact that I have to go to another committee, to allow the War Department bill to be disposed of? He may then take the floor.

Mr. LONG. I am not going to take very long.

Mr. COPELAND. Very well.

Mr. LONG. Mr. President, I have an affidavit which reads as follows:

UNITED STATES OF AMERICA,
DISTRICT OF COLUMBIA,
City of Washington.

Before me, the undersigned authority, personally came and appeared Albert Caya, who, being duly sworn, deposes and says: That he was formerly business agent of the Carpenters' District Council of Washington, D. C., and vicinity; that while he was performing his duties as business agent it came to his attention that immediately after the window glass was taken out of the crates in which it was delivered from the manufacturer to the James Stewart Construction Co. job on the I. C. C. and Labor Building at

Fourteenth and Constitution Avenue, these boxes were burned; that he was further informed by the glazers who worked on this job that the labels on each and every glass were removed immediately, obviously, and in his opinion, for the purpose of concealing the inferior quality of the glass, which did not comply with the specifications, and to conceal the name of the manufacturer and the materialman; that all of the facts and allegations made herein are true and correct.

ALBERT CAYA.

Sworn to and subscribed before me this 8th day of March 1935.

[SEAL]

CHAS. E. ALDEN.

My commission expires September 1, 1937.

Mr. President, this gentleman, who is business agent of the local union, says that he can see no reason why the labels were removed from the inferior glass that Stewart & Co. was using other than to keep from having an identification made as to who was selling that glass. They also went to the extent that the minute the glass in this Stewart contract was used they would not only burn the boxes in which the glass came but would put water on the label and erase the label.

Now, I want to call the attention of the Senate to the fact that the Stewart Co. referred to in the affidavit of Albert Caya is the one buying materials from James A. Farley's interested concern. In other words, that peculiar matter occurred with regard to him.

Mr. President, I am going to send to the Committee on Post Offices and Post Roads what I thought might already have been considered by them. I am going to send to them a statement supplementing my statement on the floor and before that committee to the effect that campaign contributions being taken from Federal employees had been solicited by letters issued with the knowledge and with the understanding of Mr. Farley. I am not going to disclose the letters I have nor the names of those to whom the letters have been addressed, because manifestly those employees would be immediately dismissed from the service; but I have in my possession those letters and can produce them if a hearing is ordered in this case.

I expect before I conclude my remarks, as my clerk is on the way over here with it, to submit a copy of a letter, which has been photographed, from the files of the United States Treasury Department. I have noticed in the newspapers a statement by Mr. Norman Davis and by Mr. Farley that these charges are not true. It seems that the Committee on Post Offices and Post Roads is trying this case, trying it to see whether or not the charges are false or true. They are not having an investigation. They are taking what I send in there, and Mr. Farley is being called on to say, "Is this so or not?" and Mr. Davis is being called on to say, "Is this so or not?" Mr. Norman Davis comes into town, and he, along with Mr. Farley, has sent an affidavit or statement to the committee.

As soon as my clerk reaches here I shall have a photostatic copy of a letter written not by the United States attorney in Tennessee but by the Treasury Department to the United States attorney. My secretary has just handed me the letter. I have that letter before me now. Here is a photostatic copy of it. It is not a matter that originated with the United States attorney who has been dismissed. It is a matter against the Davis brothers running that bank down there, the case having been originated by the Treasury Department under instructions to the United States attorney. I send a copy of the letter to the desk and ask that it may be read.

The VICE PRESIDENT. Without objection, the clerk will read.

The Chief Clerk read as follows:

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Nashville, Tenn., August 12, 1933.

A. V. McLANE,
United States District Attorney,
Middle District of Tennessee, Nashville, Tenn.

SIR: You will be advised that during the course of the regular periodical examination of the American National Bank of Nashville, Tenn., which examination was begun on July 6, 1933, the following unusual, "if not irregular", transactions are brought to our attention, which are in violation of section 5209 of the National Bank Act.

COMPTROLLER'S CALL FOR REPORT OF CONDITION DECEMBER 31, 1931

A note for \$600,000, signed by Nashville & American Trust Co., carried in the assets of the American National Bank, was eliminated over the period through the following procedure: A note of the Fourth and First Banks, Inc., carried by the Nashville American Trust Co., for \$884,238.47, was discounted at par with the First National Bank of St. Louis, Mo., with a repurchase agreement signed by both the American National Bank and the Nashville American Trust Co. However, the books of neither show this repurchase liability. (On Dec. 31, 1931, the National bank gave the State bank credit for \$500,000 on its books, showing this amount due to and from the State institution, and the State bank set up corresponding entries increasing its cash and due from banks \$500,000.) No cash was involved in the transactions, the entries were purely fictitious on the part of both banks, and said entries reversed on January 5, 1932, hence, it can readily be seen that such untrue statements are deceiving.

The records reveal that the cashier of the American National Bank, M. E. Barr, was granted a loan by said bank under date of June 26, 1933, for the sum of \$2,500, which is a strict violation of the Banking Act of 1933.

COMPTROLLER'S CALL FOR REPORT OF CONDITION JUNE 30, 1933

Transactions between the American National Bank and the Union & Planters National Bank, of Memphis, Tenn., which are no more or less than fictitious entries for the purpose of padding or window dressing, and which transactions lend aid to deceiving the supervising officials of the banking business, namely, Comptroller of the Currency, Chief National Bank Examiner, and field examiners, and the depositing public, and such as is shown by the following tabulation of dates and accounts:

| Date | Due from Union & Planters National Bank | Due to Union & Planters National Bank |
|---------------|---|---------------------------------------|
| June 26, 1935 | \$21,520.56 | \$303,276.39 |
| June 27, 1935 | 22,477.44 | 279,091.31 |
| June 28, 1935 | 15,122.50 | 295,127.14 |
| June 29, 1935 | 15,961.70 | 999,020.48 |
| June 30, 1935 | 217,423.79 | 1,400,797.26 |
| July 1, 1935 | 218,823.64 | 1,006,955.66 |
| July 2, 1935 | 218,823.64 | 1,006,955.66 |
| July 3, 1935 | 223,582.52 | 1,018,352.79 |
| July 4, 1935 | 223,582.52 | 1,018,352.79 |
| July 5, 1935 | 221,675.22 | 636,214.31 |
| July 6, 1935 | 24,608.29 | 294,750.89 |

Hence it can readily be seen such entries compiled for purpose of window dressing over the period which it was known there would be a call for published statement.

Respectfully submitted for your consideration.

F. A. GUILLES,
National Bank Examiner.

Mr. LONG. Mr. President, there never were stronger charges of criminality and fraud and rascality contained in a letter relative to bank operations than in that letter. I have here a photostatic copy of the letter. The Department have not the only copy of it. They think they have all the records, but we have a few photostats which they did not take back. We have some other photostats.

There is a letter—the gentleman, I think, is still in the employ of the United States Treasury Department—from the banking department setting out one thing right after the other of rascality and fraud, and demanding action to be taken by the United States attorney in the middle district of the State of Tennessee.

I have submitted my own statement and I have affidavits from these men that when they were arranging to prosecute the cases, through the agencies of Mr. Farley, the United States attorney to whom this letter was addressed and to whom other matter was sent was removed and a special man was sent from Washington, D. C., who appeared on the scene and in 1 day's time made an hour's speech against indicting the men and, according to the affidavit of four of the jurors, undertook to and did succeed in convincing them that the grand jury should recommend that no action be taken in the matter.

There is the letter. The Senator from Tennessee [Mr. McKellar] has said he knows all about this matter and that there is not a word of truth in the charges. There is one of the letters, and it is not half of what we have. There is the letter, which was not written by the United States attorney. There is the letter written by the Treasury Department, a photostatic copy of which I have in my hand, in which the writer points out the rascality in the Davis Bros. bank and various other things that we have offered to prove.

Mr. President, I understand there are some misgivings on the part of some members of the Post Offices and Post Roads Committee, so I send to the desk a further memorandum which I ask may be referred to the Committee on Post Offices and Post Roads. It reads as follows:

Gentlemen, I beg to advise you that I have letters and witnesses to establish that under Mr. James A. Farley and with his consent, collections from Government employees in Washington have been solicited by him.

Yours sincerely,

HUEY P. LONG,
United States Senator.

I ask that the letters and affidavit which I have sent to the desk be referred to the Committee on Post Offices and Post Roads.

The VICE PRESIDENT. They will be so referred.

Mr. LONG subsequently said: Mr. President, I ask to have incorporated at the end of the preamble to Senate Resolution 74, providing for an investigation of Mr. Farley, the matter which I send to the desk.

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

The matter referred to is as follows:

Add at the end of the preamble the following:

"Whereas it is alleged that the said Farley has been connected with and the manager in charge of collection of money from employees of the United States for political purposes."

Mr. McKellar subsequently said: Mr. President, I understand that, while all the members of the Committee on Post Offices and Post Roads were out of the Chamber earlier in the day, the senior Senator from Louisiana [Mr. LONG] proposed the following amendment to the preamble of Senate Resolution 74:

Whereas it is alleged that the said Farley has been connected with and the manager in charge of collection of money from employees of the United States for political purposes.

I do not know exactly what that means, and for the present I make a motion to reconsider the action by which the amendment was ordered to be inserted in the resolution.

The PRESIDENT pro tempore. The motion will be entered.

WAR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 5913) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1936, and for other purposes.

Mr. NYE. Mr. President, before the pending War Department appropriation bill is passed I feel that I should state the reasons why I shall vote against it; and while doing so I desire to express the hope that there may be a roll call upon the measure.

The bill provides the largest appropriation for the Army that has ever been provided in peace time. I think it constitutes a challenge. If not to nations that look with a degree of suspicion upon our intent and purpose, it is a challenge to the people of the United States.

Only 17 or 18 years after a "war to end war" we find ourselves engaged in mapping a larger program of preparation for more war than civilization ever before knew in peace time.

Included now in this bill is a provision, voted there yesterday, calling for an increase of 47,000 men in the personnel of the Army. Assuredly this, our challenge, is going to invite a competition which will find us back here next year listening to men setting forth what Japan and Russia and others have done since we increased our Army by 47,000 men, and we are going to be called upon to afford another increase. It invites, as it always has invited, further competition from those very nations, those very peoples against whom we argue ourselves into believing we must afford a larger national defense. Our naval program of the past few years has been such an invitation to competition.

This summer is going to find our fleet out in the Pacific in its so-called "maneuvers." Japan, which we heard so freely talked about yesterday, is also, in answer to that, going to conduct her maneuvers out in the Pacific. Just how near together the fleets of the two countries are going to be has

not yet been determined. On the whole, what we are doing now is continuing in a game of bullying, in a game of enticing, in a game of encouraging the very thing that no one here will rise and defend.

Mr. FLETCHER. Mr. President—

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

Mr. NYE. I yield to the Senator.

Mr. FLETCHER. I rise merely for the purpose of correcting the record. I know the Senator means to be accurate. While it is not so important, the actual increase in enlisted men is 46,250, not 47,000.

Mr. NYE. Oh! I beg the Senator's pardon for my terrible inaccuracy.

We are justifying this increase in personnel primarily upon the activities of other lands that have seen fit, during the past year, to increase their budgets in preparation for more wars.

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

Mr. NYE. I yield.

Mr. COPELAND. I cannot let that statement pass. It so happened that by the turn of the wheel of fate I was in charge of the bill. So far as I am concerned, I have never made an argument in favor of the increase in the strength of the Army on any such ground as the Senator has mentioned.

Mr. NYE. I am glad to have the Senator from New York enter his thought. It certainly is in keeping with his attitude during these days of controversy upon the bill; but we were made yesterday to listen to Senators who had Japan and Russia in agreement, with the assurance that Russia was going to get Alaska for furnishing the army, and Japan would take what was left of us for furnishing the navy, to do to Uncle Sam what they evidently were agreed ought to be done to Uncle Sam.

The point I am trying to make is that while we seek to justify our enlarged appropriations for military preparedness on the basis of the expenditures of others, others actually are doing the same identical thing. Our increase in personnel of 46,000 men tomorrow or today will be or is being heralded in Japan as a challenge which very soon will have Japan with at least 46,000 more men under arms. I say "46,000" now, not "47,000." Next year, I repeat, we shall be reminded of the increases which have been afforded in other lands; and if our attitude then is what it seems to be now, we shall listen closely. We shall provide the additional force asked for. The question arises, Where and what is to be the end of this race?

The facts are that if we were today to authorize additional personnel of a million men, next year would find us wholly without a so-called "adequate national defense."

Today the United States is spending almost three times what it expended in 1915 in the name of national defense; and yet the facts are that we have no better, no more adequate national defense today than we had in 1915. This is because every time we have taken a step forward in the direction of a more adequate defense, other nations have kept pace with us. Our defense is no better today than it was 20 years ago, and that in spite of the fact that we are expending millions upon millions more now than then.

I hope the time will never come when there shall devolve upon us the task of determining who is the pace setter in the mad military race which the world is witnessing today. I hope we shall never have to face a challenge by other lands which will carry an insistence that the United States is responsible for this mad race; yet we might well face the facts for whatever they may be worth.

Since 1913, the year before the World War came, and going up to 1930, every power on earth shows an increase in its appropriations for military purposes. From 1913 to 1930 Russia, Italy, France, and Great Britain have increased their costs of military maintenance all the way from 30 to 44 percent. During the same years Japan has increased her budget 141 percent. Over the same span of years we have increased ours quite 200 percent, to a point which finds our country today spending more money than is being spent by any other power on earth in getting ready for more war.

We needed 46,000 more men, so we were told, to provide a more adequate national defense. I wish it had been the privilege of every Member of this body to sit along with the members of the committee investigating the munitions industry, and there enjoy the advantage which has been that of members of the committee of knowing what "national defense" really means.

The facts are that there is not an admiral, there is not a general in our Military Establishment who will venture to say how many battleships we must have or how many men we must have enlisted to have an adequate national defense—not one—and when we called upon the War Department to indicate to us what was going to be the cost of an adequate national defense they virtually laid before the committee their blueprints for the next war. Those blueprints, Mr. President, do not call for a war here at home. They do not anticipate a war upon our shores. They do not anticipate a war in our own waters. They anticipate in every detail the cost and the need of preparation for getting men—3,000,000 men, to use their own figures—across thousands of miles of ocean. That is what they call "national defense."

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

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Colorado?

Mr. NYE. I yield to the Senator.

Mr. COSTIGAN. Has the able Senator from North Dakota any authorized statements from Army sources of the sort he is now summarizing indicating the objectives of this elaborate program of military preparation?

Mr. NYE. I think the Senator will find most enlightening the testimony of Colonel Harris, of the War Department, before the committee, and particularly his statement, which required something over an hour to be read into the record. I urge the Senator from Colorado that he give that testimony and statement his consideration.

The Senator from New York yesterday deplored the cost and profit of war, as we all deplore the cost and profit of war; but I think that equally shameful, yea, disgraceful, is the cost and the profit of preparing for war here and elsewhere in the world.

Of course, it can be and has been said that the increased cost occasioned by the enlistment of between 46,000 and 47,000 new men in our Military Establishment is quite paltry, quite insignificant, that it should not bother us at all. What is twenty or forty million dollars of increase in a bill calling for \$400,000,000? We should not worry about things like that, especially when our national defense is at stake! Yet we, who consider in that wise the paltriness of \$40,000,000, have stumbled and dilly-dallied to keep down suggested appropriations of much less than twenty or forty million dollars when other departments of Government were involved.

Our financial difficulties today are like those being experienced all over the world. We are wholly unable here, in these Halls, to balance our Budgets; but we must not let that worry us, except when we are dealing with affairs of State, or except when we are dealing with the enforcement of law, or when we are dealing with enlargement upon our commerce. Then must we try to balance Budgets. But when the War Department and the Navy Department call for increased appropriations, shut yours eyes to the need of balancing Budgets; that is no place, it would seem, to give consideration to affairs of Budget balancing.

Mr. President, here in Washington, the Capital City of our land, the greatest capital in all the world, in order to balance budgets and meet these desperately hard times we turn off half or more of the lighting facilities of the city. In many States besides my own, schools are closing; but Congress cannot be interested for the moment in the appropriation of the millions that would be required to assist the people of this country to keep their schools open!

Mr. CONNALLY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Texas?

Mr. NYE. I yield.

Mr. CONNALLY. Does the Senator think he is quite fair? Does he not know that last year, at least, contrary to the

usual custom, the Federal Government did appropriate money and make gifts to a number of States to assist them in keeping their schools open?

Mr. NYE. The point I make is that, in spite of that help, there is desperate need for much more of it. There has not been enough help to keep the schools open. They are closing day after day in many States of the Union. The minute we get down to the consideration of additional appropriations to keep the schools open we are going to be shown how desperate is the need for balancing the Budget. "Where are you going to get the money", we are going to be asked. But no one is worrying about where we are to get the money to afford the increase for the Army and the Navy that is being asked this year. No one is worried about where the money is to come from. No one is asking why there should be any concern about it.

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

Mr. NYE. I yield.

Mr. COSTIGAN. Has anyone suggested that there is danger of an unbalanced Budget as a result of the very liberal War Department appropriations proposed in the pending bill?

Mr. NYE. I have not heard any concern expressed about the condition of our Budget in connection with the consideration of the pending military bill.

Mr. President, we have appropriated large sums of money to take care of unemployment. Last year it cost the Army \$20,730 for saluting ammunition, and do Senators know where the money for that saluting ammunition came from? It came from the public-works funds allocated to the War Department. But we should not worry about that: that was in the name of national defense! Unemployment is quite another matter, and we can afford less for unemployment relief for a few men, so as to afford saluting ammunition, which is very, very necessary to the sustaining of our national defense!

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

Mr. NYE. I am glad to yield to my colleague.

Mr. FRAZIER. I was wondering whether my colleague had any information as a result of his investigation of munitions companies, as to the profit on the ammunition used in saluting.

Mr. NYE. I do not have at hand the information which might reveal how much profit anyone made out of this saluting ammunition; but I noted that the "economy" leagues and the "liberty" leagues, noting the Liberty League particularly because of the large interest in it of one of America's leading munition makers, have not yet seen fit to protest the increased appropriations for the Army and the Navy. There is not a word of protest from them relative to the budgets for these two Departments.

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

Mr. NYE. I yield.

Mr. KING. The Senator just suggested that from the P. W. A. funds a certain amount was allocated for the purchase of saluting ammunition. Has the Senator any information as to the aggregate amount taken from the public-works funds, which we supposed were for the purpose of giving employment to the idle, and allocated to the War Department and the Navy Department, notwithstanding the very large appropriations which were carried in the appropriation bills for those Departments a year ago?

Mr. NYE. Roughly, the total taken from public-works funds and allocated to the Army and the Navy for those two Departments was \$400,000,000.

Mr. KING. If the Senator will pardon me, I do not believe a single Senator, when the public-works bill was under consideration, understood or even suspected that a dollar of the money would be devoted to military and naval purposes, in view of the fact that the appropriation bills for the Army and the Navy carried more than \$700,000,000, as a matter of fact, approximately \$800,000,000.

Mr. NYE. I say to the Senator that the first allocation of public-works funds was in the amount of \$238,000,000 to

the Navy Department for its continued naval construction.

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

Mr. NYE. I yield.

Mr. LA FOLLETTE. I cannot agree with the statement made by the Senator from Utah that the Senate was not aware that this might be done, because one of the sections of the Public Works Act contained a provision granting specific authority to the President to transfer funds from the public-works appropriations for the purpose of naval construction, and efforts made to eliminate that provision from the bill were unsuccessful.

Mr. KING. I think the Senator is correct in that statement. I had in mind the allocation to the Army, rather than a specific fund for the Navy.

Mr. NYE. Mr. President, may I say to the Senator from Utah that the allocation of \$238,000,000 to the Navy Department was on the first day of the life of the Public Works Administration. The law had just been passed. That was the first move made to get money into circulation in order to afford relief for unemployment.

Mr. KING. If the Senator will permit one more question, I shall then desist. The Senator is a member of the Committee on Appropriations, from which there has just been reported to the Senate a bill carrying \$4,880,000,000 for certain public works. Is there any prohibition in the bill to the effect that no part of that stupendous sum shall be devoted to the Army or to the Navy?

Mr. NYE. There is absolutely no provision within that bill forbidding a continuation of what has been practiced in the past. In all fairness it should be said that the President has made it very clear to me that he means to use none of the new public-works appropriation for naval construction. That does not mean that there will be no expenditures for military purposes.

Mr. BORAH. Mr. President, will the Senator from North Dakota yield to me while I offer an amendment to the \$4,880,000,000 public-works bill, which I should like to have read, and then to lie on the table?

Mr. NYE. I yield to the Senator for that purpose, and I hope the proposed amendment may be read.

The PRESIDENT pro tempore. The clerk will read.

The legislative clerk read the amendment intended to be proposed by Mr. BORAH to House Joint Resolution 117, as follows:

That no part of this appropriation or money herein provided shall be expended or used for military, naval, or aviation (when connected with military or naval enterprises) purposes.

The PRESIDENT pro tempore. The amendment will lie on the table and be printed.

Mr. NYE. Mr. President, I am delighted to see the amendment offered, and it is undoubtedly going to afford one of the most interesting battles of this session of Congress. No end of effort will be made to show how the enlargement of our Army and Navy means relief, means less unemployment. Yet, if we were to follow that course to its full extent, in the end we would find ourselves paying a penalty that would many, many times offset any benefit that might be derived from the expenditure of these moneys for these purposes.

Returning to the thought I was trying to express as to our differing minds—the mind as it exists first when we are considering appropriations for the ordinary purposes of the Government, and then the new mind which exists when we consider appropriations for our military establishments.

Mr. LEWIS rose.

Mr. NYE. Does the Senator from Illinois wish me to yield?

Mr. LEWIS. I would thank the Senator, if it would not disturb the thought of his present thesis, if he would let me bring him back to the subject matter he was just discussing before entering upon any new theme.

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

Mr. LEWIS. Mr. President, I desire to submit to the Senator from North Dakota a query on the subject he was discussing. I was waiting for him to reach a period in that branch of the subject, as I do not like to disturb him after

he has entered upon a new phase of his discussion. My query is this: If it be true, as I am sure it must be from the Senator's statement, that under the provisions of the public-works bill the sum to which he has alluded was transferred to the uses of the War and Navy Departments, I ask him, was not that money spent in the yards and in the works of those Departments?

Mr. NYE. Mr. President, of the \$238,000,000 which was allocated to the Navy not more than one-third has been expended. The whole amount cannot be expended in any period short of 3 years, and what has been expended, I think the testimony clearly reveals, might well have been expended for goods and supplies which were in stock. Only a small part of the total amount that has already been expended has been used to furnish new employment or additional employment for men.

Mr. LEWIS. Then, as I understand the Senator from North Dakota, that which was expended was expended in the yards and the enterprises of the Government, giving employment at home to our own people, by our own Government, and that which has not been expended, as I understand the able Senator, is still available to the Treasury—not yet spent—and therefore is yet the property of the Government?

Mr. NYE. Yes, Mr. President; but I suggest that if the Senator went to those in authority and sought a transfer of that allocation or any part of it to a department which needed the money to carry on relief work he would find himself with an exceedingly difficult task on his hands. Very jealously are they guarding against that money getting out of their fingers for one minute, however desperate may be the need in other fields.

Mr. LEWIS. Mr. President, to that I am unable to reply, because I do not know the demand that was made on the Army and Navy to transfer their funds to any other department; and I am not sure, so far as I am concerned, that there is any provision of the law which would authorize the Army and Navy to transfer their funds to other departments without some act of Congress authorizing such transfer or whether a demand has been made in that direction.

Mr. NYE. During recent weeks, as was true once before, the Relief Administration found itself running short of funds awaiting our action in Congress. Extreme difficulty was experienced in finding funds available anywhere. The Relief Administration finally wiggled through, but they never touched this \$238,000,000 allocation or evidently even thought of touching it to bring it into use to tide over the time which was causing such distress to the Administrator of Relief.

Mr. LEWIS. Does the Senator contend that it would have been within the power of the Army and Navy Departments to take the funds which had been allocated to them by Congress and transfer those funds to another department merely upon the request of that department itself?

Mr. NYE. No; I do not so contend; but I do contend that it is within the power of the President to do that very thing; and it was left to the President to ascertain where the money to be used for relief purposes was coming from. He finally found the place.

Mr. LEWIS. Then, may I ask my able friend, did the President make any demand upon the Army and the Navy for transfer of their funds?

Mr. NYE. Not to my knowledge.

Mr. LEWIS. Is the Senator aware that a request was ever made by the President for such transfer?

Mr. NYE. I am not aware that any such request was ever made.

Mr. LEWIS. If the able Senator says it was within the power of the President to do so, and that the War and Navy Departments were sources from which money could be obtained, had the President made such demand, and if the Senator says there was no demand that such transfer be made, but such transfer could have been made had the President made such demand, why is the Senator now condemning the President because it was not done?

Mr. NYE. Mr. President, I am at a loss to know the point which my friend from Illinois is trying to make.

Mr. LEWIS. The point is, Mr. President, that my able friend, the Senator from North Dakota, is making condem-

nation because of failure to do something which could not have been done legally, but, admitting that the President of the United States could make the request of the Army and Navy to transfer part of their funds for other uses, I ask my able friend, was such request ever made? To which he answers he does not know. Does he know whether any one ever made a request of the President to make such request?

Mr. NYE. I do know that when once before a similar emergency existed in the Relief Administration a suggestion was made that the moneys which had been allocated to the Navy might be in part used to tide over, but that suggestion was never followed.

Mr. LEWIS. Will the Senator say whether that suggestion was made from a source which had power to make the suggestion, and whether or not it was made to the President?

Mr. NYE. It was made, I am reliably informed, directly by one who stood in very high authority.

Mr. LEWIS. To whom does my able friend say that the suggestion was made?

Mr. NYE. I think, Mr. President, that the Senator will not insist upon an answer to that question. If he does, I should be very glad to ascertain within a few hours whether it would be at all embarrassing to any individual if I were to reveal that fact.

Mr. LEWIS. I seek no private information nor the revelation of any secrets. I only wish to say that it is unfair to condemn a government for not doing something when the government was never asked by any legal authority to do it.

Mr. NYE. Mr. President, now, seeking once again to get back to the thought I was trying to impress upon the Senate in my very feeble way, I wish to show what different minds we have, and what a different mind we use when we are concerning ourselves with military appropriations compared to the mind we use when we are considering other appropriations.

I think, perhaps, there is no department of our Government which experiences such a struggle from year to year to gain the sizable appropriations it ought to have to carry on its very worth-while work as the Children's Bureau. For the Children's Bureau, to which I now refer, we appropriated for this year \$403,380, and every one of those dollars which that Bureau got, it obtained only after the most earnest kind of insistence, working as hard as it knew how to demonstrate the great need of those few paltry dollars, \$403,380, for the Children's Bureau. There was appropriated last year \$2,977,000 for the care and maintenance of the horses owned by the National Guard of the United States. For the children, in consideration of their needs, \$403,000; and every one of those dollars came like a tooth that was being pulled! Two million nine hundred and seventy-seven dollars for care and maintenance of the National Guard horses!

The State Department, the only Department of our Government exerting itself, as a Department, in the interests of peace, comes here pleading year after year for paltry additions to its appropriation. Mr. President, you and I know how well they have fared. This year the appropriation which we have already made for the conduct of the entire Department of State is \$13,904,100; and yesterday without batting an eye we appropriated between \$20,000,000 and \$40,000,000—twice the total amount allowed the State Department—in order to bring about an increase in the enlisted personnel of the Army of between 46,000 and 47,000.

For the Justice Department we have appropriated about \$34,000,000 for the fiscal year, and we quibble annually about what we appropriate for them. But an additional \$40,000,000 to the Army—oh, pay no attention to that! Let not that worry us or give us concern!

For the Commerce Department, devoting itself to the advancement and enlargement of our commerce, we have appropriated for the next fiscal year approximately \$34,000,000; and yesterday, without hardly batting an eye, I repeat, the Senate with ease surrendered between \$20,000,000 and \$40,000,000 to enable between 46,000 and 47,000 more men to be enlisted in the Army.

The Labor Department, engaged in the wonderful work which occupies its attention—oh, what a time they have

annually getting what their budgetary plans call for! For next year we are going to give them \$15,000,000 with which to carry on the work of that Department. Had it been suggested that there be an increase of \$20,000,000 in the appropriation for the Labor Department what warfare we should have had right here in this very Chamber! But when the \$20,000,000 or \$40,000,000 is added to the War Department appropriations—no; we should not give ourselves concern about that!

This new year is going to find the United States appropriating in excess of a billion dollars to maintain its Army and its Navy—a billion dollars—while all the other departments of Government are being conducted for much less than that.

Mr. President, I think I need not say more to convey the thought that will prompt me to vote against this bill appropriating money for the War Department for the next fiscal year.

Mr. BONE. Mr. President—

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from North Dakota yield to the Senator from Washington?

Mr. NYE. I yield to my friend from Washington.

Mr. BONE. I should like to have one thing made very plain at this point, and, in order that it may be made plain, I should like to ask the Senator to repeat his statement of a moment ago to the effect that the appropriations for the Army and the Navy this year will exceed the appropriations for all the other activities of the United States Government. Is that correct?

Mr. NYE. For all the other normal departments of the Government.

Mr. BONE. That is what I mean. I think that should be emphasized in the Senator's remarks, because it will be a very interesting and diverting fact to the people.

Mr. NYE. I am sorry I am without the exact figures before me concerning the cost of the various departments, but, in order that the Senator may obtain an idea as to how that cost runs, let me remind him that the appropriations for the coming fiscal year for the State Department are \$14,000,000, in round figures; for the Department of Justice, \$34,000,000; for the Commerce Department, \$34,000,000; and for the Department of Labor, \$15,000,000. There are four of our great departments the appropriations for which are less than a hundred million dollars.

Mr. BONE. A radio commentator recently referred to the fact that the pending Japanese budget requires that approximately 49 percent of the budget for this year should go to the Army and Navy of Japan, and he expressed great horror over that fact and grave concern lest it affect the peace of the world. It is rather startling to find this Government of ours spending 50 percent of its total Budget for the Army and Navy.

Mr. NYE. Mr. President, where are the billions we are now needing coming from? We are worried about that when we consider the billions needed for human relief; we are worried about that when we are giving consideration to the appropriation of money for public works, or to meet the bonus demands. Where is the money coming from, we ask ourselves time and time again, excepting only when we are considering the billions to be appropriated for the Army and Navy. No one seems to be concerned about that; no one worries about that. "Where is it coming from?" "Why, we will borrow it; we will borrow it, of course; and we are thoroughly justified in borrowing when our national defense is at stake."

Speaking of borrowing, Mr. President, there are today thousands of people wondering and wanting to know why, with our Government's credit the base for the issuance of money, the Government should have to pay toll to the bankers for every penny of that money the Government borrows. Those same thousands of Americans, and more, sooner or later, are going to discover something that will intensify their existing headaches. Our \$30,000,000,000 national debt calls for a tremendous interest payment annually. We shall awaken one of these days to discover that this payment is to

bankers who loaned Uncle Sam his own credit. We shall at the same time learn how our financing through this depression is actually accomplishing larger concentration of money and banking resources than ever known before the money changers were presumably thrown out of the temple.

Puzzled by the complex explanations concerning our money and banking machinery, and finding myself a most miserable student when I sought better to ascertain its operations, I had quite resigned myself to what did not seem to be right but which must be right to have stood up and functioned for so very many years. If bankers and statesmen insisted our money base was sound, sound it must be. If they insisted any other base would bring complete wreckage to our economic structure, then we must not even contemplate any other base. I have thought at times that a farm of productive ground, here today, here tomorrow, and here forever, might be a good base for money, but those who knew better have said that it would be a dangerous thing to depart from gold as such a base. All in all, I repeat, like many others, I had become resigned to let others who claimed to know more about money have their say and do their way about matters of national monetary policies. But now I am rudely awakened by the knowledge that we are functioning quite well even though considerably removed from gold as a base. Currency, even though not redeemable in gold, is being accepted without any discounting whatever by those I owe. None are questioning the worth of the great amounts of American currency changing hands each day; yet behind that present-day currency, Mr. President, there is not much, if anything, more than quite alone the good name and credit of the United States Government. The situation is rather bewildering to me.

Through recent years our Government has needed billions of dollars to battle the depression. It has issued its bonds. Each time our bonds have been offered they have been times oversubscribed. The bankers have bought them in great blocks by giving the Government their checks or drafts in exchange for the bonds. The bonds drew and are drawing interest. The bankers, without losing the right to collect interest on these bonds from the Government, have, in turn, taken their bonds to the Federal Reserve banks which they, the bankers, own, and placed them there as collateral against an issue of bright, new Federal Reserve bank notes, for which they paid only the actual cost, virtually, of printing the notes.

This new money the banker has taken back into his bank and used it to buy more Government interest-bearing bonds or to loan to you and to me at the prevailing rates of interest. None are refusing to accept this kind of money; none are doubting its worth; none are calling it fiat money or printing-press money; yet, if I understand the process at all, there is behind this special money, in the main, nothing more than the promise of the Government to pay. This money buys groceries; it buys clothing; it pays for homes and pays for land; it pays interest and it pays debts; even the bankers accept it as good money; yet this money is based quite alone, I repeat, upon the credit not of the bankers but the credit of the United States Government.

Mr. LEWIS. Mr. President—

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

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

Mr. LEWIS. I ask the able Senator to return for a moment in his reflections to the query as to where we will get the money to pay the debt of the billion dollars which it is contended by certain persons, and approved by myself, as necessary to the national defense. Knowing as I do the able Senator has been conducting, with the aid of his committee, a most commendable investigation on behalf of the public touching both the question of the production of munitions and the general defense of the country, I ask the Senator would he not say, if the time should come when the country was in peril of its life and called on to defend itself, that it would be rightful to take the money from those who have wrongfully taken it from the people and with that to pay the debt for the defense of this Nation and its protection?

Mr. NYE. Of course, I agree thoroughly with the Senator from Illinois; and I wish he would lend his very able mind to formulating the kind of legislation that will do that thing. He can have little conception, until he has tried, how difficult is the task of making the burden of war rest where it ought to rest. Our committee, within the next few weeks, is going to devote its entire time to the study of that very question; and I hope if the Senator has a valuable thought upon the subject—and I am confident he does have—that he will give the committee the benefit of his knowledge. We can make splendid use of it.

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

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

Mr. NYE. I yield.

Mr. KING. Perhaps this will not be quite in harmony with the suggestion made by the Senator from Illinois or the position taken by my friend from North Dakota, but, if he will pardon me, I invite his attention to the fact that, according to the accepted statistics, the people of the United States and their Government and the States and their political subdivisions are owing now at least \$175,000,000,000. The fact is that there are only five or six billion dollars of money, so-called "currency", in the country. I wonder where we are to get the money to pay our debts. Supposing that war were declared tomorrow and we needed ten-, fifteen-, twenty-, or forty-billion dollars, we could not get it by taking houses and lands; and if we should lay our hands upon them, under the sovereign power of the Government, we could not find purchasers for them; so that, after all, when it is said that we will take the money from those who have it to the extent of thirty or forty or fifty billion dollars, we are going to have a very difficult task, because they have not got it; the Government would have to take the property, and the property would be just as valueless in the hands of the Government as it would be in the hands of the owners when there is no opportunity for them to make disposition of it.

Mr. NYE. The Senator from Utah clearly senses the very grave difficulty which confronts any man or any group of men who try to find a way and devise a means of making those who enjoy the profit out of war pay the bill for war.

Mr. BONE. Mr. President—

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

Mr. NYE. I yield.

Mr. BONE. The statement of the Senator from Utah intrigues me. He asks where we are going to get the money. The last war cost \$30,000,000,000. The Senator said there was only \$5,000,000,000 of money in the country. I am rather curious to know how we translated that \$5,000,000,000 into \$30,000,000,000 to carry on the war. When that question shall be answered we will have a little more light on our difficulties, it seems to me.

Mr. KING. We obtained a very large part of it from the \$15,000,000,000 or \$16,000,000,000 or more of tax money of those whose earnings were very great, paid in excess-profits taxes. I am in favor of levying high excess-profits taxes. After we had extracted from the people or taken from them under the taxing power the large amount to which I have referred, there was still a deficit and we then sold bonds to the American people. The American people purchased those bonds by borrowing money from the banks. I know a number of men went to the banks and borrowed money because of their desire to be patriotic, and have not paid the banks to this day the amounts they borrowed. They borrowed money to purchase bonds because the Government could not prosecute the war without money. Unless the bonds could have been sold, they would have been valueless so far as raising funds with which to prosecute the war is concerned.

Mr. NYE. Mr. President, we have gone rather far afield from the subject of immediate consideration. I have been seeking to show the bewilderment which was mine over the readiness or willingness of those who have long criticized any departure from so-called "sound money" to take the new present-day money. Even the banker is willing to take it.

Having demonstrated, as I presume I have, my frightful ignorance upon the money question, I come to the Senate frankly seeking knowledge. I join with the thousands of others in asking why, with the Government's credits as the base for the issue of money, the same Government should have to pay toll to bankers when it wants and needs money based upon its own credit.

Desire for a genuine answer to that question, and desire for an airing such as will justify or fail to justify the existing money and banking policy, has prompted me to introduce Senate bill 2162, which has been referred to the Senate Committee on Banking and Currency. I shall soon be asking that committee to give consideration to the measure and a hearing upon its general purpose to such as shall ask to be heard. A companion to this bill, House bill 6382, has been introduced in the House of Representatives by Representative SWEENEY, of Ohio.

In offering this measure, which proposes the reform of our monetary system, the bill is presented as a base for consideration. It is presented partly in the hope that authorities will, by attacking it, undertake to establish and prove the merit of the existing system over the one proposed and clear bewildered minds like my own.

Several are the factors which have brought to us the worst economic break-down our Nation has ever known. However, it seems to me that not the least of these factors has been the private control of money and credit. True, this private control has existed through times of prosperity, but not without considerable bolstering by the Government. Private control has existed in bold defiance of the plain letter of the Constitution of the United States. Some day someone will prepare and present an interesting digest of all the enactments of Congress to improve the facilities affording a medium of exchange down through the many generations living under that Constitution. I am sure such a digest would show constant and insidious encroachments by private privilege against the interest of the whole people.

By way of illustration, let us but look to one of the great efforts extended to restore to Congress larger control, in keeping with its constitutional duty, over our monetary system. Such an effort was that which witnessed the birth of the Federal Reserve Act of 1913. This bank, to all intents and purposes, was to be a central bank controlled by an agency of Congress. Great expectations were raised by it. Of the law, Senator Robert L. Owen, of Oklahoma, then Chairman of the Banking and Currency Committee of the Senate, said in presenting the bill:

Under this system panics will be made impossible. * * * Anybody actually entitled can get currency, and therefore no man with a deposit in a bank need be afraid that the bank cannot furnish currency while it is honestly and efficiently conducted. This will prevent runs on the banks and in preventing panics it will also prevent unfair and undue restriction of credit, with its consequent paralyzing effect on business and on the productive energies of the Nation. Business enterprises therefore will have a stability unknown in the past history of the United States. Men will not be thrown out of employment wholesale throughout the country by the fright of financial and commercial panic, but finance and commerce will become steady. Men will be regularly and systematically employed. Men will not be ruined by violent and abrupt changes of values. Hundreds of thousands of men will not be suddenly thrown out of employment during these national waves of depression. There will be no national waves of depression nor undue feverish buoyancy. The consequences will be that the national energies of our people will be employed upon a firm basis that will be continuous. It is impossible to exaggerate the extreme importance of this work. We have been studying this problem for many years and have now reached a point of national knowledge and certainty, where we not only know what the difficulties are, but we completely understand how to get stability both to our commerce and to our finance and put this country upon a basis of enduring prosperity.

That was the voice of the then Chairman of the Senate Committee on Banking and Currency when reporting the Federal Reserve bill of 1913 to the Senate of the United States.

Our good colleague and friend the senior Senator from Virginia [Mr. GLASS] at that time was Chairman of the Committee on Banking and Currency of the House of Representatives. In presenting the Federal Reserve bill to the

House in September 1913 he said, in concluding his remarks:

The bill enables the Government to resume and exercise function which for 50 years has been confided to private corporations. * * * Now, Mr. Chairman, sure of our ground, yet conscious of human limitations, we submit this bill to the judgment of the House, challenging a fair consideration of its provisions, and devoutly invoking the patriotic cooperation of our colleagues in what should be a great service to the country and a memorable achievement of the Sixty-third Congress.

Our colleague of today and former Senator Owen were not alone in their belief, back in 1913, that in the Federal Reserve Act there had been found at last the way to give Government control over its money, its credit, and its banking. William Jennings Bryan, at that time Secretary of State, summed up the high purposes of the act in these words:

The bill involves these fundamental principles:

First. The notes issued must be issued by the Government and not by the banks.

Second. The issue must be controlled by public servants and not by private institutions and individuals.

The bill, as prepared, observes these requirements. The right of the Government to issue money is not surrendered to the banks; the control over the money so issued is not relinquished by the Government; and the banks are not given a monopoly of the benefits from the issue of these notes.

Mr. BORAH. Mr. President, with reference to what bill was William Jennings Bryan speaking?

Mr. NYE. With reference to the Federal Reserve Act of 1913.

Shortly before his death, however, Mr. Bryan felt quite differently about the entire matter. He seems to have had occasion to change his opinion of the act, for in 1923, 10 years later, he wrote as follows:

The Federal Reserve Bank, that should have been the farmer's greatest protection, has become his greatest foe. The deflation of the farmer was a crime, deliberately committed, not out of enmity to the farmer but out of indifference to him. Inflation of prices had encouraged him to buy, and then deflation delivered him into the hands of the money lenders. The Federal bank can be a blessing or a curse, according to its management. If the Wall Street speculators are in control of it, they can drain the agricultural districts and keep up a fictitious prosperity among the members of the plunderbund. While the Federal Reserve Bank Law is the greatest economic reform achieved in the last half century, if not in our national history, it would be better to repeal it, go back to the old conditions, and take our chances with individual financiers than to turn the Federal Reserve Bank over to Wall Street and allow its tremendous power to be used for the carrying out of the plans of the Money Trust.

In brief, the great achievement of that period—the great effort to wrest ourselves free from the domination of Shylock—failed, and is today a failure; and that failure we can charge to amendments, administration, and manipulation. How and when shall we get rid of the fetters that bind us? Never until we get back to the money of the Constitution of the United States.

That is what is proposed in Senate bill 2162. The bill is not in the interest of any particular class—merchants, farmers, or industrialists. It is not class legislation. The preamble of the bill states very clearly the purposes of the measure and is self-explanatory.

The bill provides for a Bank of the United States as the sole agency of Congress to issue the money of the United States. It is placed under the control of a board of 48 directors, 1 from each State. These in turn elect an executive board of seven from the membership of the larger board. The powers and duties of the board of directors and of the executive board are set forth in the bill. The Secretary of the Treasury and the Comptroller of the Currency are made ex-officio members of the executive board.

The principal office of the board of directors will be in Washington, with branch offices in each State; and they may provide banking facilities in any trading center denied adequate banking facilities by private bankers.

All existing issues of currency are to be withdrawn and replaced by United States bank notes, which are made legal tender for all debts, public and private. The Bank of the U. S. A. is authorized to buy Government bonds now outstanding, by which a vast amount of tax-exempt funds are

released and a great burden of interest removed from the necks of the people. The bank of the U. S. A. is authorized and directed to buy the capital stock of the 12 Federal Reserve banks and their branches and take over the Federal Reserve System in the name of the United States. It is authorized to buy and sell gold, silver, and foreign exchange in the financial markets of the United States.

Aside from the purpose of taking control of our monetary system out of the hands of private corporations, there is also the purpose of taking from such corporations the power to inflate and deflate credit—a power which since 1929 has been shown to be much greater and more dangerous in the hands of ruthless individuals than even the control of actual coin and currency.

My hand has been only one of many which have worked for several weeks in the drafting of this bill. While I gladly sponsor the legislation, I shall not seek to hog credit for such merit as it may prove to have. In acknowledging this cooperation of others, I desire to make special reference to one who has been proving himself a giant in fields of reform and in education—one who, though I do not always and fully agree with him, must be acknowledged as an unceasing and uncompromising champion of social justice in our land. Repeatedly has he challenged a selfish order. Repeatedly has he asked questions which men seem to choose to ignore in the hope that the questioner will ultimately spend himself and make unnecessary any direct answer, while those who ought to answer respond to his charges and questions by resort to such name calling as "Catiline", "Judas", "prostitute", "lunatic", "Pied Piper", and "demagogue." I have reference to the Reverend Charles E. Coughlin and his associates.

It seems to me that those who so bitterly denounce Father Coughlin and others who advocate challenging the banking crowd, which has so long controlled the very lifeblood of an economic structure, might take the time to try seriously to answer the things he is saying and seek to correct the public mind, if he has, as they say, poisoned that public mind on the money, credit, and banking question. There are far too many of us who believe that the Detroit man, who has dared challenge openly and public American plutocracy, has been operating on solid, if embarrassing, ground. Moreover, he seems to be rather well reinforced by recent decisions by our Supreme Court concerning the power of Congress over the monetary basis of our country.

If in the past the Nation has accomplished little, it is chiefly because we have entrusted money policy to those who had not the interests of the people at heart. We have said to the banker, "You are a superman. We trust you to handle this intricate problem." We forget that in the far greater problem of building a republican form of government we entrusted that task to men who had no experience in rule of the people and who were guided alone by a desire to secure the blessings of liberty and of rule by the people.

I am not at all underrating the ability and power of the opponents of any such measure as Senate bill 2162. To bring about such a reform as this bill proposes is to challenge all the combined powers of aggregated wealth with all their plutocratic, dominating, and conscienceless methods of warfare. Secretary of the Treasury Chase, in Lincoln's day, made a prophecy which is about to be realized. He foresaw a time such as this—

When the people will be arrayed on one side and the banks on the other in a conflict such as we have never seen in this country.

We must enter the fight or submit to a system which Horace Greeley foresaw to be as cruel as that of the old system of chattel slavery. Will we permit this to go until the Republic is destroyed, as was feared by Lincoln? Will this generation see our independence, as William Pitt prophesied, "a mere phantom"? The challenge is upon us, and to every good citizen throughout this country.

What will we do? Will we agree that the citizens of this great land shall be manacled and bound in economic servitude, or will we demand that they shall be freed—free to toil

and labor and enjoy the fruits of their intelligence and thrift? Then, Mr. President, it is high time that we sought the end of a control that has men and governments paying tribute and paying tolls that will ultimately break the backs of men and of governments.

I hope Senate bill 2162 will have the earnest, conscientious consideration to which I believe it is entitled.

I ask unanimous consent that Senate bill 2162 may be printed in the RECORD at the conclusion of my remarks.

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

The bill referred to is as follows:

A bill to restore to Congress its constitutional power to issue money and regulate the value thereof; to provide for the orderly distribution of the abundance with which a beneficent Creator has blessed us; to establish and maintain the purchasing power of money at a fixed and equitable level; to restore the values of property to just and equitable levels; to increase the prices of agricultural products to a point where they will yield the cost of production plus a fair profit to the farmer; to provide a living and just annual wage which will enable every citizen willing to work and capable of working to maintain and educate his family on an increasing level or standard of living; to repay debts with dollars of equal value; to lift in part the burden of taxation; and for other purposes

Whereas the Constitution of the United States in article 1, section 8, clause 5, provides that Congress shall have the power to coin money and regulate the value thereof and of foreign coins; and

Whereas the present practice of issuing book credits by commercial banks, and transferring the title of said credits by check, provides a supplementary medium of exchange, abrogating the said constitutional provision and establishing a separate, private, and independent monetary system; and

Whereas the permanent welfare of the people and the protection of the economic life of the Nation are dependent on the establishment of a monetary system wholly subject to the control of Congress which will promote the interests of agriculture and labor, of industry, trade, commerce, and finance for the economic well-being of all citizens by the maintenance of price levels which will avoid excessive expansion or disastrous contraction and which will protect the national credit and currency at home and in the world markets: Now, therefore

Be it enacted, etc., That there is hereby created a central bank, which shall be known as the "Bank of the United States of America", which may be abbreviated as the Bank of the U. S. A.

SEC. 2. The Bank of the U. S. A., so created, shall be the sole agency of the Congress of the United States to issue the money of the United States, to control the value thereof, and the value of foreign moneys, and it shall be the custodian of all monetary stocks and of all moneys and the guardian of the public credit of the United States. It shall be the central depository of all reserve funds of all banks, banking institutions, and banking firms under the jurisdiction of the United States. It shall be the sole fiscal agent of the United States Government. All acts of Congress providing for the issue of circulating notes by national banks are hereby repealed.

SEC. 3. (a) There is hereby created a governing board of the Bank of the U. S. A., which shall be known as the "Board of Directors of the Bank of the U. S. A.", which shall be the monetary authority and agent of Congress of the Government of the United States. The Board of Directors of the Bank of the U. S. A. shall be composed of one representative from each State, elected by the people thereof at the same time and by the same method as Representatives in Congress, for a period of 12 years. Immediately after they shall be assembled in consequence of the first election, they shall be divided by lot equally into six classes; the seats of the directors of the first class shall be vacated at the expiration of the second year; the seats of the second class at the expiration of the fourth year; the third class at the expiration of the sixth year; the fourth class at the expiration of the eighth year; the fifth class at the expiration of the tenth year; the sixth class at the expiration of the twelfth year; so that one-sixth may be chosen every second year; and if vacancies happen by resignation or otherwise the executive of the State affected may make a temporary appointment until the next general election to fill the vacancy. The Board of Directors shall choose from among their own number an executive board consisting of seven members and including a governor and a vice governor selected by a majority of the 48 directors. The salary of each director shall be the same as that of an Associate Justice of the Supreme Court of the United States and be paid out of the funds of the United States Treasury not otherwise appropriated. The directors shall not during their term of office hold any direct or indirect financial interest in any bank, banking institution, banking firm, financial institution, or any firm or corporation as stockholder, director, or officer either in the United States or in any foreign country. The Board of Directors shall assemble on the first Monday in December and remain in session at least nine months during each year. A majority shall constitute a quorum. The Board may determine the rules for its proceedings, and Congress may, by the process of impeachment, remove a director. No director shall, during the term for which he is elected, be appointed to any civil office under the authority of the United

States or of the State or Territories or possessions, nor be a Member of either House of Congress. Any director shall be eligible for reelection. Upon attaining the age of 70 years, each director shall retire, with an annual pension for the rest of his natural life equal to \$1,000 per year for each year of service or major fraction thereof: *Provided*, That the maximum annual pension shall be \$12,000, which shall be paid out of the funds of the United States Treasury not otherwise appropriated.

(b) The Secretary of the Treasury and the Comptroller of the Currency shall be ex-officio members of the Executive Board of the Bank of the U. S. A.

(c) The members of the Federal Reserve Board at the time of the enactment of this act shall serve as members of the Executive Board of the Bank of the U. S. A. until their successors are elected and qualify, as herein specified.

SEC. 4. (a) The Board of Directors of the Bank of the U. S. A. is authorized to appoint and fix the compensation of a president and vice president and such other executive officers, examiners, economists, and other experts as may be necessary to carry out its functions under this act, without regard to provisions of other laws applicable to the employment and compensation of officers and employees of the United States; and, in addition thereto, the Board may, subject to the civil-service laws, appoint such further officers and employees as in their judgment may be necessary, and fix their salaries in accordance with the Classification Act of 1923, as amended.

(b) The Board of Directors of the Bank of the U. S. A. shall have its principal office in Washington, D. C. It shall establish branch offices in each State of the United States and in its Territories and possessions and may establish agencies to conduct a general business of banking and to provide banking facilities in any recognized trading center of the United States which is denied adequate banking facilities by private institutions. It shall formulate policies and regulations for the management of such branch offices and agencies. Branch offices shall be designated by States, as Maine branch, Bank of the U. S. A.; California branch, Bank of the U. S. A., and so forth.

SEC. 5. (a) After the passage of this act no currency shall be issued under the authority of the United States, except notes of the Bank of the U. S. A. of the same size as the present Federal Reserve notes and of such denominations as may be determined by the Executive Board of the Bank of the U. S. A., which said bank notes shall be full legal tender at face value for all debts public and private within the United States or its Territories or possessions.

(b) Within 1 year from the passage of this act, all present Federal Reserve notes, Federal Reserve bank notes, national-bank notes, gold certificates, silver certificates, Treasury notes of 1890, and United States notes issued and outstanding, shall be recalled for redemption, and those turned in for redemption shall be retired and destroyed, and notes of the Bank of the U. S. A. herein provided shall be issued in exchange, it being the purpose of this act to substitute the notes of the Bank of the U. S. A. herein provided for all other forms of paper currency of the United States.

SEC. 6. In the exercise of its jurisdiction as agent of the Congress of the United States to issue money and to control the value thereof, the executive board of the Bank of the U. S. A. may from time to time order and direct the Secretary of the Treasury of the United States to engrave or cause to be engraved, and to print or cause to be printed, United States bank notes as provided in this act, in such quantities and denominations as the said board may deem necessary, and to hold the said United States bank notes subject to further order of the said board.

SEC. 7. The Secretary of the Treasury of the United States shall, upon receipt of directions or instructions or orders from the executive board, duly authenticated in such manner as may be prescribed by the board of directors, execute the said directions, instructions, or orders forthwith, by engraving, printing, and disposing of the said notes of the Bank of the U. S. A. as specified in said duly authenticated directions, instructions, or orders, and the said duly authenticated directions, instructions, or orders shall at all times be considered and construed to be the direct acts of the Congress of the United States through its duly authorized agent, the Bank of the U. S. A.

SEC. 8. (a) Immediately upon the passage of this act, the Bank of the U. S. A. is hereby authorized and directed as soon as possible to purchase the capital stock of the 12 Federal Reserve banks and branches, and agencies thereof, and to pay to the owners thereof in the notes of the Bank of the U. S. A. the paid-in value of said stock, with 6 percent per annum interest from the last dividend date.

(b) That all member banks of the Federal Reserve System are hereby required and directed to deliver forthwith to the Bank of the U. S. A. all the stock of the said Federal Reserve banks owned or controlled by them, together with any and all claims of any kind or nature in and to the capital assets of the said Federal Reserve banks, it being the intention of this act to vest in the Government of the United States the absolute and unconditional ownership of the said Federal Reserve banks.

SEC. 9. Upon the purchase of the stock of any Federal Reserve bank by the Bank of the U. S. A. as herein provided, the said Federal Reserve bank shall immediately become a branch of the Bank of the U. S. A. and subject in every respect to the jurisdiction of the board of directors of the Bank of the U. S. A. herein provided for, and the terms of the officers of the board of governors of the said Federal Reserve bank shall immediately cease and terminate: *Provided, however*, That the chairman of the board of governors of the said Federal Reserve bank and all the execu-

tive officers or employees thereof shall continue to perform their customary duties and obligations in the operation of said Federal Reserve bank until their successors shall be appointed by the elected board of directors of the Bank of the U. S. A.

Sec. 10. (a) All individuals, firms, associations, or corporations engaged in the business of banking as defined by law and among other things receiving deposits of money or credit from the citizens or firms, corporations, or associations of any State and transferring or transporting said money or credit or the title thereto to other banks or individuals, firms, associations, or corporations of any other State or States, Territories, and possessions of the United States, are hereby declared to be engaged in interstate commerce, and as such are subject to Federal jurisdiction and to the jurisdiction of the Bank of the U. S. A. and all the provisions of this act.

(b) Within 1 year after the passage of this act, all banking institutions under the jurisdiction of the Bank of the U. S. A. shall be required to keep on deposit with the Bank of the U. S. A., or in its vaults, United States bank notes herein provided for a full 100 percent of its deposits which are subject to check and payable on demand; and, in addition thereto, it shall keep within its vaults the further sum equal to 5 percent upon all savings or investment deposits commonly known as "time" deposits.

(c) For the purpose of creating the lawful money reserve hereinabove required, the Bank of the U. S. A. shall purchase from banks in the United States bonds of the United States Government.

Sec. 11. The Bank of the U. S. A. is hereby authorized to purchase or sell gold, silver, and foreign exchange in the financial markets of the United States, at such times and in such quantities as in its discretion is necessary to carry out the purposes of this act, namely, to regulate the value of money of the United States and of foreign countries.

Sec. 12. (a) The Bank of the U. S. A. shall have jurisdiction over and shall control and supervise all banking institutions whatsoever of the United States and territories and possessions thereof, subject to law, and shall have the power to prescribe such rules and regulations not inconsistent with the law as it may deem desirable for the safe and proper conduct of the banks and banking institutions within its jurisdiction.

(b) The Comptroller of the Currency and all officers of the Government of the United States exercising any supervisory powers or duties over the banks of the United States, or any of them, shall carry out and perform such rules and regulations for the conduct of banks and banking institutions in the United States or Territories or possessions thereof as may, from time to time, be prescribed by the Bank of the U. S. A. through its duly designated officers.

Sec. 13. Directly upon the passage of this act, the Bureau of Labor Statistics of the Department of Labor shall be transferred to the Bank of the U. S. A., and such Bureau shall thereafter be under the supervision of the board of directors of the Bank of the U. S. A. The statistical department of the present Federal Reserve Board, together with the statistical departments of the Comptroller of the Currency, together with the statistical department of the Bureau of Foreign and Domestic Commerce and the Bureau of Agricultural Economics, Secretary of the Treasury, and of the Treasurer of the United States, shall all be consolidated with the Bureau of Labor Statistics, and the name of the consolidated bureau and departments shall be the Bureau of United States Statistics. The duties of said Bureau for bureaus and departments consolidated therein, in addition to all those now prescribed by law, shall be to collect, assemble, and analyze authentic data, for the purpose of determining the true and correct relation of the total amount of money in actual circulation, including both currency and credit money, commonly called "demand deposits", to prices, wages, industry and commerce, the standard of living, employment and unemployment, to the end that the board of directors of the Bank of the U. S. A. and the executive board thereof may scientifically and accurately determine the rate at which progressive additions to the stock of circulating money, including coin, currency, and credit, must be made in order to maintain an even and stable purchasing power, and to promote a constantly rising standard of living for the people of this Nation, unlimited except by the extent of natural resources and the willingness of the people to work.

Sec. 14. It is hereby made mandatory upon the board of directors of the Bank of the U. S. A. and the executive board thereof to provide such stable purchasing power of money and such equitable price levels, first, by the progressive purchase of the bonds of the United States and the creation of the 100-percent reserves behind demand deposits, and, further, if necessary, by increasing the money in circulation by paying the extraordinary and then the ordinary expenses of Government by currency issue until the average commodity price level reaches the index of the Bureau of Labor Statistics for 1926. The board of directors of the Bank of the U. S. A. will determine a true and equitable commodity price level to succeed that of 1926, and it is made mandatory on the board of directors to provide issues of currency which will maintain this level.

Sec. 15. The board of directors of the Bank of the U. S. A. shall recommend to Congress the retirement through taxation of such excesses of currency as may be necessary to keep the price level from rising above the level prescribed by section 14 of this act.

Sec. 16. All laws or parts of laws in conflict with this act are hereby repealed.

Sec. 17. If any provision of this act or the application of such provision to any person or circumstance shall be held invalid, the remainder of this act or the application of such provisions to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

Sec. 18. This act shall take effect July 1, 1935, or sooner by proclamation of the President.

Sec. 19. This act may be cited as the "National Banking and Monetary Control Act of 1935."

THE N. R. A. AND THE ANTITRUST LAWS

Mr. BORAH. Mr. President, upon yesterday Mr. Donald Richberg testified before the Committee on Finance. Ordinarily I should not discuss hearings which are going on before committees; but the statements made by Mr. Richberg have been published far and wide, as was proper, and I think it appropriate to refer to some of his statements.

His statement covered some three or four matters which are of very great concern to the public, as I take it. I cannot agree with the views which he expresses. I think it worth while, therefore, to take the time to present the other side of the question.

In this statement Mr. Richberg says:

The general proposition that the effect of the codes upon small enterprises has been harmful cannot be sustained. The steady decline of business failures, particularly among small concerns, since the beginning of N. R. A., is a complete refutation of this charge.

Mr. Richberg denies the effect of the codes upon small business, and contents himself by citing figures as to failures during the last year or year and a half. The question is not so simple as that.

Mr. GLASS. Mr. President, will the Senator yield to me to have a quorum called?

Mr. BORAH. I yield.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

The PRESIDENT pro tempore. Ninety-one Senators having answered to their names, a quorum is present.

Mr. BORAH. Mr. President, we will soon be considering the bill to extend the National Recovery Act, therefore candid debate upon the subject cannot be out of place at any time.

There are three particular matters which interest me and which Mr. Richberg covered in his testimony. They are: The situation with reference to small business, the restoration of the antitrust and antimonopoly laws, and the question of whether or not, if they are restored, they can be enforced. In his statement before the committee with reference to small business, Mr. Richberg said:

The general proposition that the effect of the codes upon small enterprises has been harmful cannot be sustained. The steady decline of business failures, particularly among small concerns, since the beginning of the N. R. A., is a complete refutation of this charge.

The effect of the codes upon small business cannot be adequately tested by R. G. Dun & Co.'s reports as to failures. It is not alone the question of how many—and there have been enough—have actually been driven out of business, but the question is whether the small business man shall be compelled to live upon the ragged edge of bankruptcy while the larger business interests under the same codes are enjoying vast profits.

A year ago when this matter was up for discussion as to the effect of the codes upon small business, I received thou-

sands of letters from small business men stating the effect of the codes upon their businesses. When the matter approached us again I sent out letters to these same business men asking them to give me their views after another year's experience.

Literally hundreds of replies to these letters have come back advising me that the business had liquidated; that this or that firm which had written me at the time had gone out of business. In my opinion it will be found that that is only a slight indication of the effect of these codes upon small business.

I have been able to discover only one code which seems to me to effectively protect the small business interests in that code, and that seems to be true in that particular instance. But in the other instances the codes have been framed by large business, written by large business, and enforced by large business, and it has been utterly impossible, however desirous those in authority might be, to prevent the large business interests from really directing and controlling the course of business in the particular industry. The result has been that the small business man is constantly struggling against actual bankruptcy while the larger interests, in the same industry, are enjoying sometimes as high as 100 and 160 percent net profit. That is the phase of the matter which concerns me, not as to the particular number which have failed, but as to those who have been able to remain in business. Is it fair, is it just to place the small business man under a system which either forces him into bankruptcy or keeps him at a point near bankruptcy while the large business concerns enjoy large profits.

I am going to call the attention of the Senate to the letters which came to me in one mail, and that this morning's mail—and only to a portion of those—in order to give an indication of the struggle which small business is making under the codes which have been written by the large business interests. And let me say that the fact that these codes have been written by large business is natural. It is almost inevitable. They were the ones who would be present at the time of the framing of the code. The small man could not afford to be there. If he could get there, as one of them wrote me, he could not afford to stay indefinitely until the code was framed. Therefore it was natural, it was inevitable that when the final shaping of the code occurred it would be such as was framed and conceived to be in the interests of large business.

I am calling attention to a few of these letters in order that I may present what I conceive to be the real effect of these codes upon small business. I have a letter here from the Globe Carved Moulding Co., of Grand Rapids, Mich., under date of March 4, in which the writer says:

If you want to see monopoly at its height please refer to Code No. 260 of the ornamental moulding, carving, and turning industry. Especially note section 4 of article 9, and also article 10. Those clauses were put in the code through the determined insistence of the largest operators of our industry. In order to let you behind the scenes we are quoting from bulletin no. 6 of the Ornamental Moulding, Carving, and Turning Association:

"1. The Design Registration Bureau of the Code Authority was launched with a rush of 65 registrations in the first month.

"2. You can protect your outlet from cut-price duplication in cheap products.

"3. You can partially remove a registered product from price competition and to a large degree stabilize your prices."

We have written the Code Authority in Washington several times and explained our predicament in detail. Although it is true that we received an answer each time to our correspondence, the answer was worthless as the N. R. A. dodged the issue entirely.

We have come to the conclusion that the N. R. A. is a farce and should be abolished by Congress. The good points of the N. R. A., namely, abolishment of child labor, minimum wages and maximum hours, and collective bargaining could be salvaged from the wreckage and placed in another bureau for enforcement. We would also like to see the Sherman Antitrust Act restored with sharper teeth than ever before.

That illustrates the situation of the small business man when he has a cause of complaint; he is compelled to take it up by mail. The large interests are on the ground to explain and to nullify the charges, and the result generally is that the small business man receives no real relief from the conditions which surround him. I have hundreds of letters relating how vain have been their efforts to get relief because

the code maker being the large concerns refuse to allow relief or change.

I read another letter which I received this morning:

We have been in business since 1913, and have a good record and reputation for service and square dealing.

All of our employees have been kept on the pay roll during the entire depression, no one having suffered distress or having to apply for relief.

I should say that this is from the Pittsburgh Carbon Brush Co., Pittsburgh, Pa.

We were placed in the position of either submitting to the dictation of some of the larger units in our industry or having the price of some of our essential materials used in the manufacture of our products raised to prohibitive figures. We refused to submit.

At present we are unable to purchase these materials at the same prices as other companies in the same line of business, and we feel that there has been a discrimination against us.

In other words, one of the methods by which the large interests crush the small business man is to make it impossible or difficult for him to secure the material which it is necessary for him to have at any reasonable figure or figure which he can afford to pay.

We have protested for over one and a half years and submitted statements at the hearings had in Washington January 4 and February 8, 1934, in addition to filing a brief under date of February 21, 1934, and writing numerous letters to various officials of the N. R. A., all of which cost us considerable time and money.

We have also requested the National Electrical Manufacturers Association, which is our code authority, to take steps toward getting us fair and impartial treatment at the hands of those who control our essential raw materials, but nothing has been done.

The companies from which we must purchase these materials are members of the National Electrical Manufacturers Association, which we understand is essentially a private organization organized for the profit and for furthering the interest of its members. It has had delegated to it authority which, in effect, amounts to legislative authority which can be used to make it extremely difficult for small companies like ours.

The large business interests not only have the power to make the code and legislate upon the subject but the extraordinary situation prevails that when a small business man violates a code he is subject to fine and to other penalties. I suppose that nowhere, in no country, has it ever before been an established law that large business interests might in reality write codes which, in fact, become laws, the violation of which by some small business man would send him to jail. Neither Charles the First nor Stalin of today had the slightest conception of arbitrary government.

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

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

Mr. COSTIGAN. Yesterday, in his testimony before the Finance Committee in the hearings on the proposed extension of the National Industrial Recovery Act, Mr. Donald Richberg testified, in effect, that the antitrust laws have for a long time been largely unenforced and ineffective. We all recognize a certain measure of truth in that general observation. For one, I shall be obliged if the able Senator from Idaho will state to what extent he has concluded that the antitrust laws were effective before the enactment of the N. I. R. A. and to what extent, in his opinion, efforts to enforce the antitrust laws have been in the nature of shadow boxing.

Mr. BORAH. Mr. President, that is one of the subjects which I indicated I should touch upon before I closed my remarks.

I read further from the same communication:

We feel that the odds are greatly against us, as our large competitors and those who control our sources of supply are in a position to indirectly control our business under the present set-up.

Ours is a long story. * * * The situation at present is as bad as ever, and unless we get relief we will be obliged to consider liquidating our business, which provides steady employment for 11 persons, when our present inventory is exhausted.

We believe the strict enforcement of the antitrust laws and Federal Trade regulations will help small business organizations like ours.

I am not unmindful of the fact, Mr. President, that there are those who, like General Johnson, believe that the time has come for the small business man to pass out of the picture. That is their philosophy; that is their belief. General Johnson declared last night in his speech—and I was happy to find that I had not misstated his views—that

advancing civilization would necessarily eliminate the small business man in this country, and as I understood his speech from the rather inadequate report in the newspapers, said that we in the United States would come to be controlled and dominated by vast corporate interests, and the small man would necessarily be eliminated from our civilization. I pay General Johnson this well-deserved tribute: He is candid and he is courageous. No one need be in doubt as to his views and opinions. His philosophy is cold and cruel and false, but his unfaltering defense of it excites my admiration.

It may be that General Johnson is wise enough to know what is going to happen; it may be that, as Shakespeare said, he can—

* * * look into the seeds of time
And say which grain will grow and which will not.

It may be that the small man will ultimately be crushed out of our civilization. I do not think so; I do not believe so; I pray God it may not be so; but let us suppose that it will be so. It is not so as yet, and so long as the small business man is here he is entitled to fair treatment; he is entitled to the protection of just and equal laws. I am not contending today, Mr. President, against corporations as such; I am not contending against big business as such; I am contending against the practices and methods of some corporations and some big businesses, which practices and methods are adopted for the purpose of willfully destroying small business. I am contending against the practices and methods of large business which no one except one possessing the greed of a highwayman would employ, and no one who did not believe in the highwayman's technique would defend.

Mr. GLASS. Mr. President, the Senator might go further and say that General Johnson also stated that the powers of Government should be used and exercised to bring about the very result of which the Senator complains.

Mr. BORAH. Yes; I understand that to be General Johnson's view, that not only are we to admit the proposition of the effect of big businesses upon small businesses in and of themselves as between themselves, but that it is the province of Government to come to the aid of large business and to eliminate small business. Why? Because it is not economically sound to have small business the independent business; the small businesses have no place in the great modern scheme of pelf and plunder, of greed and grandeur.

Mr. President, we have been confronted by the question of small business and the little man since the dawn of civilization. He is still here. There was a time in the history of England when the monarch, the king, during his hunting days, had the right to kill two peasant workmen as a matter of sport. It was an inconsequential matter. His destruction of the small man added to the pleasure and the ambition of the greedy. There were those in those days who defended that kind of a thing. It was thought that the small man, the inconsequential peasant, was an uneconomic factor, an unnecessary factor, and that if it suited the pleasure and comfort of the king in the exercise of the kingly power, he could be eliminated for the sport of the king. There are peasants in England today but if any king of England should on his hunting day, as a matter of sport, kill a peasant workman, public opinion of England would drive him from the throne. Now there are corporations, not all of which proceed upon the same theory and to gratify like tastes.

While you may defend the economic philosophy of eliminating small business you cannot change the eternal laws of right and wrong; you cannot change the laws of humanity and inhumanity; you cannot change the laws of brutality and decency. They will ultimately triumph. There is something in the eternal fitness of things besides the economic man—there is the man with a soul.

Those who are speaking for small business today are seeking just laws, humane laws, laws which recognize the common dictates of justice under which small business may have an opportunity to operate. If it be true that small business is making its last struggle for existence, even so it

should be permitted to make it under fair laws, under just laws, under laws which protect it in its rights. A government which would not protect the weak against the strong would be a disgrace to the map of the world. A government which would declare or admit that it could not, as some claim, protect the weak against the strong would be a libel upon the name of government.

Therefore, I say to General Johnson and his friends, it is not merely a question of big business or of corporate existence; it is a question of establishing right rules of conduct for corporations and big businesses and which will prevent great economic power from being unjustly and brutally used against small business.

In many instances the corporations today are not to be criticized, and nobody desires to criticize them, but those corporations or those great economic combines which use their power unjustly for the purpose of willful destruction of a small competitor should be restrained, controlled, or, if necessary, destroyed just as you destroy the man who is running amuck against organized society.

Let me read further. I cannot take the time of the Senate to read all these letters, but I am going to have them put in the RECORD. They are for the purpose, as I said, of illustrating not the contention that large corporations as such or big business as such should be destroyed or eliminated, but that they should be required to utilize their power in accordance with the ordinary rules of justice and fair dealing.

Mr. FLETCHER. Mr. President, may I interrupt the Senator for a moment there?

Mr. BORAH. Yes.

Mr. FLETCHER. I do so not for the purpose of taking issue with the Senator; for I quite agree with the general position he is stating, and I am in harmony with it; but by way of giving an experience which may be explained on one ground or another—I am not saying how it should be explained.

For over 20 years I have been a member of the Joint Committee on Printing. That committee has to do with the letting of contracts for supplies for the Government Printing Office. Its service is something like that of a board of directors of the Government Printing Office. We annually advertise for bids, for instance, for paper. We prepare specifications and call for bids and let the contracts, under the usual rules, to the lowest and best bidder, and so forth. Up until last year we usually had from 10 to a dozen bidders for this paper supply. The cost of this paper is about \$3,000,000 per annum. We usually let the contract either for 6 months or 12 months. Those bids came from large plants, large manufacturers, and 10 or a dozen were all the bids we could get. The small man never bid, because he was afraid he would have to bid against the big fellows and he might bid too low and lose much money on his contract if he succeeded in obtaining a Government contract.

At the last opening of bids there were fifty-odd bidders—I think 58 bidders—representing over a hundred manufacturing plants in the country. Today, under the operations of the N. R. A. or the authority in control of it, the industry, it seems, have gotten together and have ascertained the actual cost price of manufacturing the paper and under the rules of the N. R. A. no bidder can bid less than the cost price.

The result is that nearly all of them bid practically the same thing, except that there is a rule which allows a bidder to bid 15 percent less than the cost price or the minimum figure. The result has been that the small plants have come into the field and are seeking Government contracts. The small enterprises, the new enterprises, the men who have heretofore been afraid to bid and did not bid, are coming into the field. As I said, they nearly all bid practically the same thing, but new bidders are coming in all over the country. Mills and manufacturers to the number of 110 or 115 were represented in the last letting of contracts March 4. Usually we have had about 10 or 12 big plants and the small manufacturers remained out of the field.

I merely mention this as our experience and observation for the Senator to consider in connection with the question

of whether the small man is being eliminated or whether he is being taken care of. For the first time in all my experience we are now getting bids from small plants, small enterprises, new plants, where we did not get any such offers before.

Mr. BORAH. Mr. President, it may be that under the order which the President made—and very wisely made—that there might be a bidding down of a certain percent, the small man has had an opportunity to get in on the business. There may be instances of that kind, and I am not, of course, undertaking to say there may not be exceptions to the general rule which I am invoking. I do not know about that.

As I said in the beginning, there is one industry where I think they have succeeded. The small men got together themselves and had brains enough and energy enough to write their code; but they are the only ones I know of who have been able to do it.

Mr. President, I read one more letter before I pass from this subject:

I wish to give you the following information about the Owens Illinois Glass Co., who are acting today as one of the most vicious monopolies in industrial field. You can confirm any of this if you so desire:

They own the largest bottle factories in the country.

They own the American Bottle Co.

Through William Levis, their president, they own the largest block of stock in their largest competitor, the Hazel-Atlas Glass Co.

They have a working monopoly on beverage, milk, and prescription bottles, the three most profitable lines. They own or control every perfected glass-bottle manufacturing machine and obtain royalties thereon. They own a bottle-cap company. They own a corrugated paper-box factory. Through William Levis they own a large part of stock in the largest paper company in the country. They own a company making and selling bottle machinery of all kinds, including a coffee-packing machine for which their bottles alone can be used. They own a scientific glass manufacturing company.

That would be an ideal corporation in the mind of General Johnson. That is what he conceives to be a proper economic unit. That meets all the demands of his philosophy.

They dictate all prices to all glass companies and require adherence through the Glass Container Corporation. They obtain it by quoting their own prices on all big business and by retaliation wherever necessary. They use business bribery in sales methods. They own a large part of stock in the National Distillers Co. and Schenley Products Co. and control the placing of their bottle business.

They own other liquor businesses and several large breweries. Through William Levis and his holding company, the Illinois Glass Corporation, they have acquired great power and wealth. They boast of their influence with the present administration. They dominate the Glass Code Authority.

It is utterly impossible for a small business like mine to contend against such a situation in view of the fact that they may fix prices and do fix prices in accordance with what they think is necessary for a profit for themselves.

Mr. President, passing from that issue, I wish to call attention to the statement of Mr. Richberg.

Mr. GLASS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Virginia?

Mr. BORAH. I yield.

Mr. GLASS. If it will not divert the Senator, permit me to say I should be glad to furnish the Senator with many scores of letters of the same nature as those he has presented.

Let me in a word give a brief illustration of General Johnson's attitude that perhaps would be more enlightening than his own speech night before last over the radio. In person I took to General Johnson, while he was at the head of the N. R. A., a complaint from some cannery factories in Virginia setting forth that in the preceding 2 years they had lost a total of \$17,000 in their business, and that if compelled to operate under the N. R. A. code which had been presented to them they would simply have to go out of business entirely and refuse to employ the people in their locality.

General Johnson's response to that complaint was that they ought to go out of business; that concerns which could not afford to pay the wages which were being paid by the larger competitors of those small canneries had no business in the trade.

I again presented a case to General Johnson in person of two young women in my own town who had initiated and built up, by hard work and intelligent activities, a handbag business. They were paying the minimum wage required under the handbag code, but the code authorities in New York, representing big business in that particular manufacturing industry, were insisting that they should pay the same wage in this little rural town of 45,000 people that prevailed in New York City, with its millions of people, and were constantly threatening the two young women with fine and imprisonment if they did not pay that wage. The young women protested that it would drive them out of business.

I will say to the credit of General Johnson that he most definitely promised me that the young women should not be molested any more. They were molested again by the same code authority and threatened by the same code authority. Then I received, not from General Johnson, because he was ill in the hospital, but from his secretary, who said she was entirely familiar with the circumstances, a promise that they should not be molested again. But they were molested again and again. Whether they have been driven out of business or not I am not advised.

Mr. BORAH. Mr. President, I have no doubt these illustrations could be multiplied many times. I have never myself had the pleasure of personal contact with General Johnson upon these subjects, but I know the effects of the operation of the codes.

Mr. GLASS. These are two of scores of cases that I shall be glad to submit to the Senator if he wants to present them to the committee.

Mr. BORAH. Mr. President, Mr. Richberg said, in subdivision 12 of his statement:

The present exemption from provisions of the antitrust laws should be restricted and defined so as to provide that cooperative activity, legalized by code provision, shall be lawful only when the codes themselves have been written in compliance with the antimonopoly requirements of the act.

I do not know exactly what that means. There is no amplification, there is no explanation, and I do not know with certainty that I understand the statement of Mr. Richberg. I infer, however, that he proposes to leave the matter precisely where it was left when the National Recovery Act was passed. That is exactly the position which was taken at the time the National Recovery Act was passed—that the code should be binding only when written in compliance with the antimonopoly requirements of the act.

It will be recalled that when the National Recovery Act came before the Senate I offered, in addition to the provision with reference to monopoly, the following amendment:

Provided, That such code or codes shall not permit combinations in restraint of trade, price-fixing, or other monopolistic practices.

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

Mr. BORAH. I yield.

Mr. STEIWER. Is that the amendment which was agreed to by the Senate and lost in conference?

Mr. BORAH. That is the amendment which was agreed to by the Senate, but afterward taken out in conference. Big business interests made a violent protest against it.

It was contended upon the part of those who were supporting the conference report that if these codes were in contravention to the inhibition of monopoly they would be void. In that discussion I said:

It is difficult for me to understand what was in the minds of the conferees. It must be that the conferees and those sponsoring the bill are of the opinion that price-fixing is not a monopolistic practice; it must be their view that combinations in restraint of trade are not monopolistic practices. I can perceive no clarity in the amendment as the conferees have changed it and as it is now found in the bill, except upon the theory that those sponsoring the measure are of the opinion that neither price-fixing nor combinations in restraint of trade are monopolistic practices. In other words, it is the view, I take it, of those in charge of the bill that under the bill there may be formulated programs of price-fixing and that there may be combinations in restraint of trade and there may be conspiracies in restraint of trade—

And still not be in violation of the National Recovery Act.

The only answer I had to that was by the able Senator from New York [Mr. WAGNER], who said that if combinations in restraint of trade, conspiracies in restraint of trade, and price-fixing were monopolistic, then they were inhibited by the National Recovery Act. If they were not, then they were not inhibited by it. And thus surveying the act, it has been ever since, and monopoly has passed under unheeded.

Mr. President, combinations in restraint of trade are a most powerful instrument in the hands of monopoly. Conspiracies in restraint of trade are a powerful instrument in the hands of monopoly. Price-fixing is a powerful instrument in the hands of monopoly. In fact, they are the instrumentalities by which monopoly secures and maintains its power. By means of these, monopolies are created; by means of these, monopolies are maintained; and by means of these, small competitors are destroyed.

If I understand Mr. Richberg correctly, he is not proposing to change that. All he proposes to do is to say, as was said then, that if any of these things is in contravention to monopoly, the codes in that respect shall be void.

Notwithstanding that interpretation placed upon the National Recovery Act when it was passed, however, we know that monopolies exist, and that combinations in restraint of trade have been their chief instrumentalities of destruction. General Johnson says there is scarcely a code of all the codes written that is not a combination in restraint of trade. There is scarcely a code, in my opinion, that is not a conspiracy in restraint of trade, and at least 137 of the codes provide means and methods for price-fixing, which is all monopoly asks in order to maintain its power.

Mr. President, if this matter is to stand with no further explanation than that given by Mr. Richberg, it will not change the situation at all, or in any respect, from what it is now.

Monopoly is one thing, technically speaking, and the instrumentalities by which monopoly is built up and maintained are sometimes denominated another thing in law; but if we permit combinations in restraint of trade, if we permit price-fixing, if we permit price-cutting, in order to drive a competitor out of business, we are making monopoly possible, and there is no way, if these things are permitted, by which we can prevent its destructive operation against small business. If we are to protect consumers against extortionate prices, if we are to protect the small business traders, we should restore all laws against monopolies, against trusts and combines, strengthen them, and enforce them. There should be no compromise on this point. There will be no compromise if we discharge our full duty to the people whom we have volunteered to serve.

The able Senator from Colorado [Mr. COSTIGAN] asked me if Mr. Richberg was not correct when he said as follows:

Our legislative, administrative, and judicial efforts to enforce the principles of the antitrust laws have been a deceitful failure and a continuing public injury for 45 years. For the first time we have acquired the ability now to give an honest protection to workers and consumers against the abuses of economic power.

Passing over for a moment this question of protecting consumers against present conditions, and so forth, let us go back to the question of the enforcement of the antitrust laws.

When the antitrust law was passed, it inhibited and prohibited all combinations, all conspiracies in restraint of trade. It made no exceptions. It was the determination of those who passed the law, as the debates clearly disclose, to inhibit and prohibit all contracts and all combinations and all conspiracies in restraint of trade. Trade was to be free, commerce was to be free. It was not the intention of the lawmakers to prevent such combinations as were unduly in restraint of trade or unreasonably in restraint of trade. Their idea was that if there was economic power somewhere that was restraining trade to any extent, it was inhibited by the antitrust law of 1890. The antitrust was a statute of freedom, of liberty.

That continued to be the policy as announced by the Supreme Court for 15 years. On two or three different occasions when the law was brought before the Supreme Court

of the United States—in the trans-Mississippi freight case and another case the name of which I have forgotten for the moment—the specific question was raised whether this prohibition of combinations in restraint of trade should be applied to all restraints of trade, or to all contracts restraining trade, or whether it should be applied only to those contracts which unduly or unreasonably restrained trade. The Supreme Court said the lawmaking body had said that all combinations and all contracts in restraint of trade were prohibited and, therefore, the Supreme Court must interpret the law as the Congress has enacted it; that if it was desired by the lawmaking body to prohibit only such combinations as unduly restrained trade, it was for the Congress and not for the Supreme Court of the United States to so declare.

That continued to be the law of this country by the decisions of the Supreme Court, as I have said, for 15 years. Finally, there came before the Court the Standard Oil Co. case and the American Tobacco Co. case; and there for the first time the Supreme Court, as it seems to me—and I think it is conceded—going directly contrary to its previous decisions, held that only such contracts as were unreasonably in restraint of trade or unduly in restraint of trade were prohibited by the act of 1890. This marked an era in the matter of controlling trusts and destroying monopoly in this country. Not only were previous decisions overruled, not only were previous announced principles of law rejected, but the antitrust law was rewritten not by the Congress but by the Supreme Court of the United States. It was a flagrant invasion of the lawmaking department of the Government. These are plain terms, but they are based on indisputable historic facts.

That, in my opinion, was the beginning of the downfall of the antitrust law. It administered a fatal blow to the antitrust law.

When President Theodore Roosevelt became President he entered upon an execution of the antitrust laws, and for a time he was successful. But under these decisions the task was a difficult one. No man in this country has ever stated more specifically or more comprehensively the question of monopoly and the evils of monopoly than President Wilson in his campaign for the Presidency and in his messages to Congress. He took the position that monopoly in any form was an evil; that it was a form of economic power which must necessarily prey upon the rights of the more helpless in the economic world. He made the pledge that as President he would enforce the law against monopoly. I have always felt that had it not been for the World War there would have been an effective enforcement of the antitrust law. It would have been strengthened and enforced. But the World War came, and everything gave way to its prosecution.

It is true, therefore, as Mr. Richberg says, and as intimated by the Senator from Colorado [Mr. COSTIGAN], that the enforcement of the antitrust laws has not been successful. It has not been satisfactory. It has not been sufficient and efficient. The fault, however, lies not in the law but in the apparent unwillingness or inability, under certain circumstances, of the administrations in power to enforce the law. The courts and the executives must share the blame.

Mr. GLASS. Mr. President, in the whole 45 years of the existence of the antitrust law, was one tithe as much effort made to enforce it as has been made in the past 2 years to enforce this abominable N. R. A. law, and to use all the powers of the Government to intimidate and to boycott the small industries of the country?

Mr. BORAH. Mr. President, the Senator does not know how thoroughly he is expressing my opinion.

I desire to ask this question of Mr. Richberg and those who object to restoring the antitrust laws in full before I go further to the discussion of its enforcement.

What is prohibited in the antitrust laws that anyone wants to do under the N. R. A.? Wherein do the antitrust laws conflict with the declared purposes of the N. R. A.?

The antitrust laws prohibit combinations in restraint of trade. Does the N. R. A. want to protect combinations in restraint of trade? The antitrust laws prohibit conspiracies in restraint of trade. Does the N. R. A. want to protect conspiracies in restraint of trade? What is it that is wrapped

up and protected under the N. R. A. that would be reached by restoring and strengthening the antitrust laws if they were enforced?

It is said that unfair or cutthroat competition is involved. The antitrust laws do not prohibit and never have prohibited fair competition. The Supreme Court has decided over and over again that the antitrust laws were designed, not to prohibit fair competition but to protect fair competition. The only thing the antitrust laws prohibit is the destruction of competition. Fair competition is not prohibited. In my opinion, there is no principle incorporated in the antitrust laws which ought not to be the design and purpose of the National Recovery Act.

Mr. President, can the antitrust laws be enforced? For 45 years both the old parties, in every campaign, have declared to the voters that monopoly is a great evil, that combinations and trusts are the enemies of the people, and have declared that they would and that they could, if given power, enforce the antitrust laws.

There has never been any question in a campaign, the question has never been raised, that these laws could not be enforced. It has been a conceded proposition in every campaign that they could be enforced. During the campaigns there occurred to no one that they could not be enforced and the people fully protected. The change came after the election was over. Both the old parties, in my opinion, have utterly refused to exercise the power which they have, as a Government power, to enforce the antitrust laws of the United States. I answer the Senator from Colorado: Therefore, yes; the trust laws can be enforced if you can find an administration with as much courage after the election as it has before the election.

As is said by the able Senator from Virginia, if the same zeal, the same purpose, the same determination, were applied to the antitrust laws as have been applied to the N. R. A. in my opinion, they could be effectively enforced throughout the country. We must enforce them.

Unless we accept General Johnson's proposition that monopoly is a natural condition of affairs, that big corporations should dominate, that big corporations should control, unless we accept that theory, there is no alternative to that of enforcing the antitrust laws and the antimonopoly laws. To admit that you cannot control or destroy monopoly is to admit that monopoly is stronger than government, it is to admit that the Government is subservient to monopoly, that it must leave the people a prey to monopoly. Who is ready to make that cowardly admission?

Can it be said that the Government of the United States cannot prevent combinations in restraint of trade? Can it be said that the Government of the United States cannot prevent conspiracies in restraint of trade? Why? If there is any reason why it cannot, it is in the want of will power and the want of purpose of those who control the Government.

I venture to say that the great source of the concentration of wealth in the United States, the great source of this power which now exists in a very few men to dominate the economic power of the United States, arises out of the fact that we have been unwilling to enforce the antimonopoly laws of the United States. It is useless to inveigh against the concentration of wealth while monopoly prevails.

When the depression came in 1929 about 2 percent of all the corporations in the United States controlled 75 percent of all the income of all the corporations of the United States, and less than 2 percent of the people of the United States enjoyed 80 percent of all the recorded income of the people of the United States. That condition cannot long exist under a republican form of government. A republic cannot be maintained on any such basis as that. It cannot rest on any such foundation for any great length of time. There must be a greater distribution of wealth.

I do not believe in taking property from A and giving it to B. I do not believe in repudiation or confiscation. But I do believe that there should be laws, that there should be economic and financial systems, which will give to A what he justly earns and what he is entitled to have, and

not permit B to take it away from A through force or fraud and add it to his already overgrown coffers. In other words, there must be something in the nature of the laws which we have which will give to each and all a fair distribution according to their efforts and according to their energy as applied in the production of wealth.

If we do not have that, we do not have a republic, because those who control the economic power of a nation will, in the end, control its political power. Those who control 2 percent of the income of a nation will in the end dominate its political power. While the people may go to the polls and register their ballots, if, as a matter of fact, the laws are so shaped that they cannot secure their just earnings, their ballots will have been cast in vain.

Mr. President, I am in favor of restoring the antitrust laws. I would strengthen them. I would enforce them. All these proposals about distribution of wealth, of sharing of wealth are idle so long as monopoly dominates the economic system. You might divide your wealth on Monday and Saturday night monopoly will have undone your great deed of beneficence. No; give the people of this country not equality of wealth, but equality of opportunity and the people will distribute the wealth of the country in accord with merit and justice. I would deny no man the fruits of his industry, of his ability, of his genius, but I would deny to every man the right or power to amass economic power and use it contrary to equity and fair and honest dealing. I look upon monopoly as the descendant in the economic world of Dick Turpin on the London road—taking by deceit and surprise and fraud and violence the legitimate possessions and earnings of others.

The President in his message said that he was opposed to monopoly; he does not want monopoly. Monopoly cannot be destroyed if the laws with reference to monopoly and trusts are suspended. I take it, therefore, that the President, having witnessed some things which have happened under the N. R. A., feels that he is willing to have the aid of the antitrust laws. Bear in mind, Senators, that the antitrust laws are in aid of the N. R. A. if the N. R. A. is to be carried out in accordance with the declared purposes of the N. R. A.

General Johnson said last night that the President of the United States had saved more small business men than Senator NYE or I ever preached to. I admit that the President restrained to some extent the general decimation of small business that was going on. But General Johnson was the man who administered this law and he was true to his faith and to his philosophy. I happen to know of my own personal knowledge that the President had quite a different idea of protecting the small business man of the United States than that which prevailed in the mind of General Johnson.

Although I do not, of course, speak by authority, I am of the opinion that the President has reached the conclusion that, instead of the antitrust laws being a detriment or a weakening of the N. R. A., they would be a strengthening of it if we are to accept it in the light of the declared purposes.

Mr. President, I ask permission to insert in the RECORD certain letters.

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

BLOOMINGTON, IND., March 2, 1935.

The Honorable WILLIAM E. BORAH,
Senator from Idaho, Washington, D. C.

DEAR SENATOR BORAH: In a recent message to Congress President Roosevelt stressed protection of the little fellow. Nevertheless, at that very time, in the South, 8,000,000 share-croppers were and are now struggling along the highways and byways—lonely figures without money, without homes, and without hope—as a challenge to the new deal. Mother, father, little ones—most of them barefoot—they are living symbols of a civilization that has failed them, a bargain that never worked.

In the plumbing business the handy man who formerly was able to pick up odd jobs in this line of work has been warned by N. R. A. to cease competition with established plumbing firms.

And in the artificial-flower trade all women who have been so skillfully doing a part of this work in the quiet environment of their homes, where they could supervise over their fatherless children, have been told to desist and apply at the factories for jobs of this kind. Thus the organized monopolists, aided by N. R. A.

price fixing, continues to knock off all outside workers and small businesses.

My understanding was that N. R. A. was to automatically end as soon as the emergency which necessitated its existence was passed. But the latest report is the drafting of a legislative program to carry the principles of N. R. A. into permanency.

Are wide-awake Congressmen going to stand by and allow this monopolistic piece of legislation to permanently fasten itself into the vitals of our private and commercial life? If so, in the name of heaven, what is to be the final fate of the now hard-pressed and struggling little fellow in all the legitimate lines of business who is fighting for an existence against the employer-dominated N. R. A. and its discriminating price codes?

Mr. BORAH, the thousands of us little fellows have no one to look to for a break but the fearless, far-seeing Senators who are so valiantly fighting for the equal rights of all the people, regardless of administration hobbies and views. No contempt or criticism is too severe for those rubber-stamp Senators who have sold their birthright to the administration. That's why I'm not bothering to write my own State Senators. So far as I'm concerned, I'm just marking time on them.

In connection with the thousands of small businesses that have been ruined by the dominated N. R. A. price-fixing codes, I am herewith giving an account of my own true experience with the N. R. A. price-fixing code.

I'm a married man with a family of four to support. By trade I'm a cabinetmaker in one of the larger furniture factories of the country. For more than 5 months our plant has been down and the men, including myself, have had no means of support. Many of my buddies, during this long shut-down of our plant, were forced onto the Government relief roll. But rather than do likewise I bought a small hand printing press with the intention of getting small jobs of printing. To facilitate my efforts I printed some advertising blotters, but after handing out just two of them I was at once reported by one of the inside gang to the code authorities, who lost no time or words in a curt admonition, "I want to urge you to pay code assessment promptly, since there is a penalty provided by the Government for nonpayment."

I endeavored to explain, to no avail, that I was not a regular job printer, only just an amateur with a very small outfit which I was using to get some extra jobs that would carry me over until I could get back to my cabinetmaking work, which I intended to do just as soon as our plant started operating. "But," warned the sleek, well-fed administration manager, "you are in competition with established printing offices that have invested thousands of dollars in the business." "In competition (?)." At that very time one of the N. R. A. shops daubing the Blue Eagle on everything which he printed was printing at bootleg prices 500 bridge raffle tickets, perforated and numbered, and then changed form for 100 additional tickets, 600 in all, for \$2.50. That was worse than anything I did or could have done.

Although the code backers and advocates do not seem to take the N. R. A. schedule prices very seriously on the inside, as I have already indicated in citing one of the very many instances, the well-paid code authority said to me, "If you continue to do printing, we must insist on you paying code assessment, since you automatically come under the code."

Mr. BORAH, if I have misjudged your position to help us, then will you very kindly advise us to whom we may go in our appeal for proper assistance? Or is there, in this case, any help for the fellow who wishes to manage his own affairs in an honest endeavor to make the very best of things?

Trusting that this rather tedious letter may have, at least, some of your consideration, I am,

Very sincerely yours,

LEE HARMON.

MILWAUKEE, WIS., March 5, 1935.

HON. WILLIAM E. BORAH,
United States Senator, House of Senate, Washington, D. C.

DEAR SENATOR BORAH: You will find enclosed herewith copy of complaint which we filed with the Federal Trade Commission relative to collusive bids made on large gate valves. You will note that the prices are uniform to the penny although we called attention of all bidders to the fact that the President's Executive Order No. 6767 was issued for the purpose of (1) giving cities the benefit of discount on quantity purchases and (2) for the purpose of creating an area of competition in order that laws requiring the award to the lowest responsible and competent bidder could be complied with.

Uniform bids such as have been presented would lead eventually to a return of the spoils system in the award of public business. Please note that the 36-inch valve has doubled in price since June 1932.

It is clearly evident that these bids were made as a result of a collusive price agreement. Anything you can do to expose and wipe out these illegal practices will be appreciated by all American cities.

Respectfully yours,

JOS. W. NICHOLSON,
Special Representative United States Conference of Mayors.

GRAND RAPIDS, MICH., February 28, 1935.

HON. WILLIAM E. BORAH,
Washington, D. C.

DEAR SIR: We small business men will be sunk without trace if this iniquitous law is continued. There is only one Blue Eagle for us, the American flag.

I have been harassed, intimidated, and threatened by the racketeers who have been lining their pockets on this law. Two years ago I was framed and it was politely suggested I leave town. However, these parties did not reckon on several factors which I have put to good use and have increased my business by paying no attention to delegated laws and parasites who live off of them.

I will be glad to hear from you at any time.

May you be successful in your battle for the right.

Sincerely yours,

THE D. R. ELLINGER CO.,
D. R. ELLINGER.

YOUNGSTOWN, OHIO, March 6, 1935.

HON. WILLIAM E. BORAH,
United States Senator, Senate Office Building,
Washington, D. C.

Re: Unfair competition—the steel code

MY DEAR SENATOR: With further reference to our complaint of February 20, filed with you as to the restraint of trade monopoly in violation of the Sherman-Clayton Antitrust Acts of the steel code, we have today filed with Willard L. Thorp, chairman of the advisory council, National Recovery Administration, a brief, per copy enclosed, as to the coercive, oppressive, and destructive operation of the steel code and its unfair competition in relation to independent jobbers, middlemen, and distributors.

Anticipating the enclosed may be of some service to you in addition with our complaint of February 20 and thanking you kindly for the interest already demonstrated, we remain,

Yours very truly,

THE SHEET METAL MANUFACTURING CO.,
THOMAS E. FARRELL, President.

YOUNGSTOWN, OHIO, March 6, 1935.

MR. WILLARD L. THORP,
Chairman Advisory Council,
National Recovery Administration,
Washington, D. C.

Re: In accordance with office memorandum no. 333, public hearing March 12, 1935. Distribution differentials, unfair competition, the steel code.

DEAR SIR: We herewith submit allegations of the unfair methods of competition in the distributions from the manufacturer to the retailer and/or consumer practiced and operative under the steel code, provisions of which were intended to correct—

(a) As to the nature of the unfair methods of competition among the channels of distribution from the manufacturer to the retailer which steel code provisions were intended to correct.

(1) The steel code provides for minimum selling price schedules to be filed by each steel manufacturer with the steel code authority. These filed minimum schedules have in practice at all times been the maximum selling price schedules.

(2) The schedule of prices, so filed, are alike applicable to the wholesaler, jobber, broker, or middleman, without any allowances or differentials whatsoever, and are likewise applicable to the consumer or retailers.

(3) Effective prohibition has thereby been established against the distributor competing with the manufacturer for carload business, effectively restraining competition in this class of business solely to the manufacturers where a close monopoly is had owing to the system of open price filing, effectively eliminating any price competition.

(4) Covering less car-lot shipments quantity differentials are charged by the steel manufacturers which are applied on the purchases of the middleman as well as the consumer or retailer, thereby permitting the manufacturer which has proved under the operation of the steel code a very destructive fact to invade, disorganize, and disrupt the competitive field of the middleman by the manufacturer.

(5) Under the open price-filing system of the steel code, wherein no provision whatsoever is made for a schedule of differentials applicable to the middleman's purchases, the manufacturer successfully and absolutely precludes competition from the middleman in either carload or less carload business.

(6) Through wholly owned subsidiary, distributors, and middlemen who are not, under the steel code, required to quote selling prices in excess of the minimum filed selling prices of the parent company which are the minimum cost prices of independently owned distributors or middlemen, the manufacturers are prosecuting a totally unfair and wholly destructive competition through wholly owned subsidiaries, distributors or middlemen against the independently owned distributors.

To concretely illustrate: The Wheeling Steel Corporation, member of the steel code, wholly owns the Wheeling Corrugating Co., a distributing middleman of steel products. The Wheeling Corrugating Co. in any of its warehouses located in all of the largest cities in the country, as a wholly owned subsidiary do not have to, nor do they quote selling prices in excess of the minimum prices filed with the steel code authority by the parent company, the Wheeling Steel Corporation, which minimum selling prices of the Wheeling Corrugating Co. are the minimum cost prices of independently owned middlemen or distributors competing in any of the said cities against a warehouse of the Wheeling Corrugating Co.

(c) As to the degree to which present code provisions of this type are not operating in the public interest.

(7) Clause C. as to the degree to which present code provisions of this type are, or are not, operating to the public interest.

est. The provisions of the steel code are operating entirely against public interests, eliminating from business and throwing out of employment the employees of the independently owned distributing and warehouse companies, formerly engaged in profitable business and rapidly being displaced by the unfair competition of the wholly owned subsidiary, distributor, or warehouse men.

(8) The penalization imposed by the steel code at the rate of \$10 per ton for any violation by an independent distributor of the filed minimum selling prices of his supplier works a detriment to the public in artificially raising and maintaining an unjustifiable level in the prices of all steel products to the consumer.

Most members of the steel code and all of the larger members are now unfairly and illegally competing against jobbers, middlemen, warehousemen, and other small independent industries who sell or consume products of the steel industry; through the unfair operation of the steel code whereby such wholly owned subsidiaries, regardless of their classification and the field of trade in which they operate are not required to sell their products at a greater price than the minimum selling price posted by the parent company, which in all cases is the minimum cost price of an independent competing company. These provisions of the steel code were drawn with but one purpose in mind—to eliminate as rapidly as possible all independent companies engaged in the fabrication and distribution of steel and steel products.

For the reasons stated herein we submit this request for relief from the present oppressive and destructive operations of the steel code and pray for an alteration of the steel code to establish a fair schedule of distribution differentials and the elimination of wholly owned subsidiary competition.

Very truly yours,

THE SHEET METAL MANUFACTURING CO.,
President.

Mr. DICKINSON. Mr. President, following the address of the distinguished Senator from Idaho [Mr. BORAH], I wish to insert in the RECORD a quotation from a former President of the United States, one of America's foremost students of government affairs, Woodrow Wilson. He made this statement:

Regulation by law is judicial, by fixed and definite rule, whereas regulation by commission is an affair of business sense, of the comprehension and thorough understanding of complex and various bodies of business. There is no logical stopping place between that and the actual conduct of business enterprise by the Government.

Such methods of regulation, it may be safely predicted, will sooner or later be completely discredited by experience. Commissions in the future as in the past will reflect rather public opinion than business discretion. The only safe process, the only American process, the only effective process, is the regulation of transactions by the definite prohibitions of law, item by item, as experience discloses their character and their effects, and the punishment of the particular individuals who engage in them.

I wish also to call attention to another matter which follows out the very line of discussion to which we have listened this afternoon. Very few of those who voted for the Agricultural Adjustment Act ever expected that we were going into the business of killing pigs and reducing the food supply. Out in the Middle West we are feeling the effect of that policy. Only a few days ago the Sioux City packing plants closed down, putting 1,500 workmen on the streets, and many of them on the relief rolls of that city. That was due to the lack of a supply of pork.

At the same time the supply of pork for consumption in this country is decreasing. The price is going up and it is being shown all along the line that the economy of scarcity reaches one end, that is, that when the price goes high the consumer does not consume, then the processing plants close down, and there is no market even for that which is produced.

Mr. CAREY. Mr. President—

The PRESIDING OFFICER (Mr. BYRD in the chair). Does the Senator from Iowa yield to the Senator from Wyoming?

Mr. DICKINSON. I yield.

Mr. CAREY. Is the Senator aware of the fact that a representative of the Department of Agriculture yesterday stated before the Committee on Agriculture and Forestry of the Senate that the killing of 6,000,000 pigs had resulted in there being more pork? He explained that the reason for it was the drought; that had those 6,000,000 pigs lived the other pigs remaining now would not have been so fat, and therefore there was more pork by reason of the killing of 6,000,000 pigs.

Mr. DICKINSON. As it happens, I come from a section of Iowa where a good many porkers are fattened, and I wish to say to the Senate that we could have fattened a good many more of them there with the corn crop we had this year.

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

Mr. DICKINSON. I yield.

Mr. KING. Is the Senator a member of the Committee on Agriculture?

Mr. DICKINSON. No; I am not.

Mr. KING. I was wondering if the recent statements, if I understand them correctly, are to be carried into effect in a proposed new law which will broaden the powers of the A. A. A. and give additional authority to slaughter animals and to contract the acreage of lands which are being cultivated, and thus reduce production?

Mr. DICKINSON. I think there is no question that the whole purpose is to control and reduce production, and that the amendments to the A. A. A. Act would give power additional to that which the A. A. A. officials may have exercised under the present law, but concerning which there seems to be some doubt as to whether or not they have the actual authority. The vicious phase of the new amendments of the A. A. A. Act, as I see it, is that the A. A. A. officials are going to have the right to license the processors and handlers of food products to the point where they can say, "We will not permit you to process the product of a man unless he joins in the program of crop production." Therefore, that is practically licensing the farmer. Although they are not saying that they want to license the farmer or producer, it does have that effect.

Mr. KING. In the light of the discussion by the able Senator from Idaho [Mr. BORAH] to which we have just listened, would not such action by officials of the A. A. A. tend to a monopolistic control of food products and of the processing of food products?

Mr. DICKINSON. It would, Mr. President. There is no question about it. In line with that suggestion, I ask unanimous consent to have inserted in the CONGRESSIONAL RECORD, following my remarks, the article appearing in the Wall Street Journal of today entitled "Small Packers Forced to Close Pork Plants."

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

The article referred to is as follows:

[From the Wall Street Journal of Mar. 8, 1935]

SMALL PACKERS FORCED TO CLOSE PORK PLANTS—WHOLE INDUSTRY LOSING MONEY ON PRESENT HOG-SLAUGHTERING OPERATIONS—INVENTORY STILL AIDS BIG UNITS

CHICAGO.—The meat-packing industry is running into a period of slack production and is operating its plants as a whole at only 50 to 60 percent of capacity.

Furthermore, not a few small packers throughout the hog country have found it necessary to close down their hog-slaughtering divisions because of the impossibility of getting their costs out of the swine. Losses of \$1 a hundredweight or more are accruing to them as a result of the recent rise in price. The processing tax adds \$2.25 a hundredweight to the price of swine, and pork products have not advanced in proportion to the animals.

The present low rate of production, traceable to the decimation of 6,000,000 pigs by the A. A. A., plus a reduction in weights and numbers as a result of drought, is likely to continue unbroken over a substantial part of this year. Regaining of more normal production depends primarily upon the quantity of the 1935 corn crop. Given a good corn crop this coming summer the hog raisers of the Nation can fatten their hogs to substantially larger proportions and thus tide over the period until new crops of pigs are produced.

As a consequence of the present situation the packers are dependent for a return from their business entirely on the substantial inventories of cheaper pork laid down during last fall and up to the end of 1934 from the then excessive runs of swine.

BIG PACKERS AIDED BY INVENTORY

All the important packers, while unavoidably losing on current slaughter, are in a position, thanks to their previously created inventories, to move along at some profit at the present time. Naturally, as has been pointed out before, profits of the industry this year will be impaired by the fact that volume will be around 40 percent below normal. It is volume first and last upon which the industry depends for its profits. Without volume, costs mount disproportionately, eating rapidly into the always small unit profit.

While the industry believes it will come through the year with a fair return because of the fat mark-ups on inventory laid in at prices which now appear low, it makes no pretense of expecting full-sized returns just because prices have advanced materially. It is probably safe to say the larger part of 1935 net incomes were obtained in the first 4 months of the year. As inventories are further drawn upon and replacement is rendered temporarily impossible profits will naturally diminish.

EMPLOYMENT IN 1935 LOWEST IN YEARS

Perhaps the greatest hardship resulting from the severely reduced plant activity is the additions thereby to unemployment relief rolls. There is not a company in the industry that has not had to lay off men on production lines, and employment in 1935 in this industry will be the lowest in years.

Meat packers, box and barrel makers, salt companies, sugar merchants, paper companies are all feeling the result of the hog and beef-cattle shortage this year, and their pay roll lists are being shortened proportionately.

As a consequence of the present hog shortage, the big packers are all quietly on the lookout for small plants in key hog areas which they might buy. While the plant provides them with no really useful productive capacity this year, they thus obtain an additional receiving point for hogs which would not be marketed through them if they did not own the plant. Plants thus acquired will be useful under conditions when our hog population is normal and can accordingly be charged practically to future years.

WAR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 5913) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1936, and for other purposes.

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

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. At what period in the rapid progress of the passage of this bill before us will it be permissible to submit a motion to recommit?

The PRESIDING OFFICER. The Senator has the right to make the motion to recommit now.

Mr. BONE. Before that motion is made by the Senator from Utah, Mr. President, may I offer the amendment to House bill 5913, the pending bill, which I send to the desk and ask to have stated?

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 63, after line 5, it is proposed to add the following:

The basic rates of pay upon which compensation is calculated for employees at the arsenals and elsewhere within the jurisdiction of the War Department in continental United States for all mechanics, workmen, helpers, and laborers shall be adjusted to not less than the basic rates provided for at the nearest navy yard covered by the "laborer, helper, and mechanical service" of the "Schedule of wages for civil employees under the Naval Establishment" for corresponding or similar trades and occupations specified therein: *Provided*, That the minimum and intermediate rates of pay provided for in the "laborer, helper, and mechanical service" of the "Schedule of wages for civil employees under the Naval Establishment" shall be confined to the first and second years of service, respectively, for all employees embraced within such schedule of wages after having served their 4-year apprenticeship or its equivalent; and that all employees whose services would be satisfactory if employed or continued at the present rates of pay shall be regarded as satisfactory for any higher rate hereby accorded them: *Provided further*, That the schedule of wages for any establishment covered by this paragraph shall not be less than the schedule of wages in effect at the Philadelphia Navy Yard as hereby adjusted: *Provided further*, That nothing herein shall operate to reduce the pay of any employee.

Mr. GLASS. Mr. President, I shall be compelled to make a point of order against the proposed amendment. It is clearly legislation and obnoxious to rule XVI.

Mr. BONE. Mr. President, I had hoped that none of my colleagues would make the point of order against this proposed amendment. I recognize that possibly it falls within the category of legislation, but it is merely an attempt in the piece of legislation which is now before us to provide an equitable wage scale in the arsenals of the country, and to pay to the employees of the arsenals the same schedule of wages for the same type of work done in the navy yards of the country. There is also an effort in the proposed amendment to localize the pay, so far as possible, so that there shall not be disproportionate pay in one part of the country

as against another. I hope I may induce the Senator from Virginia not to press his point of order. I recognize that probably under our rules the amendment is subject to a point of order. I do not want to place myself in the position of introducing, and I have so far refrained from trying to introduce, legislation into appropriation bills. This amendment is not a dangerous one. It is merely an attempt to equalize the wages in a way that I think would be very just. It would not affect the ultimate purpose of the bill. I do not want the Senator from Virginia to think that I am trying to do something which ought not to be done. There is nothing in my amendment which can ultimately affect adversely the purposes of this bill in any way. I hope the Senator will withdraw his point of order.

Mr. GLASS. Mr. President, of course I realize the good purpose of the Senator. I do not question that in the slightest degree, but the Senator will recognize the fact that I am under obligation by a standing rule of the Senate Committee on Appropriations to make a point of order against legislative proposals, and I am obliged to insist upon the point.

The PRESIDING OFFICER. The point of order is sustained.

Mr. KING. Mr. President, I appreciate the fact that the motion which I am about to submit, in view of the votes which have heretofore been taken upon this bill, will not receive the support which I should be glad to have it receive.

The Senate adopted yesterday an amendment adding \$20,000,000 to what the bill contained when it was reported from the Senate committee. It is conceded that that \$20,000,000 is but a small part of the additional expense which will result from increasing the number of enlisted men of the United States by 30 percent. It was stated by the Senator from New York [Mr. COPELAND], who at the time had charge of the bill, when he was interrogated by the able Senator from Michigan [Mr. VANDENBERG], that the \$20,000,000 needed to pay the per diem of the enlisted men for the next year must be taken, doubtless, from other appropriations contained in the bill, and as I recall, in answer to one of the questions propounded, it was said that there was a cushion in the bill, or that some of the items had been so padded that \$20,000,000 could be taken from those various items with which to meet the \$20,000,000 required to pay the per diem of the soldiers. So it is evident, Mr. President, that there is in the bill a considerable cushion, that there is in it a considerable latitude, that there are provided in it funds which are not indispensably needed to meet the various provisions of the bill.

I am opposed to the bill with the extremely large appropriation which it carries. As I stated yesterday, in view of the enormous appropriations which are being made by our Government for military and naval purposes, appropriations which this year will aggregate more than a billion dollars, we are no longer in a position to charge other nations with imperialism or with militarism, and, because of the enormous appropriation carried in this and in other bills for military purposes, which will be submitted, I move that this bill be recommitted to the Committee on Appropriations with instructions to reduce the aggregate appropriations carried in the bill by the amount of \$50,000,000.

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

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

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

| | | | |
|----------|-----------|-------------|-----------|
| Adams | Byrnes | George | Logan |
| Ashurst | Capper | Gerry | Loneragan |
| Austin | Carey | Gibson | Long |
| Bachman | Clark | Glass | McAdoo |
| Bailey | Connally | Gore | McCarran |
| Bankhead | Cooldidge | Guffey | McGill |
| Barbour | Copeland | Hale | McKellar |
| Bilbo | Costigan | Harrison | McNary |
| Black | Couzens | Hastings | Maloney |
| Bone | Cutting | Hatch | Metcalf |
| Borah | Dickinson | Hayden | Minton |
| Brown | Dieterich | Johnson | Moore |
| Bulkley | Donahay | Keyes | Murphy |
| Bulow | Duffy | King | Murray |
| Burke | Fletcher | La Follette | Neely |
| Byrd | Frazier | Lewis | Norbeck |

| | | | |
|-----------|---------------|---------------|------------|
| Norris | Robinson | Steiwer | Vandenberg |
| Nye | Russell | Thomas, Okla. | Van Nuys |
| O'Mahoney | Schall | Thomas, Utah | Wagner |
| Pittman | Schwellenbach | Townsend | Walsh |
| Pope | Sheppard | Trammell | Wheeler |
| Radcliffe | Shipstead | Truman | White |
| Reynolds | Smith | Tydings | |

Mr. LEWIS. I announce the absence of the Senator from Arkansas [Mrs. CARAWAY] and the Senator from Louisiana [Mr. OVERTON], on account of illness; and the absence of the Senator from Kentucky [Mr. BARKLEY], who is necessarily detained from the Senate.

The PRESIDING OFFICER (Mr. McADOO in the chair). Ninety-one Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from Utah [Mr. KING] to recommit the bill with instructions.

The motion was rejected.

JUSTIFICATION FOR A NEW NATIONAL INDUSTRIAL RECOVERY ACT

Mr. LONG. Mr. President, I have here a copy of the N. R. A. Act, from which I wish to read section 1. It is as follows:

DECLARATION OF POLICY

SECTION 1. A national emergency productive of wide-spread unemployment and disorganization of industry, which burdens interstate and foreign commerce, affects the public welfare, and undermines the standards of living of the American people, is hereby declared to exist. It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof; and to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, to induce and maintain united action of labor and management under adequate governmental sanctions and supervision, to eliminate unfair competitive practices, to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restriction of production (except as may be temporarily required), to increase the consumption of industrial and agricultural products by increasing purchasing power, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry and to conserve natural resources.

Mr. President, the succeeding sections of this act in title I go on to prescribe, of course, the many things which may be done, and the many things which they authorize others to do and which they authorize others to authorize others to do, and by which they authorize those who were authorized to authorize others to set up various and sundry departments in order that the things may be done.

The act, Mr. President, cannot be completely understood unless it is realized that it is like the Constitution of the United States. Many of us, of course, are tempted to think that when we have read the articles of the Constitution of the United States we have made a study of what the form of government is; but in order that one may understand today what the Constitution of the United States is he has to regard as a supplement to that document the various decisions of the Supreme Court of the United States and probably some of the decisions of the intermediary and subordinate courts of the United States. So it is, Mr. President, in the case of the National Recovery Act. In order that it may be understood one has not only to take the act itself, but he has to take the codes that have been written under the act and also consider the various and sundry regulations and regulators who are operating and administering this law.

There used to be a time in this country when the only way by which you could make a man aware of a law was by passing the law and promulgating it in some official journal. Down in my State we provide that in order to enact a law it is necessary to pass it through the house and then through the senate or through the senate and then through the house, as the case may be, and, then, after the law has been passed, it must be signed by the Governor and it must be promulgated and published in the official journal for a period of, I think, 2 or 3 days, at least, and then the legislature must have adjourned for 20 days before that law goes into effect. We have been criticized for acting somewhat hastily in that State in cases, but, none the less, when

we have acted we have always published the law so that people knew what the law was, and we have waited 20 days after the legislature adjourned in order that the citizen might know what he might be expected to adhere to.

In order that I may make clear what I have in mind with respect to the N. R. A., let me say that today it is not only necessary to consider the various and sundry sections of the N. R. A., but, in addition, in order to know what it is all about, one has to become acquainted with the 900 catalogs that have been published containing sundry regulations, rules, and orders, and must also explore the files in Washington and the files in the subdepartments and agencies scattered throughout the United States, and then he must explore in that connection those who have been employed; he must explore what powers have been given to those who have been employed under these 900 codes; and then he must go out and look these men up and find out from them what they have prescribed up to the last 30 minutes or maybe up to the last 1 minute. The rules are not published in any newspaper; they are not contained in any bound volume; and I am told, though this may be an error, as it is based upon publication in the newspapers, that, in one instance, when a man who had already plead guilty reached the Supreme Court of the United States they could not find the rules and regulations nor the rule book containing the regulations which the man was supposed to have violated, and, therefore, they had to turn him loose.

So, Mr. President, in connection with the present N. R. A., as I have been told, we are going to be presented with another bill and are to have another N. R. A. to carry on the present N. R. A. I do not know just whether it is intended that it will have the administration of the explosive, temperamental character that it started off with last time, because it started out almost like a hurricane accompanied by a ball of fire in the person of Mr. Hugh S. Johnson.

However, Mr. President, I hope that if we give it the sign of the Fascisti, known as the "Blue Eagle" or the "double eagle", or whatever they call it, we will at least let the eagle have a chance to live by itself. It is all right that the Germans have their Fascist sign in the form of a swastika; it was all right that the Mussolini-ites or the Fascisti in Italy have their sign in the form of a black shirt, and it may have been all right that the Fascisti in America have their emblem in the form of a double eagle, but at least we ought to have given that emblem the right to have lived and to have thrived. I really believe, Mr. President, that we almost condemned that eagle to death in advance when we published the eagle looking squarely into the countenance of my good friend, Hon. Hugh S. Johnson, because I do not see how the eagle ever looked at Johnson and lived as long as it did. [Laughter.]

So that it may not have an unceremonious life again under the provisions written into this new instrument at a time when it has almost suffered its demise, I merely sound that note of warning.

We are going to have to have something on which to hang an excuse for the operations of the N. R. A. This is legislation out of the ordinary, so therefore we are going to find out what our legislation is. I was wondering whether or not it might not be a good idea if the Senate would find out what the law is at the present time. In other words, before we proceed with something that might change the law, before we undertake to enact more legislation, either to modify or to continue in effect legislation of the character we now have, I am wondering if it might not be a good thing if we find out what the law actually is. In other words, before we amend regulations which may have devitalized the country and industry, we ought to be careful that we are not enacting legislation that is not going to annul some of them. I am not able to tell what the legislation is or what the law is. There is nobody in the Senate who can tell what the legislation is or what the law is. There is not anybody in the N. R. A. or in any other department of the United States Government who can tell what

the law is today insofar as the rules and regulations, codes, and other things under the N. R. A. statute are concerned.

However, we are going to have to provide a preamble for the new law, and, in order to write the preamble, we will probably have to eliminate section 1 of the existing law.

Section 1 justifies the succeeding sections. Section 1, in other words, gives the reasons why we are acting. It tells the people that the country is in a deplorable fix. If we are going to reenact the N. R. A. statute, I should like to find out some things, maybe, from some of my more learned colleagues. I want to be careful in the Senate, because I do not want to reach the point where I will be subjected to an impeachment such as the Senator from Virginia [Mr. GLASS] visited upon the junior Senator from Nevada [Mr. McCARRAN] the other day. I therefore say I am not saying I want to be advised by my learned colleagues, but that I want to be advised by those colleagues of mine who are more learned than I am, and on that score the Senator from Virginia and I will never have any argument, unless the Senator changes.

Therefore, I am going to inquire of those more learned than I am in the N. R. A. and other lines what is going to be the cornerstone in enacting another N. R. A. law. I do not know that there is going to be another N. R. A. law enacted. I think I shall be told about that in due time, probably about the same time the President is told. The Presiding Officer may learn it a day or two ahead of me, or I may learn it a day or two ahead of the Presiding Officer, as the case may be; but when I do reach the stage of having the information that there will be, should be, or must be, and therefore is to be, another N. R. A. statute enacted, I will naturally first expect to read the cornerstone section to find out what is the basis and justification upon which the next N. R. A. is to be based.

Are we going to say we shall recopy section 1? If so, to copy section 1 would mean that for 2 years we have explored into the mire of distress and still have it. I therefore want to warn those to whom has been given the difficult proposition of designing the act not to copy section 1, because that would be the same as admitting that all this folderol would be destroyed by the act being brought here in that form. Therefore I say that to those who may be the draftsmen of the new legislation, or rather to those who will be in contact with those who are the draftsmen of the legislation; if I were called into consultation with this learned group of draftsmen to whom I am now addressing myself, I would consider I had entered into the recesses of knowledge and into the realms of high instruction, which, of course, I am not asking to be done; but to those who may reach that source, which I am not undertaking to reach at this time, I would say, "Beware, lest you get into the bill something that will add serious disaster to the situation and upset the claims we have made that we have already recovered."

The National Industrial Recovery Act, section 1, says that it is enacted because "a national emergency, productive of wide-spread unemployment and disorganization of industry, exists." Be careful that you do not come in here day after tomorrow, or at whatever hour it is decided to pass the law again, and say again that "a national emergency, productive of widespread unemployment and disorganization of industry, exists", because if you do you are going to be right in the same wagon rut that you said you were in 2 years ago. I am fearful something like that may be found to exist in the new legislation.

Has that condition been corrected under the N. R. A.? Let us read a little further. It is said that this condition "burdens interstate and foreign commerce." I wonder what foreign commerce it burdens. As I said, these things have been changed; the regulations relating to foreign commerce have been changed from time to time so as not to hurt individuals. There is an exception in the importation and exportation of gold that has to be considered, but that has reached a fairly elastic condition.

First, the gold clause only provided that the man who had gold in this country had to bring in the gold, and it did not affect the man who wanted to ship the gold out of the

country. Next, a provision was incorporated that the man who had gold to send out of the country could not send it out; he had to bring that gold in, too. Then, under some subsequent ruling that was adopted, they amended all the other acts so that they might change even that, and it was provided that newly mined gold could be exported out of the country. Of course, if we can export \$100 worth of newly mined gold to England, where we find it can be matched up with the American dollar devalued down to 59 cents, then the newly mined gold is worth 40 cents more on the dollar than the old piece of gold. In other words, that gold is worth 41 cents less than the newly mined gold.

I am not modern in this matter. I only kept in touch with this matter until last month. I do not know what the regulation may be today.

A cargo of gold newly mined is worth 41 percent—no, it is worth about 78 percent or maybe 80 percent more than old gold. I have not figured that out exactly. If I had time I could take a pencil and figure out just what it is; but a cargo of newly mined gold for export is worth about 80 percent more than a cargo of old gold for export under the newly made regulations.

Who is the authority that has been checked up and examined and placed in charge of the rules and regulations which have been prescribed by the N. R. A. code for the handling of gold in the United States? I have not been able in the little search I have made to find out who it is that is in charge of any of the regulations.

Mr. President, I rose somewhat out of order while we were considering the War Department appropriation bill. I want to admit and confess my inability to be very much informed on what are the provisions of the War Department appropriation bill. I have not read the bill because it would not make any difference whether I read it or not as matters now go. I have not gone into these unnecessary things that do not do any good. I save my time. In other words, I do not go around here and waste my time delving into things that I have no business inquiring into. I have learned better than to do that. I am a member of a legislative body, not a law-enacting body. I have realized that there is a distinction there whether there is any difference or not. Therefore I have not wasted my time reading the various and sundry bills which are introduced and brought before the Senate. I wait until somebody tells what it is all about and I do not particularly inquire about the necessity for them. I wait for results to speak for themselves.

But I want to enter my protest against being blamed for the consequences of these laws. I want to enter my protest and I expect my good friend, the Senator from Illinois [Mr. LEWIS] to carry my protest back to the proper place where it ought to be taken and inform them that I have protested against being blamed for anything that has been done here in the last 2 years.

I want further to say that I desire to enter an official protest and demand the protection of the United States Senate from outsiders and insiders heaping upon me any blame for what is going on in this country, because the Lord knows there is nobody on earth who has had as little to do with what is going on in the United States as I have. I am going to expect that protest to be entered on the proper journal and to be carried to the proper sources. I am going to expect the protection of the Senate from this time on in case any spokesman for or against the administration undertakes to charge me in public or in any other way with having anything to do with the wreckage of the present day and time.

Mr. LEWIS. Mr. President—

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

Mr. LONG. I yield.

Mr. LEWIS. May I ask my able friend, since he has committed to me the transmission of some message in his behalf, since he says he does not know whether this is a legislative body or a law-making body, whether he recognizes that it has been converted by the distinguished Senator from Louisiana into an investigating committee?

Mr. LONG. The last time I saw them they were investigating. I just take whatever light is behind me for the light that is in front of me.

Mr. LEWIS. Does the able Senator from Louisiana feel that he ever got any light from anywhere?

Mr. LONG. I do not know. That is something to consider. The point I am expecting of my friend from Illinois is this: I am not appealing to my friend in any except his official capacity. In a way the Senator from Illinois is a hired man of ours here. He is the "whip" on this side of the chamber. "Let him who is the greatest exalt himself the least." In other words, the Senator is a servant of the balance of us. I am a free agent of my own. But those whom we have called and placed in a capacity of influence are the ones to whom we look to guard us from unnecessary persecution. What I am going to expect in the future is that I be divested of any charges of wreckage for anything that has occurred in this country, because the Senator knows I could not have had anything to do with it even if I had wanted something to do with it.

Mr. Hugh Johnson, who was here under the N. R. A., made a little speech, and the Senator from Arkansas says I did not answer Mr. Johnson. True, I made a radio speech last night. My friend the Senator from Washington [Mr. SCHWELLENBACH], who sits back of me here, will certify to the fact that I made a radio speech at a very late hour, for he said to me this morning that he listened to me for 10 minutes, and it was such a very wonderful speech that he immediately went to sleep. [Laughter.] Therefore, Mr. President, assuming that the speech had the same effect on all the rest of the Members of the Senate as it had on that Senator, no answer has been made to this body, and General Johnson's statement still stands extant, and no one knows of any reply that has been made to it.

I do not think we should proceed hastily with legislation today. I think there is confusion about this War Department bill. The fact of the case is, I do not think half of us understand it. I do not know whether that makes any difference or not, but there are some letters piling in from constituents inquiring from me just what the provisions of the bill are, and I should like to be able to write them and tell them what the provisions are before I vote on the bill, because when I get back home I am supposed to understand it. So I do not think we ought to proceed in haste on this legislation today. I should like to see the motion of the senior Senator from Utah [Mr. KING] postponed. I should not like to see hasty action taken on it. That is a very drastic motion.

Mr. GLASS. Mr. President, the Senator from Louisiana does not seem to realize that the motion has been disposed of. [Laughter.]

Mr. LONG. Oh, it has? Is that so? I thank the Senator, but there is a disagreement in the Senate. Another Senator insists that it has not been disposed of.

Mr. GLASS. The motion to recommit has been voted down.

Mr. LONG. No; it was not passed on.

Mr. GLASS. Well, let us see.

The PRESIDING OFFICER. The Chair ruled that the motion to recommit was lost.

Mr. GLASS. That is what I said.

Mr. LONG. Mr. President, I was trying to get the floor at the time, and the Chair never did announce anything, did he? I was doing all I could to secure recognition.

Mr. GLASS. But the Senator did not get the floor quickly enough. [Laughter.]

Mr. LONG. Then I shall have to enter a motion to reconsider that vote.

The PRESIDING OFFICER. The Chair recognized the Senator from Louisiana after the vote had been taken, and regrets that he did not observe that the Senator was trying to obtain the floor while the result of the vote was being announced.

Mr. LONG. That being the case, I am certain the occupant of the chair will not object to setting the vote aside and letting us take it over again when I shall have concluded my argument on it, because I was trying to get the floor.

Mr. GLASS. The Senator is at liberty to speak on the matter even though it has been disposed of, because everybody else speaks to something that is not before the Senate.

Mr. LONG. That is the general custom, I understand.

Mr. GLASS. I may say, incidentally, that I have here a resolution, which I am going to offer after a while, to prevent a repetition of that sort of thing.

Mr. LONG. I am afraid the Senator's own vote will be the only one he will get for it.

Mr. GLASS. Oh, no; the Senator from Louisiana is mistaken about that.

Mr. LONG. I should hate to have to go back and apply that rule to the Senator from Virginia, because I should have missed hearing some very good speeches that he made when I first came here.

The first day I came to the United States Senate, after I had been sworn in—because I went back home a day or two later; I took the oath here, and then I went back home to get my clothes—when I got back the Senate had up some motion to confirm some man for some office. When I reached the Senate Chamber on that day, the first man I heard speaking was the Senator from Virginia [Mr. GLASS], speaking under the head of the confirmation of somebody for something, I believe. It might have been a bill. I do not think it was; but the Senator from Virginia was trying to disengage himself from an imagination as to whether or not what he saw on the head of the Secretary of Agriculture was a turnip or a head. I listened to that speech, and while I did not exactly understand the particular way under which it came, I later found that it was entirely relevant and was within the rules of the Senate.

I hope we shall not have any effort made here to change those rules. I do not know whether or not I am speaking on the War Department bill yet, because I am going to come to that matter. The fact of the case is, I do not know what the War Department bill is. I have heard some discussions here, but how am I to know whether the speeches that are made by the Senator from Missouri [Mr. CLARK] are about the War Department bill or something else? How am I to know what these speeches are all about unless I take what I hear here on the floor of the Senate and what I may have a chance to read in the bill? But who knows what is in the N. R. A.? Why have us go to the worry of considering a mere five or six pages when none of us knows what is in 900 books?

I am told that one of these books is as big as a Sears-Roebuck catalog. One of the books prescribing the rules and regulations under which one of these industries operates is as big as a Sears-Roebuck catalog! That is what I am told. They had a rule that they were proposing for hotels, I am told, under which a hotel man, if he had a good friend, could not even give him the right to sleep in his hotel free at night; he had to charge him for lodging. If a man who was running a hotel had a good friend, he could not even compliment his friend with a free meal of victuals; he had to charge him for it. If a man was running a barroom, he could not even give a friend a drink, but he had to charge him for it. That was all in the code.

A number of years ago I heard a story of how a man went into a barroom, called for a drink, and had the drink. After he drank the drink he told the fellow at the bar to charge the drink to him. The bartender yelled back to the boss of the barroom, and said, "Is this man good for a drink?" The boss said, "Has he had the drink?" The bartender said, "He has had it." The boss said, "He is good for the drink." [Laughter.]

How is the code going to work in a case like that? They have a rule on it. They have a rule that a man cannot be given anything at all in a hotel, it does not make any difference what it is. They have a rule that undercharges cannot be made. They have a rule as to the hours between which charges have to be made and services have to be performed; and that does not end the rules. The agents they appoint have the right to walk out and, under their hats, carry a pad, and take out a pencil and a paper and write out another rule, and that is just as much law

as the Constitution of the United States is a law. That is the N. R. A. When one of these agents goes out under the N. R. A., or one of these rule committees, or whatever you want to call them, they have the right to write out the rules.

Now, let me tell you how that works.

Down in Louisiana State University we needed a number of uniforms for a band down there, 150 uniforms. We ordered these uniforms for the band. The uniforms were due to be delivered at a certain time. We had been invited to go up to the State of Tennessee to attend a ceremony there, to be held at Vanderbilt University in the city of Nashville. Lo and behold, when the time was about up when we were to go, we did not have any uniforms to wear. The band did not have any kind of uniforms, or the cadets, either. I believe it was the cadets who did not have the uniforms.

What did I have to do? Why, Mr. President, I telephoned down to the man to whom we had given the contract to make uniforms for Louisiana State University, and he informed me that under the code there were rules and regulations that forbade him to make the uniforms except along a certain line and at a certain time, and that it would be about 2 or 3 more weeks at the very earliest before he would be allowed to deliver the uniforms to us, regardless of what he wanted to do.

I said, "Is not there some way in which I can correct that?" He said, "Well, you ought to know. If there is any way to correct it, you ought to know." So I sent for the book of rules, and they brought me up a book of rules and a lot of subrules and regulations, and I went through the thing there for about 6 hours. Finally I telephoned to some fellow up here in New York City whose name I saw printed in it as being chairman of something, and I said to him, "Here, I do not know anything about this rule book. I am only a lawyer. I cannot understand this book. The man who has the goods to make down here does not understand the book. I am spending \$25 to telephone you to see if you cannot tell me what I can do to get uniforms to put on the backs of these men. These men need the uniforms to wear. We want to buy the uniforms. The man who has the order wants to make the uniforms. Now, you tell me how I can get the uniforms."

He said, "I will tell you what to do. You arrange through Mr. So-and-so, who is the chairman of this thing, and he will tell you whether they can get a suspension of rule so-and-so, and of section so-and-so, and of subdivision so-and-so, and of some other subdivision of some other subsection." [Laughter.]

I said, "Where is that man?" He said, "He is off for the week-end." [Laughter.] He said, "This is Friday night, and he will be back from the country next week. Monday is a holiday, and he ought to be back here about Tuesday at noon."

I said, "I cannot wait until Tuesday noon to find the man, because that will be 4 more days gone, and our train has to leave about Friday night. Does anybody know where that man goes during the week-end with the rule book and the law underneath his hat? Where?" I said, "Can I find the law?"

He said, "I don't know where he goes. He has a camp, I think, out here in Connecticut somewhere. Perhaps you can find him over there."

So I got back on the telephone, and I telephoned to a couple of men I knew in New York, and I said, "Won't you please go out and ascertain for me how I can find out where this man is? Hire an automobile and go and locate the law. I want to find the law, so that I can get suits of clothes to put on the backs of 700 young men who are going to Nashville to attend a ceremony at Vanderbilt University. We have a big day coming up there. I have five special trains. I have bands and everything ready to go, and I want to get some clothes for the young men to wear. You go and locate the law. Spare no expense."

About 3 o'clock in the morning one of them rang me and said, "I think by this time tomorrow I shall be able to send

you a telephone number where you can reach the man who has in charge regulating that thing." [Laughter.] I said, "All right; but see if you can't telephone me a little sooner." Lo and behold, about midnight the next night he telephoned me and gave me a telephone number and said, "I have solved the problem! I have found him! I have found the law! Here is a telephone number." He said, "Now, don't you let anybody know how you got this. Don't say anything to anybody to the effect that I gave it to you. Here is a telephone number where you can find the man who is the chairman of that particular division of the code governing this matter."

So I got on the telephone, and I spent \$25 more, and I rang him up and I said, "This is HUEY LONG talking. I am United States Senator from Louisiana. I am down here in Baton Rouge, La., and I have a bunch of students that want to go to Nashville, Tenn. We have ordered about seven or eight hundred or a thousand uniforms that we cannot get made down here because the rule book will not let the man make them." I said, "Now, will you just help me out of this thing? If you will, if at any time anything ever comes my way so that I can do you a favor, you can certainly count on my doing it, if it is legitimate and proper." I do not know whether I said the last part of that or not. [Laughter.]

I said, "You just let me know."

He said, "This is rather late. I will have to think that matter over."

I gave him the name and address. I said, "I understand that all in the world you have to do is to write out a telegram and change the law insofar as it affects these uniforms going to the Louisiana State University; that you can say that, inasmuch as this is a purchase to be made by the State, and inasmuch as there is an emergency existing, you suspend these rules, and let me hire men to make up the coats and the pants as fast as they can make them."

He said, "I will see about it and let you know right away."

Lo and behold, he did. At the end of 2 days' time he located everything, and the man wired back, after I had spent \$150 in telephoning, and perhaps a little bit more, and said it was all right; they could go ahead and make the uniforms. So they went ahead and made the uniforms, and just before it was time for the train to whistle and go out, we put the last pair of pants on the last student and went to Nashville and beat the Vanderbilt football team.

I have not seen or heard of the man since. If, in order to maintain him in any job he has, it was necessary to vote for some amendment of the N. R. A., I would be tempted to do it. But who is to tell me what the law is next year, next week, or next month? That is why I do not want to have to vote on this military bill.

Mr. President, I hope the Senator from Virginia—I understand the next thing that is to come up is the works bill, and I should like to see the works bill put off right now. There is a lot of confusion about the works bill, and I should like to see it put off, and I will tell the Senate why I say that.

The newspapers are saying that there is an attempt to switch some votes, and they say some of the gentlemen are being called in and told what they will get in their States if they will change their votes and go for the bill.

Mr. President, I have friends on both sides of this question. I do not know whether there is any truth in those newspaper reports or not, and I do not know whether it is proper or not; but I do know what is fair and what is right, and I am going to insist that my friends over here and over on the other side who have been voting against the McCarran amendment are entitled to just as good treatment as are those men who come over. In other words, I do not think it is fair to say to a man over here, "You have been voting for the McCarran amendment. If we can get that McCarran amendment out of the way, we are going to spend \$150,000,000 in your State, and this is how we will spend it"—and leave these gentlemen here, who have already been voting against the McCarran amendment, without getting anything. That is not fair.

How do I know but that I might be in the market, if that thing is right? [Laughter.] I might be open to a bargain

about this matter. In other words, I am mighty well convinced that the principle of the McCarran amendment is right. But, you know, circumstances alter cases [laughter], and you can never tell just what is going to change the situation.

It is not right, it is not fair, to come here in a big hurry and take up this bill and make a promise to just one or two of us, and then not remember that you ought to promise something to the balance of us over here, some of us who have always been against the McCarran amendment, and some of us who might be pulled off if we got the right consideration.

My vote counts for just as much as anybody else's. My vote is just as much as anybody else's vote. It is just 1, but that vote is 1 vote, and if they need but 2 votes, I resent anybody calling on anybody for a trade without calling on me first. [Laughter.]

What right have they to go out and call some man who voted for this McCarran amendment and tell him what they are going to do for him and leave me out? Why should they discriminate? Why not indicate how much it is worth to get a vote and give me a chance to bid first on that matter? I might cut the price a little bit. [Laughter.] I do not approve of this kind of a system.

Then, again, I am a party man. I am a dyed-in-the-wool party man. I do not know just what party I am in right now, but I am for the party! [Laughter.]

Mr. BONE. Mr. President, I wonder whether the Senator from Louisiana thinks the administration ought to call for bids before presenting one of these bills?

Mr. LONG. I did not say that, but I am making objection. It would be better than the way the newspapers say it is being done. In other words, we always let anybody bid on any public contract we have in my State. We just advertise the thing. We advertise that we need a man for a job, or somebody to do the work. We advertise and the low bidder gets it.

When a vote or two is needed to take out the McCarran amendment, I do not see what right they have to call in the Senator from Washington and give him the first chance to switch, when I might be willing to do it for less. [Laughter.] In other words, it does not seem fair.

As I was saying, I am a party man. I do not know what party I belong to, but when I get there I will be bitter; I will be convinced, and when I find out where I belong in this matter, nobody is going to switch me. I do not know where that is. I am very bitter on this McCarran amendment, but for all I know I might be just as bitter the other way; I do not know.

I do not think there is anything that will affect anybody that will not affect me. I think I am just as easy to get as anybody else, and I am resenting the fact that I have never been given a chance. I have been condemned without ever being given a hearing. They have not even considered the Senator from Washington, who asks this question. He sits over here and votes against the McCarran amendment, and his vote would be just as good as anybody else's vote against the McCarran amendment. He voted for it, and his switch-over would have the same effect as anybody else's switch-over. I dare say they never thought to call in the Senator from Washington and make him that proposition.

Let us have some honor about this thing and do it the right way. I am not going to say that that is not right; that is not exactly the way I would do things if it were left to me. I do not say that they even have done it; I can only say what the newspapers say they have done or what they want to do. But I do say, let us have this thing on an honorable basis. That is what we ought to do.

Mr. President, all lines and occupations are out of existence. This N. R. A. system has extended to many people. They tell me that second-story workers have a code, too. It was not under the N. R. A., but they tell me they have a code. Manifestly, if a second-story worker went out at 10 o'clock and another went out at 11 o'clock, that would be unfair, and destructive competition, and some of those men would be working 7 hours and some of them would be work-

ing 6. So they tell me they have an understanding that nobody goes out before everybody is notified, and they all come in at the same time. They work on a uniform basis. They may have a code or they may not.

However, at least the United States Senate can have itself an N. R. A. code. That is how we can justify another N. R. A. law. I am going to make a motion that the Senator from Virginia amend the resolution, and I am going to move—and I move now, and I want this taken down—I move that we have a code under the N. R. A. prescribed for the United States Senate as to the terms and conditions upon which a vote may be changed here in consideration for public work to be done in one State. I move that there be a committee of three appointed to draft that code. I move that I be made chairman of that committee. [Laughter.]

Mr. DUFFY. Mr. President, will the Senator yield to me? Mr. LONG. I yield.

Mr. DUFFY. Would the Senator be willing to amend his motion so as to provide that the Senator from Louisiana should be limited to one speech a day? [Laughter.]

Mr. LONG. Well, if I get what I want, I might make less than that. [Laughter.]

I think we ought to have this committee appointed. Let us have rules and regulations. The Senator from Nevada has been presenting the McCarran amendment on the basis of logic and law and principle. I have not heard any argument the Senator from Nevada has made except one based on the difference between right and wrong, good and bad. That is the only weapon my friend the Senator from Nevada has to fight with, and those of us who are enrolled today under what we think is the logic of his argument have nothing at all with which to appeal to Senators except the plea to decide whether it is right or wrong, whether it is good or bad.

If the newspapers are to be believed—and, of course, I have an abiding faith and confidence in the newspapers—there is nobody in the Senate who has expressed as much dependence upon the eminent newspapers and public journals of this country as I have from day to day; there is nobody who now sits in this body who believes in the truthfulness and the reliability which can be attached to the public press, probably, as much as I do; and there is nobody who is as deeply indebted to the newspapers of this country, particularly those of my own State, as I myself. So, even though I undertook to disagree with the newspapers, of course I would have to accord them *prima facie* the acknowledgment that they were right and correct.

The newspapers say—of course, they may not be right and the statement may not be true—that the drive is on to get enough votes to beat the McCarran amendment, and they say that they have called in certain Senators and have told those certain Senators, "Up here in this State or over here in this State or down here in this State, what do you want? You want this over there at Possum Neck, you want this over at Coon Hollow, and you want this at this point and this over here. Let us see. That gives you a hundred and some odd million."

He says, "That is not enough."

They say, "We will put something else in there. You would like to have something else? Just what is it you want?"

He says, "I do not know. You know, over there in so and so I should like to have something else."

They said, "All right, we will put that in there. How much do you want?"

He says, "Hold on; I can not make a deal by myself. I got some of the people to go home and talk about this thing, and tomorrow morning maybe I will bring you back somebody with me and see what he wants."

Then he comes back the next day, and says, "Here I am."

Do you think, Mr. President, that I ever thought I would be worth \$100,000,000 in the Senate? Do you think I ever imagined any such exaggerated value of myself? I know there are a great many of my colleagues who think I am an egotist, and a great many who are not my colleagues who think that; but never in my exaggerated imagination of myself did I think I would be worth \$100,000,000.

That is too much money to talk about. I claim to my people that I am unbribed and unbribable, but I have never had \$100,000,000 offered to me, Mr. President; and I should like to weigh the circumstances to see what the effect would be. I do not think it would be all that some might hope for, but I should like to weigh the circumstances and see. I should like to have the honor of having that offered to me, whether I take it or not. That is how I feel about this thing.

If it is necessary to change 2 votes on the McCarran amendment, what we ought to do is this: Let us pause a while and think over this matter. Let us get the Senator from Vermont to postpone this joint resolution until Monday, and between now and Monday we will all get off among ourselves, and I will say this: If that amendment has to be voted down, and if they have, say, two or three hundred million dollars to pay to get the additional votes, I move that we split it up and divide it among us, and not let any one man have it all. [Laughter.]

I move that we just put this thing on an equitable basis.

Perhaps the original discoverer of it would be entitled to a little bit more than the balance of us. Give him proprietary rights as the adventurer who made the original discovery, but, within certain limits, give us all something of it. It is not right to leave it all to one. That is what I want to do, I want to hold this thing up.

Now, here is the thing to proceed under if you are going to have to draft the N. R. A. Act again: We shall have to come in here with an amendment to the N. R. A. statute; and let us amend the N. R. A. statute so as to provide that legislative bodies can have a code. You may say, "These things would not be legitimate in a legislative code." Well, neither was a violation of the antitrust law legitimate before they had the N. R. A., Mr. President. If we can excuse the corporations and combinations who go into private agreements and labor arrangements for uniform understandings, why can we not excuse Members of the United States Senate who go in here for uniform understandings? Neither one of them is what is called in law a "malum in se crime." My understanding is, from my study of criminal law, that there were two forms of criminal offenses, one called "malum in se" and one called "malum prohibitum." I think the last classification has something to do with prohibition, and things like that, because they are prohibited. There is no "malum in se" crime in members of the legislature having an understanding any more than there is any "malum in se" crime in corporations and combinations having an understanding and a monopoly fixed as to prices and other agreements.

So, therefore, let us amend the N. R. A. statute and broaden the language so as to write in the Senate, and write in the House of Representatives.

Mr. President, it may be that some Senators feel that I have not been speaking on the facts. Some of the Members of the Senate have taken this matter entirely too lightly. I have not resented the laughter. I have not resented the mirth. Of course, I know the matter was taken very lightly, and I am not going to resent the fact that many of my colleagues have smiled as I have gone over the facts; but what I am submitting are the facts.

The poor laboring element are on the outside, pleading for the prevailing wage. The poor laborer has not a thing on God's earth to offer you but his heart and his hand; that is all. That goes a certain distance with some people and then, after that, it fails to go, of course, in the circumstances that naturally come about. But we have the joint resolution here; we have the argument and the logic of the laboring man, the argument and the logic of the other people who say that the whole thing is a mess. They are depending upon argument and upon logic; and the argument and logic, according to the newspapers, are met by the fact that we Senators who may be voting against the measure are to be called aside and shown how much it can mean to us by understandings which others are able to make, provided we come over and assure the passage of the joint resolution.

Is that the way to enact legislation in the Senate? I want Senators to remember this: No man is allowed here in any manner to question the motives of a Senator, and I decline to do it. I decline, Mr. President, to be one who smeared the escutcheon of a Senator; but I also decline to be one of those who say that I have eyes and see not, or ears and hear not, when we are being flaunted with rumors and publications every day that "the drive is on to get Senator So-and-so", and that he has been called in and told what he can get for his State if he does it. That is the problem the Senate has brought before it. That is not the way to help the workingman.

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

Mr. LONG. I yield.

Mr. GLASS. If the Senator from Louisiana will permit us to pass the War Department appropriation bill, and then let me call up House Joint Resolution 117 and make a brief explanation of it, I can assure the Senator that the controverted provisions of the joint resolution—and I think they are only two—will not be reached until Monday.

Mr. LONG. I thank the Senator.

Mr. GLASS. I make that suggestion so that the Senator can save his voice for the radio, and speak in a more appropriate and impressive way on Monday about this measure than he is doing now.

Mr. LONG. In other words, the Senator means that we will pass the War Department appropriation bill, and then the Senator will explain the work-relief joint resolution, and that will be all we will do until Monday?

Mr. GLASS. I shall attempt to have acted on the provisions of the joint resolution which are not in controversy, and on which the Senate has already voted, and leave the controversial provisions until Monday.

Mr. LONG. All right. I agree. O. K. [Laughter.]

Mr. McNARY. Mr. President, I should like to inquire of the Senator from Virginia concerning what he has just stated. Am I to understand from the Senator from Virginia that if House Joint Resolution 117 shall come before the Senate this afternoon or tomorrow none of the controversial amendments or provisions will be brought to the attention of the Senate until Monday?

Mr. GLASS. Yes, Mr. President. I suggest that the controversial provisions of the bill be permitted to go over until Monday.

Mr. McNARY. What is a controversial question sometimes is a matter of difference of opinion. Is it proposed that amendments or provisions to which objection shall be made shall not come before the Senate until Monday?

Mr. GLASS. No; not until Monday.

Mr. McNARY. And also those to which objection has been made?

Mr. GLASS. They will not be taken up until Monday.

Mr. McNARY. Very well.

Mr. COSTIGAN. Mr. President, I have sent to the desk today two amendments which will not be printed until Monday. I trust that within the agreement of the Chairman of the Appropriations Committee will be included an opportunity to present such amendments as the Senate may not have an opportunity to consider this afternoon.

Mr. GLASS. To what measure is the Senator referring?

Mr. COSTIGAN. To House Joint Resolution 117.

Mr. GLASS. Of course I shall not undertake to preclude any Senator from offering amendments to the bill on Monday. I could not do that.

WAR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 5913) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1936, and for other purposes.

Mr. FRAZIER. Mr. President, the senior Senator from Vermont [Mr. AUSTIN] yesterday questioned some figures which I put in the RECORD, and I ask unanimous consent to have printed in the RECORD at this point a statement with regard to the universities which I mentioned yesterday, and a statement which is made by Edwin C. Johnson, secretary

of the Committee on Militarism in Education, address 2929 Broadway, New York City.

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

The matter referred to is as follows:

A STUDY OF THE COMPARATIVE COST AND EFFICIENCY OF COMPULSORY AS AGAINST ELECTIVE R. O. T. C. UNITS

The greater efficiency of elective R. O. T. C. units, as against compulsory units, both with respect to number of potential Reserve officers produced and cost of their production, is shown by the following tables:

I. COMPULSORY RESERVE OFFICERS' TRAINING CORPS UNITS

| Name | Enrollments ¹ | | Costs ² | | | Average cost per potential Reserve officer |
|---|--------------------------|----------|--------------------|-------------|--------------|--|
| | Basic | Advanced | Personnel pay | Maintenance | Total | |
| University of Maine..... | 517 | 39 | \$21,958.80 | \$15,691.24 | \$37,650.04 | \$965 |
| Rutgers University..... | 604 | 69 | 24,233.16 | 19,698.02 | 43,901.18 | 636 |
| University of Maryland..... | 678 | 50 | 18,909.00 | 16,031.98 | 34,940.98 | 698 |
| Penn State College..... | 1,694 | 107 | 49,305.17 | 57,723.69 | 107,028.86 | 1,000 |
| University of Illinois..... | 2,287 | 498 | 168,916.57 | 148,105.45 | 317,022.02 | 636 |
| Iowa State College..... | 731 | 179 | 76,007.84 | 34,756.40 | 110,764.24 | 618 |
| University of Missouri..... | 709 | 145 | 83,973.66 | 35,419.57 | 119,393.23 | 823 |
| Oklahoma Agricultural and Mechanical College..... | 1,146 | 74 | 26,932.00 | 48,790.99 | 75,722.99 | 1,023 |
| Oregon Agriculture College..... | 597 | 162 | 71,867.45 | 40,063.09 | 120,930.54 | 746 |
| Utah State Agriculture College..... | 445 | 37 | 16,862.00 | 14,577.00 | 31,439.00 | 849 |
| University of Washington..... | 942 | 97 | 59,046.19 | 19,986.49 | 79,032.68 | 814 |
| Total..... | 10,350 | 1,457 | | | 1,077,825.76 | 739 |

II. ELECTIVE RESERVE OFFICERS' TRAINING CORPS UNITS

| | | | | | | |
|---------------------------------------|-------|-------|-------------|-------------|-------------|-------|
| University of Pennsylvania..... | 284 | 152 | \$32,828.46 | \$18,665.12 | \$51,493.58 | \$338 |
| University of Pittsburgh..... | 527 | 149 | 31,388.20 | 18,166.89 | 49,555.09 | 353 |
| Carnegie Institute of Technology..... | 274 | 100 | 16,199.20 | 16,822.76 | 33,021.96 | 330 |
| Wofford College..... | 207 | 76 | 11,419.10 | 11,589.10 | 23,008.20 | 302 |
| University of Cincinnati..... | 341 | 282 | 33,785.37 | 24,075.03 | 57,860.40 | 205 |
| Western Reserve University..... | 63 | 42 | 5,472.00 | 4,272.21 | 9,744.21 | 232 |
| Knox College..... | 91 | 44 | 9,819.03 | 3,755.62 | 13,574.65 | 308 |
| University of Michigan..... | 378 | 141 | 27,308.13 | 13,976.55 | 41,284.68 | 292 |
| University of Wisconsin..... | 342 | 117 | 31,563.22 | 17,189.09 | 48,752.91 | 408 |
| University of Wichita..... | 160 | 44 | 11,793.20 | 5,976.01 | 17,769.21 | 403 |
| Washington University..... | 216 | 105 | 21,977.80 | 11,604.57 | 33,582.37 | 319 |
| Total..... | 2,883 | 1,243 | | | 379,647.26 | 305 |

¹ Official War Department figures as of Nov. 1, 1932. (See U. S. House hearings War Department appropriation bill for 1934, pp. 512-525.) Later figures are given in published hearings on more recent War Department appropriation bills but, unfortunately they are given for the Nation as a whole only and are not given for each school or college having military units.

² Official War Department figures for fiscal year ending June 30, 1931. (See U. S. House hearings, War Department appropriation bill for 1933, pp. 809-815.) As with enrollment figures, more recent cost figures on the Reserve Officers Training Corps for the Nation as a whole have been published, but they are not divided according to the various institutions concerned.

The foregoing tables show several things which support the contention that, from the standpoint of military utility and Federal policy, elective R. O. T. C. units are preferable to compulsory units.

COMPULSORY UNITS MORE EXPENSIVE THAN ELECTIVE AND YET HAVE A LOWER AVERAGE IN PRODUCTION OF POTENTIAL RESERVE OFFICERS

The group of 11 institutions having compulsory R. O. T. C. units, listed in the first table, have a total basic enrollment of 10,350. The number of advanced-course students, potential Reserve officers, produced by these institutions is 1,457, which represents 14 percent of the basic enrollment for the given units. The cost for maintaining these military units upon a compulsory basis amounts to \$1,077,825.76, an average of \$97,984.16 for each institution. The average cost of producing the given number of potential Reserve officers by these eleven institutions maintaining compulsory R. O. T. C. units is \$739 per head.

The second table lists 11 institutions maintaining R. O. T. C. units upon an elective basis. The total basic enrollment is comparatively small, only 2,883, whereas the number of students in the advanced courses, potential Reserve officers, reaches 1,243, a figure which is 43.1 percent of the basic course enrollment of the given units and which is almost equal to the total number of potential Reserve officers produced by the compulsory unit group. The cost of maintaining elective units in these 11 institutions is \$379,647.26, or an average cost of \$34,513.38 per institution. These two figures are 65 to 70 percent smaller than the corresponding figures for the compulsory unit group. Accordingly, the average cost of producing the given number of potential Reserve officers by the institutions maintaining elective R. O. T. C. units is \$305 per head, or 59 percent less than the average cost of their production in the institutions in the compulsory unit group.

The great waste in the compulsory units is caused by the necessity of providing uniforms, equipment, and instruction for the

large numbers of unwilling students who are drafted as cadets in the basic courses. These students never continue with the advanced R. O. T. C. courses (which are optional everywhere except at a few openly advertised military schools) without which they cannot be eligible for appointment as Reserve officers. Moreover, the hostility of these students to the military courses imposed upon them against their choice impairs the morale of the units in which they are enrolled, retards the progress and reduces the quality of the work of those students who are honestly and sincerely interested in becoming Reserve officers.

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD, an editorial appearing on page 290 of the Nation for March 13, 1935, having to do directly with the appropriation bill which is before us, and also an article appearing on page 292 of the same issue of the Nation, entitled "We Must Not Arm Against Japan!"

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

The articles referred to are as follows:

[From the Nation of Mar. 13, 1935]

"It must be with a rifle and a bayonet, cold steel," Brig. Gen. Seth E. Howard, the man responsible for the National Guard in California, assured the House subcommittee in the hearing on the War Department bill. He was complaining about the meager protection of California against labor troubles. "We have in California 6,000,000 people and short of 6,500 troops. Troops to be effective must be armed with rifles, because a pistol is no arm to place in the hands of troops with these groups of disturbers that we are confronted with in the country today. Neither are clubs." Cold steel, he went on to say, was essential. He admitted he was giving rifles to the Coast Artillery and training the men to use them. "If we get medical units we will give them rifles and make riflemen out of them." The general then went on in a mood of candor: "I want to advise you that today I have my troops under arms, in violation, possibly, of the regulations of the National Guard Bureau. But it is necessary for us to have our picked men with their uniforms and rifles, at their homes in Sacramento. I have two companies on guard, I have the arsenal under guard, and the city and county authorities have increased their force by 300 or 400 percent." Asked how many men had been responsible for the "revolutionary" condition in California last summer, the general replied: "In the neighborhood of 1,300. There was a very small number of actual agitators, originally less than 300."

Further militarization of American youth was advocated before the same committee by General MacArthur, Chief of Staff. He has his eye on the strapping young men in the C. C. C. camps. "These men are all processed," he said, using the professional term. "They are ready and fit for military training." The particular place in national life he would have them fill is the enlisted Reserve, an element in national defense now neglected. "I think nothing would be finer than to take these C. C. C. men who have had 6 months in camp and give them perhaps 2 months more in which they would receive a nucleus of military training. We then could enroll them in the enlisted Reserve. * * * If we had 300,000 enlisted Reserves who could be called to the colors immediately, our conditions of preparation for defense would be immeasurably bettered." The Army already controls the men in the camps as to clothing, feeding, housekeeping, morale, and discipline. The next step would be easy, and the prestige now enjoyed by General MacArthur at the Capitol makes it appear a probable one. Congressmen listen to him with deference, forgetting that it was he who donned his medals and drove the bonus army out of Washington.

[From the Nation of Mar. 13, 1935]

WE MUST NOT ARM AGAINST JAPAN!

One need not be particularly discerning to realize that the administration's \$800,000,000 war budget for 1935-36 is directed specifically against Japan. A glance at the nature of the proposed expenditures is sufficient to confirm this assertion. The bulk of the \$200,000,000 which is being asked in excess of the normal budget is to be utilized for the naval-construction program authorized by the Vinson bill. An enlarged Navy would only be needed in a conflict with one of two great powers—Great Britain or Japan—and since there has been no period in recent history when cooperation between the two Anglo-Saxon countries has been stronger than at present, it may be assumed that we are concerned solely with our Asiatic rival. Similarly, it is significant that the new Army appropriations are to be expended chiefly for airplanes and the strengthening of the defenses of the Pacific coast. The Army also expects to obtain an additional appropriation out of P. W. A. funds for an air base in Hawaii.

Nor is it difficult to understand why certain groups should desire to increase America's fighting strength as a means of restraining Japan. During the past 4 years the Japanese nation has literally run amuck. It has conquered Manchuria and Jehol by armed force; it has engaged in an undeclared and unprovoked war in Shanghai, and has twice invaded North China; it has increased its own armament expenditures by 130 percent, and served notice of its refusal to be bound by the Washington naval agreement. If we accept the traditional militarist view that prepared-

ness is the best guaranty of peace, there is reason to assume that an increase of armaments would add to our security against this mad-dog nation. This assumption overlooks the fact, however, that the proposed armament expenditures are not really defensive in character, and are not so regarded abroad. A very small proportion of our naval appropriation is to be spent on ships which are strictly defensive in nature, while the enlargement of our already powerful air fleet clearly suggests a war in which we are the attackers. If self-defense alone were desired, the United States could revise its military and naval policies with a saving of at least half our present war budget. But all our present policies indicate that "defense" is merely a euphemism for the protection of our financial stake in the Far East against Japanese imperial aspirations.

It is evident, therefore, that a suitable defense program must be conditioned by the larger aspects of foreign policy. The chief difficulty in this connection is that the United States has failed to formulate a clear-cut far-eastern policy to meet the present crisis. We have resented Japanese aggression and sought to preserve the open door through nonrecognition of the changed status in Manchuria. But rather than face the implications of our position vis-à-vis Japan, we have been content to drift to the very brink of catastrophe. This lack of policy is due largely to our inability to choose among three possible alternatives. In the first place there are doubtless many groups who would like to see the United States pursue an expansionist course in line with that followed in the past. Since such a program—with its emphasis on the open door and the territorial integrity of China—is in direct conflict with Japan's avowed pan-Asiatic policy, it is only logical that we should implement it by strengthening our defenses in the East, fortifying our Pacific possessions, and creating a Navy of sufficient size to defeat Japan in its home waters. Obviously this would imply a force far greater than is even now proposed, and, what is more serious, it would inevitably lead to war.

The dangers involved in this course have led a number of observers, liberals and conservatives alike, to favor the second alternative—complete withdrawal from the Far East. If the United States were to abandon the Philippines and the various other Pacific islands, withdraw its military and naval forces from China, and be prepared to take such financial losses as might result from this action, there would appear to be little cause for friction between this country and Japan. In support of this step it may be urged that the whole American investment in the Far East is less than the amount asked for the Army and Navy in the 1935 Budget, while our investments in China and the Philippines combined are less than the sum which General MacArthur is attempting to obtain from the work-relief funds.

Although it is impossible to doubt the sincerity and idealism which motivate many Americans to advocate complete abdication of our position in the East, one must question the practicability of such action. Neither nations nor classes have been known to surrender their vested interests voluntarily. Under the prevailing economic system, surpluses tend inevitably to accumulate, and it is fatal to deny them an outlet. Moreover, there is reason to doubt whether abandonment of the East would actually eliminate the basic causes of international friction. The whole movement toward national isolation merely tends to accentuate the struggle for raw materials and markets which is the basic cause of modern war. To leave China at the mercy of Japan would only strengthen the Japanese Empire in its conflict with the empires of the West.

For those who recoil from the prospect of unbridled Japanese aggression, as well as from the specter of war, there remains yet another alternative. By associating itself more fully with the collective systems of security which are developing throughout the world, it is possible for the United States to aid in restraining Japan without setting itself up as the chief opponent of that country's imperialistic aspirations. To make such a policy realistic and effective it is necessary to re-create a basis of international economic cooperation, which implies an abandonment of our own expansionist policies. This would preclude the possibility of relying on military prowess as a means of gratifying our national ambition, and, like the previous alternative, permit a genuinely defensive military policy.

If the far-eastern crisis had arisen a few years ago, there can be no question which of these alternatives we should have chosen. We should have "followed the flag" without regard for the consequences. But it is difficult to believe that the American people today would countenance a war for the protection of American investments if its implications were clearly understood. The danger, however, is not so much that the United States will deliberately choose the first course, but that for lack of constructive statesmanship it will drift into a position where war is inevitable. In the light of prevailing nationalistic passions, passage of the present appropriation bill would be an all but irrevocable step in that direction.

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

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

Mr. McNARY. 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 | Cutting | Lewis | Pope |
| Ashurst | Dickinson | Logan | Radcliffe |
| Austin | Dieterich | Loneragan | Reynolds |
| Bailey | Donahay | Long | Robinson |
| Bankhead | Duffy | McAdoo | Russell |
| Barbour | Fletcher | McCarran | Schall |
| Bilbo | Frazier | McGill | Schwellenbach |
| Borah | George | McKellar | Sheppard |
| Brown | Gerry | McNary | Shipstead |
| Bulkley | Gibson | Maloney | Smith |
| Bulow | Glass | Metcalf | Steiwer |
| Burke | Gore | Minton | Thomas, Okla. |
| Byrnes | Guffey | Moore | Thomas, Utah |
| Capper | Hale | Murphy | Trammell |
| Carey | Harrison | Murray | Truman |
| Clark | Hatch | Neely | Tydings |
| Connally | Hayden | Norbeck | Van Nuy |
| Coolidge | Johnson | Norris | Wagner |
| Copeland | Keyes | Nye | Walsh |
| Costigan | King | O'Mahoney | White |
| Couzens | La Follette | Pittman | |

Mr. LEWIS. I wish to announce that the Senator from Arkansas [Mrs. CARAWAY] and the Senator from Louisiana [Mr. OVERTON] are detained by illness.

I also desire to announce that the senior Senator from Kentucky [Mr. BARKLEY] is necessarily detained.

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present. The question is on the engrossment of the amendments and the 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

The PRESIDING OFFICER. The question is, Shall the bill pass?

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

The PRESIDING OFFICER. Is the demand seconded? Apparently not a sufficient number have seconded the demand.

Mr. FRAZIER. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. FRAZIER. I understand that only one-fifth of the Members on the floor are required to second a demand for a yea-and-nay vote.

The PRESIDING OFFICER. That is correct; but the Chair was of the opinion that one-fifth of the Senators present had not seconded the demand.

Mr. FRAZIER. I demand a recount.

Mr. JOHNSON. Mr. President, I hope our friends will give a record vote to those who ask for it. I am for the bill and am going to vote for it.

Mr. ASHURST. Mr. President, I hope there will be a record vote. This is one of the bills to be passed by the Congress for which I am anxious to vote. I want to be recorded "yea."

The PRESIDING OFFICER. Is the demand for the yeas and nays seconded?

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. LEWIS. I announce the absence of the Senator from Arkansas [Mrs. CARAWAY] and the Senator from Louisiana [Mr. OVERTON], caused by illness.

I announce the absence of the Senator from Kentucky [Mr. BARKLEY], who is necessarily detained. I am informed that were he present and voting he would vote "yea."

I also wish to announce that the Senator from Tennessee [Mr. BACHMAN], the Senator from Montana [Mr. WHEELER], the Senator from Alabama [Mr. BLACK], the Senator from Washington [Mr. BONE], and the Senator from Virginia [Mr. BYRD] are necessarily detained.

I desire to announce a general pair between the Senator from Virginia [Mr. BYRD] and the Senator from Michigan [Mr. VANDENBERG].

Mr. MCKELLAR. I have a general pair with the Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to my colleague [Mr. BACHMAN] and vote "yea."

Mr. LOGAN. I have a general pair with the senior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to my colleague [Mr. BARKLEY] and vote "yea."

Mr. AUSTIN. The Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness. His general pair has been announced.

I also wish to announce that the Senator from Delaware [Mr. HASTINGS] is necessarily absent. He has a general pair with the Senator from Montana [Mr. WHEELER].

The result was announced—yeas 68, nays 15, as follows:

YEAS—68

| | | | |
|-----------|-----------|-----------|---------------|
| Adams | Dieterich | Logan | Reynolds |
| Ashurst | Donahey | Loneragan | Robinson |
| Austin | Duffy | McAdoo | Russell |
| Bailey | Fletcher | McCarran | Schall |
| Bankhead | George | McGill | Schwellenbach |
| Barbour | Gerry | McKellar | Sheppard |
| Bilbo | Gibson | McNary | Smith |
| Borah | Glass | Maloney | Steinwer |
| Brown | Gore | Metcaif | Thomas, Okla. |
| Bulkley | Guffey | Minton | Thomas, Utah |
| Burke | Hale | Moore | Trammell |
| Byrnes | Harrison | Murphy | Truman |
| Carey | Hatch | Neely | Tydings |
| Connally | Hayden | Norbeck | Van Nuys |
| Coolidge | Johnson | O'Mahoney | Wagner |
| Copeland | Keyes | Pittman | Walsh |
| Dickinson | Lewis | Radcliffe | White |

NAYS—15

| | | | |
|----------|---------|-------------|-----------|
| Bulow | Couzens | La Follette | Nye |
| Capper | Cutting | Long | Pope |
| Clark | Frazier | Murray | Shipstead |
| Costigan | King | Norris | |

NOT VOTING—12

| | | | |
|---------|---------|----------|------------|
| Bachman | Bone | Davis | Townsend |
| Barkley | Byrd | Hastings | Vandenberg |
| Black | Caraway | Overton | Wheeler |

So the bill was passed.

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD, at the end of the consideration of the bill, some comments I have prepared concerning it.

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

MODERNIZE ESSENTIAL RESERVE MATERIAL

The steps toward modernization of guns of the Army, which has been started by the modernization of all of the National Guard 75-mm guns and about 200 of the Regular Army active guns, should not be confined to those in actual use.

The program of modernization should extend to all reserve carriages that we are depending upon in case of war or an emergency, especially since these carriages have been in storage for more than 16 years. Army Ordnance, May-June issue, states, "Many of these carriages in storage are deteriorated beyond the point of immediate use. Wooden wheels will not stand the effects of time indefinitely and it might be that this equipment, if needed in a hurry, would not be useful at all. Whether the wood has stood the ravages of time or not, certainly the old field carriages could not be used at the speeds and with the modern truck equipment of today. If they are well preserved they cannot be used with trucks. If the wood is rotten, even a horse cannot pull them."

Since artillery is so important as a reserve, it would seem that modernization of the guns now on hand would be the only way to give that reserve its full value.

This country is incapable of defending itself in modern war because it has failed to keep its equipment modern. If war should come we would find ourselves with practically all of our field pieces on wooden wheels that would rattle or fall to pieces with a few hours' service. These guns should be modernized by a change from wooden wheels to a carriage on pneumatic tires. This has been done for the National Guard, and the equipment of the regular Army should at least equal that of the Guard.

The modernization of these guns can be made for less than 3 percent of their cost, and it would not be wise or practical to spend any greater amount per gun, especially when the original life of these guns is about 10,000 rounds. The majority of these guns were purchased from the French Government and were used during the war. The French, no doubt, picked their oldest guns for sale and delivery to the United States. This fact is evidenced by a display in the Munitions Building, where the War Department shows one of these 75's bearing the manufacturer's serial "no. 1."

This field gun is now common in most of the armies of all the nations. It is at least the model for every field piece now in use. Previous to the advent of this piece, mounts had changed but little for nearly a century except that steel had replaced wood in the trails and cheeks. These French 75-mm guns were perfected in 1897. Notwithstanding their age they are the best field pieces we have and should be adapted to changed conditions in travel, especially when this can be done at relatively insignificant costs. After those in storage are made usable for travel at high rates of speed we can look forward to the building of a new gun with a longer range, more traverse, and more elevation. Any large or costly change in these guns would not only be unwise, but might render them unusable and, perhaps, unsafe.

Our reserves should at all times be usable and these guns are now unserviceable and unsafe.

The Chief of Staff of the United States Army in his annual report for the fiscal year ended June 30, 1934, to the honorable Secretary of War says that "the most effective field gun of the World War was known as the French 75 mm." The Army had about 4,200 of these guns in its possession upon the signing of the armistice and today it is the weapon with which our field artillery units are equipped. It is incapable of rapid transportation on its present wheels, since these are of the traditional wood and steel construction and fast movement invariably results in damage to the mechanism of the gun and pounds the wheels to pieces. However, wheels and special hub adapters have been developed permitting towing of the guns at high speeds with no resulting damage; also it is possible to fire the guns directly from pneumatic tires.

The National Guard and one-half of the Regular Army have been equipped with this special high-speed adapter, and the remainder of these guns in the warehouses can be given the same characteristics of the modernized guns now in use in the field. These guns in storage should be brought up to date without delay, since increased mobility in the Army will be largely wasted unless guns in reserve can be used with the motorized units.

It is not considered practical or worth the expense involved to attempt to include any additional features on second-hand equipment. These guns will be brought up to date in the most practical way known today at a very low cost, which we are advised is less than 3 percent of their cost, or approximately \$300 to \$400 per gun, less the cost of pneumatic tires and puncture-proof tube equipment, as it would not be necessary to have tires and tubes in the warehouses, thereby bringing the modernization cost down to about \$250 per gun.

It is just as unsound to try to build an entirely new gun around the used French 75-mm tube as it would have been to spend money to gear the truck equipment down to horse speed, as was considered before the present adapters were developed for the French 75-mm gun by A. P. Buquor. This equipment converted the old French field gun into a modern high-speed gun with the following characteristics added:

(a) All parts necessary for travel, emplacement, and firing are parts of the adapters;

(b) Wheels and tires are used commercially and are quickly received and replaced;

(c) Towing speed of 50 miles per hour or faster, depending upon the prime mover;

(d) Capable of being manhandled by a small crew up a slope on account of having brakes operating on each wheel separately. One side can be locked while the other wheel is moved over an obstacle or rough place, and then locked and the other wheel moved over;

(e) 75 mm with the high-speed adapter is always ready for action and for march order;

(f) Rapid crank traverse is made possible for the simple reason that there is no binding or strain or weight on the gun axle keyway, thereby allowing the gun to be traversed very easily and freely;

(g) Having better stability for fire at fast-moving targets for reason that one wheel can be locked by individual operating brakes, allowing the gun to pivot on one wheel and the other to move around on circle;

(h) Having better stability for firing on account of brake equipment, locking both wheels and not allowing gun to roll forward on the countercoil;

(i) Quick replacement of entire assembly or part thereof;

(j) No part is keyed or attached to the sliding gun axle, axle housing, or parts that will permit or cause any strain or twist to the gun-axle keyway;

(k) The lateral sliding movement of the gun barrel and the protecting shield are not interfered with in any way;

(l) Brakes are provided, using the late-model standard Ford brakes. These brakes can be applied together or separately, if desired, in handling the gun;

(m) Easily and quickly installed on guns in the field, and not necessary to drill any holes or change any parts of the standard French 75-mm gun;

(n) Very light and flexible;

(o) Low in cost.

The French Army is equipped with about 13,000 of these field pieces and each of them has been modernized and made up to date, if reliance can be placed upon the cinema, for it was only recently that in a local theater a news reel showed recent French Army maneuvers, and literally hundreds of these modernized guns rolled by. It was evident that the French had copied the adapter which we have used in a few of our guns and have installed it on all of theirs. Certainly this country should be as up to date as any other first-class nation, including the French.

"The next war will come like lightning and we are not prepared for it," warns Gen. Robert Lee Bullard, president of the National Security League.

Thomas A. Edison once outlined his ideas of preparedness. "We should," he said, "make our war machines, store them, and when war comes take them out and use them."

The United States Army has about two hundred and ten 75-mm guns modernized for modern warfare.

The only guns we have in reserve are useless for modern warfare because of the fact that they can travel only 4 or 5 miles per hour, and because of their deteriorated wheels many of them will not be serviceable.

The present condition of reserve guns is just the same as having guns in reserve with no wheels at all.

"The great lesson of the war", General O'Ryan declared in his testimony February 1933 in Washington, "was the complete failure of America to produce the material things of war in time to employ them." In the Saturday Evening Post of October 22, 1932, Maj. Gen. Johnson Hagood states that "for years General Wood had been trying to get a reserve of Field Artillery guns. General Wood told the Appropriations Committee that we did not have as much modern artillery as the Chinese." Our reserve artillery should be modernized equal to the guns now in use with mobile units.

With regard to the Army 75-mm guns in reserve, there are in storage approximately 3,000 guns of this type, the cost of which was about \$8,750 per gun, making a total cost of these guns held in the warehouse \$26,250,000. They are obsolete for modern warfare in their present condition. They are provided with the old type wood artillery wheels, and consequently have no practical utility to the Government, for the reason that none of them are capable of attaining a speed in excess of 4 to 5 miles per hour.

The War Department recognized the deficiencies of these guns when they contracted at a low cost for an adapter to some of them. This quick-change-over adapter was developed to take the place of the obsolete artillery wheels, and not only modernize them for high speed but also permitted firing directly from rubber tires, which had been wholly unsuccessful in the past.

A small outlay of money spent in this direction would go a long way in preparing the country against war. All of our reserves should be made up to date.

This plan is a four-point one covering—

1. Economy.
2. Preparedness against war.
3. Unemployment relief.
4. Modernization of obsolete materials.

In our everyday civil life the automobile is the accepted mode of transportation. The armies of the leading world powers have accepted this changed condition. Our Army should keep abreast with the progress of the times. Good sense prompts me to suggest that this should be our immediate objective.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER, as in executive session, laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

WORK-RELIEF PROGRAM

The PRESIDING OFFICER. In pursuance of the unanimous-consent agreement of yesterday, the Chair lays before the Senate House Joint Resolution 117.

The Senate proceeded to consider the joint resolution (H. J. Res. 117) making appropriations for relief purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. PITTMAN. Mr. President, I present a telegram from the Governor of the State of Nevada transmitting a joint resolution of the legislature of the State touching the pending joint resolution (H. J. Res. 117). I ask that it be published in the RECORD.

The PRESIDING OFFICER. Without objection, the telegram will lie on the table and be printed in the RECORD.

The telegram embodying the joint resolution is as follows:

CARSON CITY, NEV., March 8, 1935.

Senator KEY PITTMAN,
Washington, D. C.:

I am directed to transmit the following resolution of the Nevada Legislature to you: "Assembly joint resolution endorsing the policy of President Roosevelt in regard to his stand on the \$4,880,000,000 program.

"Resolved by the Assembly and the Senate of the State of Nevada, That the Legislature of the State of Nevada desires to assure the President that the State of Nevada, which has always been in the forefront concerning matters of importance to the Nation, being still mindful of its obligations arising out of its statehood, desires to take this opportunity to endorse President Roosevelt in his effort to relieve the depression that is now and has been casting a gloom over all the people of this Nation; and be it further

"Resolved, That the State of Nevada with every confidence in the President of the United States feels that this depression can best be combated through the administration of his plan of public works and at the same time feels that any obstacle now placed in the way of those plans will result in interminable delay to the return of normal times and conditions for which all the people of this Nation are so earnestly praying and hoping; and be it further

"Resolved, That the State of Nevada feels that you should be highly commended for assuming the responsibility for those great

plans and giving to the various States the opportunity of cooperation with you in restoring prosperity to the Nation which you love and whose principles we cherish; and be it further

"Resolved, That this resolution is an unqualified expression of the hopes of the people of the State of Nevada that every person charged with the obligation of responsibility to the Nation in respect to this matter be urged to give to the President of the United States a full measure of their best efforts as an obligation of their loyalty to the principles of American citizenship; and be it further

"Resolved, That the Governor of the State of Nevada cause these resolutions to be transmitted by wire to the President of the United States and to our Senators and Representatives in Congress."

RICHARD KIRMAN, Governor.

Mr. McCARRAN. Mr. President, inasmuch as the joint resolution of the Legislature of Nevada has gone into the RECORD, I ask leave to have inserted in the RECORD my reply transmitted to the secretary of the Senate of the State of Nevada.

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

The matter referred to is as follows:

To the SECRETARY OF THE SENATE OF THE STATE OF NEVADA,
Carson City, Nev.:

Resolution 19, recently passed by the legislature, is based on a grave misunderstanding of the real point at issue.

Were it prompted by a desire to obscure the real issue, or were it a political maneuver, I would not bother to reply.

Contrary to the contention of your resolution, the McCarran prevailing-wage amendment in no wise entails any increase in the cost of carrying through the work-relief program. It does, on the contrary, enable the President to achieve his aim of providing work for employables now without jobs at a billion dollars less than the present appropriation calls for.

As the President said in his message on the bill, the chief aim is furnishing of employment to labor. Under the prevailing-wage amendment 70 percent of the appropriation would be spent for labor, as against only 52 percent under the security-wage plan originally proposed. Thus the President may either employ a million more workers, or he may ask that the appropriation be cut \$1,000,000,000 and still care for the 3,500,000 employables on relief rolls mentioned in his message to Congress.

The fallacy in your assumption that the prevailing-wage amendment would entail an increased cost is your failure to note that under the provisions of my amendment the President may fix the total monthly earnings for any worker or for any project as a whole by limiting the number of hours any one person may work. My amendment does not propose, and it is an erroneous assumption to hold otherwise, that labor on work relief should work full time. It is obvious to anyone that such a procedure would defeat the entire purpose of the work-relief program by destroying the worker's incentive to return to private industry.

The whole, and only purpose of my amendment is to maintain the wage structure of the country, and at the same time to specifically carry out the program of the President by limiting the aggregate monthly earnings of any worker.

This is in keeping with the accomplishments of wage earners in this country realized through years of struggle and crystallized in the statutes of 23 States, of which Nevada is one, and a Federal law in addition thereto. Payment of prevailing or minimum wages on Government works is mandatory under these statutes.

The object to be attained by the amendment, supported by the laws of these States, is to protect the wage structure of the country. Without such a safeguard as my amendment, wages to all laboring men in private industry would soon be dragged down by the weight of low wages in such a gigantic public-works program as this one now pending.

Does the Legislature of Nevada desire to repudiate its own existing law?

My amendment, now pending, will uphold the specific statute of Nevada and 22 other States, besides insuring the expenditure of public moneys in those States having the minimum wage law.

The Department of Labor put this data forward, and it is available in Senate Document 27, of this Congress.

In a memorandum prepared by Assistant Relief Administrator Corrington Gill, on behalf of the relief administration, and presented to the Senate Appropriations Committee, substantial support of my position was given when Mr. Gill said that the staggering of labor under prevailing wages would represent a total exactly equaling the \$50 security-wage plan. He furthermore stated that under the prevailing wage plan, less money would be spent for materials and more for labor, thereby upholding my contention that the prevailing-wage amendment would accomplish the President's aim in a more expeditious manner than that originally proposed.

In conclusion, may I say, the prevailing-wage plan will improve the working of the program, both for the Government and for the toiling masses to whom the measure is vital.

This is my sincere and steadfast conviction. Any other or ulterior interpretations are wholly false.

Nevada has always led in the defense and uplift of the laboring man. I have sought to carry the name of my State forward

in this great movement at a time when the wage structure of the country was in the balance.

From this endeavor I will not be dissuaded.

I hope that the legislative representatives of my State, in keeping with our splendid record of the past, will not permit unfounded statements appearing by editorial or otherwise, to lead them away from the real truth and facts worked for and voted for by those who have made this subject their life study.

Respectfully,

PAT McCARRAN,
United States Senator.

Mr. GLASS. Mr. President, it will be recalled that House Joint Resolution 117, after being considered by the Senate for several days, was recommitted to the Committee on Appropriations. The committee has authorized me to report back the joint resolution with two or three substantive alterations to which I shall direct attention.

The first is on page 1, striking out all after the words "That in order to" in line 3, down to and embracing the word "conditions" in line 8, and substituting certain other words, so that the first part of the joint resolution will read:

That in order to provide relief and work relief, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated—

And so forth.

On page 2, the committee amendment proposes to strike out all after the word "President" in line 2, and all of lines 3, 4, and 5; and beginning in line 5, on page 3, the committee has inserted an entirely new provision, which is an attempt to respond in some measure to the complaint and criticism that the large sum proposed to be appropriated in the joint resolution should be broken down and apportioned.

The new provision reads:

Provided, That except as to such part of the appropriation made herein as the President may deem necessary for continuing relief as authorized under the Federal Emergency Relief Act of 1933, as amended, this appropriation shall be available for the following classes of projects, and the amounts to be expended for each class shall not, except as hereinafter provided, exceed the respective amounts stated, namely, highways, roads, streets, and grade-crossing elimination, \$800,000,000; rural rehabilitation and relief in stricken agricultural areas, \$500,000,000; rural electrification, \$100,000,000; housing, \$450,000,000; projects for professional and clerical persons, \$300,000,000; Civilian Conservation Corps, \$600,000,000; public projects of States or political subdivisions thereof, \$400,000,000; sanitation, prevention of soil erosion, reforestation, forestation, flood control, and miscellaneous projects, \$350,000,000: *Provided further*, That not to exceed 20 percent of the amount herein appropriated may be used by the President to increase any one or more of the foregoing limitations if he finds it necessary to do so in order to effectuate the purpose of this joint resolution.

Mr. COUZENS. Mr. President, would an interruption affect the continuity of the Senator's statement?

Mr. GLASS. Not at all. I shall be very glad to answer the Senator's question.

Mr. COUZENS. There is one provision in the allocation provision about which I am anxious to inquire, as I wish to know how the distribution is to be made. For example, on line 17 of page 3 of the joint resolution, beginning with the words "public projects", the amendment reads:

Public projects of States or political subdivisions thereof, \$900,000,000.

May I ask if the members of the committee know, or if any Senator knows, in what manner that sum is to be allocated to the States?

Mr. GLASS. The chairman of the committee does not know, and I doubt if any member of the committee knows.

Mr. COUZENS. Is it contemplated that this will be a direct donation to the States for State purposes, or is it to be distributed in the fashion adopted under the P. W. A. Act, where 70 percent was required to be put up by the municipalities or the States, and 30 percent by the Government, without repayment?

Mr. GLASS. That, the chairman of the committee does not know.

Mr. COUZENS. The Senator from South Carolina [Mr. BYRNES] indicates that he might know.

Mr. BYRNES. Mr. President, I did not intend so to indicate; but I understand that under the language the President

can make either loans or grants to States, counties, and subdivisions of the States for public projects.

Mr. COUZENS. In other words, these are to be loans, and not in any way contributions to the States?

Mr. BYRNES. The provision will authorize loans as they have been made. I do not know whether the 30-percent grants heretofore made will be made, but grants could be made.

Mr. GLASS. I should interpret the provision to mean that the appropriation is altogether within the discretion of the President.

Mr. COUZENS. That is the very point I desire to make. In other words, it is within the discretion of the President as to whether he will require repayment of this \$900,000,000, or whether he will make a direct contribution to the municipalities and the States?

Mr. GLASS. I so judge.

Mr. BYRNES. Mr. President, with the consent of the Senator from Virginia I may say that it is the hope that most of the money advanced under this item will be loaned to States, counties, and other subdivisions of the State, and that we can secure repayment of it all.

Mr. COUZENS. Then, this appropriation does not in any sense attempt to relieve the States so far as the care of those not employed on work-relief is concerned?

Mr. GLASS. It does not textually relieve the States, nor does it textually make any exaction of the States.

Mr. COUZENS. May I ask the distinguished chairman of the committee for his views as to whether this is a contribution of \$900,000,000 to relieve the States from caring for people who are taken off relief, and whether the States will still have to bear the burden of repaying the money which is advanced for that purpose?

Mr. GLASS. The Senator knows my views quite well. I think the States will have to repay all this money, and therefore that there is a double burden on the States. We call these funds Federal funds, but the money is brought up from the taxpayers of the States here to Washington and distributed from here; and I think the States will have to pay it back.

Mr. COUZENS. I understand, then, that the \$900,000,000 which is allocated to the States or political subdivisions thereof may have added to it \$800,000,000 more, being the 20-percent transfer?

Mr. GLASS. That is true.

Mr. COUZENS. So it is possible to transfer to the States a total of \$1,700,000,000 for the care of those who are now on relief, with the understanding that the States will be required to repay it?

Mr. GLASS. Yes.

Mr. COUZENS. I see one of the Senators shaking his head in the negative. If any Senator can enlighten me on the subject, I should like to be enlightened.

Mr. GLASS. If there is any understanding of that sort, I know nothing of it. It has not been communicated to me.

Mr. COUZENS. Mr. President, I desire to point out that the President of the United States said this appropriation was for the purpose of taking workers off the dole and putting them on relief work; the idea being, I think, that to that extent the Federal Government was going to contribute. Then he said that all the unemployables would have to be returned to the States for care. So, in effect, if the joint resolution is interpreted as the chairman of the committee says, it will afford no relief to the States, because the money advanced to the States under this provision will have to be repaid by the States, and in addition they will have the care of the unemployables whom the administration desires to return to the States for care.

Mr. GLASS. I will state to the distinguished Senator from Michigan that that is one of the controversial provisions of the joint resolution which we shall take up on Monday. I suggest that he might speak to it on Monday more effectively than this afternoon.

Mr. COUZENS. I thank the Senator. I am glad to hear the chairman say that the provision is controversial.

Mr. BORAH. Mr. President—

Mr. GLASS. I yield to the Senator from Idaho.

Mr. BORAH. I think the Senator from Michigan made clear what I had intended to ask; but, as I understand, when the joint resolution says:

Provided further, That not to exceed 20 percent of the amount herein appropriated may be used by the President to increase any one or more of the foregoing limitations if he finds it necessary to do so in order to effectuate the purpose of this joint resolution.

That means 20 percent of the \$4,000,000,000?

Mr. GLASS. Twenty percent of the total.

Mr. BORAH. Then he could add \$800,000,000 to any one of these items?

Mr. GLASS. He could; yes.

Mr. BORAH. If I may ask a further question, am I to understand that under the terms of the joint resolution the President could not use any of this money for objects other than those specified in the joint resolution?

Mr. GLASS. The Senator will note that under the designation of "miscellaneous projects" he could use \$350,000,000, and the \$800,000,000 that may be transferred.

Mr. BORAH. That is correct, but he must confine his expenditures of money to the purposes specified in the joint resolution. Of course, included among those is the provision for miscellaneous projects. I do not know what those projects are; but, outside of that provision, he could use the money only in the method pointed out in the joint resolution?

Mr. COUZENS. I call the attention of the Senator from Idaho to the language "projects for professional and clerical persons, \$300,000,000", which does not indicate at all what the money is to be used for. It may be used on any undertaking which would employ professional or clerical persons.

Mr. BORAH. Really, what I was getting at was this: I have offered an amendment to the bill providing that no part of this fund shall be used in any way for military purposes. I take it that amendment, with these subdivisions in the measure, would not be necessary. The President certainly could not use the money for those purposes; could he?

Mr. GLASS. He might use the miscellaneous fund, and the \$300,000,000 might be transferred to it. I do not think he has any notion of doing it.

Mr. BORAH. Perhaps not; but these miscellaneous projects cover anything.

Mr. GLASS. They do.

Mr. FLETCHER. Mr. President, I wish to ask whether the special provision in line 20, "miscellaneous projects", would justify the use of the funds by the President for waterways and rivers and harbors?

Mr. GLASS. I should think the President might use that fund, plus the \$800,000,000 he is authorized to transfer to it, for rivers and harbors, should he so desire.

Mr. FLETCHER. In that case I shall not offer the amendment I had in mind.

Mr. COSTIGAN. Mr. President—

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from Virginia yield to the Senator from Colorado?

Mr. GLASS. I yield.

Mr. COSTIGAN. May I ask the Chairman of the Committee on Appropriations the purpose of the committee in eliminating from the opening clause of the bill all references to "hardships attributable to wide-spread unemployment and conditions resulting therefrom"?

Mr. GLASS. It will be recalled that that clause of the bill, when the bill was before the Senate previously, was amended by the amendment of the Senator from Wyoming [Mr. O'MAHONEY], these words being added:

And for such purposes and such projects, Federal or non-Federal, as shall be adapted to the accomplishment of any one or more of the objectives specified.

In other words, it was to give the President complete freedom of action in providing relief and work relief.

Mr. COSTIGAN. Mr. President, referring to the words just used by the Senator from Virginia, and having regard

for the elimination from the opening section of such words as "improving living and working conditions", is it fair to conclude that the Comptroller might refuse to authorize public works under this measure insofar as they are not in the nature of relief or work relief? For example, the construction of local power plants for municipalities; could the Comptroller rule, under the substitute language, that Federal work under the pending measure on such plants could no longer be continued?

Mr. GLASS. I cannot tell that. I cannot tell what the Comptroller would rule. In my judgment, his rulings are generally right.

Mr. COSTIGAN. My apprehension is—and I have had the apprehension confirmed by some of the attorneys for the Government today—that this substitute language will operate precisely as I have suggested it might operate; and, among the controversial questions, I should like to suggest a postponement until Monday of possible amendments to section 1.

Mr. GLASS. The Senator evidently did not hear my opening statement, when I said that, that being a controversial section of the bill, we would not take it up until Monday.

Mr. COSTIGAN. With reference to the committee amendment on page 3, I ought to say at this moment, with the consent of the chairman of the committee, that I hope to offer an amendment making more particular reference there to some projects which should probably be included definitely.

Mr. GLASS. Of course, it is the privilege of the Senator to do that.

Mr. COSTIGAN. An amendment will also be tendered with reference to section 3. May we have an understanding that other amendments may be tendered on Monday, should they be deemed wise, for the purpose of perfecting the measure?

Mr. GLASS. I have already stated that anybody is at liberty to offer any amendment pertinent to the joint resolution, and I again venture to suggest that these questions which are asked now will very likely be repeated on Monday, and we could proceed with greater facility if Senators would just wait until Monday.

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

Mr. GLASS. I yield.

Mr. McNARY. I wish to give my accord to the statement or suggestion of the Senator that we could probably well go over until Monday, because if we continue the consideration of these items, the Senator will have to retrace the same ground on Monday.

Mr. GLASS. Exactly; that is what I have suggested three times. I do not want to seem to be unwilling to answer any questions any Senator may propound, but, of course, the same questions will be propounded on Monday.

Mr. ROBINSON. Mr. President, may I suggest to the Senator from Virginia that, as I understood the Senator from Oregon, he was making the further suggestion that the statements the Senator is now making might also have to be repeated on Monday.

Mr. GLASS. Of course, they will have to be. What I wish is that the several amendments made to the joint resolution when it was here before might now be agreed to, so that we might save time on Monday.

At the bottom of page 3 the committee proposes to strike out the words, beginning on line 25, "The specific powers hereinafter vested in the President shall not be construed as limiting the general powers and discretion vested in him by this section." On the previous occasion the Senate struck that language out, and I move that it be stricken out now.

Mr. McNARY. Mr. President, in view of the more or less definite understanding we had earlier in the afternoon, while no doubt this amendment is not objectionable or controversial, I should be very happy indeed if the Senator would let the whole matter go over until Monday.

Mr. GLASS. I think we might as well do that.

PROPOSED INVESTIGATION OF POSTMASTER GENERAL FARLEY
(S. REPT. NO. 288)

Mr. McKELLAR. Mr. President, I desire to submit a report from the Committee on Post Offices and Post Roads, and as it affects a matter of importance, I desire to read the report, which is not very long. The report of the committee is as follows:

To the Senate:

The Committee on Post Offices and Post Roads, to which was referred Senate Resolution No. 74, a resolution which would order an "investigation into the public and official conduct of Mr. James A. Farley and all matters conducted by him affecting the business of the United States and the expenditure of funds of the United States", having considered the same, begs leave to report, with the recommendation that the resolution be not adopted.

JURISDICTION OF THIS COMMITTEE

Rule 25 of the Standing Rules of the Senate, in part, provides as follows:

"Committee to Audit and Control the Contingent Expenses of the Senate, to consist of five Senators, to which shall be referred all resolutions directing the payment of money out of the contingent fund of the Senate or creating a charge upon the same: *Provided*, That any such resolution relating to substantive matter within the jurisdiction of any other standing committee of the Senate shall be first referred to such committee."

The proposed resolution, in directing that the special committee shall "procure evidence, summon witnesses, hear testimony, and compel the production of books, records, accounts, statistics, employ experts", and the like, "would fix a charge upon the contingent expenses of the Senate, and for that reason the Senate sent the resolution to our committee to determine whether or not this is a proper case for an investigation."

Moreover, the Committee on Post Offices and Post Roads considers that the said resolution was referred to it in order that it might determine if an investigation was justified by facts or evidence presented to the Senate on the floor and to the committee in hearing.

Recognizing that the Senate has the right of investigation of any executive department of the Government in proper cases, the question necessarily arises whether any demand for an investigation is properly founded or not. It is unquestionably clear that the Senate has the right of investigation with a view of legislative action; even so, unless sufficient facts and evidence shall have been presented, it is equally clear that an investigation should not be had. Any other course would give to the Senate of the United States an undue power of interference with the executive departments.

So your committee has considered the resolution not only in the light of possible expense but also upon the question whether there are facts and circumstances justifying an investigation.

Your committee has considered the charges by the author of the resolution in the resolution itself, numerous speeches on the floor, with exhibits filed; it has heard the author of the resolution orally before the committee, in which charges were reiterated and additional charges made before an executive session of the committee; and it has had before it the record from the Public Works Department sent down by the Administrator of Public Works in the James A. Stewart & Co. and other cases. After considering all these, your committee requested of the author of the resolution the names of witnesses he proposed to call if an investigation was ordered and the substance of what those witnesses would testify. No answer was made to this letter, and the next day a second letter was addressed to the author of the resolution again requesting the author of the resolution to send the names of witnesses and the substance of what they would testify. Thereupon the author of the resolution rose on the floor of the Senate and had read from the desk his answer to the second letter. This came before your committee, and the committee considered the contents of this additional letter. Your committee then sent a copy of this last letter of the author of the resolution to the Secretary of the Treasury, to the Chairman of the Reconstruction Finance Corporation, to the Secretary of the Interior and Public Works Administrator, to James A. Farley, Postmaster General, all of which departments and bureaus were referred to in the letter of the author of the resolution which he had submitted to the Senate. Answer came from each of the departments and also from the Chairman of the Reconstruction Finance Corporation. These answers all contained denials, and they refuted all allegations set out in the resolution. Copies of the committee's letters of March 4 and March 5 to the author of the resolution, a copy of his reply read in the Senate, copies of the letters addressed to the departments referred to and the Reconstruction Finance Corporation, and the replies to same are all filed as exhibits to this report and may be considered a part of same. And having considered all these files and records and letters and the verbal testimony of the author of the resolution, your committee reports as follows:

THE JAMES A. STEWART & CO. CONTRACT

It will be noted that the preambles of the resolution are respectively introduced in the following language:

"It has been reported that"; "It is further alleged that"; "It is further publicly known that"; "It has been further charged that"; "It is further alleged that"; "It has been charged that."

In other words, the resolution and proposed investigation are based on vague and indefinite hearsay and rumor.

Having introduced the resolution, the author made a speech in the Senate quoting from newspapers, that James A. Stewart & Co., contractors, had bought supplies from a firm or corporation in which Mr. Farley was and is interested, and seeking in that way to connect Mr. Farley with such contracts. Newspaper articles concerning the letting of a contract were read by the author of the resolution in the Senate. Then another resolution was offered by the author of Resolution No. 74, directing the Secretary of the Interior, as Administrator of the Public Works Administration, to report on all matters connected with the letting of the James A. Stewart & Co. contract.

From the record presented by Secretary Ickes, it is apparent that Mr. Farley has been guilty of no improper conduct of any kind in connection with the said contract awarded by the Treasury Department to James A. Stewart & Co. with respect to any contract. The records sent down to the Senate, which is hereto attached and made a part of this report, shows that the charges are without foundation.

Your committee also quotes from the letter of Mr. Farley on this subject as follows:

"I have conducted no private business since I have occupied the position of Postmaster General of the United States. Prior to March 4, 1933, I resigned as president and director of the General Builders' Supply Corporation and since that time I have had no part in the management of that company or participation in its affairs. Nor have I received any sums, salaries, commissions, or anything else from this source since that time with the exception of \$525 out of the total earned dividends on my preferred stock which consists of approximately one-fourteenth of the outstanding preferred stock of the company. No dividends have ever been paid or earned on the common stock, of which I own less than one-eighth."

"Mention has been made of a certain holding company which carries my name. That company was organized in 1929 to collect the slow assets of James A. Farley & Co., Inc., a corporation which went out of existence at that time. This holding company does not own stock in any corporation whatsoever, has never engaged directly or indirectly, in the sale of builders' supplies, in contracting or in any business whatsoever except in what has been to date a rather fruitless effort to collect old debts."

"The stock which I own in these two companies represents all the stock which I own in any corporation whatsoever. I have not solicited business for any corporation or any contractor. I have never interested myself in helping any contractor to secure any contracts from the United States Government or from any other person or corporation."

"There is not a word of truth in the insinuation that I participated in any way in having bids of any contractor rejected by the Treasury Department or by any other department or agency of the Government."

And, further, about the post-office building in New York, Mr. Farley writes:

"This, I understand, refers to certain contracts for the building of the annex to the New York City Post Office Building. The only part the Post Office Department played in this matter consisted in advising the Treasury Department, which let the contracts, of the need of postal requirements so far as the building in New York City was concerned. I am sending you herewith the full file of correspondence between the two Departments, including letters that were canceled because of the request of the proper Treasury official that the Post Office Department be more specific in its statements of its requirements."

"There was a question concerning the erection of a completed building, the cost of which was in excess of amount of funds allocated for the project, or an incompleting building in which two floors were not to be finished, alternative bids having been called for by the Treasury Department. The details of this are shown in the accompanying correspondence."

"I did not at any time attempt to exercise any influence on the Treasury Department with respect to the letting of this or any other contracts."

"I had no knowledge that there had been any changes in specifications or materials until I read them in reports of the charges made by the Senator from Louisiana. In any event, I have no connection whatsoever with respect to such changes in relation to any building or any contract."

There would seem, therefore, upon the record as it stands before the committee, to be no reason why anyone would desire a further investigation into these charges.

SOLICITATION OF CAMPAIGN CONTRIBUTIONS

The author of the resolution charges Mr. Farley with the solicitation of contributions from employees of the United States, such charges to be found on page 1838 of the RECORD and a letter afterward filed.

In the first place, the author of the resolution is entirely in error about the law. There is no law which prohibits Joseph J. Cotter from soliciting campaign funds from anyone whom he pleases. The mere fact that Mr. Farley's name appeared on the letterhead does not indicate that Mr. Farley solicited funds, and as a matter of fact, Mr. Farley denies having known of the issuance of the letter. There is nothing in the charges that indicates that Mr. Farley himself solicited funds from the employees of the Government. Today, March 8, the author of the resolution filed amended charges that Farley solicited contributions from Federal

employees but submitted no evidence of such charges. He asserted he had evidence as to such charge, but submitted none to the committee as previously requested.

THE E. P. KNOTTS CASE

On February 20, 1935, as shown on page 2277 of the RECORD, the author of the resolution charges on hearsay that in April and May 1933 a candidate for appointment as United States district attorney, unnamed, was in Washington, and after having been appointed United States district attorney, wired to an individual "under indictment" that his case had been continued and asked for \$1,000. Then the author of the resolution read a letter, signed by Mr. Farley, which was said by the author of the resolution to have been directed to the contributor acknowledging receipt of a check for \$1,000. In his letter Mr. Farley shows that on March 3, 1933, Clyde W. Eastus, afterward appointed United States district attorney for the Northern District of Texas, handed Mr. Farley, at the Mayflower Hotel, in Washington, a check for \$1,000 for the Democratic National Committee, which, he said, was the contribution of one E. P. Knotts, of Fort Worth, Tex., to the committee. On the same day Mr. Farley addressed a letter to Mr. Knotts acknowledging receipt. This was the letter quoted by the author of the resolution. It was written before Mr. Farley became Postmaster General.

In Mr. Farley's statement to the Committee on Post Offices and Post Roads he recites that at the time the contribution was made he did not know and had never heard of Mr. Knotts; that in May 1933 he was advised by the Chief Inspector of the Postal Service, who was appointed in April, that a charge of using the mails to defraud had been pending against said Mr. E. P. Knotts since some time in 1930; that frequent continuances had been granted; whereupon Mr. Farley directed the Solicitor of the Post Office Department to proceed expeditiously with the case. As a result, a fraud order was issued against Mr. Knotts under the authority of Mr. Farley on May 25, 1933. As a result, he was indicted and convicted, and the said Mr. Knotts is now serving a term in the penitentiary.

The very fact that Mr. Farley wrote the letter quoted by the author of the resolution thanking Mr. Knotts for the contribution tends to show the innocence of Mr. Farley. Mr. Farley did not know the man and had never heard of him, and under the circumstances he cannot be blamed for his action in the matter.

Mr. Farley certainly cannot be blamed at that time, not knowing the situation, for having acknowledged the check on behalf of the Democratic National Committee, and he certainly did his duty for afterward having ordered the further investigation of Mr. Knotts upon the facts being disclosed to him.

Mr. Farley in his statement gave the following:

"On March 3, 1933, before the beginning of this administration, Clyde O. Eastus, then a practicing lawyer in Texas, handed me at the Mayflower Hotel, Washington, D. C., for the Democratic National Committee a cashier's check for \$1,000, which he told me was the contribution of E. P. Knotts, of Fort Worth, Tex., whom I did not know and of whom I had no knowledge. I accepted the check for the committee and immediately wrote to Mr. Knotts acknowledging its receipt. Some time in May 1933 Mr. K. P. Aldrich, the newly appointed Chief Inspector of the Post Office Department, reported to me that charges of the improper use of the mails had been pending for several years in the Department against Mr. Knotts and that the hearing had been repeatedly continued. I immediately instructed the Solicitor of the Department, who has immediate jurisdiction over matters of this kind, to proceed without delay to dispose of the case. A photostatic copy of this order is transmitted herewith. This order was complied with; the hearing was held before the end of the month, and a fraud order was issued against Mr. Knotts. As a result of it, criminal charges were preferred in the Federal courts and Mr. Knotts pleaded guilty and was sentenced to imprisonment for 5 years in the penitentiary. He is now serving his term."

The Attorney General also made a separate report on the Knotts case, as follows:

In re *United States v. Edwin P. Knotts*.

Clyde O. Eastus became United States attorney for the northern district of Texas on the 1st day of July 1933. On July 3, 1933, in the case of *United States v. Edwin P. Knotts et al*, the following certificate was formally filed with this Department:

"I, Clyde O. Eastus, United States attorney for the northern district of Texas, by reason of former association and connection prior to induction in office, do hereby certify my disqualification to appear as United States attorney in the prosecution of the above-styled case.

"CLYDE O. EASTUS, *United States Attorney*."

On the 11th day of July 1933 the following communication was addressed to A. T. Cole, Esq., special assistant to the Attorney General, Room 303, Federal Building, Dallas, Tex:

"Sir: In a separate letter, among others, the Department has assigned you to prosecute the case of C. R. Morrison, Edwin P. Knotts, and others, in connection with an alleged fraudulent use of the mails in the sale of stock, under the name of C. R. Morrison Co. and the General Minerals Co. of Fort Worth.

"Clyde O. Eastus, Esq., United States attorney, Fort Worth, under date of July 3, 1933, transmitted to the Department a certificate of disqualification by virtue of his prior connection with the same before his induction into office as United States attorney.

"You will proceed, therefore, to handle this case on your own responsibility without any suggestions or directions of any sort from Mr. Eastus. A perusal of the inspector's report indicates that the case is a flagrant one and should be prosecuted promptly and vigorously. You should retain exclusive possession of the files.

"The chief post-office inspector has informed that another post-office inspector will be assigned to this case upon request to Mr. Clappitt, inspector in charge at Austin, Tex. The inspector's reports and accompanying exhibits are being forwarded to you today.

"For the Attorney General.

"Respectfully,

"WILLIAM STANLEY,
"Assistant to the Attorney General."

On October 14, 1933, Col. Amos W. W. Woodcock, special assistant to the Attorney General, was appointed to assist in the prosecution of the mail-fraud charges against Edwin P. Knotts and others in the United States District Court for the Northern District of Texas.

On November 14, 1933, an indictment was returned by the grand jury for the northern district of Texas against Edwin P. Knotts and others, charging use of the mails "in a scheme to obtain money by false representations."

On December 4, 1933, the defendant Edwin P. Knotts, entered a plea of guilty thereto. On December 7, 1933, he was sentenced by Judge James C. Wilson to 5 years at the United States Penitentiary at Leavenworth, Kans. On December 23, 1933, he filed a petition in the District Court of the United States for the Northern District of Texas, seeking leave to withdraw his plea of guilty. On December 30, 1933, there was a hearing on this motion, at the conclusion of which the motion was overruled.

On January 15, 1934, appellant petitioned for appeal from "the verdict and judgment returned herein." On February 17, 1934, a bill of exceptions was filed which contains the testimony taken before Judge Wilson on December 30, 1933, when the appellant moved to withdraw his plea of guilty. On May 10, 1934, the United States Circuit Court of Appeals for the Fifth Circuit entered judgment to dismiss the appeal in the above-entitled cause.

In Mr. Farley's letter to the Chairman of the Committee on Post Offices and Post Roads he also said:

"According to the CONGRESSIONAL RECORD, the Senator from Louisiana read from what purported to be a letter issued by the National Democratic Council of the District of Columbia in its effort to raise funds for the Democratic National Committee, which letter is alleged to have borne my name as Democratic chairman on the letterhead, and which is also alleged to have been sent to Federal employees. I did not sign this letter; I did not authorize its issuance; and to this date I know nothing whatsoever about it or to whom it was sent."

ISSUE OF POSTAGE STAMPS

The author of the resolution makes a charge, upon public information, that Mr. Farley did wrong concerning a recent new issue of postage stamps. We quote from Mr. Farley's letter, as follows:

"With respect to this matter, I followed, as Postmaster General, a custom that has existed in this Department for many, many years; that is, the presentation as souvenirs of new issues of stamps. I attach herewith a memorandum showing how long and how extensively this practice has been pursued. On January 23, 1905, the then Third Assistant Postmaster General, Edwin C. Madden, wrote an official letter to the Postmaster General, from which I quote the following:

"In this connection, I deem it proper to say that the giving away of specimen stamps, proofs, etc., is a practice of upward of 40 years' standing. * * * No record was kept of the persons to whom these stamps were distributed prior to my coming into office, but since November 1899 I have caused to be kept a record of every stamp given away, and can furnish, should it be so desired, a complete list of those who have received them during my incumbency, except for the 4 months between July 1, 1899 (the date of my appointment) and November 1, 1899, when the record of distribution was begun."

So that it is evident there is nothing to be investigated.

WIRE SERVICE AND GAMBLING HOUSES

The next charge, based on hearsay, is that there is a wire service in the Post Office Department leading to gambling houses, and that this in some way either violates the law or the proprieties. Regarding this your committee quotes from the letter of Mr. Farley:

"The above charge is utterly untrue and is as ridiculous and baseless as are the others. The only wire service in the Post Office Department, except the ordinary commercial telephone and telegraph lines is a teletype press service such as you will find in many other Government departments, in most newspaper offices, and in many business offices. It is a bulletin of the day's happenings as they occur, embracing the proceedings of Congress, and other news of the day. This teletype machine is connected only with a news-service office. It leads to no gambling house and nothing is transmitted by it except that which is written for the news service which operates it, namely, the Washington City News Service. Personally, I have no connection, direct or indirect, with this or any other wire service."

Your committee believes this explanation is full and complete.

COMMANDEERING FACILITIES—PUBLIC-SERVICE CORPORATIONS

It is next charged, on hearsay, that Mr. Farley commandeered for his personal use the facilities of a public-service corporation. Mr. Farley makes the following statement about it:

"I have never commandeered the facilities of any public-service corporation. I assume that the Senator from Louisiana refers to the fact that I have at various times accepted the invitations of railroad officials to ride in their business cars with them when I was traveling by train. It is well known that as Postmaster General I have a Post Office commission which entitles me to ride in

any conveyance operated by any mail contractor. The Government is put to no expense, nor is it saved any expense, by my occasional acceptance of these invitations, and I am not put under the slightest obligations thereby. In no case, however, did I at any time commandeer any such service."

The law provides for the Postmaster General riding on conveyances operated by mail contractors, and in the opinion of your committee there is no violation of the proprieties in connection therewith.

I call the especial attention of the Senate to the next charge:

LOAN TO RAILROAD IN WEST VIRGINIA

It is again charged on hearsay that Mr. Farley secured a loan for the Baltimore & Ohio Railroad in West Virginia for political purposes. In reference to this we quote the following letter from Jesse H. Jones, Chairman of the Reconstruction Finance Corporation:

RECONSTRUCTION FINANCE CORPORATION,
Washington, March 7, 1935.

HON. KENNETH MCKELLAR,
Senate Committee on Post Offices and Post Roads,
United States Senate, Washington, D. C.

DEAR SENATOR MCKELLAR: In reply to your letter of March 6, enclosing copy of Senator Long's letter to the Senate Committee on Post Offices and Post Roads of the same date, in which you ask for information this morning concerning the reference by Senator Long to a loan of \$52,000,000 to the Baltimore & Ohio Railroad, beg to advise that we made no loan of \$52,000,000 to this road.

The Baltimore & Ohio Railroad owed our Corporation a note of \$25,500,000, due August 10, 1934, this loan having been made 2 years prior. To meet this note and to provide the road with other funds that it needed, the Baltimore & Ohio offered, through its bankers, a \$50,000,000 5-year secured-note issue. The loan was certified by the Interstate Commerce Commission, and our Corporation estimated the value of the security behind the \$50,000,000 loan to be approximately \$90,000,000.

We agreed to lend the road any part of the unsold portion. The net result of the transaction was that the bankers sold all but \$13,490,000 of the \$50,000,000 issue, and the Corporation received a cash payment on its \$25,500,000 loan of \$12,144,900 and notes of the new \$50,000,000 issue in the amount of \$13,355,100.

In the opinion of every member of our Board, the loan was well secured; and neither Mr. Farley nor anyone else ever spoke to me or to any other member of our Board about this loan, except officials of the Baltimore & Ohio Railroad and the bankers who handled the issue.

Very sincerely yours,

JESSE JONES, Chairman.

We also quote from the statement of Mr. Farley, as follows:

"I never telephoned anybody in West Virginia that it would be to the interest of any railroad to take a certain or any political position affecting the election of a United States Senator or anyone else. I did converse with various political leaders, including former Governor Cornwall, of West Virginia, with the idea in mind of promoting party harmony. I did not know that the Baltimore & Ohio railroad was endeavoring to secure an R. F. C. loan, and I do not know now if it ever received a loan, but I do know that whether it did or did not receive a loan had nothing to do with any conversation in which I took part. I know the gentleman only as a former Governor of West Virginia and a Democratic leader in the State."

Here is another charge on hearsay; it is answered by Mr. Farley, and the facts are fully shown by Mr. Jones' letter. These explanations are full and complete.

In the supplemental charge the author of the resolution brought in the Lazio income-tax case. As to this case, the Attorney General reported as follows:

IN RE LAZIO INCOME-TAX CASE

"This case was called to the attention of the Department of Justice in March 1933. At the very outset a proceeding was instituted by the Department to prevent the running of the statute of limitations while the case was being investigated.

"The defendant, through his attorney, made formal request of the Department for an opportunity to be heard in order that he might submit evidence which it was claimed would indicate his innocence. It is the policy of the Department to afford such opportunity in income-tax cases. Accordingly a hearing took place in the office of the United States attorney at Kansas City, Mo., on May 10, 1933, and on succeeding days.

"The results apparently were inconclusive and did not change the situation.

"On the 1st of July the Department had before it sufficient evidence to reach the conclusion that the case was an appropriate one for prosecution. Later, however, before actual proceedings were instituted, the defendant submitted in written form what he claimed to be further important evidence and statements. These matters, while in nowise altering the view of the Department, required further examination and a supplementary audit of the Lazio account. This work was under way and had not quite been completed when the matter was brought up by the grand jury. The United States attorney, therefore, asked for instruc-

tions, and was immediately notified to cooperate with the grand jury, submit all available evidence, and secure an indictment if the facts so warranted. These instructions were given on September 6, 1933.

"Nearly a week was consumed in presenting the facts. An indictment was returned on September 16, and later the case was tried. On February 14, 1934, a verdict of guilty was returned on two counts and the accused was sentenced."

The Attorney General in his letter stated:
"No action taken by the Department of Justice in any of these matters was at the instance or suggestion of Mr. Farley. No appointment or designation of any attorney or agent to handle any phase thereof was suggested by him, nor was any official removed, or caused to resign at his request."

In reference to this matter Mr. Farley states:
"I have never, directly or indirectly, intervened in any matter whatsoever having to do with any case or investigation by the Department of Justice in Kansas City or elsewhere."

I now come to the part of the report dealing with the American National Bank case, and I want the RECORD to show that that bank is located in Nashville, Tenn.

THE AMERICAN NATIONAL BANK CASE

The Attorney General was asked to report on the American National Bank case, and he did so. He reports the facts as follows:

"This matter was referred to the Department of Justice by the Treasury Department, and in accordance with the usual practice was turned over to the Division of Investigation to make a full investigation and report thereon. Mr. E. J. Ambruster, an accountant of the Division of Investigation, had charge of the investigation. Hon. Wayne C. Williams, formerly attorney general of the State of Colorado, being then a special assistant to the Attorney General, was, on November 7, 1933, authorized to assist in the investigation and trial of any case or cases arising out of alleged criminal offenses at the American National Bank at Nashville, Tenn., in violation of the national banking law, the conspiracy statute, and the other Federal criminal law. During that month he proceeded to Nashville, Tenn., and conferred with United States District Attorney A. V. McLane. On December 30, 1933, Mr. A. V. McLane resigned. Maj. Horace Frierson, Jr., was appointed United States district attorney to succeed Mr. McLane, and, upon completion of the investigation, Mr. Williams, together with Mr. Frierson, presented the matter to the grand jury on May 17, 1934. Mr. Ambruster was called by the grand jury and gave a full report of his investigation. The grand jury failed to indict anyone in connection with the matter."

In reference to this matter Mr. Farley says:

"I have never intervened, directly or indirectly, in the conduct of any investigation by the Department of Justice or anybody else into the affairs of the American National Bank, of Nashville, Tenn."

In his letter hereto attached the Attorney General used this language:

"No action taken by the Department of Justice in any of these matters was at the instance or suggestion of Mr. Farley. No appointment or designation of any attorney or agent to handle any phase thereof was suggested by him, nor was any official removed, or caused to resign at his request."

Four days after the senior Senator from Louisiana was requested by the committee to present the names of witnesses and the substance of the facts to which they would testify, and just prior to the final action of the committee, the senior Senator from Louisiana submitted to the committee an affidavit, signed by Albert Caye. This is the only evidence submitted to the committee by the senior Senator from Louisiana. That affidavit stated that the affiant was formerly business agent of the Carpenters' District Council of Washington, D. C., and while performing his duties it came to his attention that when some window glass was taken out of the crates in which it was delivered from the manufacturer to the Stewart Construction Co., on the I. C. C. and Labor Building, at Fourteenth Street and Constitution Avenue, that the boxes were burned and that he was informed that the labels on each and every glass were removed immediately, obviously and in his opinion for the purpose of concealing the inferior quality of the glass and to conceal the name of the manufacturer.

This affidavit is filed as a part of this report.

CONCLUSION

Your committee further reports that at the end of the hearing the following resolution was offered and passed by vote of all those present.

Resolved, That it is the sense of the committee that the senior Senator from Louisiana has not produced facts or evidence constituting a proper case for investigation by the Senate under his resolution no. 74.

The following resolution was passed by a majority of the committee:

Resolved, That the Senate Resolution No. 74 be reported back to the Senate with the recommendation it do not pass, and the chairman be authorized to make the report.

Your committee believes that resolution no. 74 should not be adopted by the Senate and that no committee of investigation should be appointed; And your committee so recommends.

KENNETH MCKELLAR, Chairman.

MARCH 4, 1935.

Hon. HUEY P. LONG,
United States Senate, Washington, D. C.

DEAR SENATOR LONG: When before the committee today you stated you could not recall the names of the witnesses you desired to produce in support of the statements made by you, but you could furnish such names to the committee in connection with its consideration of Senate Resolution No. 74.

I am directed by the committee to ask you to present to the chairman of the Committee on Post Offices and Post Roads, not later than noon, of Tuesday, March 5, 1935, the names of the witnesses whom you propose to call and the substance of the evidence which you propose to elicit from each.

Very sincerely yours,

MARCH 5, 1935.

Hon. HUEY P. LONG,
United States Senate, Washington, D. C.

DEAR SENATOR LONG: I wrote you yesterday by direction of the committee but I have received no response to my letter.

The committee has adjourned until Wednesday, March 6, at 2 o'clock p. m. I write to express the hope that you will be kind enough to furnish by that hour the information requested in my communication of yesterday and which you stated that you could furnish.

Very sincerely yours,

_____, Chairman.

FEDERAL EMERGENCY ADMINISTRATOR OF PUBLIC WORKS,
Washington.

The PRESIDENT OF THE SENATE,
Washington, D. C.

MY DEAR MR. PRESIDENT: In response to the resolution of the United States Senate, passed on the 15th day of February, a careful search has been made of the records in the central office of the Public Works Administration by the chiefs of the various divisions for all data in their files coming within the purview of the resolution.

The resolution specifically requests me to transmit any and all data affecting contracts let to or done by the firm of James Stewart & Co., Inc., and the General Builders' Supply Corporation. It further requests me to transmit all information and data which affect, mention, or report on James A. Farley or any concern with which Mr. Farley has been or is now identified.

At the outset I wish to state that I have never made or caused to be made any investigation of Postmaster General Farley.

As to James Stewart & Co., Inc., our records show that the only project financed with P. W. A. funds upon which this company has done any work or been awarded any contracts is the Post Office Annex in New York City. Upon this project this company appears as a general contractor. In addition, we have a preliminary report from our Division of Investigations dealing with James Stewart & Co., Inc., on the new Federal courthouse in New York City. However, the project is not financed with P. W. A. funds. Here also this company appears as a general contractor.

As to General Builders' Supply Corporation, the only project upon which our records show this corporation to have done any work or to have been awarded any contracts is the Hillside housing project in New York City. Upon this project this corporation appears as a subcontractor.

As a matter of information I want to point out that on non-Federal projects and on all projects which are constructed directly by the Public Works Administration (such as housing projects) our Inspection Division supervises the work and obtains a list of the general and subcontractors. No list of either general or subcontractors is obtained on Federal projects (those constructed directly by Federal departments or agencies other than P. W. A.), since these projects are not supervised by P. W. A. Nor do we have any information in our files with reference to materials or supplies purchased by subcontractors.

For the convenience of the Senate, the information collected as the result of the search has been photostated, bound, and certified by me to be true copies of documents contained in our files. The data is being transmitted to the Senate under separate cover. It has been placed in three separate folders as follows:

- (1) Copies of reports and memoranda obtained from the files of the Investigation Division of the Public Works Administration.
- (2) Copies of reports, correspondence, and memoranda obtained from the files of the Inspection Division of the Public Works Administration.
- (3) Copies of miscellaneous correspondence and memoranda obtained from the files of the various divisions of the Public Works Administration other than that included under 1 and 2 above.

The reports compiled by the Division of Investigations refer to three Federal projects: Marine hospital, Stapleton, Staten Island, New York Federal Court House, and the New York City Post Office Annex.

The report on the marine hospital project at Stapleton, Staten Island, is numbered 0196, and is submitted only because the name "Builders Supply Co., New York City" is included in a list of subcontractors which will be found on page 3 of schedule C of the report. I am informed that the name is incorrect in this schedule and that the reference should have been to the General Builders Supply Corporation. Nothing else is contained in this

report which relates, either directly or indirectly, to the subject matter of the Senate resolution of February 15.

The investigation report on the Federal courthouse project in New York City is no. 0115 and contains information of a preliminary nature. In February 1934 an anonymous complaint was received by me in regard to certain alleged savings in connection with the construction of the new Federal courthouse in New York City which were not credited by the general contractor (James Stewart & Co., Inc.) to the Government. Since our Division of Investigations was looking into the regularity of the award of the general contract to the same contractor in the post-office annex project in New York City, the complaint was referred to that division. Subsequently, all data and suggestions as to possible lines of inquiry were made available at Admiral Peoples' request to the Procurement Division of the Treasury Department. Because this project is not being financed with P. W. A. funds, nothing further was done by P. W. A.

The balance of the data compiled by the Division of Investigation refers to the New York City Post Office Annex, and all of these reports except reports numbered 0172 and 0172 F have reference to alleged violations of P. W. A. labor requirements. Report numbered 0172 F is the result of an investigation as to the granite used on the post-office annex project, and the report indicates that no irregularity was found. Report numbered 0172 has to do with alleged irregularities in connection with the award of the construction contract for this project. The trend of the investigations, the acts investigated, and the possibilities inquired into are set forth in summary form in a series of memoranda which accompany the reports, which memoranda are bound together and marked "Memorandum file."

The data compiled by the Division of Inspection refers only to the Hillside housing project, Bronx, New York City. This is the project on which General Builders Supply Corporation is a subcontractor. It is a privately owned, limited-dividend housing project which will cost, when completed, in the neighborhood of \$5,000,000. From this file (which has been subdivided in a convenient manner and which relates from the standpoint of the Senate resolution only to General Builders Corporation) it appears that the general contractors, Starrett Bros. & Eken, have purchased or contracted to purchase on competitive bidding material from General Builders Supply Corporation which will cost approximately \$116,000. Several of the bidders quoted the same prices on this material and the orders were divided on a substantially equal basis among three of the lowest responsible bidders. One of these was General Builders Supply Corporation.

The third group of material transmitted herewith is, as indicated above, composed of miscellaneous letters, memoranda, and reports collected from the various divisions which could not be consolidated to advantage with the other material. It has been arranged chronologically and should be read, for the most part, in connection with the report of the Division of Investigations in regard to the New York City Post Office Annex project (no. 0172). On the left of the folder will be found the record of a hearing before the Board of Labor Review, its decision in the case, and certain correspondence in connection therewith. This was considered relevant, inasmuch as it concerns James Stewart & Co., Inc., on the New York City Post Office Annex project.

The data outlined above constitutes all of the material found in our records coming within the scope of the Senate resolution of February 15.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior and
Federal Emergency Administrator of Public Works.

RECONSTRUCTION FINANCE CORPORATION,
Washington, March 7, 1935.

DEAR SENATOR MCKELLAR: In reply to your letter of March 6 enclosing copy of Senator Long's letter to the Senate Committee on Post Offices and Post Roads, of the same date, in which you ask for information this morning concerning the reference by Senator Long to a loan of \$52,000,000 to the Baltimore & Ohio Railroad, beg to advise that we made no loan of \$52,000,000 to this road.

The Baltimore & Ohio Railroad owed our Corporation a note of \$25,500,000, due August 10, 1934, this loan having been made 2 years prior. To meet this note and to provide the road with other funds that it needed, the Baltimore & Ohio offered, through its bankers, a \$50,000,000, 5-year, secured note issue. The loan was certified by the Interstate Commerce Commission, and our Corporation estimated the value of the security behind the \$50,000,000 loan to be approximately \$90,000,000.

We agreed to lend the road any part of the unsold portion. The net result of the transaction was that the bankers sold all but \$13,490,000 of the \$50,000,000 issue, and this Corporation received a cash payment on its \$25,500,000 loan of \$12,144,900 and notes of the new \$50,000,000 issue in the amount of \$13,355,100.

In the opinion of every member of our Board, the loan was well secured, and neither Mr. Farley nor anyone else ever spoke to me or to any other member of our Board about this loan, except officials of the Baltimore & Ohio Railroad and the bankers who handled the issue.

Very sincerely yours,

JESSE H. JONES, Chairman.

Hon. KENNETH MCKELLAR,
Chairman Committee on Post Offices and Post Roads,
United States Senate, Washington, D. C.

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., March 7, 1935.

Hon. KENNETH MCKELLAR,
Chairman Committee on Post Offices and Post Roads,
United States Senate, Washington, D. C.

MY DEAR SENATOR MCKELLAR: I am in receipt of your letter of the 6th of March.

Complying with your suggestion, I enclose herewith memoranda covering the matters referred to so far as they concern the Department of Justice.

No action taken by the Department of Justice in any of these matters was at the instance or suggestion of Mr. Farley. No appointment or designation of any attorney or agent to handle any phase thereof was suggested by him, nor was any official removed, or caused to resign at his request.

Very sincerely yours,

HOMER CUMMINGS,
Attorney General.

IN RE: AMERICAN NATIONAL BANK, NASHVILLE, TENN.

This matter was referred to the Department of Justice by the Treasury Department and in accordance with the usual practice was turned over to the Division of Investigation to make a full investigation and report thereon. Mr. E. J. Ambruster, an accountant of the Division of Investigation, had charge of the investigation.

Hon. Wayne C. Williams, formerly attorney general of the State of Colorado, being then a special assistant to the Attorney General, was, on November 7, 1933, authorized to assist in the investigation and trial of any case or cases arising out of alleged criminal offenses at the American National Bank at Nashville, Tenn., in violation of the national banking law, the conspiracy statute, and other Federal criminal law. During that month he proceeded to Nashville, Tenn., and conferred with United States District Attorney A. V. McLane.

On December 30, 1933, Mr. A. V. McLane resigned. Maj. Horace Frierson, Jr., was appointed United States district attorney to succeed Mr. McLane and upon completion of the investigation Mr. Williams, together with Mr. Frierson, presented the matter to the grand jury on May 17, 1934.

Mr. Ambruster was called by the grand jury and gave a full report of his investigation. The grand jury failed to indict anyone in connection with the matter.

IN RE: UNITED STATES V. EDWIN P. KNOTTS

Clyde O. Eastus became United States attorney for the northern district of Texas on the 1st day of July 1933. On July 3, 1933, in the case of *United States of America v. Edwin P. Knotts et al.*, the following certificate was formally filed with this Department:

"I, Clyde O. Eastus, United States attorney for the northern district of Texas, by reason of former association and connection prior to induction in office, do hereby certify my disqualification to appear as United States attorney in the prosecution of the above-styled case.

"CLYDE O. EASTUS,
"United States Attorney."

On the 11th day of July 1933 the following communication was addressed to A. T. Cole, Esq., special assistant to the Attorney General, room 303, Federal Building, Dallas, Tex.:

"SR: In a separate letter, among others, the Department has assigned you to prosecute the case of C. R. Morrison, Edwin P. Knotts, and others, in connection with an alleged fraudulent use of the mails in the sale of stock under the name of C. R. Morrison Co. and the General Minerals Co., of Fort Worth.

"Clyde O. Eastus, Esq., United States attorney, Fort Worth, under date of July 3, 1933, transmitted to the Department a certificate of disqualification by virtue of his prior connection with the same before his induction into office as United States attorney.

"You will proceed, therefore, to handle this case on your own responsibility without any suggestions or directions of any sort from Mr. Eastus. A perusal of the inspector's report indicates that the case is a flagrant one and should be prosecuted promptly and vigorously. You should retain exclusive possession of the files.

"The chief post office inspector has informed me that another post-office inspector will be assigned to this case upon request to Mr. Clampitt, inspector in charge at Austin, Tex. The inspector's reports and accompanying exhibits are being forwarded to you today.

"Respectfully,

"For the Attorney General:

"(Sgd.) WILLIAM STANLEY,
"Assistant to the Attorney General."

On the 14th of October 1933 Col. Amos W. W. Woodcock, special assistant to the Attorney General, was appointed to assist in the prosecution of the mail-fraud charges against Edwin P. Knotts and others in the United States District Court for the Northern District of Texas.

On the 14th day of November 1933 an indictment was returned by the grand jury for the northern district of Texas against Edwin P. Knotts and others, charging use of the mails "in a scheme to obtain money by false representations."

On December 4, 1933, the defendant, Edwin P. Knotts, entered a plea of guilty thereto. On December 7, 1933, he was sentenced by Judge James C. Wilson to 5 years at the United States Penitentiary at Leavenworth, Kans. On December 23, 1933, he filed a petition in the District Court of the United States for the Northern District of Texas, seeking leave to withdraw his plea of

guilty. On December 30, 1933, there was a hearing on this motion, at the conclusion of which the motion was overruled.

On January 15, 1934, appellant petitioned for appeal from "the verdict and judgment returned herein." On February 17, 1934, a bill of exceptions was filed, which contains the testimony taken before Judge Wilson on December 30, 1933, when the appellant moved to withdraw his plea of guilty. On May 10, 1934, the United States Circuit Court of Appeals for the Fifth Circuit entered judgment to dismiss the appeal in the above-entitled cause.

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., March 7, 1935.

Hon. KENNETH MCKELLAR,
Chairman Committee on Post Offices and Post Roads,
United States Senate, Washington, D. C.

DEAR SENATOR MCKELLAR: I am in receipt of your letter of March 6, in which you transmit a copy of a letter which was read into the CONGRESSIONAL RECORD yesterday by Senator LONG, of Louisiana, and in which you have requested me, if convenient, to furnish your committee such statement with respect thereto as I may care to make.

The letter of Senator LONG is merely a restatement of the reckless insinuations previously made by the Senator, with the exception that it contains the following new charges:

(1) That I intervened in the prosecution of a criminal case in the State of Tennessee involving the affairs of the American National Bank, of Nashville, by maneuvering "the personnel and conduct of the personnel of those connected with the Department of Justice having the matter in hand, both in person and through agents", by in any way bringing about the removal of a United States attorney and the appointment of a special man to appear before the grand jury.

(2) That I exercised control of the Department of Justice in the proceedings before a United States grand jury in Kansas City.

(3) That "through the firm of Stone & Webster" I exercised influence in the selection of "all engineers of influence in charge of and supervising public works or in which the United States Government is in any manner concerned."

(4) That at my direction post-office inspectors "set upon" certain witnesses whom the Senator from Louisiana asserts conferred with him in order to "scare" them and "suppress development of the truth."

In response, I make the following statement:

(1) I have never intervened, directly or indirectly, in the conduct of any investigation by the Department of Justice or anybody else into the affairs of the American National Bank, of Nashville, Tenn.

(2) I have never, directly or indirectly, intervened in any matter whatsoever having to do with any case or investigation by the Department of Justice in Kansas City or elsewhere.

(3) I have never exercised the slightest influence upon the selection of any engineers or other agents of the Public Works Administration or the Government through Stone & Webster or any other private agency.

(4) There is not a word of truth in the statement that at any time I directed post-office inspectors to set upon or intimidate any individuals.

Very respectfully yours,

JAMES A. FARLEY,
Postmaster General.

THE SECRETARY OF THE TREASURY,
Washington.

MY DEAR MR. CHAIRMAN: Pursuant to your verbal request, I hasten to reply further to your letter of March 6, which I received at 9:30 this morning, to comply with your request that my statement be submitted to you by 1 o'clock today.

I note on examining Senator LONG's letter of March 6, a copy of which you enclose, that no specific reference is made to the Treasury Department or to the Procurement Division. However, it is not my desire to suggest any technical or formal difficulties, and I assume from your letter that you feel if there is the slightest implication of any irregularity reflecting, even by indirection, upon this Department, the matter should be gone into fully and the complete facts be put at the disposal of your committee. With this position I am thoroughly in accord and shall reply to your letter at this time as fully as the urgency of your request permits, upon the understanding, of course, that any further information desired by your committee is entirely at your disposal and that, if there are any questions which remain unanswered as a result of this letter, or any records or files of the Treasury Department or the Procurement Division which your committee desires, your further request will be complied with to the fullest extent that is within my power.

I am informed that, included in the material already forwarded to your committee, is a letter from Mr. Louis Glavis, Director of Investigations of the Public Works Administration, dated August 22, 1934, addressed to the Director of Procurement, in which Mr. Glavis lists ten items which he feels should be brought to the Director's attention as a result of the investigation made by Mr. Glavis' organization.

In order to acquaint you with the factual background on these ten points, I feel that, in view of the shortness of time, I cannot do better than to enclose for your information a photostatic copy of a letter written to Mr. Glavis by the Director of Procurement on February 27, 1935. It is my hope that this letter will give you with sufficient particularity all information bearing upon these questions.

While no specific statement to that effect is made in Senator Long's letter, I am prepared to assume from his reference to Stewart & Co. and Driscoll & Co. that he makes reference to the matter of the bidding on the superstructure of the New York Post Office Annex. The history of this incident is somewhat complicated, but the following are the principal actions leading to the final result:

On February 28, 1933, bids for this project were opened. The matter was held in abeyance without the acceptance of any bid pending the inauguration of the new administration on March 4, and thereafter during the consideration of the comprehensive public-works program being developed by the present administration. After the passage of the National Industrial Recovery Act it was determined that further Federal buildings would be erected out of funds allotted by the Public Works Administration. Such funds were allotted for this project, but by reason of the additional requirements of the National Industrial Recovery Act it was necessary to change somewhat the terms of contracts for public works. For this reason supplemental bids were requested from the bidders on the original project.

On October 2, 1933, these supplemental bids were opened. Geo. F. Driscoll & Co. was found to be the low bidder and James A. Stewart & Co. the second low bidder. Stewart & Co. protested that the low bidder was disqualified by reason of failure to comply with the requirements surrounding the President's reemployment agreement. Conflicting decisions of the Attorney General and the Comptroller General resulted in my decision that the only practical course to follow was to reject both bids and to readvertise.

I should state at this point that the basis for bidding on both the original and supplemental bids had been for alternative requirements, including on the one hand a completed building and on the other a building with the fourth and fifth floors incomplete, due to the fact that it had not yet been determined whether the additional space would be necessary to meet immediate requirements. For this reason the readvertising was also made on the basis of these same alternatives.

On December 27, 1933, the bids on the basis of this readvertisement were opened and it was found that Geo. F. Driscoll & Co. was the low bidder for the completed building and Stewart & Co. for the building with the fourth and fifth floors uncompleted.

On account of this development, it became necessary to determine finally which type of building should be selected. While the matter was being considered, open charges of inequity and favoritism were made in connection with both low bidders. It was now evident that a determination of which type of building should be built would automatically result in the conclusion as to which contractor would become the successful bidder. In order to avoid any charges that the administration officials of the Government were in that way guilty of favoritism or bad faith, it was again decided to reject both bids and to readvertise. However, to avoid a repetition of the incident just described, these bids were called for not on the basis of alternatives, but only for the construction of a completed building.

When, after public advertisement, these bids were opened on February 21, 1934, Stewart & Co. was found to be low bidder, and for that reason the contract was awarded to it.

Following is a list of these bidders, with the amounts of their bids:

| | |
|----------------------|-------------|
| James Stewart & Co. | \$4,287,700 |
| Geo. F. Driscoll Co. | 4,378,580 |
| Kenney Bros., Inc. | 4,393,000 |
| Joseph Meltzer, Inc. | 4,678,000 |
| Charles T. Wills. | 4,836,500 |

I might, in passing, make two further observations: First, that on both the original bid and the supplemental bid the same bidder was low on both alternatives, and it was only when the bids of December 27, 1933, were opened that it was found that different bidders were low on the two alternatives; and, second, that the final contracts awarded resulted in a saving to the Government, over the previous lowest bid for comparable work, of over \$100,000.

Finally, I note that Senator Long refers on page 4 of his letter to a charge that engineers supervising public works have formed a network of supervision "to enure to the advantage and control of said Farley." If this charge is intended to refer to the engineers of the Procurement Division of the Treasury Department, I have every confidence that it is without foundation; but I shall be most pleased to have Senator Long submit to me any evidential foundation for such a charge which, so far as I know, is now being made for the first time, and I shall immediately institute a thorough and comprehensive investigation of this allegation, the results of which will be entirely at the disposal of your committee.

Respectfully yours,

H. MORGENTHAU, Jr.,
Secretary of the Treasury.

HON. KENNETH MCKELLAR,
United States Senate.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Nashville, Tenn., August 12, 1933.

A. V. MCLANE,
United States District Attorney,
Middle District of Tennessee, Nashville, Tenn.

SIR: You will be advised that during the course of the regular periodical examination of the American National Bank of Nash-

ville, Tenn., which examination was begun on July 6, 1933, the following unusual, "if not irregular," transactions are brought to our attention, which are in violation of section 5209 of the National Bank Act.

Comptroller's call for report of condition December 31, 1931: A note for \$600,000, signed by Nashville & American Trust Co., carried in the assets of the American National Bank, was eliminated over the period through the following procedure: A note of the Fourth and First Banks, Inc., carried by the Nashville American Trust Co. for \$884,238.47, was discounted at par with the First National Bank of St. Louis, Mo., with a repurchase agreement signed by both the American National Bank and the Nashville American Trust Co. However, the books of neither show this repurchase liability. (On Dec. 31, 1931, the national bank gave the State bank credit for \$500,000 on its books, showing this amount due to and from the State institution, and the State bank set up corresponding entries increasing its cash and due from banks \$500,000.) No cash was involved in the transactions, the entries were purely fictitious on the part of both banks, and said entries reversed on January 5, 1932, hence it can readily be seen that such untrue statements are deceiving.

The records reveal that the cashier of the American National Bank, M. E. Barr, was granted a loan by said bank under date of June 26, 1933, for the sum of \$2,500, which is a strict violation of the Banking Act of 1933.

Comptroller's call for report of condition June 30, 1933: Transactions between the American National Bank and the Union & Planters National Bank, of Memphis, Tenn., which are no more or less than fictitious entries for the purpose of padding or window dressing, and which transactions lend aid to deceiving the supervising officials of the banking business, namely, Comptroller of the Currency, chief national-bank examiner and field examiners, and the depositing public, and such as is shown by the following tabulation of dates and amounts:

| Date | Due from Union & Planters National Bank | Due to Union & Planters National Bank |
|---------------|---|---------------------------------------|
| June 26, 1933 | \$21,520.56 | \$303,276.39 |
| June 27, 1933 | 22,477.44 | 279,091.31 |
| June 28, 1933 | 15,122.50 | 295,127.14 |
| June 29, 1933 | 15,961.70 | 999,020.48 |
| June 30, 1933 | 217,423.79 | 1,400,797.26 |
| July 1, 1933 | 218,823.64 | 1,006,955.66 |
| July 2, 1933 | 218,823.64 | 1,006,955.66 |
| July 3, 1933 | 223,582.52 | 1,018,352.79 |
| July 4, 1933 | 223,582.52 | 1,018,352.79 |
| July 5, 1933 | 221,675.22 | 636,214.31 |
| July 6, 1933 | 24,608.29 | 294,750.89 |

Hence it can readily be seen such entries compiled for purpose of window dressing over the period which it was known there would be a call for published statement.

Respectfully submitted for your consideration.

(Signed) F. A. GUILLES,
National Bank Examiner,
717 First National Bank Building, Atlanta, Ga.

UNITED STATES OF AMERICA,
District of Columbia, City of Washington:

Before me, the undersigned authority, personally came and appeared Albert Caya, who being duly sworn, deposes and says:

That he was formerly business agent of the Carpenters' District Council of Washington, D. C., and vicinity; that while he was performing his duties as business agent it came to his attention that, immediately after the window glass was taken out of the crates in which it was delivered from the manufacturer to the James Stewart Construction Co. job on the I. C. C. and Labor Building at Fourteenth and Constitution Avenue, these boxes were burned; that he was further informed by the glaziers who worked on this job that the labels on each and every glass were removed immediately, obviously, and in his opinion, for the purpose of concealing the inferior quality of the glass, which did not comply with the specifications and to conceal the name of the manufacturer and the materialman; that all of the facts and allegations made herein are true and correct.

ALBERT CAYA.

Sworn to and subscribed before me this 8th day of March 1935.
[SEAL] CHARLES E. ALDEN.

My commission expires September 1, 1937.

MINORITY VIEWS

We concur in the findings of the majority of the committee that upon the record there has not been presented a prima facie case for an investigation of the charges contained in Senate Resolution 74.

It is our view, however, that the widespread circulation of these charges has created suspicion in the public mind. We believe that the interests of the parties concerned and the public welfare can best be served by a prompt and thorough investigation of the charges made in Senate Resolution 74.

ROBERT M. LA FOLLETTE, Jr.,
W. WARREN BARBOUR,
E. W. GIBSON.

ADDITIONAL MINORITY REPORT

The undersigned respectfully disagree with the report of the majority of the committee:

The charges made in Senate Resolution 74 are of a serious nature, and in view of the fact that the author of the resolution has repeatedly stated on the floor of the Senate and before the committee that he can and will furnish witnesses and evidence to sustain the charges made, and that in all fairness to the Postmaster General he should be accorded an opportunity to vindicate himself and to allay the suspicion that has been created in the public mind by the constant reiteration of these charges:

We, therefore, recommend that a prompt and thorough investigation be made of the charges set forth in Senate Resolution 74.

LYNN J. FRAZIER,
THOS. D. SCHALL.

During the reading of the report,

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Oregon?

Mr. McKellar. I yield.

Mr. McNARY. Would the Senator be willing to have the remainder of the report published in the CONGRESSIONAL RECORD without reading?

Mr. McKellar. There is not much more of it, and I hope the Senator will let me read it. These charges have been filed in the Senate. It will take only a few minutes more to read the findings of the committee. They ought to be read.

Mr. McNARY. I thought, inasmuch as the Senator is not going to ask for any action tonight, he might be willing to have the remainder of the report printed without reading.

Mr. McKellar. Oh, no. I want the Senate to hear the full report.

After the reading of the report,

Mr. McKellar. Mr. President, I ask that the letters I send to the desk may be made a part of the report, and printed with it.

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

Mr. McKellar. The Caya affidavit was the only answer to the request of the committee that the Senator from Louisiana furnish names of witnesses and a statement of what they would testify. In my opinion, this affidavit has no evidentiary force whatsoever.

Mr. La Follette. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Wisconsin?

Mr. McKellar. Although I desire to address the Senate on one of the features of the report, I think I ought to yield and let the Senator present the views of the minority at this point; and I do yield.

Mr. La Follette. Mr. President, I ask that brief views of the minority may be read by the clerk.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

MINORITY VIEWS

We concur in the findings of the majority of the committee that upon the record there has not been presented a prima facie case for an investigation of the charges contained in Senate Resolution 74.

It is our view, however, that the wide-spread circulation of these charges has created suspicion in the public mind. We believe that the interests of the parties concerned and the public welfare can best be served by a prompt and thorough investigation of the charges made in Senate Resolution 74.

ROBERT M. LA FOLLETTE, JR.
W. WARREN BAREBOUR.
E. W. GIBSON.

Mr. Frazier. Mr. President, will the Senator from Tennessee yield to me?

Mr. McKellar. I yield.

Mr. Frazier. I desire to present additional minority views, which I ask to have read at the desk.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

ADDITIONAL MINORITY VIEWS

The undersigned respectfully disagree with the report of the majority of the committee.

The charges made in Senate Resolution 74 are of a serious nature, and in view of the fact that the author of the resolution has repeatedly stated on the floor of the Senate and before the committee that he can and will furnish witnesses and evidence to

sustain the charges made, and that in all fairness to the Postmaster General he should be accorded an opportunity to vindicate himself and to allay the suspicion that has been created in the public mind by the constant reiteration of these charges.

We therefore recommend that a prompt and thorough investigation be made of the charges set forth in Senate Resolution 74.

LYNN J. FRAZIER.
THOS. D. SCHALL.

Mr. McKellar. Mr. President, I ask the indulgence of the Senate while I refer to one matter which is not a part of my report but is a statement I desire to make personally about the Tennessee matter. I refer to the charge that was filed in reference to the American National Bank, of Nashville, Tenn., and two of its officers.

This institution is one of the largest and strongest in our State. Former Senator Lea, one Joe Reece, and one Richard M. Atkinson, the attorney general—not the State attorney general but the prosecuting attorney—for the county of Davidson, in which Nashville is situated, got together and formed a conspiracy, for reasons of their own, to destroy the American National Bank and its officials a year or two ago, and that conspiracy was the origin of these charges.

As we know, one of those gentlemen is now in prison, and another one of them, Mr. Joe Reece, has been convicted of misappropriating something like \$100,000 of Tennessee bonds.

Those men resolved to destroy this bank if possible, and since that time they have waged a relentless campaign against the bank to accomplish their purpose.

At the time they started their attack the deposits of the bank were \$25,000,000, or thereabouts. The bank had correspondents all over Tennessee, and the consequences of the success of these three men and their associates in their plot to destroy the bank would have had very serious financial consequences in Tennessee.

Mr. Long. Mr. President—

Mr. McKellar. I decline to yield at this time.

Later on Mr. Atkinson, one of those engaged in the conspiracy, and who was prosecuting attorney for that county, went before the grand jury and undertook to have the officers of the bank, Mr. Paul Davis and Mr. Vance Alexander, indicted for some alleged violation of the law. He brought the matter before one grand jury, and that grand jury refused to indict. He brought it before another grand jury, and the second grand jury refused to indict. He brought it before a third grand jury, and the third grand jury refused to indict.

About that time one of these men, who has since been convicted, was brought before Mr. Atkinson's court, and Atkinson declined to prosecute him, so the presiding judge had to appoint a district attorney, or an attorney general, as we call him, in his place, to prosecute.

Later on, when Mr. Reece became active in his speculations, and when he took the money of the State, that did not belong to him, this same district attorney, R. M. Atkinson, who was here in Washington and personally gave to the Senator from Louisiana the alleged facts concerning this bank matter, declined to prosecute Reece, and the Governor of the State had to intervene and appoint a district attorney to prosecute in the place of Mr. Atkinson. Mr. Atkinson remained in the trial of the case, ostensibly as the State's representative, but really he did everything he could to defend this man Reece who had stolen \$100,000 of bonds of the State. Notwithstanding that, the defendant Reece was convicted, and the case is now pending in the Supreme Court of Tennessee on the appeal of the defendant, Reece.

I wish to say that I know all these people. In my judgment, there is not a scintilla of reason why that case should be brought here and tried again on the floor of the Senate. The two men whom the Senator from Louisiana denounced, as he has been denouncing so many on the floor here lately, Mr. Paul Davis, the president of the bank, and the other, Mr. Vance Alexander, the vice president of the bank, are two of the best men in our State, and there are no better men in any State than those gentlemen. They have not committed any wrong. They are honest, high-minded, upright, and splendid gentlemen. They are the victims of a foul conspiracy, as above stated, and the people of Tennessee

have upheld them, four grand juries have upheld them, the courts have upheld them in every way possible.

Mr. LONG rose.

Mr. McKELLAR. Mr. President, I am not going to yield at the present time. I will yield to the Senator in a moment.

I forgot to state that having failed in the State court, his associate, whose name I have forgotten, ran up here. The district attorney general ran up here to the Department of Justice and tried his best to get these two bank officials indicted by the Federal court. The Department of Justice here did everything in the world it could to help them. It sent a lawyer down there to investigate, it sent an accountant or auditor down there to investigate, and instructed the district attorney down there to examine the case carefully. All three of them, the district attorney, the assistant, and the special attorney went before the grand jury, and again the grand jury, the Federal grand jury, refused to indict those two honest and honorable men, Mr. Davis and Mr. Alexander, just as honest gentlemen as there are anywhere in this or any other country.

Atkinson and his associate, from whom the Senator from Louisiana received this information, have been repudiated in every way by the local authorities down there, and I am astounded to think that even the Senator from Louisiana would listen to charges made by the men who have been up here in the last few days talking to him in his office, Mr. Atkinson and the young man with him, whose name I have now forgotten. But I desire to say to the Senate that the charges against these two splendid men—one Paul Davis and the other Vance Alexander—are absolutely without foundation, and I hope that the Senator from Louisiana, before he listens to the traducers of these men, will look into the case a little more carefully.

Now, I want to say one more thing.

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

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

Mr. McKELLAR. Not at present, Mr. President.

The VICE PRESIDENT. The Senator declines to yield.

Mr. McKELLAR. The Senator from Louisiana, for some purpose, possibly because Mr. Norman Davis is an official of the Federal Government, included as one of the manipulators—I believe he called it—in this bank transaction Norman Davis. Norman Davis happens to be a brother of Paul Davis, the president of the bank. Norman Davis has not lived in Tennessee in a quarter of a century. I think he owns some stock in the American National Bank. He is not a director; he is not an officer of the bank. He knows nothing in the world about the affairs of the bank, except what his brother tells him. He is not a citizen of Tennessee at all. He has nothing to do with the running of the affairs of that bank. He is a citizen of New York and has lived there many years.

I want to tell the Senate what has happened. Ordinarily when you talk about a bank it is like talking about the virtue of a woman—it ruins the woman. But what has happened to this bank? This bank had \$25,000,000 in deposits when this conspiracy was formed to destroy it; this bank's deposits have increased to \$42,000,000, or 70 percent since the wild charges were made by these men, two of whom have already been convicted and sentenced to prison; and I want to say that I make this speech about that bank for the purpose of denouncing these aspersions as absolutely untrue, and found to be untrue by at least four grand juries in Tennessee.

By the way, I overlooked another grand jury. This man Joe Reece lives in Johnson County in east Tennessee, right next to the North Carolina line; a mountain county, as we call it, and Reece seems to have some influence up there. He went up there and had Mr. Davis and Mr. Alexander indicted in that county, where neither one of them had ever been in their lives, showing the length to which the conspirators were willing to go. As soon as the court brought the case before it, the indictments were dismissed. Thus all the courts, practically, those that had jurisdiction and those which did not have jurisdiction, have decided in favor of Davis and Alexander.

But at last these conspirators found a method of getting before the public. They saw that the Senator from Louisiana [Mr. LONG] was in eruption up here, and they came up and gave their case against Davis and Alexander to that Senator, and he has brought charges against these two splendid men.

I want to say to the Senator from Louisiana in all kindness, that I take it that he has been absolutely misled about these two men.

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

Mr. McKELLAR. They are as honorable men as are to be found anywhere and they ought not to be further persecuted in my judgment.

I yield to the Senator.

Mr. LONG. Who is F. A. Guiles?

Mr. McKELLAR. I never heard of him.

Mr. LONG. Well, he is a national-bank examiner.

Mr. McKELLAR. I never heard of him.

Mr. LONG. I do not know Mr. Reece, except I heard that a man named Reece was convicted.

Mr. McKELLAR. The Senator heard that he had stolen \$100,000 of bonds while he was commissioner of insurance in Tennessee.

Mr. LONG. Yes.

Mr. McKELLAR. And that he had been convicted of it?

Mr. LONG. I heard that.

Mr. McKELLAR. Why, these men, Atkinson, and his associate, whose name I have forgotten, who have been associating with the Senator for the last 2 or 3 days, have told him all about Reece. Oh, yes; they have told him all about Reece.

Mr. LONG. The names that I have submitted were a former United States attorney, a former State's attorney, and an assistant State's attorney. Has any one of them been convicted of anything?

Mr. McKELLAR. I just spoke about one of them, Atkinson. Mr. Atkinson was State's attorney for Davidson County down there, and his term expired, and he did not run any more, and Mr. Atkinson was the same man who refused to prosecute former Senator Luke Lea, and the judge had to appoint another district attorney, Mr. Seth Walker, to do the work which Mr. Atkinson had been elected to do. Then I will say another thing about Mr. Atkinson. He was appointed to represent the State. It was his duty to prosecute Reece, and he would not do it, and the Governor of the State stepped in and appointed the Honorable Seth Walker to take charge of the case, regardless of the district attorney, and thereupon Mr. Reece was tried and convicted of stealing the \$100,000, in spite of the active assistance of Atkinson, whose sworn duty it was to prosecute Reece.

Mr. LONG. I am trying to get some information from the Senator. As I understand, neither the former Attorney General, or assistant State's attorney, or United States attorney have ever been indicted or prosecuted or convicted for any crime?

Mr. McKELLAR. I do not know that they have yet.

Mr. LONG. Those are the three names given. Now the Senator says he does not know Mr. F. A. Guiles, of the Treasury Department.

Mr. McKELLAR. I do not know Mr. Guiles.

Mr. LONG. I have in my hand a letter showing that it was the Treasury Department of the United States which directed these charges to the United States attorney for the middle district of Tennessee.

Mr. McKELLAR. Suppose they did. Those charges were found to be untrue and no true bill has been found. The courts have decided already in favor of these men, Messrs. Davis and Alexander. The Senator from Louisiana, without any knowledge of the facts, hooked up with two men, Atkinson and his associate, who have been repudiated in our State, and undertakes to make their false charges openly here; and unless the Senator takes a different course, he is undertaking with them to destroy a great bank in my State and two of the best men I know.

Mr. LONG. Mr. President, the Senator, I think, will believe that no one would like to do Mr. Paul Davis justice more

than myself, but I have in my hand the report and instructions of the Treasury Department, through Mr. F. A. Guiles, the national-bank examiner for the district in which Nashville is located, telling Mr. A. V. McLean, United States attorney for the middle district of Nashville, Tenn., that these gentlemen have violated a number of statutes and committed a number of downright frauds therein enumerated, and commanding that proper steps be taken against them. Now, I do not know Mr. McLean; I do not know Mr. Guiles, but when these three gentlemen indicate to me that they are willing to testify, and exhibit voluminous Government reports, I do not see how the Senator could hold it against me if I asked a committee to be appointed to review these Government reports which the Treasury Department says show downright fraud, criminality, corruption, and stealing. They may be wrong about it. I wish the Treasury Department might be made to correct this matter. Let me say to my friend from Tennessee that if the Treasury Department has slandered these men, I would be willing to investigate the Treasury Department just as I would Farley. I would be honest about it.

Mr. McKELLAR. The courts of Tennessee have decided in favor of these two gentlemen, Mr. Paul Davis and Mr. Alexander. I do not think the Senator ought to listen to vague statements and innuendos made by the two men whom he perhaps never heard of before who have come here and have been closeted with him time and time again in the last 2 days, so I am informed, and have called on the Senator as a last resort and after all other courses have failed.

Mr. LONG. The Senator has been wrongly informed.

Mr. McKELLAR. They are here.

Mr. LONG. Yes; they are here.

Mr. McKELLAR. The Senator has been talking to them?

Mr. LONG. They have been to my office.

Mr. McKELLAR. Of course they have.

Mr. LONG. I will state to the Senator what was the occasion. They came to my office, not on their suggestion, but at my request.

Mr. McKELLAR. I do not know at whose request, but if the Senator requested those two men to come here he was performing a very good job of muckraking. The courts of Tennessee have decided this bank case. They have decided that the report of the Treasury official, which the Senator has read, was wrong. There has been every opportunity to show that it was right. But what has that to do with the charges against Farley?

Mr. LONG. Just one more question, if my friend will yield, and he has been very nice in that regard. He has said, "The courts." Is it not a fact it was the grand jury alone, as to which I will state that I have four affidavits ready to produce from four members of that grand jury, as well as from the United States attorney, that they removed the United States attorney and sent a Farley man down there under Farley's instructions, who made a speech before the grand jury telling them they should not indict. I do not know whether these four grand jurors are swearing truly or not.

Mr. McKELLAR. The Senator does not know what they will swear.

Mr. LONG. I do not know if the Treasury report is true or not. I do not know if the statement of the United States attorney is true or not. However, with these voluminous documents attested I think the Senator is probably doing me a wrong and doing Norman Davis a wrong in not opening up this Pandora's box.

Mr. McKELLAR. The Senator is muckraking a little bit too much. What has Farley to do with this? What has Norman Davis to do with it? There is no evidence connecting them with it. Mr. Farley and the Attorney General of the United States both state Farley had nothing to do with it. The Senator is mistaken in this matter like he is about all his other charges against Farley.

RECESS TO MONDAY

Mr. ROBINSON. Mr. President, I had hoped and it had been hoped by the Senator from Virginia [Mr. GLASS],

Chairman of the Committee on Appropriations, that a conclusion might be reached before the end of this week concerning the pending joint resolution, but upon investigation and inquiry it is found that it would be impossible to conclude the main controversy affecting the matter tomorrow for the reason that some Senators who desire to be present will be absent from the city.

For that reason, and with the approval of the Chairman of the Committee on Appropriations, I move that the Senate stand in recess until 12 o'clock noon on Monday.

The motion was agreed to; and (at 5 o'clock and 35 minutes p. m.) the Senate took a recess until Monday, March 11, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 8 (legislative day of Mar. 4), 1935

COLLECTOR OF INTERNAL REVENUE

Walter J. Rothensies, of Red Lion, Pa., to be collector of internal revenue for the first district of Pennsylvania, to fill an existing vacancy.

APPOINTMENT IN THE REGULAR ARMY

MEDICAL CORPS

To be first lieutenant with rank from February 28, 1935

First Lt. Aloysius Thomas Waskowicz, Medical Corps Reserve.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO SIGNAL CORPS

First Lt. Haskell Hadley Cleaves, Infantry (detailed in Signal Corps), with rank from May 1, 1931.

TO AIR CORPS

Second Lt. Harry Stephen Bishop, Coast Artillery Corps (detailed in Air Corps), with rank from June 13, 1933.

Second Lt. Charles Albert Clark, Jr., Field Artillery (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. David Nicholas Crickette, Field Artillery (detailed in Air Corps), with rank from June 13, 1933.

Second Lt. Paul R. Gowen, Corps of Engineers (detailed in Air Corps), with rank from June 13, 1933.

Second Lt. Robert Broussard Landry, Infantry (detailed in Air Corps), with rank from June 10, 1932.

Second Lt. Samuel Abner Mundell, Infantry (detailed in Air Corps), with rank from June 13, 1933.

Second Lt. John Morgan Price, Infantry (detailed in Air Corps), with rank from June 10, 1932.

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONELS

Lt. Col. Mark Lorin Ireland, Quartermaster Corps, from March 1, 1935.

Lt. Col. Charles Avery Dravo, Infantry, from March 1, 1935.

Lt. Col. Charles Roberts Pettis, Corps of Engineers, from March 1, 1935.

TO BE LIEUTENANT COLONELS

Maj. Oscar Wolverton Griswold, Infantry, from March 1, 1935.

Maj. Harding Polk, Cavalry, from March 1, 1935.

Maj. Robert Horace Dunlop, Adjutant General's Department, from March 1, 1935.

Maj. Emil Fred Reinhardt, Infantry, from March 1, 1935.

TO BE MAJORS

Capt. Calvin Earl Giffin, Air Corps, from March 1, 1935.

Capt. Gustaf Hugh Ericson, Coast Artillery Corps, from March 1, 1935.

Capt. Frederick Lofquist, Coast Artillery Corps, from March 1, 1935.

Capt. John Harold Wilson, Coast Artillery Corps, from March 1, 1935.

Capt. Napoleon Boudreau, Coast Artillery Corps, from March 1, 1935.

Capt. George Peterson Winton, Field Artillery, from March 1, 1935.

TO BE CAPTAINS

First Lt. John Harrison Stokes, Jr., Infantry, from March 1, 1935.
 First Lt. Jesse Ellis Graham, Infantry, from March 1, 1935.
 First Lt. Jerome David Cambre, Infantry, from March 1, 1935.
 First Lt. Burrowes Goldthwaite Stevens, Infantry, from March 1, 1935.
 First Lt. Alexander Thomas McCone, Field Artillery, from March 1, 1935.
 First Lt. Thomas Markham Brinkley, Infantry, from March 1, 1935.
 First Lt. Reginald Worth Hubbell, Infantry, from March 1, 1935.
 First Lt. Donald William Sawtelle, Cavalry, from March 1, 1935.
 First Lt. Paul Wilkins Kendall, Infantry, from March 1, 1935.
 First Lt. Charles Henry Moore, Jr., Infantry, from March 1, 1935.
 First Lt. James Wentworth Freeman, Ordnance Department, from March 1, 1935.
 First Lt. Alexander John Mackenzie, Infantry, from March 1, 1935.
 First Lt. Wiley Vinton Carter, Signal Corps, from March 1, 1935.
 First Lt. Ira Platt Swift, Cavalry, from March 1, 1935.
 First Lt. Wilbur Eugene Dunkelberg, Infantry, from March 1, 1935.
 First Lt. Arthur Pulsifer, Signal Corps, from March 2, 1935.

TO BE FIRST LIEUTENANTS

Second Lt. Charles Freeman Kearney, Infantry, from March 1, 1935.
 Second Lt. Julian Broster Lindsey, Infantry, from March 1, 1935.
 Second Lt. Robert Lawrence Love, Infantry, from March 1, 1935.
 Second Lt. Thomas Norfleet Griffin, Infantry, from March 1, 1935.
 Second Lt. George Frederick Conner, Infantry, from March 1, 1935.
 Second Lt. Clebert Leon Hail, Infantry, from March 1, 1935.
 Second Lt. Arthur Knight Noble, Infantry, from March 1, 1935.
 Second Lt. Samuel Edwin Mays, Jr., Infantry, from March 1, 1935.
 Second Lt. Robert Campbell Johnson, Infantry, from March 1, 1935.
 Second Lt. Robert Van Meter Smith, Infantry, from March 1, 1935.
 Second Lt. George Van Millett, Jr., Infantry, from March 1, 1935.
 Second Lt. Lionel Theodore Roosevelt Trotter, Infantry, from March 1, 1935.
 Second Lt. Edwin Michael Van Bibber, Infantry, from March 1, 1935.
 Second Lt. Whitside Miller, Infantry, from March 1, 1935.
 Second Lt. George Elston Price, Air Corps, from March 1, 1935.
 Second Lt. Richard Clark Lindsay, Air Corps, from March 1, 1935.
 Second Lt. John Gordon Fowler, Air Corps, from March 2, 1935.
 Second Lt. John Lyle Nedwed, Air Corps, from March 2, 1935.

PROMOTIONS IN THE PHILIPPINE SCOUTS

TO BE CAPTAIN

First Lt. Eustaquio Sabio Baclig, Philippine Scouts, from March 1, 1935.

PROMOTIONS IN THE NAVY

MARINE CORPS

Brig. Gen. James C. Breckinridge to be a major general in the Marine Corps from the 1st day of February 1935.

POSTMASTERS

ALABAMA

Velma P. Mickam to be postmaster at Bridgeport, Ala., in place of E. F. Whitcher. Incumbent's commission expired March 8, 1934.

Alida J. Cox to be postmaster at Spring Hill, Ala., in place of A. J. Cox. Incumbent's commission expired May 16, 1934.

Agnes O. Harrison to be postmaster at Frisco City, Ala., in place of W. A. Giddens, removed.

ALASKA

James H. Gilpatrick to be postmaster at Sitka, Alaska, in place of E. D. De Armond. Incumbent's commission expired January 13, 1935.

ARIZONA

John B. Boone to be postmaster at Coolidge, Ariz., in place of D. H. Nutt. Incumbent's commission expired January 22, 1934.

Albert H. Adams to be postmaster at Scottsdale, Ariz., in place of J. L. Conrad, deceased.

ARKANSAS

Horace L. Lay to be postmaster at Amity, Ark., in place of W. C. Allen. Incumbent's commission expired December 16, 1933.

Thomas S. Reynolds to be postmaster at Bradley, Ark., in place of T. S. Reynolds. Incumbent's commission expired February 20, 1935.

Lewis E. Smith to be postmaster at Cabot, Ark., in place of R. L. Goad. Incumbent's commission expired June 9, 1934.

Hazel N. Poe to be postmaster at England, Ark., in place of J. A. Skipper. Incumbent's commission expired June 17, 1934.

Elmer Austin to be postmaster at Gravette, Ark., in place of J. S. Thompson. Incumbent's commission expired June 24, 1934.

Leo D. Perdue to be postmaster at Louann, Ark., in place of G. O. Starnes. Incumbent's commission expired May 25, 1932.

Cordelia R. Jackson to be postmaster at Marianna, Ark., in place of H. M. Jackson, deceased.

CALIFORNIA

Ford E. Samuel to be postmaster at Alameda, Calif., in place of H. M. Hammond, retired.

William J. Beadle to be postmaster at Alhambra, Calif., in place of B. N. Marriott. Incumbent's commission expired February 6, 1934.

Raymond P. Hawkins to be postmaster at Alleghany, Calif., in place of R. P. Hawkins. Incumbent's commission expired December 18, 1934.

Carl T. Mills to be postmaster at Angels Camp, Calif., in place of H. R. Barden. Incumbent's commission expired April 2, 1934.

Will A. Shepard to be postmaster at Auburn, Calif., in place of C. F. Richter. Incumbent's commission expired April 22, 1934.

Kathleen M. Rousseau to be postmaster at Belmont, Calif., in place of E. J. McGowan, removed.

Joe H. Moore to be postmaster at Calipatria, Calif., in place of I. M. Benson. Incumbent's commission expired May 7, 1934.

Irene C. Cator to be postmaster at Carmel, Calif., in place of W. L. Overstreet. Incumbent's commission expired September 19, 1933.

Bertha A. Williams to be postmaster at Cloverdale, Calif., in place of J. A. Thompson. Incumbent's commission expired February 28, 1933.

Josephine M. Costa to be postmaster at Downieville, Calif., in place of J. M. Costa. Incumbent's commission expired February 21, 1935.

Thomas J. Caffery to be postmaster at El Monte, Calif., in place of C. T. Myers. Incumbent's commission expired February 5, 1933.

Hazel M. McFarland to be postmaster at Folsom City, Calif., in place of H. M. McFarland. Incumbent's commission expired February 21, 1935.

Clara M. Scott to be postmaster at Kerman, Calif., in place of O. B. Randall. Incumbent's commission expired April 8, 1934.

Nathan L. Rannels to be postmaster at La Jolla, Calif., in place of E. J. Thompson, removed.

Albert H. Abbott to be postmaster at La Verne, Calif., in place of J. C. Titterington, resigned.

Alice E. Tate to be postmaster at Lone Pine, Calif., in place of A. E. Tate. Incumbent's commission expired February 20, 1935.

Vernie E. Sherraden to be postmaster at Ludlow, Calif., in place of V. E. Sherraden. Incumbent's commission expired December 20, 1934.

William T. Martin to be postmaster at Montague, Calif., in place of R. G. Isaacs. Incumbent's commission expired June 4, 1934.

Louis A. Thomas to be postmaster at National City, Calif., in place of C. D. Eddy. Incumbent's commission expired June 24, 1934.

Julia A. Monahan to be postmaster at Newcastle, Calif., in place of C. H. Silva. Incumbent's commission expired April 22, 1934.

Suda B. Gallaher to be postmaster at Orange Cove, Calif., in place of W. L. Robbins. Incumbent's commission expired December 18, 1933.

Arvin P. Ralston to be postmaster at Patterson, Calif., in place of W. F. Hanell. Incumbent's commission expired May 7, 1934.

James R. Simmons to be postmaster at Pismo Beach, Calif., in place of C. M. McCoy. Incumbent's commission expired June 4, 1934.

John Ransom Casey to be postmaster at Pomona, Calif., in place of H. B. Westgate. Incumbent's commission expired June 24, 1934.

Joseph L. Hamilton to be postmaster at Puente, Calif., in place of G. E. Cross. Incumbent's commission expired April 22, 1934.

William A. Needham to be postmaster at Rialto, Calif., in place of R. E. Watts. Incumbent's commission expired June 24, 1934.

Manuel Dos Reis, Jr., to be postmaster at San Anselmo, Calif., in place of C. L. Covalt. Incumbent's commission expired June 4, 1934.

Donald M. Stewart to be postmaster at San Diego, Calif., in place of E. W. Dort. Incumbent's commission expired April 8, 1934.

Floyd Godfrey to be postmaster at San Dimas, Calif., in place of O. D. Way. Incumbent's commission expired February 6, 1934.

Amelia S. Rose to be postmaster at San Lorenzo, Calif., in place of Emma Kessler, resigned.

John R. Hutchison to be postmaster at Santa Maria, Calif., in place of E. T. Ketcham. Incumbent's commission expired March 11, 1930.

Lowell C. Pratt to be postmaster at Selma, Calif., in place of J. J. Heckman, transferred.

John W. Russel to be postmaster at Tujunga, Calif., in place of P. P. Correll, deceased.

Clarence H. Godshall to be postmaster at Victorville, Calif., in place of C. M. Moon. Incumbent's commission expired April 2, 1934.

Edward I. Leake to be postmaster at Woodland, Calif., in place of A. R. Armstrong, removed.

Fred C. Alexander to be postmaster at Yosemite National Park, Calif., in place of F. C. Alexander. Incumbent's commission expired January 28, 1935.

Robert H. DeWitt, Jr., to be postmaster at Yreka, Calif., in place of F. C. Pollard. Incumbent's commission expired June 4, 1934.

COLORADO

Arthur D. Robb to be postmaster at Flagler, Colo., in place of Z. C. McBride. Incumbent's commission expired December 11, 1933.

CONNECTICUT

Moses W. Rathbun to be postmaster at Noank, Conn., in place of C. M. Chester. Incumbent's commission expired December 16, 1933.

William M. Logan to be postmaster at West Cheshire, Conn., in place of W. M. Logan. Incumbent's commission expired April 28, 1934.

DELAWARE

Bradford P. Jones to be postmaster at Bridgeville, Del., in place of J. W. Dimes. Incumbent's commission expired December 10, 1932.

Roland F. Quillin to be postmaster at Laurel, Del., in place of A. S. Hearn, removed.

Philip E. Touhey to be postmaster at Yorklyn, Del., in place of S. S. Dennison. Incumbent's commission expired June 20, 1934.

FLORIDA

Minnie H. Vick to be postmaster at Apopka, Fla., in place of C. L. Sickles. Incumbent's commission expired July 3, 1934.

George H. Stokes to be postmaster at Callahan, Fla., in place of W. B. Wingate, resigned.

Matye E. Mills to be postmaster at Cross City, Fla., in place of M. E. Mills. Incumbent's commission expired March 2, 1935.

Alexander G. Shand to be postmaster at Fort Lauderdale, Fla., in place of W. C. Bretz. Incumbent's commission expired January 7, 1935.

Hugh M. Edwards to be postmaster at Mayo, Fla., in place of L. H. Davis, resigned.

Hansel D. Leavengood to be postmaster at Ocala, Fla., in place of F. H. Logan, removed.

John P. Puckett to be postmaster at Perry, Fla., in place of T. W. Lundy, removed.

James D. Pearce to be postmaster at St. Petersburg, Fla., in place of R. M. Hall. Incumbent's commission expired January 22, 1935.

Owen L. Godwin to be postmaster at Sebring, Fla., in place of W. D. Holloway. Incumbent's commission expired March 3, 1931.

GEORGIA

Moses J. Guyton to be postmaster at Dublin, Ga., in place of E. R. Orr. Incumbent's commission expired May 9, 1934.

Nell Raley to be postmaster at Mitchell, Ga., in place of W. T. Kitchens. Incumbent's commission expired February 6, 1934.

Sam Tate to be postmaster at Tate, Ga., in place of S. Tate. Incumbent's commission expired February 25, 1935.

Willie B. Persons to be postmaster at Warm Springs, Ga., in place of L. L. Mathis. Incumbent's commission expired May 29, 1934.

HAWAII

Takeo Takashita to be postmaster at Hanapepe, Hawaii, in place of Shinichi Okamura. Incumbent's commission expired December 11, 1933.

Daniel A. Devine to be postmaster at Hilo, Hawaii, in place of B. D. Chilson, removed.

Kenichi Masunaga to be postmaster at Kealia, Hawaii, in place of K. Masunaga. Incumbent's commission expired February 5, 1935.

Hung Luke to be postmaster at Kohala, Hawaii, in place of H. Luke. Incumbent's commission expired April 28, 1934.

Martin D. Dreier to be postmaster at Lihue, Hawaii, in place of T. E. Longstreth. Incumbent's commission expired January 18, 1933.

Margaret C. White to be postmaster at Wahiawa, Hawaii, in place of W. K. Kelii, removed.

Kenichi Oumi to be postmaster at Waiialua, Hawaii, in place of F. W. Carter. Incumbent's commission expired January 31, 1933.

Masaru Yokotake to be postmaster at Waimea, Hawaii, in place of Frank Cox. Incumbent's commission expired April 28, 1934.

ILLINOIS

Amy S. Beirne to be postmaster at Alpha, Ill., in place of E. H. Paine. Incumbent's commission expired April 16, 1934.

Benjamin H. Gardner to be postmaster at Ava, Ill., in place of Roger Walwark. Incumbent's commission expired May 7, 1934.

Roger M. Tippy to be postmaster at Carterville, Ill., in place of C. W. Bishop, removed.

Roy Ansel Brooks to be postmaster at Carthage, Ill., in place of J. P. Beckman, deceased.

Ace C. Parris to be postmaster at Champaign, Ill., in place of O. L. Davis. Incumbent's commission expired February 25, 1935.

Allene R. Adkins to be postmaster at Elkhart, Ill., in place of E. D. Graeff, removed.

Roy M. Cocking to be postmaster at Erie, Ill., in place of J. L. Pfundstein, removed.

Fred J. Bohnenkemper to be postmaster at Germantown, Ill., in place of F. J. Bohnenkemper. Incumbent's commission expired February 4, 1935.

Grace Reichert to be postmaster at Grand Chain, Ill., in place of J. R. McIntire. Incumbent's commission expired March 18, 1934.

George G. Vaughan to be postmaster at Hurst, Ill., in place of C. S. Coyle, removed.

Richard C. Patterson to be postmaster at Johnston City, Ill., in place of O. C. Baiar, removed.

Floyd E. Keller to be postmaster at Jonesboro, Ill., in place of T. H. Plemon, removed.

Augustian P. Pope to be postmaster at Kane, Ill., in place of L. D. Irwin. Incumbent's commission expired April 16, 1934.

William H. McAlpin to be postmaster at Marion, Ill., in place of Oldham Paisley, removed.

John J. Matejka to be postmaster at Oaklawn, Ill., in place of G. F. Harnew. Incumbent's commission expired February 28, 1933.

John S. Browning to be postmaster at Royalton, Ill., in place of J. T. Livingston, resigned.

Reuben C. Thomason to be postmaster at Tamms, Ill., in place of J. E. Miller. Incumbent's commission expired December 18, 1933.

Scott W. Hershey to be postmaster at Taylorville, Ill., in place of Frank Reed, removed.

Maude B. Youart to be postmaster at Thebes, Ill., in place of LeRoy Gammon, deceased.

Aaron McLain Akin to be postmaster at Thompsonville, Ill., in place of E. S. Bundy, removed.

Charles F. Loeb to be postmaster at Urbana, Ill., in place of John Gray. Incumbent's commission expired December 9, 1934.

Frank Breycha to be postmaster at Villa Park, Ill., in place of August Treu. Incumbent's commission expired May 29, 1934.

Harry C. Stradler to be postmaster at Westfield, Ill., in place of Lela Seneff, removed.

William E. Berry to be postmaster at Zeigler, Ill., in place of LeRoy Howell. Incumbent's commission expired January 31, 1934.

INDIANA

Clarence A. Thompson to be postmaster at Columbus, Ind., in place of J. E. Reed, removed.

Albert Seufert to be postmaster at Ferdinand, Ind., in place of W. J. Daunhauer, removed.

Jesse M. Kemp to be postmaster at Kempton, Ind., in place of G. W. Gossard, resigned.

Henry E. Delp to be postmaster at Marshall, Ind., in place of J. A. McCluer. Incumbent's commission expired December 18, 1933.

Rolla E. Pinaire to be postmaster at Ramsey, Ind., in place of A. I. Martin, resigned.

IOWA

Floyd Finney to be postmaster at Arlington, Iowa, in place of W. E. Anderson. Incumbent's commission expired April 28, 1934.

Henry S. King to be postmaster at Ashton, Iowa, in place of W. M. Bausch, retired.

George P. Rounds to be postmaster at Clermont, Iowa, in place of G. H. Hackmann. Incumbent's commission expired December 18, 1933.

J. Joseph Bonnstetter to be postmaster at Corwith, Iowa, in place of J. W. Duckett, retired.

Ida Belle Stokes to be postmaster at Emerson, Iowa, in place of M. B. Gibson. Incumbent's commission expired January 16, 1934.

Martha E. O'Connor to be postmaster at Gilman, Iowa, in place of R. A. Dunkle. Incumbent's commission expired April 28, 1934.

Clarence H. Kemler to be postmaster at Marshalltown, Iowa, in place of M. S. McFarland, deceased.

John E. Amdor to be postmaster at Massena, Iowa, in place of W. C. McCurdy. Incumbent's commission expired March 18, 1934.

Denton N. Layman to be postmaster at Newell, Iowa, in place of L. E. Couch, removed.

Jennie E. Cagley to be postmaster at Plainfield, Iowa, in place of Oscar Smith. Incumbent's commission expired January 22, 1934.

Lynn O. Smith to be postmaster at Rockford, Iowa, in place of Luvern Leigh. Incumbent's commission expired June 24, 1934.

Irene C. Schmidt to be postmaster at West Point, Iowa, in place of H. F. Brinck. Incumbent's commission expired June 4, 1934.

KANSAS

Bertha B. Maichel to be postmaster at Overbrook, Kans., in place of J. H. Andrews, resigned.

John L. Larson to be postmaster at Randolph, Kans., in place of E. C. Newby, removed.

Mary A. Neff to be postmaster at Winona, Kans., in place of L. I. Burdick, removed.

KENTUCKY

Laura V. Coleman to be postmaster at Anchorage, Ky., in place of H. O. Hausgen. Incumbent's commission expired May 29, 1932.

Hattie R. Tanner to be postmaster at Barlow, Ky., in place of J. I. Harlan, resigned.

Jesse B. Pope to be postmaster at Brooksville, Ky., in place of W. H. Metcalfe, resigned.

Milton T. Fullenwider to be postmaster at Shelbyville, Ky., in place of Lisle B. Hanna. Incumbent's commission expired December 8, 1934.

Mary K. Diersing to be postmaster at Shively, Ky., in place of M. K. Diersing. Incumbent's commission expired March 18, 1934.

MAINE

Helen L. Swan to be postmaster at Hampden Highlands, Maine, in place of J. B. Lewis. Incumbent's commission expired January 16, 1934.

Winnifred J. Libby to be postmaster at Ocean Park, Maine, in place of W. J. Libby. Incumbent's commission expired March 22, 1934.

MARYLAND

George M. Mowell to be postmaster at Glencoe, Md., in place of G. M. Mowell. Incumbent's commission expired February 20, 1935.

MASSACHUSETTS

Mary E. O'Toole, to be postmaster at Leominster, Mass., in place of J. C. Smith, retired.

MICHIGAN

Henning R. Sjolander, to be postmaster at Ishpeming, Mich., in place of William Trebilcock. Incumbent's commission expired April 28, 1934.

MINNESOTA

Charles B. Smith to be postmaster at Alexandria, Minn., in place of C. L. Coy, removed.

Marie H. Sands to be postmaster at Alvarado, Minn., in place of G. T. Sands, resigned.

Thomas H. Brandon, to be postmaster at Annandale, Minn., in place of W. W. Towler. Incumbent's commission expired May 28, 1933.

John E. Pasch, to be postmaster at Barnesville, Minn., in place of Bernard McGrath. Incumbent's commission expired January 31, 1934.

Walter L. Dickson to be postmaster at Big Falls, Minn., in place of A. B. Paul. Incumbent's commission expired December 18, 1933.

Peter Evensen to be postmaster at Bigfork, Minn., in place of W. F. Bischoff. Incumbent's commission expired April 8, 1934.

Egbert J. Sutherland to be postmaster at Chatfield, Minn., in place of E. O. Thorson, removed.

James B. Hubbell to be postmaster at Forest Lake, Minn., in place of J. B. Hubbell. Incumbent's commission expired June 20, 1934.

Gabriel T. Torgrimson to be postmaster at Grand Meadow, Minn., in place of Albert Myhre. Incumbent's commission expired April 2, 1934.

Irene G. Almquist to be postmaster at Harris, Minn., in place of D. C. Jarchow. Incumbent's commission expired December 18, 1933.

Edward J. King to be postmaster at Hastings, Minn., in place of Anna Johnson. Incumbent's commission expired April 2, 1934.

Paul M. Saemrow to be postmaster at Morrystown, Minn., in place of P. W. Gorrie. Incumbent's commission expired December 20, 1932.

Robert E. O'Donnell to be postmaster at Mound, Minn., in place of E. F. Koehler, removed.

Otto A. Kubat to be postmaster at Owatonna, Minn., in place of M. J. Brown. Incumbent's commission expired April 2, 1934.

George H. Tome to be postmaster at Pine Island, Minn., in place of G. H. Tome. Incumbent's commission expired April 2, 1934.

Robert S. Cowie to be postmaster at Rothsay, Minn., in place of O. H. Jacobson. Incumbent's commission expired February 9, 1933.

MISSISSIPPI

Nicie R. Evans to be postmaster at Bassfield, Miss., in place of N. R. Evans. Incumbent's commission expired February 21, 1935.

Fred Eugene Brister to be postmaster at Bogue Chitto, Miss., in place of H. A. Sasser, removed.

Minnie B. Dubuisson to be postmaster at Long Beach, Miss., in place of M. B. Dubuisson. Incumbent's commission expired March 2, 1935.

Erma L. Morris to be postmaster at Seminary, Miss., in place of C. F. Taylor, resigned.

MISSOURI

Emmett O. Griffin to be postmaster at Carterville, Mo., in place of C. E. Ault. Incumbent's commission expired March 8, 1934.

Elta E. Eubank to be postmaster at Clifton Hill, Mo., in place of P. M. Essig. Incumbent's commission expired December 11, 1933.

George L. Chancellor to be postmaster at Goodman, Mo., in place of H. M. Phillips, resigned.

Albert J. Robinson to be postmaster at Gorin, Mo., in place of Irene Parrish. Incumbent's commission expired January 31, 1933.

Joseph W. Evans to be postmaster at Hale, Mo., in place of C. E. Bedell, resigned.

James T. Glass, Jr., to be postmaster at Holden, Mo., in place of J. M. Boisseau, removed.

Jessalee Nash to be postmaster at Hollister, Mo., in place of C. E. Jennings. Incumbent's commission expired March 18, 1934.

Laurence D. Estill to be postmaster at Lawson, Mo., in place of W. A. Black, removed.

Edna S. Spencer to be postmaster at Malta Bend, Mo., in place of M. E. Blackburn. Incumbent's commission expired May 13, 1934.

Ivan Weber to be postmaster at Richmond, Mo., in place of C. E. Traylor. Incumbent's commission expired June 19, 1933.

John F. Vermillion to be postmaster at Salisbury, Mo., in place of R. A. Gehrig, removed.

Charles E. Logan to be postmaster at Spickard, Mo., in place of P. G. Wild. Incumbent's commission expired May 9, 1934.

MONTANA

Clarence W. Hektner to be postmaster at Dutton, Mont., in place of E. M. Goodell. Incumbent's commission expired June 24, 1934.

D. Francis Crowley to be postmaster at Lewistown, Mont., in place of C. R. Fowler. Incumbent's commission expired May 13, 1934.

James J. Price to be postmaster at Three Forks, Mont., in place of William Fraser. Incumbent's commission expired January 8, 1933.

NEBRASKA

John F. McGill to be postmaster at Center, Nebr., in place of Lulu Woodbury, resigned.

George J. Scott to be postmaster at Crawford, Nebr., in place of C. W. Fritts, removed.

Albert J. Nacke to be postmaster at Hebron, Nebr., in place of E. E. Correll, removed.

George D. Parker to be postmaster at Johnson, Nebr., in place of E. E. Rodysill. Incumbent's commission expired December 16, 1933.

Herman Stahly to be postmaster at Milford, Nebr., in place of E. E. Ely, resigned.

Mable A. Foreman to be postmaster at Palmyra, Nebr., in place of I. B. Lamborn. Incumbent's commission expired December 16, 1933.

Charles J. Mullaney to be postmaster at Walthill, Nebr., in place of G. F. McMullen, resigned.

NEW JERSEY

Everett H. Antonides to be postmaster at Belmar, N. J., in place of Charles Keiderling, Jr. Incumbent's commission expired April 2, 1934.

Michael H. Connelly to be postmaster at Bloomfield, N. J., in place of H. E. Harris. Incumbent's commission expired February 25, 1933.

Martin L. Mulvey to be postmaster at Landing, N. J., in place of G. E. Obdyke. Incumbent's commission expired April 22, 1934.

Edward J. Turpin to be postmaster at Mays Landing, N. J., in place of C. H. Mingin, resigned.

Stephen W. Margerum to be postmaster at Princeton, N. J., in place of W. H. Cottrell, deceased.

Leon P. Kays to be postmaster at Stanhope, N. J., in place of W. B. Lance. Incumbent's commission expired February 2, 1932.

NEW MEXICO

Roy L. Cook to be postmaster at Albuquerque, N. Mex., in place of Berthold Spitz, deceased.

Paul Nesbitt to be postmaster at Chama, N. Mex., in place of E. C. Thatcher. Incumbent's commission expired June 4, 1934.

Henry Gallegos to be postmaster at Grant, N. Mex., in place of Charles Neustadt. Incumbent's commission expired April 22, 1934.

Anna R. Scott to be postmaster at Logan, N. Mex., in place of Gertrude Warrender. Incumbent's commission expired March 22, 1934.

Frank O. Papen to be postmaster at Tererro, N. Mex., in place of C. S. Earickson. Incumbent's commission expired October 10, 1933.

NEW YORK

John L. Purcell to be postmaster at Aurora, N. Y., in place of James Avery. Incumbent's commission expired April 8, 1934.

Hattie B. Dye to be postmaster at Cassadaga, N. Y., in place of H. M. Hall. Incumbent's commission expired March 22, 1934.

Arthur Goggin to be postmaster at Clymer, N. Y., in place of W. L. Schruers. Incumbent's commission expired April 8, 1934.

William J. Gleason to be postmaster at Cortland, N. Y., in place of H. L. Smith. Incumbent's commission expired December 16, 1933.

Charles C. Curry to be postmaster at Dansville, N. Y., in place of H. W. DeLong, Jr. Incumbent's commission expired June 20, 1934.

Georgia B. Ostrander to be postmaster at Ghent, N. Y., in place of M. E. Teator. Incumbent's commission expired December 16, 1933.

William C. Sharp to be postmaster at Greenwich, N. Y., in place of Howard McClellan. Incumbent's commission expired March 18, 1934.

Fred Wheeler to be postmaster at Hudson, N. Y., in place of C. E. Hardy. Incumbent's commission expired December 20, 1932.

George H. Raum to be postmaster at Kenoza Lake, N. Y., in place of W. N. Moulthrop. Incumbent's commission expired March 8, 1934.

Frederick M. Dennin to be postmaster at Lake Placid, N. Y., in place of Solomon Feinberg, resigned.

Dudley C. Merritt to be postmaster at Locust Valley, N. Y., in place of T. W. Crane. Incumbent's commission expired April 28, 1934.

William H. Ordway to be postmaster at Mount McGregor, N. Y., in place of W. H. Ordway. Incumbent's commission expired December 18, 1934.

Frank D. Hurd to be postmaster at Napanoch, N. Y., in place of F. D. Hurd. Incumbent's commission expired February 20, 1935.

Edward V. Canavan to be postmaster at Niagara Falls, N. Y., in place of F. G. Newell. Incumbent's commission expired December 16, 1933.

Percy C. Tatem to be postmaster at Old Westbury, N. Y. Office became Presidential July 1, 1933.

Oren G. Hunter to be postmaster at Parish, N. Y., in place of O. W. House. Incumbent's commission expired December 18, 1933.

Robert A. Lundy to be postmaster at Ray Brook, N. Y., in place of R. A. Lundy. Incumbent's commission expired February 25, 1935.

Virginia L. Dennison to be postmaster at Sackets Harbor, N. Y., in place of S. G. Stratton, removed.

Victor J. Banfield to be postmaster at Van Etten, N. Y., in place of V. J. Banfield. Incumbent's commission expired January 13, 1935.

Fred Burns to be postmaster at Walden, N. Y., in place of W. B. Stewart. Incumbent's commission expired January 28, 1934.

Gertrude M. Ackert to be postmaster at West Park, N. Y., in place of G. M. Ackert. Incumbent's commission expired January 22, 1935.

NORTH CAROLINA

Wiley H. Taylor to be postmaster at Beaufort, N. C., in place of R. B. Wheatly, resigned.

Robert D. McLeod to be postmaster at Biscoe, N. C., in place of Bettie Martin, removed.

Willard T. Martin to be postmaster at Bryson City, N. C., in place of A. J. DeHart, resigned.

Richard Homer Andrews to be postmaster at Burlington, N. C., in place of W. R. Freshwater, removed.

George E. Walker to be postmaster at Hemp, N. C., in place of C. S. Lewis, resigned.

Ernest W. Ewbank to be postmaster at Hendersonville, N. C., in place of R. H. Staton. Incumbent's commission expired February 10, 1934.

Anna D. Rathbone to be postmaster at Lake Junaluska, N. C., in place of A. E. Ward. Incumbent's commission expired April 16, 1934.

Raymond R. Eagle to be postmaster at New Bern, N. C., in place of R. F. Shupp, resigned.

George W. Stuart to be postmaster at Troy, N. C., in place of T. N. Harris, removed.

Sterling B. Pierce to be postmaster at Weldon, N. C., in place of F. M. Carter, deceased.

Savannah B. Smoak to be postmaster at Wilkesboro, N. C., in place of W. E. Linney. Incumbent's commission expired April 28, 1934.

Montgomery T. Speir to be postmaster at Winterville, N. C., in place of M. T. Speir. Incumbent's commission expired February 25, 1935.

NORTH DAKOTA

Mildred B. Johnson to be postmaster at Ashley, N. Dak., in place of J. N. McGogy. Incumbent's commission expired May 19, 1932.

George Christensen to be postmaster at Beach, N. Dak., in place of J. L. Kinsey, resigned.

George J. Boley to be postmaster at Carrington, N. Dak., in place of J. E. Galehouse. Incumbent's commission expired February 11, 1931.

John B. DuRand to be postmaster at Ellendale, N. Dak., in place of W. L. Saunders, removed.

Levurn R. Church to be postmaster at Haynes, N. Dak., in place of H. E. M. Dyson, resigned.

Ronald Keeley to be postmaster at Hazen, N. Dak., in place of R. E. Itskin. Incumbent's commission expired January 11, 1934.

Jay J. Eaton to be postmaster at Medora, N. Dak., in place of L. S. McDonald, resigned.

Clifton G. Foye to be postmaster at Steele, N. Dak., in place of J. E. Smith. Incumbent's commission expired March 22, 1934.

OHIO

Gerald L. Whaley to be postmaster at Fayette, Ohio, in place of G. P. Phillips. Incumbent's commission expired April 28, 1934.

Lee B. Milligan to be postmaster at Lowellville, Ohio, in place of L. B. Milligan. Incumbent's commission expired February 4, 1935.

Albert P. McQuade to be postmaster at New Straitsville, Ohio, in place of W. T. Sprankel, deceased.

OKLAHOMA

Clarence D. Hull to be postmaster at Carnegie, Okla., in place of W. C. Campbell. Incumbent's commission expired December 20, 1932.

Leonard C. Peterman to be postmaster at Davis, Okla., in place of D. M. Rose. Incumbent's commission expired March 18, 1934.

Luther C. Dobbs to be postmaster at Davidson, Okla., in place of L. C. Dobbs. Incumbent's commission expired July 3, 1934.

Joe B. Steele to be postmaster at Ringling, Okla., in place of L. E. Shull. Incumbent's commission expired September 18, 1933.

Bradford M. Risinger to be postmaster at Sand Springs, Okla., in place of H. H. Snow. Incumbent's commission expired April 28, 1934.

Ulysses S. Shockley to be postmaster at Yale, Okla., in place of H. G. Brandenburg. Incumbent's commission expired April 28, 1934.

OREGON

Vincent Byram to be postmaster at Gold Beach, Oreg., in place of Vincent Byram. Incumbent's commission expired February 20, 1935.

Volney E. Lee to be postmaster at North Powder, Oreg., in place of V. E. Lee. Incumbent's commission expired December 18, 1933.

William Reid to be postmaster at Rainier, Oreg., in place of C. M. Victors, removed.

Emil F. Messing to be postmaster at Vernonia, Oreg., in place of E. F. Messing. Incumbent's commission expired February 20, 1935.

PENNSYLVANIA

Theodore C. Lamborn to be postmaster at Berwyn, Pa., in place of O. H. Tavenner, transferred.

Dorothy C. Westrick to be postmaster at Colver, Pa., in place of C. D. Doerr. Incumbent's commission expired May 2, 1934.

Albert Van Horn to be postmaster at Dawson, Pa., in place of K. M. Dom, resigned.

James J. McNany to be postmaster at Du Bois, Pa., in place of L. J. Lukehart, transferred.

John R. Duffy to be postmaster at Harrisville, Pa., in place of K. B. Barnes, removed.

James M. Eagan to be postmaster at Jermyn, Pa., in place of A. B. Winter. Incumbent's commission expired June 20, 1934.

Michael J. Pitoniak to be postmaster at Jessup, Pa., in place of G. M. Bisignani, removed.

Stephen M. Telep to be postmaster at Mayfield, Pa., in place of William Rosemergy. Incumbent's commission expired April 2, 1934.

Edward F. Janussewski to be postmaster at Monessen, Pa., in place of H. J. Bearer, removed.

Blanche C. Anderson to be postmaster at Monongahela, Pa., in place of B. L. Rose. Incumbent's commission expired March 8, 1934.

Stanley B. Janowski to be postmaster at Nanticoke, Pa., in place of T. J. Morgan, removed.

Charles W. Aldrich to be postmaster at New Milford, Pa., in place of D. C. Vail. Incumbent's commission expired May 29, 1934.

Olin V. Deterick to be postmaster at Orangeville, Pa., in place of A. E. Patterson. Incumbent's commission expired April 22, 1934.

J. Ross Owens to be postmaster at Parkesburg, Pa., in place of S. G. Garnett. Incumbent's commission expired June 20, 1934.

Cora B. Rufe to be postmaster at Riegelsville, Pa., in place of L. K. Johnson. Incumbent's commission expired February 10, 1934.

Ann Conner to be postmaster at Rossiter, Pa., in place of M. B. Daugherty. Incumbent's commission expired January 8, 1934.

William J. Forsythe to be postmaster at Sligo, Pa., in place of J. J. Neil, resigned.

Samuel C. Zellers to be postmaster at Stewartstown, Pa., in place of J. E. Anstine. Incumbent's commission expired January 8, 1934.

Wooda N. Carr to be postmaster at Uniontown, Pa., in place of W. G. Ghrist, removed.

Ruth B. Walker to be postmaster at Unity, Pa., in place of W. E. Vance. Incumbent's commission expired April 28, 1934.

PUERTO RICO

Jenaro Vazques to be postmaster at Central Aguirre, P. R., in place of Jenaro Vazques. Incumbent's commission expired February 25, 1935.

RHODE ISLAND

Edward F. McCarthy to be postmaster at Wakefield, R. I., in place of W. R. Easterbrooks. Incumbent's commission expired May 20, 1934.

Thomas J. Durand to be postmaster at West Warwick, R. I., in place of A. J. Reno. Incumbent's commission expired February 6, 1934.

SOUTH CAROLINA

Benjamin Rutledge Fuller to be postmaster at Clinton, S. C., in place of R. P. Blakely. Incumbent's commission expired July 3, 1934.

Thomas E. Stokes to be postmaster at Darlington, S. C., in place of T. E. Stokes. Incumbent's commission expired February 25, 1935.

Walter T. Barron to be postmaster at Fort Mill, S. C., in place of W. T. Barron. Incumbent's commission expired January 22, 1935.

Hobson B. Taylor to be postmaster at Kershaw, S. C., in place of H. B. Taylor. Incumbent's commission expired May 2, 1934.

George S. McCravey to be postmaster at Liberty, S. C., in place of G. S. McCravey. Incumbent's commission expired December 20, 1934.

Raymond Phillips to be postmaster at Seneca, S. C., in place of Ben Harper, removed.

SOUTH DAKOTA

Florence Ferguson to be postmaster at Canton, S. Dak., in place of M. P. Juel. Incumbent's commission expired June 26, 1934.

Harry H. Jarl to be postmaster at New Effington, S. Dak., in place of F. W. Farrington. Incumbent's commission expired April 28, 1934.

TENNESSEE

Robert K. Branscom to be postmaster at Coal Creek, Tenn., in place of R. D. Lindsay, removed.

William R. Massey to be postmaster at Harriman, Tenn., in place of E. C. Roberts, removed.

George R. McDade to be postmaster at Norris, Tenn. Office became Presidential July 1, 1934.

Jean N. McGuire to be postmaster at Sweetwater, Tenn., in place of C. E. Pennington, retired.

TEXAS

Howard L. Smith to be postmaster at Alamo, Tex., in place of L. E. Wigton. Incumbent's commission expired May 2, 1934.

Hugh B. Edens to be postmaster at Big Lake, Tex., in place of H. B. Edens. Incumbent's commission expired December 20, 1934.

Jasper N. Fallis to be postmaster at Clifton, Tex., in place of F. W. Nelson, resigned.

Robert H. Foster to be postmaster at Cooper, Tex., in place of C. V. Rattan. Incumbent's commission expired March 18, 1934.

Clark A. Fortner to be postmaster at Crosby, Tex., in place of C. A. Fortner. Incumbent's commission expired February 20, 1935.

Raymond Ross to be postmaster at Del Rio, Tex., in place of B. J. McDowell. Incumbent's commission expired July 1, 1934.

Gladys J. Leary to be postmaster at Estelline, Tex., in place of E. O. Wright. Incumbent's commission expired April 15, 1934.

Daniel B. Shrader to be postmaster at Frisco, Tex., in place of Jennie Baccus. Incumbent's commission expired June 19, 1933.

Curtis R. Blake to be postmaster at Frost, Tex., in place of S. O. Hyer, retired.

R. Lawrence Brucks to be postmaster at Hondo, Tex., in place of A. M. Finger. Incumbent's commission expired March 18, 1934.

Aureil J. Wigley to be postmaster at Ingleside, Tex., in place of Prescilla Nelson. Incumbent's commission expired July 3, 1934.

SeLeta L. Dennis to be postmaster at Jacksboro, Tex., in place of J. H. Wilson, removed.

Richard Hubbard Lemmon to be postmaster at Jefferson, Tex., in place of W. E. Singleton. Incumbent's commission expired February 14, 1935.

Charley J. McCollum to be postmaster at Lockney, Tex., in place of Homer Howard. Incumbent's commission expired May 29, 1934.

Roger H. Henderson to be postmaster at Longview, Tex., in place of J. T. Hopkins, removed.

Amos H. Howard to be postmaster at Lubbock, Tex., in place of J. L. Vaughan. Incumbent's commission expired December 8, 1932.

A. J. Gardner to be postmaster at Muleshoe, Tex., in place of B. W. Carles, removed.

William O. Haislip to be postmaster at Nederland, Tex., in place of J. R. Ware, deceased.

Maude A. Price to be postmaster at Petrolia, Tex., in place of M. A. Price. Incumbent's commission expired January 28, 1934.

Jack B. York to be postmaster at Pharr, Tex., in place of R. E. Slocum. Incumbent's commission expired May 2, 1934.

Hobart Lytal to be postmaster at Quinlan, Tex., in place of J. W. Blount, removed.

Adlai C. Breustedt to be postmaster at Seguin, Tex., in place of A. P. Stautzenberger. Incumbent's commission expired May 16, 1934.

Jewell F. Cobb to be postmaster at Seminole, Tex., in place of T. F. Lindley. Incumbent's commission expired May 16, 1934.

Robert A. Meuth to be postmaster at Skidmore, Tex., in place of E. J. Spiekerman. Incumbent's commission expired January 8, 1933.

Tennie B. Colbert to be postmaster at Stamford, Tex., in place of W. T. Phillips. Incumbent's commission expired January 28, 1934.

Nena M. Iiams to be postmaster at Sugar Land, Tex., in place of N. M. Iiams. Incumbent's commission expired February 20, 1935.

Edgar H. McElroy to be postmaster at Waxahachie, Tex., in place of J. B. Graham. Incumbent's commission expired January 22, 1935.

UTAH

A. Clair Ford to be postmaster at Kanab, Utah, in place of J. S. Dalley. Incumbent's commission expired May 20, 1934.

Anna M. Long to be postmaster at Marysvale, Utah, in place of A. M. Long. Incumbent's commission expired March 22, 1934.

William Brooks to be postmaster at St. George, Utah, in place of Walter Cannon. Incumbent's commission expired April 3, 1934.

William Hason Hillyard to be postmaster at Smithfield, Utah, in place of J. E. Sheffer. Incumbent's commission expired May 20, 1934.

VERMONT

Charles R. Hazen to be postmaster at Chester Depot, Vt., in place of L. S. Richardson, deceased.

J. Clarence Nolin to be postmaster at Jericho, Vt., in place of G. H. Hutchinson. Incumbent's commission expired December 16, 1933.

Daniel F. Aher to be postmaster at Springfield, Vt., in place of E. F. Illingworth, transferred.

Daniel P. Healy to be postmaster at White River Junction, Vt., in place of C. W. Cameron. Incumbent's commission expired December 16, 1933.

VIRGINIA

Mary Drewry to be postmaster at Capron, Va., in place of E. E. Rawlings, deceased.

James D. Crawford to be postmaster at Keysville, Va., in place of G. H. Osborne. Incumbent's commission expired January 7, 1935.

Homo D. Gleason to be postmaster at Lovingson, Va., in place of H. D. Gleason. Incumbent's commission expired May 20, 1934.

Jessie S. Overby to be postmaster at Stanleytown, Va., in place of R. J. Stanley, resigned.

William T. Fosque to be postmaster at Wachapreague, Va., in place of G. F. Stiles, removed.

WASHINGTON

Fred E. Booth to be postmaster at Castle Rock, Wash., in place of J. A. Dean. Incumbent's commission expired May 7, 1934.

Edith M. Lindgren to be postmaster at Cosmopolis, Wash., in place of E. M. Lindgren. Incumbent's commission expired January 22, 1933.

Lonnie L. Grant to be postmaster at Langley, Wash., in place of W. J. Hunziker. Incumbent's commission expired May 29, 1934.

Leonard McCleary to be postmaster at McCleary, Wash., in place of Leonard McCleary. Incumbent's commission expired December 18, 1933.

Leon L. Stock to be postmaster at Marysville, Wash., in place of G. L. Deu Free. Incumbent's commission expired April 2, 1934.

Peyton B. Hoover to be postmaster at Rochester, Wash., in place of H. R. James. Incumbent's commission expired April 2, 1934.

Raymond M. Badger to be postmaster at Winthrop, Wash., in place of R. M. Badger. Incumbent's commission expired February 4, 1935.

WEST VIRGINIA

James T. Murphy to be postmaster at Grafton, W. Va., in place of Alphonse Leuthardt, removed.

Thomas J. Hamilton to be postmaster at Moundsville, W. Va., in place of T. S. Riggs. Incumbent's commission expired May 16, 1934.

WISCONSIN

George H. Kilb to be postmaster at Adell, Wis., in place of E. W. Guth. Incumbent's commission expired March 18, 1934.

Grant E. Denison to be postmaster at Carrollville, Wis., in place of G. E. Denison. Incumbent's commission expired January 22, 1935.

Joseph K. Hesselink to be postmaster at Cedar Grove, Wis., in place of H. W. Lemmenes. Incumbent's commission expired March 22, 1934.

Basil J. Faherty to be postmaster at Cuba City, Wis., in place of W. H. Goldthorpe. Incumbent's commission expired May 2, 1934.

Clarence L. Jordalen to be postmaster at Deerfield, Wis., in place of C. L. Jordalen. Incumbent's commission expired March 18, 1934.

Leonard J. Mulrooney to be postmaster at Fennimore, Wis., in place of B. B. Powers. Incumbent's commission expired June 4, 1934.

James D. Cook to be postmaster at Marinette, Wis., in place of E. W. LeRoy. Incumbent's commission expired February 20, 1933.

John Bichler to be postmaster at Port Washington, Wis., in place of H. F. Delles, removed.

Mae McCoy to be postmaster at Sparta, Wis., in place of J. H. Zehrte. Incumbent's commission expired April 22, 1934.

Carl C. Schlecht to be postmaster at Woodruff, Wis., in place of G. L. Johnson. Incumbent's commission expired January 8, 1934.

HOUSE OF REPRESENTATIVES

FRIDAY, MARCH 8, 1935

The House met at 12 o'clock noon.

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

Our blessed Father in Heaven, as we wait in the noontide light of Thy holiness, we pray that sin in all its hideous forms may become revolting to us. Thou who bringest back the landscape from captivity, who causeth the dead things of earth to find themselves and who drivest the night away from the eyes of weary watchers, receive us as Thy children for the sake of Thine only begotten Son. Amid the discipline of life, fulfill in us all righteousness in what we do and say. Through striving and experience may the royal graces be positive and definite in our daily conduct. We pray, blessed Lord, to send upon us Thy richest gifts, giving culture to intellect, wisdom to imagination, and unselfishness to ambition. Grant that the particles of truth, the causes that break them up and make them fragmentary, may be brought together in substantial unity. Fortify us this day with those virtues that spring up under the arch of honor, faith, and submission. In our Redeemer's name. Amen.

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

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On March 2, 1935:

H. R. 3982. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River between Rockport, Ind., and Owensboro, Ky.;

H. R. 4983. An act to authorize a transfer of forest reservation lands in Forrest and Perry Counties, Miss., to the State of Mississippi or to the War Department, and for other purposes; and

H. R. 5701. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River at or near La Fayette, Ind.

On March 4, 1935:

H. R. 3373. An act for the relief of Anna S. Carrigan; and H. J. Res. 140. Joint resolution to provide for the completion of the publication of the writings of George Washington.

On March 5, 1935:

H. R. 529. An act granting compensation to George S. Conway, Jr.

On March 6, 1935:

H. R. 3464. An act to amend certain sections of the Code of Law for the District of Columbia, approved March 3, 1901, as amended, relating to descent and distribution.

On March 7, 1935:

H. J. Res. 94. Joint resolution providing for the participation of the United States in the California-Pacific International Exposition to be held at San Diego, Calif., in 1935 and 1936; authorizing an appropriation therefor; and for other purposes.

CAROLYN S. BRENEMAN

Mr. WARREN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 104 (Rept. No. 331)

Resolved, That there shall be paid out of the contingent fund of the House to Carolyn S. Breneman, daughter of Henry R. Breneman, late an employee of the House, an amount equal to 6 months' compensation, and an additional amount, not to exceed \$250, to defray funeral expenses of the said Henry R. Breneman.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PHYLLIS HEIM

Mr. WARREN. Mr. Speaker, I offer another privileged resolution from the Committee on Accounts and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 146 (Rept. No. 332)

Resolved, That there shall be paid out of the contingent fund of the House to Phyllis Heim, daughter of Eugene Heim, late an employee of the House, an amount equal to 6 months' compensation, and an additional amount, not to exceed \$250, to defray funeral expenses of the said Eugene Heim.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CASIMIR PULASKI

Mr. TERRY. Mr. Speaker, there is a resolution pending in the House requesting the President to set aside October 11 as a memorial day for Count Pulaski, the Revolutionary War hero. I am filing today a resolution adopted by the General Assembly of the State of Arkansas calling upon Congress to pass the pending resolution.

I am particularly interested in this resolution because my home county, Pulaski, is named in honor of Count Pulaski, of Revolutionary fame.

THE UNEMPLOYMENT PROBLEM

Mr. NELSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein copy of an address delivered by Robert Fechner, Director of Emergency Conservation Work.

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

There was no objection.

Mr. NELSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Robert Fechner, Director Emergency Conservation Work, as delivered at the Forum, Mount Pleasant Congregational Church, Washington, D. C., February 3, 1935:

So much has been said and written about the problem of unemployment during the past 5 years that all phases of this serious feature of the depression must be quite well understood by our entire population. However, although the seriousness of the problem was fully understood, there was very little practical effort made to solve the problem during the first few years of the depression.

The interest of President Franklin D. Roosevelt in this problem was not a sudden one. During the 4 years that he had served as Governor of our most populous State he had daily seen the disastrous effects of a large number of the population being unemployed and had given long and serious thought as to what might be done to be helpful. He had also discussed the matter with a great many people and organizations who were likewise interested in it.

When the National Democratic Convention meeting in Chicago in the summer of 1932 tendered him the nomination for President, and he made his historic flight to Chicago to personally appear before the convention to accept the nomination and at the same time outline his program for meeting existing conditions, one of the most important features of his acceptance speech was that portion devoted to the need for finding work for idle hands. It was, therefore, not surprising when immediately after his inauguration in March of 1933, and the calling of the new Congress in a special session during that month the first message of the President, designed to inaugurate his recovery program, should have been directed toward relieving unemployment and accomplishing useful work. These two purposes have been firmly held by the President to be of equal importance. Emphasis has continually been placed on the fact that neither the dole nor charity was a desirable method of relieving unemployment, and so the President asked the new Congress to authorize the setting up of an agency to relieve unemployment and to accomplish useful work in fields that would not be competitive with private industry. Congress promptly granted the requested authorization and early in April 1933 the Emergency Conservation Work program was officially launched by the appointment of a Director and an Advisory Council representing the Department of Labor, the War Department, the Department of Agriculture, and the Department of the Interior.

A careful study had convinced those in authority that the group most urgently in need of help was that large army of young men who had arrived at working age, or who for various reasons had left our schools and colleges during the previous 5 years, and because of prevailing industrial and business conditions had found it impossible to secure any kind of employment. It was decided to enroll 250,000 young men between the ages of 18 and 25 coming from families who had been on public-welfare relief. The Labor Department was charged with the responsibility of selecting these enrollees. They promptly met the task, and it is a matter of record that never in the history of this Nation has such a large number of men been selected, enrolled, conditioned, equipped, and transported to their destination in such a brief period. By the end of June 1933 this vast army had been located in 1,468 camps scattered throughout all the States of the Nation.

After this quarter of a million juniors had been selected it was realized that something more was needed. These men were expected to accomplish useful work, but practically every one of them were totally inexperienced in the work that they would be called on to perform. It was therefore decided that an increment of 25,000 local experienced men would be added to the camps to serve as leaders to the inexperienced boys in their daily tasks. The wisdom of this arrangement was quickly demonstrated.

After the juniors had been placed in camps an insistent demand that our war veterans be given a part in the general program was agreed to by the President and 25,000 war veterans were enrolled. As an actual fact 28,000 war veterans were enrolled because 3,000 war veterans who had composed the so-called "bonus army" coming to Washington in the spring of 1933 were enrolled as a group. The war veterans were selected by the Veterans' Administration and this agency has continued to have complete supervision over the participation of war veterans in emergency conservation work. This made a total of 303,000 enrollees.

Attention was called to the desperate condition of many Indians on their western reservations and the President authorized the setting apart of sufficient funds to employ 14,000 Indians under practically the same conditions as other enrollees, although their supervision and direction was handled entirely by the Bureau of Indian Affairs.

The benefits of this work were also extended to Alaska, Puerto Rico, Hawaii, and the Virgin Islands, and about 5,000 individuals are engaged on conservation work under our general program in these island possessions.

The supervision of this great organization was a tremendous responsibility. Those in authority were convinced that there was only one agency available that could be called on to accept a responsibility for the health, safety, and welfare of the men in the camps. That agency was the Regular Army. The Army was therefore called upon to select and prepare the camp site to insure their proper location from a sanitary standpoint as well as availability of adequate water supply, to provide the shelter, subsistence, clothing, medical attention, and everything else that was so necessary for the well-ordered life of the men in the camps. The Army performed a signal service in completely meeting these onerous duties. As was to be expected, just as soon as it became known that the Army was to have a vital part in emergency conservation work there were numerous protests from individuals and organizations who were earnestly and patriotically striving to promote world peace

and a reduction in the crushing burden of military armament. Many sincere people feared that under the control of the Army military discipline and training would inevitably develop in the camps. President Roosevelt made his position very clear on this important point and the War Department likewise emphasized their participation as not having any militaristic meaning. After 2 years it can again be asserted that there has been nothing that would justify any suspicion that militarism has had the slightest part in the emergency conservation-work program.

It is proper to point out, however, that life in the camps has brought practically all of the benefits of ordinary military training to the enrollees; that is, they have been taught the vital importance of how to live together, of mutual cooperation, of personal cleanliness, of regular habits, and the physical work has built up their bodies so that the beneficial effects will be evident in succeeding generations. The Army deserves great credit for the splendid task that it has so efficiently performed. Equally important and equally effective has been the service rendered by the National Forest Service and the National Park Service and other cooperating Federal bureaus, together with the State organizations.

Conservation work, as applied to our natural resources, had been fully appreciated for many years past. The first Roosevelt directed public attention to the importance of conserving what was left of our national forests, to the prevention of soil erosion, and the curbing of our constantly recurring floods that caused so many disasters in various sections of the country. These Federal agencies had carried on their important work for years in the face of discouraging limitations, but always hoping that the time would come when a real adequate conservation program could be inaugurated. Plans had been prepared for this eventuality, and therefore when they were offered an opportunity for which they had dreamed they were, to some extent at least, prepared to take immediate advantage of it.

The saving of our growing trees was considered to be of the first importance; therefore, during the early period of emergency conservation work major attention was given to the building of truck trails, fire breaks, the extension of telephone lines, and other measures that experience had taught were necessary for preventing and controlling forest fires. The prevention and eradication of tree disease and pest infestation were likewise vitally important. The forest fires are so spectacular and do their damage so quickly that everyone can easily visualize how important it is that this greatest menace to our standing forests should be curbed. The destructiveness of tree disease and pest infestation is not so apparent nor so spectacular, but it is almost equally destructive. Just a few years ago a blight originating in other countries attacked and killed practically all of the chestnut trees in the entire eastern area of the United States. At the present time our beautiful elm trees are threatened with complete destruction because of the importation of a disease that gained a foothold a few years ago in the vicinity of New York and quickly spread to other areas. The pine beetle and gypsy moth are examples of pest infestation that have caused enormous damage.

Flood control and soil erosion are of almost equal importance in our conservation work. The removing of timber from our mountains and other areas has exposed the soil to washing from heavy rains that has caused billions of tons of fertile soil to be washed down into our stream beds and valleys.

Wildlife conservation is an important part of our general conservation program.

Last but not least are the recreational needs of the Nation. With increasing leisure time at the disposal of larger numbers of our citizens, it is a proper responsibility of the Federal Government, as well as the various States, that attractive and accessible recreational areas should be provided. The development of a great State system of parks to supplement our National Park System is not only desirable but urgently needed.

All of this vast program has been a part of the general plan on which the Civilian Conservation Corps camps have been engaged. No effort has been made to keep a balance sheet of this work. Even in these days, however, when we speak easily of millions and billions of dollars we hardly have any appreciation of what the figures really mean. The expenditure of more than \$500,000,000 is an important item, and our citizens have a right to know what return our Nation can expect from this expenditure. During the past 18 months of emergency conservation work we spent approximately \$550,000,000. In reports submitted by cooperating agencies we are informed that during the same period useful work, whose value could be measured in a fairly accurate way, had been accomplished to the amount of approximately \$291,000,000. In addition, approximately \$146,000,000 had been paid in cash allowances to the enrollees. Of this amount about \$130,000,000 had gone directly to the dependent families of the enrollees. In a great many cases this had meant the removal of the family from public-welfare relief, and in every case it meant that the locality or the State had been assisted in its tremendous burden of welfare relief by this expenditure of the Federal Government.

The effect on industry of these vast expenditures has also been significant. The average of \$150,000 is spent daily for food. Great quantities of clothing and shoes were necessary, trucks and passenger cars, ambulances and other automotive vehicles were bought in such quantities as to have a material effect on that industry and related lines.

In the construction of the camp buildings that were necessary to house the men, several hundred million feet of lumber were required. Great quantities of cots, mattresses, sheets, blankets, and all of the other things that are inevitably necessary in an organization of this character were bought. Even the item of transpor-

tation has been tremendous, and millions of dollars has been paid to railroads and bus companies for transporting enrollees from their homes to the camps and return.

While all this material result was important it is generally conceded that by far the most important result of emergency conservation work has been the effect on the enrollees themselves. Because of the very condition under which these men had lived prior to their enrollment in C. C. C. camps, it was not to be wondered at that they came to the camps in a discouraged, resentful, and many times a hopeless frame of mind. Under the sympathetic care of those in authority, they quickly responded to their new surroundings. Plain but wholesome food, comfortable sleeping quarters, regular hours, and the work which they were required to perform, quickly resulted in restoring these men to normal conditions.

During the first 18 months of this work approximately 850,000 enrollees were in the camps; some of them for a few months, but most of them staying the limit, which is permitted under the regulations.

The men are provided with an adequate program of recreation, including baseball, volley ball, football, boxing, wrestling, track athletics, and such like activities which they are encouraged to engage in under competent leadership during their leisure time. They are required to work 8 hours per day 5 days per week, which time includes transportation from the camp to the work project and return and the lunch hour.

The educational needs are not overlooked, although the very nature of the camps and their work make it difficult to carry on educational work in the usual sense of the term, nevertheless a serious effort has been made and reasonably satisfactory results have been accomplished to give those enrollees who are interested an opportunity to better fit themselves for a place in our business and industrial life when the opportunity comes to them.

The religious life of the men has not been neglected. An adequate number of full-time Army reserve chaplains serve the camps in providing religious work and services, and many thousands of local clergymen have also rendered invaluable service in supplementing the work of the regular chaplains.

When the camps were first being established there was great fear expressed by many localities that the presence of 200 men in a camp would prove a serious menace to the peace and safety of the community. The record clearly shows that these fears were entirely groundless. One of the things in which those who are responsible for emergency conservation work are most proud has been the personal conduct of the enrollees. Of course, there have been individual instances of wrongdoing. There have even been a few regrettable cases where a large group of enrollees have created a disturbance, but considering the whole record there can be no doubt that the men have conducted themselves in a most exemplary manner. They are welcomed in the homes and in the local activities in the vicinity of the camp, and they have appreciated the manner in which they have been received by the community.

In summing up the accomplishments of emergency conservation work it is felt that any unbiased investigation will sustain the claim that this has been one of the most useful activities in which our Federal Government is engaged, and it is confidently believed that its good work will continue for many years.

RIGHTS-OF-WAY TO THE GOLDEN GATE BRIDGE

Mr. WELCH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include at this point a joint resolution by the senate of the State of California relative to accepting amendments to permit from the Government of the United States for the construction of approach roads and toll areas over certain rights-of-way leading to the Golden Gate Bridge in the Presidio of San Francisco Military Reservation, and relating to the retrocession by the Congress of the United States of jurisdiction over said rights-of-way and toll areas as relocated.

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

There was no objection.

The joint resolution is as follows:

SENATE,
LEGISLATIVE DEPARTMENT, STATE OF CALIFORNIA,
Sacramento, Calif., January 25, 1935.

To the President of the United States, the Vice President, the Secretary of War, the Speaker of the House of Representatives, and the Senators and Representatives of the State of California in Congress:

I am directed to inform you that the California Legislature on January 22, 1935, adopted the following:

California State Senate Joint Resolution 6

(By Senator McGovern)

Relative to accepting amendments to permit from the Government of the United States for the construction of approach roads and toll areas over certain rights-of-way leading to the Golden Gate Bridge in the Presidio of San Francisco Military Reservation, and relating to the retrocession by the Congress of the United States of jurisdiction over said rights-of-way and toll areas as relocated

Whereas on February 13, 1931, the Secretary of War pursuant to authority in him vested by section 6 of the act of Congress

approved July 5, 1884 (23 Stat. 104), granted to the Golden Gate Bridge and Highway District a right-of-way for the extension, maintenance, and operation of a State road across the Presidio of San Francisco Military Reservation, Calif., and across the Fort Baker Military Reservation, including space for toll booths and facilities for regulating traffic, and also the right to erect, operate, and maintain the ends of the Golden Gate Bridge with cable anchorages, upon the said military reservations; and

Whereas said grant has been accepted by the Golden Gate Bridge and Highway District and also by the Legislature of the State of California under the terms of Senate Joint Resolution No. 11 of the forty-ninth session of the Legislature of the State of California; and

Whereas the said permit and grant were amended by amendments dated April 1, 1931, May 1, 1933, and July 21, 1933, which said three amendments have been accepted by the Golden Gate Bridge and Highway District and approved and accepted by joint resolutions of the Legislature of the State of California; and

Whereas on the 19th day of March 1934 the Secretary of War did grant to the Golden Gate Bridge and Highway District a further modification of said permit as amended, and being a modification providing for the enlargement of the toll area theretofore granted under the original permit in the Presidio of San Francisco Military Reservation, which said amendment and modification of the date last mentioned is hereby expressly referred to; and

Whereas it was in said last-named modification and amendment expressly provided that the amendments and modifications therein contained should not become effective and the original permit of February 13, 1931, should remain unchanged thereby unless and until the said Golden Gate Bridge and Highway District should have accepted said amendment and unless and until the State of California should have, with respect to said amendment, taken the same formal action which it was required to take with respect to the original permit, and which is set forth in paragraph 11 and subparagraphs 11a, 11b, and 11c of that instrument, as a condition precedent to the taking effect thereof: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That said modification and amendment dated the 19th day of March 1934 to said permit dated February 13, 1931, as amended by amendments dated April 1, 1931, May 1, 1933, and July 21, 1933, granted by the Secretary of War to the Golden Gate Bridge and Highway District, be, and the same hereby is, together with each, all, every, and singular the terms, conditions, limitations, reservations, and requirements therein contained, accepted by and on behalf of the State of California; and be it further

Resolved, That the State of California does hereby make application to the Congress of the United States for a retrocession of jurisdiction over the rights-of-way and toll area as relocated and amended by said modification dated the 19th day of March 1934 in lieu of and superseding the application for retrocession of jurisdiction over the right-of-way heretofore granted across the Presidio of San Francisco Military Reservation in the original permit of February 13, 1931, in case said relocation of the right-of-way and toll area is finally granted to the Golden Gate Bridge and Highway District; and be it further

Resolved, That the State of California will, in case such retrocession of jurisdiction is granted by Congress, accept such retrocession of jurisdiction and will assume the responsibility of managing, controlling, policing, and regulating traffic thereon, all subject to the following limitations and to such other limitations as Congress may prescribe:

(a) That nothing in said permit contained shall be construed to give to the State of California or any of its agents authority at any time to regulate traffic of military personnel or vehicles upon the said bridge or roads. All traffic upon said roads and upon said bridge shall be free from any tolls, charges, or any form of obstruction by State or other agencies against military and naval personnel and their dependents, civilians of the Army and Navy traveling on Government business under military authority, and Government traffic.

(b) That whenever in the judgment of the Secretary of War or his authorized representative any emergency exists which justifies it, he may assume exclusive control and management of said bridge and roads and may then in his discretion prohibit, limit, or regulate traffic thereon.

(c) That nothing in said permit contained shall be construed to confer upon the State courts the right to try persons subject to military law for crimes or offenses committed on said roads or upon said bridge within the boundaries of the respective military reservations involved, but the courts of the United States or military tribunals as now or hereafter provided by law shall retain exclusive jurisdiction to try such persons for such offenses; be it further

Resolved, That the State of California does hereby agree to make such relocated right-of-way and toll area in the Presidio of San Francisco Military Reservation in said amended permit described a part of the system of public highways of the State; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, to the Secretary of War, to each House of Congress, and to the Senators and Representatives in Congress of the State of California.

GEORGE J. HATFIELD,
President of the Senate.
EDWARD CRAIG,
Speaker of the Assembly.

Attest:

J. A. BECK,
Secretary of the Senate.
ARTHUR A. OHNLINUS,
Chief Clerk of the Assembly.

STEPHEN A. DOUGLAS—THE DUTIES OF REPRESENTATIVES

Mr. CHRISTIANSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein two paragraphs from an address delivered 75 years ago by Stephen A. Douglas.

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

There was no objection.

Mr. CHRISTIANSON. Mr. Speaker, while I do not approve of factious and purely partisan criticism of the Chief Executive and do not believe that a Member of Congress should oppose an administration measure for no better reason than that it is an administration measure, I deem even more mischievous the disposition that has so often been exhibited, to make the Congress a mere rubber stamp for the President, an echo of the voice from the White House. Especially reprehensible is the use of patronage and of threats of political reprisal to bend the Legislative to the Executive will.

As a member of the minority, I am not subject to the party whip, for I have no patronage to lose; but I am concerned, nevertheless, and the whole Nation is concerned, for when the party whip is used to force the adoption of legislation which the Congress, left to its own judgment, would not enact, or the rejection of measures of which it would otherwise approve, all the people suffer the consequences and parliamentary government suffers deterioration. So much did the founding fathers fear Executive interference, that they sharply delimited Executive power; their experience had taught them the danger of leaving too much authority in the hands of one man, and they sought to avoid the evils which in other lands had flowed from usurpation. Had they foreseen the subtle ways in which sovereignty may be wrested from a people, they undoubtedly would have provided even more effective safeguards.

I would call the attention of the Members of the House, and especially those of the majority, to an interesting page in our history. Stephen A. Douglas, a great Democrat, refused to accept the Lecompton constitution on the ground that forcing Kansas to enter the Union as a slave State violated the principle of popular sovereignty which he had enunciated. President Buchanan called upon the recalcitrant Senator to recant, threatening him with political extinction if he did not. No Member of Congress, declared Buchanan, had ever been successful in opposing a President of his own party. The Little Giant replied, "Mr. President, General Jackson is dead!"

The threat from the White House was carried into execution. Douglas was deprived of his patronage and removed from the chairmanship of the Committee on Territories. His appointees were dismissed from office; administration papers fiercely attacked him. Although he was about to make his celebrated campaign against Abraham Lincoln, the Senator from Illinois refused to weaken. Instead, he rose from his seat in the Senate and hurled this thunderbolt in the direction of the White House:

I do not recognize the right of the President or his Cabinet, no matter what my respect may be for them, to tell me my duty in the Senate Chamber. The President has his duty to perform under the Constitution, and he is responsible to his constituency. A Senator has his duty to perform under the Constitution, and, according to his oath, he is responsible to the sovereign State he represents as his constituency. A Member of the House of Representatives has his duties under the Constitution and his oath, and he is responsible to the people who elected him. The President has no more right to prescribe tests to Senators than Senators have to the President. Suppose we here should attempt to prescribe a test of faith to the President of the United States; would he not rebuke our impertinence and impudence as subversive of the fundamental principle of the Constitution? Would he not tell us that the Constitution and his oath and his conscience were his guides; that we must perform our duties and he would perform his, and let each be responsible to his own constituency?

Sir, when the time comes that the President of the United States can change the allegiance of the Senators from the States to himself, what becomes of the sovereignty of the States? When the time comes that a Senator is to account to the Executive and not to his State, whom does he represent? If the will of my State is one way and the will of the President the other, am I to be told that I must obey the Executive and betray my State, or else be branded as a traitor to the party and be hunted down by all the newspapers that share the patronage of the Government?

And is every man who holds a petty office in my State to have the question put to him, "Are you Douglas' enemy? If not, your head comes off." Why? "Because he is a recreant Senator; because he chooses to follow his judgment and his conscience, and to represent his State, instead of obeying my Executive behest." I should like to know what is the use of Congresses, what is the use of Senates and Houses of Representatives, when their highest duty is to obey the Executive in disregard of the wishes, rights, and honor of their constituents.

EXTENSION OF REMARKS

Mr. DEAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a short editorial appearing in one of the daily papers in my district on March 5 of this year paying tribute to the President and his recovery program.

Mr. RICH. Mr. Speaker, reserving the right to object, is that an editorial?

Mr. DEAN. A short editorial; yes.

Mr. RICH. Mr. Speaker, I object.

PERMISSION TO ADDRESS THE HOUSE

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

Mr. CULLEN. Mr. Speaker, reserving the right to object, we are very anxious to dispose of the Home Owners' Loan Corporation bill at the earliest possible moment, and I regret to say that we have grown into a practice of granting unanimous consent to various Members to address the House after the business on the Speaker's desk is disposed of. I have no objection ordinarily to those requests, but we find ourselves in the very unhappy position of trying to pass legislation. The Home Owners' Loan Corporation bill is a very important bill and the country is awaiting our action. I was in the hope that the House could dispose of it today in a couple of hours if we devoted our full time and energy to the consideration of the bill; then following that if we have any time left we could bring up the "pink slip" bill. I do not think the Members ought to be making these requests, because in the final analysis it is interfering with the business of the House, and we have now arrived at a period when we are going to be pretty busy considering important legislation.

Mr. NICHOLS. The gentleman has taken more time than I would have taken.

Mr. CULLEN. I have no objection, if the gentleman will bear with me.

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

Mr. STEAGALL. Mr. Speaker, reserving the right to object, I exceedingly regret that the situation is such that I must insist on going forward with the business at hand. This is something that I have never done as a Member of the House, but as chairman of the committee, I am forced to object to any further interference with pending business.

Mr. NICHOLS. I asked the gentleman for 5 minutes yesterday.

The SPEAKER. Objection is heard.

Under the previous order of the House, the Chair recognizes the gentleman from New Jersey [Mr. KENNEY] for 20 minutes.

A NATIONAL LOTTERY

Mr. KENNEY. Mr. Speaker, it is my privilege to urge upon this House the passage of a great emergency measure. There is important legislation to come up today, and I have been a proponent of home-owners loan legislation; but, in my opinion, the subject of my remarks is also extremely important to the people of our country.

I am not only advocating but I am urging the Membership of this House to take up and pass my bill providing for a national lottery. A national lottery was an issue in my last campaign—made so by the press at least—and returned here, I not only propose a national lottery but I press it. It is a great emergency measure and we have not yet lifted the emergency existing in this country.

I proposed a lottery bill at the last term of the Congress. An emergency existed then. Oh, I can remember the inaugural address of our great President and the call of the Congress to meet in a special session. The banks of the country were closed. Many Members of this House did not

have their transportation fare to the Capital to represent their congressional districts. They were obliged, in the emergency, to go through their districts, some of them, and take up a good, old-fashioned collection. It was partly by such means that our Congress assembled here early in March 1933. The efficacy of small contributions by our citizens was demonstrated.

When the Congress, went into session we passed the Economy Act. That was the measure that instilled confidence in the minds of the people of this country. It showed that we were bound to maintain the credit of the United States and were determined to do so. We decided to and did curtail the ordinary expenses of government. It is true that many were hurt and injured by the Economy Act, and most of all the veterans. They were again called upon by the country to make the greatest sacrifices. That act called for sacrifices, but it had the effect of establishing renewed faith in our Government. Soon the President and Congress realized that too much had been required from the veterans, and it was considered equitable that veterans' allowances reduced by the Economy Act should, so far as possible, be restored.

Relief measures were necessary of enactment in the general distress. The Congress necessarily had to appropriate large sums of money for extraordinary expenditures to carry out the program designed for the relief and economic recovery of our people.

While our expenses were mounting, revenue available from ordinary sources was limited. I was concerned about the situation. It occurred to me that while we were piling up a heavy national debt on one side of the ledger, some means should be found to raise up the Government income on the other side without resorting to further taxation, which the membership of this House will properly agree has become as great a burden as our taxpayers can stand. So I began to look into history a little bit. I had heard so many Members refer on the floor to our forefathers, to the wisdom of the founders of this Republic, and I went to the history books. As a result I came to the conclusion that the lottery was the most ready and effective means of raising revenue in an emergency. Small contributions from our citizens had, in the past, done wonders and were available to the Government in the great national crisis.

First of all it appeared that up to the year 1833, in Pennsylvania alone, 98 lotteries were conducted for the benefit of churches. Twenty-three were Presbyterian, 22 Lutheran, 20 Episcopal, 11 Reform, 5 Calvinist, 3 Roman Catholic, 2 Hebrew, 1 Baptist, and 1 Universalist. Ten of the lotteries were erected for the combined benefit of different denominations.

Many schools and colleges were also beneficiaries of the lottery. It pulled many of them through trying times. And then I came to the way the great Washington met a crisis—and it cannot be gainsaid that he had to deal with emergencies.

When money was scarce and hard to get, the Father of our Country, than whom no greater American has arisen, George Washington, in his wisdom and prudence, resorted to the lottery as a means of raising revenue for the public good.

Washington, on one occasion, was interested in the building of a great military road and to raise the needed money sponsored the Mountain Road Lottery. Here in this House of Representatives at this moment is a reproduction of a ticket used in the lottery signed "G. Washington", the original of which is on file in the Congressional Library, and at this point, Mr. Speaker, I ask unanimous consent to print the ticket in the RECORD, insofar as it may conform to the rules of the House.

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

There was no objection.

The matter referred to is as follows:

Number 191; 1768. This ticket [no. 191] shall entitle the possessor to whatever prize may happen to be drawn against its number in the Mountain Road Lottery.

G. WASHINGTON.

Mr. KENNEY. I wondered too, what Washington did during the Revolutionary War, when funds were low and

insufficient from ordinary sources to carry on the war, and I found from the Journal of the Continental Congress this provision:

Congress took into consideration the report of the Committee on Ways and Means of supplying the Treasury.

This is from the journal of Friday, November 1, 1776:

Resolved, That a sum of money be raised by way of a lottery for defraying the expenses of the next campaign, the lottery to be drawn in the city of Philadelphia.

I have read this, Mr. Speaker, because if I told this to the House, perhaps it would not be believed, for I have heard some Members here say they did not know anything about a lottery.

Again I wondered how Washington convened the Congress of the United States at the first session under the Constitution. By a little research work I discovered that the First Congress had no appropriate place to meet after our independence had been won, and the City of New York invited the Congress to assemble in its City Hall to enact laws for the Nation. Congress accepted the hospitality of New York and met there for the first time.

It involved the outlay of a large amount of money for it was necessary to alter and repair the building and a large deficit existed.

The city of New York could not raise the necessary money from ordinary sources so its officials went to the legislature of the State, for permission to raise the funds to make up the deficit by means of a lottery. Permission was granted, the lottery was had and the city paid its bill.

Again, lest the membership have any doubt I shall read the preamble to chapter 8 of the Laws of the State of New York, in the year 1790. This is the preamble:

Whereas the mayor, aldermen, and commonalty of the city of New York by their petition have represented to the legislature that from a desire to accommodate the Congress of the United States in the most convenient and satisfactory manner they have not only expended in repairing and improving the City Hall such money as has been heretofore raised for this purpose, but are also indebted in the farther sum of 13,000 pounds on this account, a sum far beyond their power to discharge without legislative aid and have prayed that a law might be passed to authorize the raising the said money by one or more lotteries.

Congress later authorized a lottery and there is precedent for such a measure.

When the city of Washington, now the District of Columbia, was being built Congress authorized a lottery for the purpose of supplying the funds for the erection of public buildings.

I happened to come into possession of what I believe is the only lottery ticket issued under the act of Congress now extant, and I should like to invite your attention particularly to this ticket.

The lottery ticket bears on its face the eagle, the same insignia found on money of the United States, and in a scroll from the eagle's mouth are engraved the words "National Lottery."

And down here [indicating on ticket] in the left-hand corner you observe the words "By authority of Congress."

That means this Congress, the Congress of the United States.

This particular lottery was conducted for the purpose of erecting two public-school houses, a penitentiary, and a town hall in the District.

Mr. Speaker, I ask leave to extend my remarks by inserting the ticket in the RECORD so far as it may comply with the rules of the House.

The SPEAKER. Is there objection?

There was no objection.

The matter referred to follows:

| | | |
|----------|---------------------|---------------|
| | Sixth Class | |
| | NATIONAL LOTTERY | |
| | NO. 1093 | |
| \$40,000 | 1 Prize of \$40,000 | Highest prize |
| | 1 ————— 15,000 | |
| | 2 ————— 10,000 | |
| | 2 ————— 5,000 | |
| | 100 ————— 1,000 | |
| | 20 ————— 500 | |
| | 10 ————— 100 | |
| | 8,000 ————— 13 | |

This ticket will entitle the possessor to such prize as may be drawn to its number, if demanded within 12 months after the completion of the drawing: Subject to a deduction of 15 percent. Payable 60 days after the drawing is finished.

WASHINGTON CITY, September 1822.

By authority of Congress.

T. H. GILLISS, Manager.

For erecting two public-school houses, a penitentiary, and town hall.

Mr. KENNEY. Today an emergency still exists, and I should like to read you an excerpt from an editorial appearing in the February issue of National Republic, a magazine of fundamental Americanism:

That a real emergency now exists in the United States, no one can deny. What was painted as one in March 1933 is only a mirage compared to what actually exists today.

In any case, we are confronted with the task of providing more and more funds for the National Treasury, and the point has been reached where we must have additional revenue to meet the ever-growing expenditures. We cannot continue to impose tax upon tax upon the already overburdened taxpayer, and all borrowing must be repaid; if not by us, then by our children, or our children's children.

There is more need now for a lottery than there was a year ago. We have coming here a program of legislation providing for old-age pensions, job insurance, and social security. Then there is the work-relief bill, and coming in very soon the bonus bill. All of these measures combined call for an immense outlay. Our intake should be increased, and can be, and in no way as satisfactorily as by means of a national lottery.

Now, every Member of this House, in my opinion, would like to have the soldiers paid their adjusted-service certificates. If there is any opposition, it is from an angle other than the merit of the case. The bill will come in here next week, but, mind you, we are warned that the President of the United States is going to veto it, and we are also put on notice that the Senate is going to chew it up after we get through with it.

The bill may meet with difficulties which can be avoided. Funds are available for payment of the bonus and for reducing the national debt. If tapped by taking up and passing my lottery bill, there will be no justification for the Senate interfering or for the President of the United States vetoing the bonus bill. I know that the President of the United States is too great an American not to let a bill go through this Congress for a national lottery, and with it we would have a bonus bill that would please everyone, not only the soldiers but the business men of the country, the chambers of commerce, even the National Economy League, which concerns itself not with how you raise the money but the way in which you spend it. Everyone would be pleased, the Nation would be enthused and thrilled.

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

Mr. KENNEY. Yes.

Mr. BOYLAN. May I ask the gentleman to give the House an idea in his opinion of how much money a year we could raise by his proposed lottery?

Mr. KENNEY. I am glad the gentleman inquired as to that. Mr. Donnelly, Assistant Solicitor of the Post Office Department, on August 23, 1932, said:

During the past 2 years not less than a billion dollars have been kept from going out of this country in support of foreign lotteries.

That comes from the Post Office Department, and you will recognize that the years referred to were probably the leanest in the history of the country. Pasted on this sheet which I have here [indicating on sheet foreign lottery tickets] you will see lottery tickets from 30 different countries. It is said that we will not loan any more money to Europe, but we give the countries over there our money by patronizing their lotteries. We are sending money there in large amounts, estimated to be anywhere from two hundred million to five hundred million dollars each year, and, again, according to Mr. Donnelly, half a billion dollars a year is kept from going out of the country. Here is a ready fund to come to the assistance of the Government, a fund which would very likely grow to \$1,000,000,000 a year.

Let me read now an excerpt from a letter I received from Mabel Smith, of Phoenix, Ariz. She approves of a lottery and says:

First, this kind of tax is voluntary. None needs to buy a coupon who does not desire to. Therefore the curse of direct compulsory taxes is missing. This will appeal to the wealthy income taxpayer. Secondly, this will bring in a large flood of money from those who never paid any income or real-estate taxes and this will mightily please the wealthy class and the Economy League. This money from nontaxpayers will be spent in gambling in some form regardless and nearly all of which is dishonest and the player getting an impossibly small chance, if any.

I find in this section many people who are steadily and quietly taking foreign coupons, etc. I also find that those who do not gamble, and this includes the writer, would satisfy a normal appetite to take a chance if we could save our conscience in so doing and doing so in front of our children. To know absolutely that the thing was 100-percent honest would be the next thing I would have to be sure of, and again this would be an absolute fact.

We have done much to protect our people in their investments. We undertook to do this by passing the stock-exchange bill. Other legislation has come before Congress with the same purpose in mind; but we have done nothing to help our people invest in honest lottery tickets. Oh, yes; we have prohibited, but we have not prevented. Lottery tickets, foreign and domestic, are sold in every section of the country. Foreign tickets, yes, and fraudulent lottery tickets operated by dishonest individuals throughout this country. It was shocking the other day to learn that in the city of New York, in the Bronx alone, millions of dollars a year are paid into the lotteries of a private individual.

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

Mr. KENNEY. Yes.

Mr. YOUNG. Henry Fielding, a great English author of the eighteenth century, wrote:

A lottery is a taxation on all the fools in creation.

Does not the gentleman believe that a lottery is simply another scheme to soak the poor, that the rich people would not buy lottery tickets, but that the poor people would buy them and pay the taxes?

Mr. KENNEY. The poor people pay for everything, whether lottery tickets or anything else. The gentleman will find today that the poor people on relief are the ones who in normal times sustain this country. If the poor were employed and were able to expend their money for lottery tickets or anything else, the gentleman would find the wheels of industry in this country spinning around. It is only when the poor, who build up our institutions by their nickels and dimes, quarters and dollars, are contributing their money and putting it in circulation that things are going on normally. The lottery of the Government would not be compelled to seek new buyers of tickets to yield vast revenues. Our people everywhere are spending money on lotteries, most of which goes to undesirables or out of the country.

The SPEAKER. The time of the gentleman from New Jersey has expired.

Mr. MERRITT of New York. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. MERRITT of New York. Mr. Speaker, will the gentleman yield?

Mr. KENNEY. Yes.

Mr. MERRITT of New York. Will the gentleman tell me what percentage of the population of the United States have been buying these lottery tickets in the past 2 years?

Mr. KENNEY. Judging from my contacts and information fully 95 percent of the people buy lottery tickets of one kind or another, many of which are fraudulent. Our people are being mulcted by racketeers in fraudulent domestic and foreign lotteries and the foreign lotteries conducted by or under the auspices of other governments are being supported in large part by our citizens who are prevented from participating in an honest and lawful lottery in this country.

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

Mr. KENNEY. I yield.

Mr. BOYLAN. Before the gentleman concludes, would he be good enough to submit copies of these lottery tickets? One I notice is for \$40,000, capital prize, and if you add the numerals of the number on that ticket, it amounts to 13—1 plus 9 plus 3. I should like the gentleman to tell the House whether or not that ticket won the prize.

Mr. KENNEY. That ticket won the prize. [Laughter and applause.] We are here to do rescue work. Let us pass the lottery bill.

The SPEAKER. The time of the gentleman from New Jersey has again expired.

SOPHIE DE SOTA

The SPEAKER laid before the House the following message from the President, which was read by the Clerk:

To the House of Representatives:

In compliance with the request contained in the resolution of the House of Representatives (the Senate concurring) of March 6, 1935, I return herewith H. R. 330, entitled "An act for the relief of Sophie de Sota."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 6, 1935.

Mr. RUDD. Mr. Speaker, I ask unanimous consent for the immediate consideration of a concurrent resolution, which I send to the desk.

The Clerk read as follows:

House Concurrent Resolution 16

Resolved by the House of Representatives (the Senate concurring), That the action of the Speaker of the House of Representatives and of the President of the Senate in signing the enrolled bill (H. R. 330), entitled "An act for the relief of Sophie de Sota", be rescinded, and that in the reenrollment of the said bill the Clerk of the House of Representatives be, and he is hereby, authorized and directed to make the following correction, namely: Strike out the words "de Sota" wherever they appear in said bill and title and insert in lieu thereof the words "de Soto."

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. RUDD]?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

ADDITIONAL HOME-MORTGAGE RELIEF

Mr. STEAGALL. 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. 6021) to provide additional home-mortgage relief, to amend the Federal Home Loan Bank Act, the Home Owners' Loan Act of 1933, and the National Housing Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 6021, with Mr. CELLER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Federal Home Loan Bank Act, as amended, is amended by striking out the word "three" from the fifth line of paragraph (6) of section 2 thereof, and inserting in lieu thereof the word "four."

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Colorado: Page 1, after line 6, insert a new section to read as follows:

"Sec. 2. That section 2 (c) of the Home Owners' Loan Act of 1933 as amended, is amended to read as follows:

"(c) The term 'home mortgage' means a first mortgage on real estate, consisting, in the case of rural or suburban property, of not more than 20 acres, in fee simple or on a leasehold (1) under a lease for not less than 99 years which is renewable, or (2) under a lease having a period of not less than 50 years to run from the date mortgage was executed, upon which there is located a dwelling for not more than four families, used by the owner as a home or held by him as his homestead, and having a value not exceeding \$20,000; and the term 'first mortgage' includes such

classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby."

Mr. MARTIN of Colorado. Mr. Chairman, I can explain this proposed amendment very briefly. It is simply an amendment to qualify what are called suburban tracts for home loans. It is taken from a bill introduced by me and presented to the Committee on Banking and Currency.

It may not be generally known, but there is a twilight zone in the administration of the home-loan and farm-loan laws, between 2 acres and 20 acres, which are not qualified for either loan. If a tract of land consists of less than 20 acres, it is not considered a farm unit and it is not eligible for a farm loan. If it contains more than 2 acres, the excess above the 2 acres is not considered in the appraisal of the property, no matter what it may be worth. Now, it operates in this way: Suppose a man owns a suburban tract of land consisting of 10 acres. If he wants to refinance it with a home loan, the Home Loan Corporation, as I understand, and I have had some practical experience in this matter, would appraise the home, that is, the house or the residence; it would appraise the garage, it would appraise those improvements which are commonly appurtenant to the home, and 2 acres of ground, and that is all. The other 8 acres would be disregarded no matter how it was improved or what it was worth. If it were improved with an orchard or anything else it would be disregarded. The result would be that the appraisal would not be sufficient to refinance the encumbrance against the property.

I made inquiry, for instance, in my home county, and I was told that there were about 500 suburban tracts which fall within this category or twilight zone. If that were carried out over the State of Colorado, it would amount to perhaps 5,000 such tracts. Nationally it would amount to three or four or five hundred thousand such tracts. I have been told there are hundreds and hundreds of those tracts all around the District of Columbia. They are around every city or town in the country. So I am not presenting anything to you at all that is peculiar to my home town or my home county. There are suburban tracts in every county and around every town in the United States that cannot qualify for either a farm loan or a home loan.

I yield to the gentleman from Georgia.

Mr. COX. I was wondering if the gentleman was not in error in stating that the Home Loan Board had put out a regulation under which land in excess of 2 acres could not be appraised as part of the security for a home loan. Is not the gentleman in error about that?

Mr. MARTIN of Colorado. This amendment was drafted by the legislative counsel, but it was sent to me by the most able home-loan attorney in the State of Colorado. It was based on facts within our common knowledge. This regional home-loan attorney drafted the amendment and sent it down to me. He had turned down these suburban-tract applications because they were not authorized to consider, for purposes of appraisal and valuation, any land surrounding a home, or on which it was located, in excess of 2 acres.

Mr. Chairman, I want it understood that in seeking this amendment I am not criticizing the administration of the home-loan law. I know personally of cases in which I think there have been inequities and injustices, but on the whole I believe it has been of great benefit to the home owners of the country. Speaking for my own State, it has loaned something like \$20,000,000 since the passage of the act in June 1933—\$20,000,000 advanced to home owners who could not have gotten a dollar from any other source. It has been well managed. I have heard no hint of graft or scandal. I am quite sure that such a management would not favor such an amendment as I offer if there were not a real need for it. I am strongly in favor of increasing the capitalization of the Corporation to \$4,750,000,000, as will be proposed by the committee, but the law ought to be clarified or made definite so that these suburban-home tracts are made eligible for loan relief.

Mr. COX. I think the gentleman is in error, because, as I understand the regulations, there is no such regulation imposed by the Board. In other words, if a home should be upon a tract of 100 acres it would still be a home.

Mr. MARTIN of Colorado. Mr. Chairman, I will say to the gentleman that there is nothing definite about this in the law at all. The law is silent. Home acreage is not mentioned in the law. The amendment which would clear up this question at least could not harm anything. They are not doing it now. They are not appraising anything above 2 acres. I do not see any harm in the amendment if the law now permits the loan as the gentleman contends. It would be of great benefit to the owners of thousands and thousands of these suburban tracts all over the country by qualifying these tracts for home loans.

I want to say right now that I hope the House will strike out any limitations of time from the operation of the provision granting the new appropriation. The Home Owners' Loan Corporation did not need any authority from Congress to shut off new applications the 15th of last November. They did not need any authority of Congress to shut off four or five hundred thousand applications, some of which had been pending for a year or more, simply because they had not gotten into the hands of the legal department. They were cut off by an order from the Home Owners' Loan Corporation. If this \$1,500,000,000 becomes exhausted, they can again cut off applications in the same way. I hope the Members will support my amendment.

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute to call attention to the specific language of my amendment.

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

There was no objection.

Mr. MARTIN of Colorado. My amendment, as read, seems to be quite a lengthy one, but all it does is to reenact paragraph (c) of section 2 of the Home Loan Act just as it exists right now, except that it inserts these words:

Consisting, in the case of rural or suburban property, of not more than 20 acres.

This is all the change it makes. I think the chairman of the committee knows that all the change my amendment makes in existing law is in the definition of the term "home mortgage"; where it says "the term 'home mortgage' means a first mortgage on real estate in fee simple", then I add these words:

Consisting, in the case of rural or suburban property, of not more than 20 acres.

Otherwise it is the law as it exists right now. As I say, the only change my amendment makes in this law is to qualify hundreds of thousands of these suburban tracts for home loans.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, the last statement of the gentleman would seem sufficient to cause very serious consideration of this amendment before its adoption. The total number of applications for loans that have been granted by the Home Owners' Loan Corporation down to this time, or the beginning of this year, amounted to only 800,000. We are told that if this amendment is adopted there will be hundreds of thousands of applicants under the new provision.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. MARTIN of Colorado. I said there were hundreds of thousands of such tracts. Of course, I cannot tell what percentage of the owners of such tracts would want to take advantage of the Home Loan Act.

Mr. STEAGALL. If we are to assume that the cases are as numerous and as meritorious as the gentleman has indicated, it would necessitate reconsideration and complete revamping of this legislation. This bill has been worked out upon a basis of the rules, regulations, and provisions of the

law as they have obtained down to this time, and if we open up the Corporation to applications of the type provided for in this amendment, it would be necessary to establish large additional funds to take care of the new applications.

I am not aware that any arbitrary rule has been fixed setting a limit to the acreage surrounding a suburban home that might be considered in the valuation basis for loans by the Home Owners' Loan Corporation; but, in any event, this provision, if adopted, would make it possible for applicants to utilize farm lands and their values as distinguished from a home and its appurtenances used for the purpose of a domicile and the shelter of a family. It would invite loans upon a new basis foreign to the purpose of the law and foreign to the uses contemplated of funds appropriated. It seems to me that it would be susceptible of grave abuse. Farm lands are provided for already by legislation now in existence.

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

Mr. STEAGALL. I yield.

Mr. JOHNSON of Oklahoma. If the H. O. L. C. had not adopted and carried out a policy of lending so much money to the large insurance companies and to the great building-and-loan associations rather than to the distressed home owners, does not the gentleman feel it would now have sufficient money to take care of just such cases as the gentleman from Colorado has in mind in offering the pending amendment?

Mr. STEAGALL. The gentleman, of course, invites me into a discussion that is not quite pertinent to the amendment under consideration.

He directs my attention to the general policy of the Board in administering funds provided by the Home Owners' Loan Corporation. This matter has been discussed at length in general debate, and I thought it had been made clear that the granting of applications by the Home Owners' Loan Corporation Board has been done with consideration directed to the distressed home owner, and only in very limited and rare cases were loans granted in the case of institutions for the relief of general conditions.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

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

There was no objection.

Mr. COX. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Georgia.

Mr. COX. Mr. Chairman, I should like to call the attention of the gentleman to the fact that a joint committee has been set up by the Farm Credit Administration and the Home Owners' Loan Corporation, which deals with just such cases as are aimed at in the amendment offered by the gentleman from Colorado to the bill. It has been stated to me by Mr. Fahey, Chairman of the Home Owners' Loan Corporation, that there are no cases which cannot be handled under these regulations.

Mr. STEAGALL. There is no question that they will be taken care of in one of the two systems, either by farm-loan agencies or by the Home Owners' Loan Corporation.

Mr. MARTIN of Colorado. They are not taken care of.

Mr. COX. There is admitted to be a weakness in the farm-credit law, and it is understood to ask Congress at the present session for an amendment whereby no such complaint as is made by the gentleman from Colorado will arise.

Mr. STEAGALL. May I say that I do not mean to deny any statement of fact which the gentleman from Colorado makes. I undertake to say that the law at present provides for taking care of such applications in one system or the other.

Mr. MARTIN of Colorado. But neither system takes care of them and will not take care of them unless the law is amended.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. MARTIN].

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado) there were—ayes 45, noes 58.

So the amendment was rejected.

Mr. THOMASON. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. THOMASON: On page 1, line 6, strike out the word "four" and insert in lieu thereof the word "eight."

Mr. THOMASON. Mr. Chairman, Congress has taken care of nearly every class of distressed debtors except the owners of small apartment houses. I should like to say a word for the owners of small apartment houses all over the country.

The Farm Credit Administration has loaned millions on the farms and ranches in every State of the Union. The H. O. L. C. has done a fine work, in my opinion, in connection with the loans on residences, and the R. F. C. has been looking after the industrial loans. But I undertake to say there is not a Member of this House who does not have some people in his district, especially if he comes from a small town or city, who does not have some fine people who own apartment houses and cannot get their mortgages refinanced anywhere. I know in my own city of El Paso many worthy people, including railroad men, widows, veterans, people who perhaps went to the Southwest for their health, who had a few thousand dollars they did not know what to do with, and they bought a piece of land in a desirable section of the city or near some good school or railroad shops or something of that sort, and built a small apartment house costing some \$30,000 or \$40,000. I want it understood I am not speaking for the big hotels or the big apartment houses in the large cities or on behalf of promoters or sellers of wild-cat stocks. I am speaking in behalf of the little man who put his life savings in one of these small apartment houses and he, his wife, and his children, if he has any, are living in one of the apartments. The property is their homestead, and the only one they have. It is the only home they have. They had hoped the rents from the apartment would not only pay off the debt they owed but would also provide them with something to live on in their old age.

Mr. Chairman, I have personal knowledge of the situation in my own city. They have tried in vain to get their debts refinanced anywhere. Private mortgage, as well as building-and-loan companies, have turned them down. Government agencies say they are ineligible. Now, what damage or harm can come, if it is in truth a homestead and the security is ample? A little man has put his savings into that kind of property—perhaps twenty, thirty, or forty thousand dollars, and now is being foreclosed upon. I say he is entitled to relief. I have tried every one of these agencies, and you cannot get a loan of this kind. Such an individual is not eligible in any other class of legislation that we have passed.

Mr. RANDOLPH. Will the gentleman yield?

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

Mr. RANDOLPH. I am in agreement with the gentleman, and for this further reason: When we do not give that class of people relief we place a penalty upon them.

Mr. THOMASON. You not only do that, but there is no agency to which they can apply. If it is good for the property owner who has three or four families in his apartments, why is it not good for an apartment house with eight families? I should like to make it 12 or 20, if it is some good citizen who has put his life savings into that kind of property.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. THOMASON. I yield to the gentleman from New York.

Mr. FITZPATRICK. If the amendment offered by the gentleman is adopted, will it do what he is advocating?

Mr. THOMASON. Yes; it will give the owner of an 8-apartment property the same opportunity for a loan as the 4-apartment man. I should like to make it at least 12, but I know it would not be adopted.

Mr. ELLENBOGEN. Will the gentleman yield?

Mr. THOMASON. I yield to the gentleman from Pennsylvania.

Mr. ELLENBOGEN. I am in accord with the gentleman, but I should like to call the attention of the Members to the fact that the gentleman's amendment is not an amendment of the Home Owners' Loan Corporation Act, but an amendment to the Home Loan Bank Act.

Mr. THOMASON. I do not care which act makes that class eligible. Right now they cannot get a loan anywhere from any agency that the Government has set up. I am going to try out everything until these deserving people get relief. I want to see more loans on small homes and apartments that are actually used, occupied, and enjoyed by good, honest, home-loving people who have their all tied up in such property. They are the backbone of the country and will do anything in reason to save their homes. It is our duty to look after them first.

Mr. ELLENBOGEN. I am in accord with the gentleman, but I want to say to my colleague that this would not mean the expenditure of any Federal money, but would only affect the matter of eligibility.

Mr. THOMASON. It just means that such a man would be eligible to go somewhere and borrow some money. Make these people eligible and I will take my chances on getting some loans.

Mr. DUNN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. DUNN of Pennsylvania. I agree entirely with what the gentleman has said, and I maintain that everything he has said about the small apartment owner is true.

Mr. THOMASON. As I have said, I am not speaking for the big apartment owner, but this is a meritorious amendment and I hope the committee will adopt it. Hundreds of loans have been made to the big fellows with fine, palatial homes costing forty or fifty thousand dollars. I do not approve of many of those loans. Much of the criticism of this class of loans has been deserved. It is neither fair nor just to make this kind of loan when right across the street is some small apartment owner about to be kicked out into that same street.

[Here the gavel fell.]

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

Mr. Chairman, let me show how illogical the amendment of the gentleman from Texas is. The gentleman offers this amendment to the provision of the bill on page 1, which seeks to amend the Federal Home Loan Bank Act. The Federal home-loan system bears the same relation to the thrift and building-and-loan associations in this country as does the Federal Reserve System to the national banks in the set-up of the Federal home-loan bank system, which was created in 1932.

This bill defines what paper or what mortgages shall be eligible and it has limited the size to those buildings that do not exceed apartments for four families. The amendment offered by the gentleman from Texas seeks to raise the number from 4 to 8.

The gentleman does not accomplish any good whatsoever, neither does he accomplish the purpose that I believe he has in mind with his amendment, for all that the amendment seeks to do is to raise the amount and increase the unit number of the property behind the mortgages that shall be eligible for discount by the Federal home-loan bank system. Consequently, he is not going to get any Federal funds for this purpose. All that he does is to change the Federal home-loan bank discount system on mortgages so as to inflict a penalty upon the building-and-loan associations of the country, and compel them, if he could, to make loans on larger properties on which they probably do not now loan.

The primary function of the building-and-loan association is to inspire and induce people to become home owners; not investors and not people who build 8, 10, and 12 apartment buildings as an investment; and what this amendment seeks to do is nothing more than to alter the Federal home-

loan bank system set-up so as to inflict a penalty upon and enlarge the scope of the building-and-loan associations that are scattered from one end of the country to the other, and the gentleman would not get a dollar for the purpose he has in mind.

I do not believe it is necessary to say anything further about the illogical tenor of the amendment insofar as it applies to section 1 of the bill.

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

Mr. DIRKSEN. I yield to the gentleman.

Mr. ELLENBOGEN. The gentleman is correct in saying that this would not change the Home Owners' Loan Act, but it would do some good. It would permit such financial institutions as building-and-loan associations and similar institutions—

Mr. DIRKSEN. It would not do any good there.

Mr. ELLENBOGEN. Yes; it would, if they had mortgages on apartment buildings up to eight apartments they could then deposit such mortgages with the Home Loan banks and obtain a loan on the security of such collateral and for this reason I believe the gentleman is mistaken in saying it will do no good.

Mr. DIRKSEN. It only confers a discount privilege on these mortgages, but the building-and-loan associations are not compelled to take them, nor to make such loans in the first instance. A mortgage on such a property cannot be rediscounted by the Federal home-loan bank system unless first made by a lending institution.

Mr. ELLENBOGEN. But it does give them the right to exercise their choice or their discretion in the matter.

Mr. THOMASON. Let me say to the gentleman that this is not to promote new buildings, this is to try to save the fellow who has a little apartment house and is about to lose it, and the amendment just makes such paper eligible for discount.

Mr. DIRKSEN. I may say to the gentleman from Texas that he fails in his purpose there, because there is nothing mandatory in the law to compel building-and-loan associations to make such mortgages. So the amendment falls on barren ground and should be voted down by the committee.

Mr. KELLER. If the proposed amendment does not achieve the purpose which the gentleman has in mind, how can such purpose be achieved?

Mr. DIRKSEN. You can add it as an amendment to one of the sections with respect to the Home Owners' Loan amendment; but why seek to penalize and overthrow the set-up of building-and-loan associations in this country that are devoted almost entirely and exclusively to the propagation of thrift, as well as the purpose of home ownership?

Mr. KELLER. We are trying to save homes.

Mr. DIRKSEN. Yes; but you are amending the wrong section of the bill, because this refers to the Federal home-loan bank system.

Mr. KELLER. Why does not the gentleman challenge the amendment under the rules?

Mr. DIRKSEN. I am only telling the gentleman his amendment is entirely illogical to this section of the bill.

Mr. THOMASON. I will take my chances on that.

[Here the gavel fell.]

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

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

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

There was no objection.

Mr. REILLY. Mr. Chairman, the argument presented by the gentleman from Illinois, who is a member of the committee, is right to the point. You cannot affect the building-and-loan organizations by asking them to lend their money on eight apartment buildings. The building-and-loan associations are designed to help those who build homes and not apartment houses. Under existing law, if a man has two homes mortgaged and is in danger of losing them, he can only get relief with respect to one home, the one in

which he lives. We cannot set up an institution here to take care of men who have money enough to build apartment buildings.

All of this legislation is designed to protect the home owner, and as the law now stands three apartment buildings are acceptable for discount. The pending bill raises this limit to four apartment buildings to make it conform to the Home Owners' Loan Act, as well as the Housing Act; and to adopt the amendment of the gentleman from Texas [Mr. THOMASON] would disorganize and throw the whole scheme out of gear.

It may be all right to get up here and make a plea for the poor fellows who have put their money in an eight-room apartment house, but they are not the people contemplated to be relieved and assisted by this kind of legislation.

Perhaps we may later on pass laws to take care of all the people who may own all kinds of buildings, but at the present time Congress has passed legislation to take care of home owners for three apartments, where the man lives in it; but it does not contemplate taking care of more than that. I hope the amendment will be defeated.

Mr. CROSS of Texas. Will the gentleman yield?

Mr. REILLY. I yield.

Mr. CROSS of Texas. If it is logical to adopt this amendment, then it would be logical to adopt an amendment where he has several houses. My colleague is correct.

Mr. THOMASON. But he could not live in but one house.

Mr. CROSS of Texas. He could live in any one of the separate houses.

Mr. THOMASON. He has to live in the homestead, and these people live in the apartment house, which represents all they have in the world.

The CHAIRMAN. The question is on the amendment of the gentleman from Texas [Mr. THOMASON].

The question was taken; and on a division (demanded by Mr. THOMASON) there were 45 ayes and 109 noes.

So the amendment was rejected.

Mr. COCHRAN. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I hope I do not have to vote for this bill in the form it comes from the committee. If I understand this bill, no additional applications are going to be accepted by the Home Owners' Loan Corporation. Only applications now on file can be considered. It provides that \$1,500,000,000 additional bonds can be issued. When they stopped accepting applications, they had \$800,000,000 remaining and \$1,800,000,000 in applications pending. They will need approximately \$1,000,000,000 to take care of the applications now in the various offices.

Now, if you are going to stop accepting applications, why did you give them \$500,000,000 more than is necessary?

The original law provides that until the distress period is reached the home owner cannot apply for a loan. In other words, he cannot apply until he is in distress. There are hundreds of thousands of people in this country who could not apply for a loan because they were not in distress but who are in distress today.

Are they not entitled to have their day as well as those whose loans expired a year ago? It is not fair to cut them out.

This is the best legislation that has been passed by the Democratic Party since it has been in control, and by this bill you are going to undo all that you have done.

When the time comes, I am going to move to amend section 9 if no member of the committee does. That is the section that has the provision "only applications heretofore filed can be considered." It also carries the provision for the issuance of \$1,500,000,000 additional in bonds.

Not only shall I move to provide for acceptance of new applications but I am also going to move to increase the amount for new bonds to \$2,500,000,000. There is no reason in the world why we should not continue to help the people who cannot borrow money from any other source and save their homes for them.

I come from a big city—St. Louis. The banks of my city will not loan money to home owners. To get into a building-and-loan association one must have money, and the

people I refer to have not the money necessary to get into a building-and-loan association, nor have they money to pay their taxes.

If you want to make a Bolshevik out of a citizen of this country, just take away from him his life savings which are invested in the home. He has denied himself and family many pleasures in order to put money in a home. He is honest and will pay the loan.

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

Mr. COCHRAN. Yes; I yield to the gentleman from Georgia.

Mr. COX. I have heard it stated that the committee had voted favorably on offering an amendment to receive applications for 60 days after the passage of this law.

Mr. COCHRAN. That will not satisfy me. Make it the rest of the year, not 60 days, and I shall vote for the amendment. If it is for less, I shall move to amend it to make it at least 6 months.

Mr. COX. Also that the committee agreed to increase the amount by a quarter of a billion dollars.

Mr. COCHRAN. That, likewise, is not sufficient. If you do not do it now, you will before we adjourn. I want to see the people who have not had an opportunity up to now get a chance to save their homes, people whose distress period has arrived since they stopped accepting applications and others who will soon be in distress. They are entitled to help.

This is a good law, and I beg of you not to stop it at this time.

I introduced an amendment the opening day of the session providing for authority to issue \$3,000,000,000 additional bonds.

This is a bill that should have been passed the first week of this Congress. It should not have been delayed until now, 2 months after we have been in session. The committee should have brought in this bill in order to save the homes of many people of this country, and we would have done that very thing if we had brought it in the first week of Congress.

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

Mr. COCHRAN. I yield to the gentleman from New York, whose voice has been raised almost daily appealing for early consideration of this legislation.

Mr. FITZPATRICK. Does the gentleman believe that this amount should be raised to two and a half billion dollars?

Mr. COCHRAN. Absolutely; and we could do that without doing any harm to anyone. We do not take money out of the Treasury. We simply issue bonds and get the best security in the world as collateral.

Mr. FITZPATRICK. And they should continue to receive applications during the rest of this year?

Mr. COCHRAN. Absolutely, to continue not only the rest of the year but until the banks and private interests are ready again to finance homes, by loaning money to renew outstanding indebtedness.

Mr. FITZPATRICK. There are thousands of people today who cannot pay their taxes or assessments who were all right a year ago.

Mr. COCHRAN. Not thousands, but hundreds of thousands are in that position and need help.

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

Mr. COCHRAN. Yes.

Mr. HEALEY. Is it not a fact that the banks have since started foreclosure proceedings on many of the homes of persons whose applications are now in the Home Loan office.

Mr. COCHRAN. I cannot answer whether the banks have started proceedings or not, but I know that individuals have. You can stop them by amending this bill when section 9 is reached. [Applause.]

Mr. ELLENBOGEN. I am in full accord with the gentleman, and I hope the House will agree with him.

Mr. HANCOCK of North Carolina. Mr. Chairman, I rise in opposition to the pro forma amendment. We have come to the crux of this whole situation, and we may as well settle

it right now. In the words of the Scriptures, "Come, let us reason together." The committee plans to offer an amendment which will greatly liberalize section 9 of the bill as it is now written. The present section provides for applications heretofore filed, and so forth. After the word "filed" the committee would offer an amendment something like this:

And for applicants who in good faith have heretofore sought relief of the Corporation.

Any person who had sought relief of the Corporation would be able within 60 days after the effective date of this law to have his application acted upon by the Corporation. In addition to that, this amendment will increase the authorized bond issue \$250,000,000, making a total of \$4,750,000,000.

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

Mr. HANCOCK of North Carolina. Yes.

Mr. FITZPATRICK. How about the man who has not made application at the present time. Under the proposed amendment would he get relief?

Mr. HANCOCK of North Carolina. He would not get relief unless he had in good faith sought relief of the Corporation.

Mr. FITZPATRICK. Previous to the enactment of this law.

Mr. HANCOCK of North Carolina. Under the terms of that language it would not be necessary that he actually filed an application.

Mr. FITZPATRICK. But he must have sought relief previous to the enactment of the law.

Mr. HANCOCK of North Carolina. He must have made some effort in good faith to secure relief of the Corporation.

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

Mr. HANCOCK of North Carolina. Yes.

Mr. COX. Seriously, does the gentleman and his committee believe such an amendment means anything?

Mr. HANCOCK of North Carolina. We believe it does. I am satisfied it leaves it largely discretionary with the Board.

Mr. COX. Does it not mean that no distressed home owner in this country will have the slightest chance of obtaining a loan unless he filed his application prior to November 13, 1934?

Mr. HANCOCK of North Carolina. I do not think that is a true statement or a proper interpretation of this amendment; and if it would not take care of those who had in good faith sought relief of the Corporation, I would not vote for it. I do not believe in gestures or efforts to mislead. Nothing could be more cruel than to arouse a false hope in the breast of a distressed home owner.

Mr. COX. Will the gentleman tell the committee what one would have to do to show that he had heretofore in good faith sought to obtain relief from the Home Owners' Loan Corporation?

Mr. HANCOCK of North Carolina. All he would have to do would be to present a letter or other evidence showing that he had written to any State agency asking information about taking care of his loan or made inquiry of some person connected with the Corporation looking to securing relief.

Mr. COX. Would he not have to show that he had actually filed an application?

Mr. HANCOCK of North Carolina. Certainly not.

Now, let me tell you I am as much interested in the distressed home owner as any man in this House. My record will prove it. I have been actively engaged in trying to fabricate every piece of legislation that has been brought in during this emergency period to assist home owners. There is no citizen in America, in my opinion, who is entitled to more consideration than a distressed home owner; but remember, they have had 18 months within which to file applications. Do you know that a week before the stop order was issued there were only approximately 6,000 applications filed? It is the judgment of the Board, with whom we have discussed this matter, that under this amendment every eligible worthy person who sought relief would be protected in his home ownership. We know that the time must come, and it must come quickly, when we must call a halt on this question of

home financing directly by the Government. Do not forget that the big lending institutions are feasting on this legislation.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. HANCOCK] has expired.

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I know the committee has given very sober and serious thought to the situation which confronts the administration and the country with reference to further relief for home owners who are in distress, but I cannot agree with my own committee in the action which it has taken in confining this relief to persons who, in good faith, prior to the date this amendment takes effect, sought relief under this act. I know there are thousands who were shut off on November 14 from filing applications for relief. They took the Home Owners' Loan Corporation at its word when it published the fact that it was going to receive no more applications. In consequence of this, these people did not apply for relief. How in the world the Home Owners' Loan Corporation or the Home Loan Board or any other agency can be left to interpret what was in the mind of each individual who might have otherwise applied for relief I do not know, and I do not believe any other Member of this House knows.

As a substitute for the committee amendment which has been read, I propose, by amendment or substitution, to open the door for the receipt of applications for at least 60 days so that no one will be shut off—and I am not so sure but that we should go even beyond that, but I am willing to go along with the administration and keep it down to 60 days—and that the sum should be raised by at least \$500,000,000. So my substitute to the committee amendment will be that we open the door in order that we may receive new applications for at least 60 days, and that the amount be raised to \$5,000,000,000, which will raise the amount immediately available for loaning purposes \$2,000,000,000.

Mr. REILLY. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. REILLY. Does the gentleman believe there was any distressed mortgagor in this country who had not made preparation to ask for a loan from the Government?

Mr. WOLCOTT. Oh, yes; I believe there were thousands of them who had been hanging on by the skin of their teeth. They were hanging on because they had a sense of pride and they hoped they would be able to take care of their own obligations without help by the Government. Now they have used up all of their reserves and they find themselves in distress, and they have to go to their Government because they can go nowhere else for this relief.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. HANCOCK of North Carolina. Does not the gentleman believe there are a million mortgagors in America today who would like to put their mortgage in Uncle Sam's lap?

Mr. WOLCOTT. I do not doubt that in the least, but there are certain restrictions placed upon the eligibility of this paper. In the first place, he must have been in involuntary default under the act previous to June 13, 1933; but if he were not in default on that date, he must prove to the satisfaction of the Home Owners' Loan Board one of three things—that he is in default since then by reason of an economic condition, by reason of misfortune, or by reason of unemployment beyond the control of the applicant. There are these three limitations. Therefore, there is a limitation placed upon the number of applications which the Corporation can consider.

Based upon the number of applications which were coming in when they arbitrarily and summarily shut the door on November 14, assuming that they continued at that rate, and in 60 days' time all of those who would have applied in the interim would make application, there would be 72,000 applications, based upon the fact that they were coming in at that time at the rate of 6,000 a week. There would be 72,000 applications. The average loan is for \$3,000. So we

have to increase the amount in order that this relief may be granted.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WOLCOTT] has expired.

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

Mr. Chairman, I come from a State where there were located the greatest number of distressed mortgages in America, and perhaps in the world. I am therefore constrained to agree with my colleague from Michigan [Mr. WOLCOTT], who has just addressed you, and to oppose the amendment which will be proposed by the committee.

The gross home-loan applications in our State, either closed or undergoing examination, total 134,628.

As of February 23, in New York State, the loans approved number 74,466 in the amount of \$385,733,880. The closings completed amounted to 63,146 in the amount of \$326,720,242. Of the gross applications of 134,628, about 35,000 have been rejected.

They are now proceeding to close the balance and estimate the total closings, when the work is completed and provided no further applications should be accepted, as approximately 100,000 loans.

In view of the excellent work that is being accomplished in our State by this splendid agency of the Federal Government, I believe that specific and determined authority ought to be implied in the amendment so that there will be no questions as to the rights of the applicant. In other words, if we increase the loaning facilities of this agency, we ought to accept applications, new and old, for a specific stated time. Then there would be no question of the interpretation of the amendment by the agency; the meaning of the Congress would be clear and final.

While I am talking about this agency in New York State I want to say that although it was cautious and perhaps a little hesitant in getting under way, it is an example, and a splendid example of the efficient operation of a governmental activity. There is in charge of the agency in the State of New York a man by the name of Vincent Dailey who has given an excellent account of himself. He has prevented partisan politics from being a consideration in any case in connection with applications for home loans.

He has gone so far as to dismiss employees who in any way, directly or indirectly, developed the partisan aspect of any case.

On yesterday the distinguished minority leader took the floor to say that there were no closings in his community until 3 weeks before election. The minority leader and myself were in agreement in speeding up the work of this agency in our State. We all felt that it was a little cautious in getting started. A review of the record, however, indicates that while they were a little slower in the north counties than they were in the larger cities it was due in large part to the inadequate facilities and services that could be secured to bring about the consents and the closings in that section of the country.

I recall as early as last June an organization was sent into Oswego County to expedite closings in this particular work; and the excellent quality of the work and the great number of closings accomplished by the Home Owners' Loan Corporation in Oswego and adjacent communities brought about the editorial praise of the newspapers in that district. The record as it applies to the Thirty-first Congressional District, represented so ably in the House by our genial colleague the gentleman from Potsdam [Mr. SNELL], is also worthy of mention. The Corporation began closings there in July of 1934 when 44 closings were effected; 64 closings were effected in August, 86 in September, 116 in October, and 161 in November before election. Today there are 311 closings in all in the Thirty-first Congressional District. While I will agree that they were slow in starting, that was due to the inadequate facilities and personnel necessary in order to bring about consents and approvals in that particular territory. We can well be proud of this agency in our State. It has established a fine record. It should be continued. [Applause.]

In the service of the Home Owners' Loan Corporation in our State politics never have interfered with the orderly management of this Federal agency. Home owners have always been extended the right to select their own insurance broker or insurance company. The selection of companies to prepare the abstracts of titles has likewise been absolutely free from partisan consideration. The only real, substantial criticism which may have been directed against the agency in our State is the fact that they could not, because of the shortage of funds, accept all of the applications submitted to them.

I am happy to be able to testify to the splendid record established by the H. O. L. C. in the Empire State. We have in Messrs. Laporte and Dailey two capable public servants, and they have in turn surrounded themselves with a capable and efficient staff. Altogether they have accomplished a great deal for our people and our State, and with the passage of this bill the people of the Empire State can look for a continuation of this excellent service.

[Here the gavel fell.]

Mr. SIROVICH. Mr. Chairman, I rise in opposition to the pro forma amendment. Mr. Chairman, the preservation of life and the protection of the home should be the fundamental concepts of all civilized society. The home is the foundation upon which the superstructure of all government is reared. The home is the institution where the father is the leader, the mother the coleader, and the children the subjects. What is more sacred, more sublime, more noble, more lovable in all our memories than the home? The home should be the symbol of unity, harmony, love, cooperation, and mutual respect. The progeny of every family is imitative in character, disposition, and temperament. As go the parents, so go the children. As go the children, so goes the home. As goes the home, so goes the nation, civilization, and the world. Destroy the home and you destroy society, civilization, and everything that goes with it.

What are the factors that should preserve every American home? First, child-welfare legislation that protects the health, vigor, and vitality of the youth of our country. Second, we must give economic security to all men and women who are willing to work in order to earn a livelihood and support those who are dependent upon them. Third, we must provide, through unemployment insurance, for those who are derelicts and driftwood of economic injustice and who find themselves the tragic victims of hunger, penury, and want. Fourth, we must protect our old mothers and fathers, who have given their all upon the altar of service to our country in times of peace. We must look after their health, happiness, and contentment through old-age pensions when they are no longer able to work in the quarries of life. Fifth, high and above everything else, to secure these blessings that I have enumerated we must pass legislation that will preserve and conserve the home, which is the foundation upon which all society must rest.

In every home, be it in a large city or town, on the plains, in the valleys or on the mountain sides, there is a little inscription upon the humble walls which inspires us to nobler and higher aspirations. This sentiment reads "God bless our home" or "Be it ever so humble, there's no place like home."

This Republic should never destroy the faith or hope in our institutions through the destruction of the home. The bill that is now being considered before the House of Representatives is one that provides for additional home-mortgage relief.

This bill is designed to liberalize and humanize the Federal Home Loan Bank Act, by bringing assistance in their great hour of need to the tragic victims of our economic depression, by enabling individual home mortgage borrowers to be assisted in the preservation and protection of all they have left in life—their home, hearth, and fireside.

Since the banks of our Republic have failed to render their full measure of loyal and patriotic service to home owners, it is incumbent upon the Congress of the United States to come to the aid of the small-home owner to aid him in his tragic

hour of need and stand behind him until the clouds of the economic depression pass away and the sunshine of prosperity returns.

The Home Owners' Loan Corporation, which is doing such wonderful work for the benefit of the people of the United States, has received applications from over 1,700,000 home owners. It will necessitate, besides the \$2,000,000,000 that have already been appropriated, an additional two or three billion dollars to adequately serve all eligible applicants who are crying pitifully to protect their investments and their homes. I shall gladly, loyally, and happily support such constructive legislation that will protect the homes of our American citizens.

Mr. Chairman, the report of operations for the week ending February 28, 1935, of the Home Owners' Loan Corporation of New York State is one of the most brilliant records of accomplishment and achievement in the preservation and protection of the home. Up to the present moment we have had 134,629 applications. Preliminary appraisals completed to date are 126,701. Mortgagees' consents obtained to date, 107,446. Final appraisals completed, 88,074. The total loans approved up to the 1st of March are \$386,540,400. This means a record unsurpassed and never equaled in any nation of the world or in any State of our Union.

The gentleman who is responsible for this magnificent contribution to the service of the people of our State, and who enjoys the respect and esteem of the men and women whom he has helped in their desperate and tragic hour of need, is none other than the State manager of the Home Owners' Loan Corporation of New York State, Hon. Vincent Dailey.

This eminent and scholarly gentleman was graduated from Georgetown University with distinction and honor. He is a brilliant journalist, a successful business man and merchant, and an intellectual student of social and economic problems. Next to our gifted and versatile State and National chairman, James A. Farley, he is the outstanding Democratic leader of our party in the State of New York. Genial, generous, gracious, he is honored, loved, and respected by everyone irrespective of political partisanship. It is a great privilege and pleasure for me to pay the tribute of my homage and respect to this modest, unassuming, thoughtful public servant for his devotion to his ideals and for the patriotic service he has rendered in making the Home Owners' Loan Corporation the outstanding agency of relief and the model for every other State to emulate.

Mr. Chairman, I would be remiss in my duties as a Member of this House if I failed to pay tribute to the loyal, outstanding, and efficient services rendered by the Hon. Dan Skilling, former deputy in the Home Owners' Loan Corporation, Mr. Ward, the present supervisor under Mr. Dailey, as well as the entire staff and personnel, for their indefatigable and persevering work, for their sympathetic and humane cooperation rendered to the citizens of New York who sought their advice, aid, and cooperation in preserving intact their life savings, symbolized in the preservation of their homes. Mr. Chairman, come what may, legislate as we will, let us remember that which we should never forget, the American home must be preserved. [Applause.]

[Here the gavel fell.]

Mr. CULKIN. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 1 additional minute.

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

There was no objection.

Mr. CULKIN. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from New York.

Mr. CULKIN. The gentleman from New York has eulogized Mr. Dailey, chairman of the New York State Democratic Committee, who, I am informed, has been appointing Democrats from top to bottom in this service. I assume there is no question about that proposition.

Mr. SIROVICH. I question and challenge the accuracy of that statement.

Mr. CULKIN. The gentleman is advocating civil service, I assume. I have seen statements in the press and have

heard him on the floor make speeches on that question. Does not the gentleman think that better service would be rendered and men better equipped to serve the public in this organization if this whole proposition was under civil service and let the chips politically fall where they may?

[Here the gavel fell.]

Mr. SIROVICH. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes to answer the gentleman's question.

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

There was no objection.

Mr. SIROVICH. Mr. Chairman, the Home Owners' Loan bill that was originally drafted and which is in the documentary archives of our building was a bill I drafted and which Mr. Luce, who was ranking member of the Committee on Banking and Currency, took and used in preparing the present Home Owners' Loan Corporation bill. When that bill came before the House I voted that all men and women working under the Home Owners' Loan Corporation should take a competitive civil-service examination. I was then an advocate of the merit system. I am today an exponent of that same principle. But it was a Republican organization that had elected Herbert Hoover as President of the United States. He appointed Franklin Fort and other members who organized the personnel of the Home Owners' Loan Corporation, who failed to provide a civil-service status for these men and women now working in the various offices of the Home Owners' Loan Corporation. Personally, I am in favor of every man and woman in the departments taking a competitive civil-service examination and taking politics out of every appointment, thereby enabling Members of Congress to do their work as Members should instead of looking for jobs for their constituents. [Applause.]

Mr. MEAD. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from New York.

Mr. MEAD. I would like to know from my distinguished colleague, the gentleman from New York, if the civil-service proposal of his would also extend to the agents of the Farm Loan Board, all of whom are Republicans in the State of New York?

Mr. SIROVICH. For the benefit of my dear friend and colleague, the Chairman of the Committee on the Post Office and Post Roads, JAMES MEAD, I would like to say that I am in favor of extending the civil service to Republicans and Democrats alike in every job of the Government of the United States. For the benefit of the gentleman from New York [Mr. CULKIN], for whom I have great admiration, I desire to state that when the hearings of the Civil Service Subcommittee, of which I have the honor to be chairman, will be completed, I shall recommend a noncompetitive civil-service examination for everyone who now holds office to give them all a civil-service status and to protect them in the security of their positions. This has been the principle that has operated for the past 52 years, in every Republican and Democratic administration.

[Here the gavel fell.]

Mr. SISSON. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 2 additional minutes.

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

There was no objection.

Mr. SISSON. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from New York.

Mr. SISSON. I want to ask the distinguished gentleman from New York, whose sentiments regarding the civil service I admire as much as does the other gentleman from New York [Mr. CULKIN], if in his answer to the question propounded by the gentleman from New York [Mr. CULKIN] he would qualify it by saying that he would not allow the civil service to apply in the same way that the Republican Party did, which blanketed tens of thousands of employees in the service of the Government without a civil-service examination and then built a civil-service wall around them?

Mr. SIROVICH. To answer the distinguished gentleman, may I say that so long as the Republicans have been filling

their respective positions as Republicans without civil service I think the Democrats should be entitled to do the same, although I believe in the merit system.

I sincerely hope and trust that the day is not far distant when men and women willing to render public service as a career will find their hopes and aspirations realized by taking a competitive civil-service examination where merit shall prevail and equal opportunities be granted to all without the guarantee of equal accomplishment or success. So long, however, as the Republicans in the past have taken advantage of the spoils system, the only solution left for my Democratic colleagues today is to give good government to the Republicans and good jobs to efficient Democrats until the civil-service bill that my colleagues and I are working on shall once and for all eliminate the spoils system in the conduct of our Government. [Applause.]

[Here the gavel fell.]

Mr. COX. Mr. Chairman, I move to strike out the paragraph.

Mr. Chairman, pertinent to the last statement made by the gentleman from New York, I wonder if in addition to what he has stated he likewise favors the observance of the quota provision of the original act?

The gentleman from New York, the leader of the minority, yesterday criticized the Home Owners' Loan Corporation for the way it has administered the law in the State of New York. May I call the committee's attention to the fact that the State of New York fared better than any State in the Union in the sense that a larger proportion of applications that were filed in that State were actually put through and loans made. In New York up to February 14 there were 134,629 applications filed. The total amount involved was \$690,369,000 plus. There was actually loaned in New York in the retail operations of the Corporation the enormous sum of \$325,655,265. The State of Ohio fared better than any of the States, not that the total amount loaned in the State was greater or quite as great as in the State of New York, but upon a per capita basis the State did fare better than the others.

Mr. Chairman, the purpose of my taking the floor at this time and speaking to the pro forma amendment anticipating that when the section of the bill is reached where an amendment of this character or substance will be in order, such an amendment will be offered, to call attention of the Members to the fact that unless the act is amended providing for receiving new applications the result will be that the larger States will get practically all the money that is provided for in the bill. Let us take the State of Ohio. On a per capita basis the State of Ohio has received in most instances 3 to 1, and in some cases as high as 10 to 1 as much money per capita as other States.

Members who come from the outlying States, the smaller States of the Union, if they are to have any reasonable expectation of their constituents or the people of their States getting any of this one and three-quarters billion dollars then it is to their interest to support the amendment which will provide for the opening of the doors and the admittance of new applicants. You will find in some communities where the distress was no greater than in others the applicants came in by the hundreds, whereas in other communities there were comparatively few applications filed.

Now, I take the position that it would be unfair for this House to so frame this legislation as to give preference to those who have heretofore filed their applications. If the money voted is insufficient to take care of all applicants, then loans should be made upon the basis of comparative present needs and distress.

[Here the gavel fell.]

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

Mr. Chairman, over a thousand years ago the Chinese Nation had a civil-service law and a civil-service scheme of things. We decry and belittle them, and yet, after a thousand years, the administration, forgetting the assassination of Garfield by Guiteau, who was an officeseeker, utterly destroys and strikes down civil service.

What the gentleman from New York has said in regard to Oswego County, which is my home county, is true. Vincent Dailey took excellent care of that county, as the gentleman stated; but our quarrel here is with the proposition of putting men into these positions solely on the ground that they have a political endorsement and irrespective of technical fitness.

I am going to give you a leaf out of the Republican book. We are temporarily in the minority, but we are fast coming back, and next year, with the assistance of sundry gentlemen who are now going very far to the left, we are going to elect a Republican President and a Republican House. So be kind to us for the time being, and we will be kind to you then. [Laughter.]

When Andrew Mellon went into the Treasury he found there a host of Democratic officeholders, hundreds of them, and many of them excellent technicians. They had been placed there in the Wilson administration by the endorsement of Joe Tumulty, who was then the private secretary of the President. Andrew Mellon never removed one of those men, and unless you people have removed them, they are there today. They were doing their work well, and Secretary Mellon acted in a public capacity as he would have done in his own personal business. It was the rational thing to do.

That is one instance of the devotion of the Republican Party to the cause of civil service. I wish to reemphasize the statement of the eloquent, scholarly gentleman from New York [Mr. SROVICH], who says that civil service is an essential proposition where orderly progress and good government are involved.

The handling of public money should not be turned over to the gross, sordid hands of politics, either Democratic or Republican. Public moneys should be handled through the medium of officials qualified by technical experience for such positions.

Vincent Dailey is a Democrat, a fine gentleman personally, but he is a Democrat, unashamed and unafraid; and from the top to the bottom the men who are engaged in the field work of this great enterprise of the Government in my State no one went on the job, irrespective of technical fitness, but the men who had the endorsement of the chairman of the local county committee. Many of those men were excellent poll workers, good at getting out the vote. When they applied to their chairman he did not discriminate very much but endorsed them as fast as they applied.

I could tell this House of certain departures from the strict path of duty where I believe political influences played a part. Why, Mr. Chairman, it is inevitable, under such a dispensation, that politics should play a part. The administration has added 80,000 Democrats to that number of exempt positions in the public service. That does not make for efficiency. We are taking a step back when we put this great institution of the Home Loan into the realm of political patronage. I think we might well take a leaf out of the book of the greatly abused Mr. Mellon, who, as I say, left in the Treasury every Democrat who was then in office, and most of them are there today. [Applause.]

[Here the gavel fell.]

Mr. FORD of California. Mr. Chairman, I move to strike out the last word. When this bill H. R. 6021, popularly known as the "home owners' loan bill", was originally brought to the Banking and Currency Committee, it called for additional bonds in the amount of \$4,500,000,000. I made an honest effort to amend the bill so that the amount of additional bonds we were providing for would be raised from \$1,500,000,000 to \$2,000,000,000. After a long and serious discussion on the merits of my amendment, it was put to a vote and, in the judgment of the committee, it was decided that \$250,000,000 was the largest sum that we could get at this time. That would make the total amount \$4,750,000,000 instead of \$5,000,000,000 that my original amendment called for, or an additional sum of \$1,750,000,000, which is \$500,000,000 more than the Home Owners' Loan Corporation asked for in the first place. My purpose in getting an additional \$500,000,000 was this: I wanted the additional money

so that the Home Owners' Loan Corporation could, in the period between the time the Congress would set up new and more liberal private money-lending facilities to take care of these home owners who are now in distress. You will note in the bill there is \$250,000,000 provided to set up Federal home-loan banks. These banks are designed primarily to take care of the kind of loans the Home Owners' Loan Corporation handles. In addition to that, we have before our Banking and Currency Committee at this time a measure which is designed, if it passes, to enable all member banks of the Federal Reserve to take first mortgages of 20 years' maturity to the Federal Reserve bank and have them rediscounted the same as ordinary commercial paper was discounted under the old Federal Reserve law. That ought to open up a tremendous reservoir of mortgage money, and we are told by Mr. Eccles, Governor of the Federal Reserve Board, that there is about \$10,000,000,000 of that kind of money available at this time in the savings banks and the commercial banks of the country. Because of this large sum of available bank funds real-estate loans should be readily available, as it should take 2 or 3 years before those banks could exhaust their present heavy cash resources. While this new law will provide rediscount privileges to real-estate mortgages, the banks probably would not have to go to the Federal Reserve Board to have these mortgages rediscounted at this time, but if a cloud appeared on the financial horizon they could go, and their assets would still be as liquid as they are today. The Federal Reserve officials are convinced that this money will seek the mortgage-loan field. It is because I am hoping this private money will come into the field within 60 or 90 days after the passing of the new Federal Reserve banking bill, and take up these loans, that I asked for an additional sum to tide over the present distressed home owner and get the money from the Government until such time as private money would get into the field. If, after these changes have been made; if, after this rediscount privilege has been afforded the banks, they do not get busy and loan money to distressed property owners, the United States Government will have to take them over and proceed to do the job itself.

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

Mr. FORD of California. Yes.

Mr. FITZPATRICK. Is the gentleman in favor of opening loans for new applications after this bill is passed?

Mr. FORD of California. On the basis of the amendment the committee is to offer; yes.

Mr. FITZPATRICK. But the amendment means nothing, insofar as new loans are concerned.

Mr. FORD of California. I would not say that.

Mr. DONDERO. Does not the gentleman think that the real test for the eligibility of the application ought to be the involuntary distress of the home owner, regardless of time?

Mr. FORD of California. That is the test provided in the bill.

Mr. DONDERO. Yes; but should not that be the test as we follow it out in this bill?

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

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

Mr. STEAGALL. Mr. Chairman, before the gentleman begins, I ask unanimous consent that all debate upon this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SISSON. Mr. Chairman, I perhaps hinted yesterday what my own individual position is regarding the closing of applications at the present time for home owners' loans. That is, whether or not the receiving of new applications should be chopped off at this time. I recognize the force of all the gentleman from Maryland [Mr. GOLDSBOROUGH] has said, and the force of all the gentleman from California [Mr. FORD] has said, although frankly—and I hope the gentleman from California is still in the Chamber—there has been a

most remarkable change in his attitude in the last 24 hours, because he thought the other day that I was backing down. I am not in favor of suspending the receiving of new applications now, although I recognize that there are a lot of banking institutions, banks, and building-and-loan associations, and so forth, that have a lot of rotten mortgages on their hands that they would like to unload onto Uncle Sam.

Probably they have already loaded a few on, but I think we may trust the administration of the Home Owners' Loan Corporation to sift them out and get the worthy cases, the really distressed cases, the cases where the equity of the home owner has not been entirely lost, where there is still something left to salvage, and to reduce the loading down of the taxpayers of the United States to the minimum. I would rather take the chance of even loading us up with a few more rotten mortgages than to perpetrate the gross injustice that would be perpetrated if we refused to receive any new applications.

Let us look at the record. I know personally of hundreds of cases where the distressed home owners went to the regional offices seeking advice about filing applications, as long ago as last June, and where they were urged to go back and try to make peace with their mortgagee. They were led along and influenced by one means or another. Unfortunately, those who failed to file an application were, in my opinion, many of them, not only eligible, but among our most honest and conscientious citizens, because they were not trying to load their burdens onto the taxpayers. They were trying to save their own homes just as long as they could, and I will never vote to let them down. [Applause.]

Now, what is this committee doing? Frankly, I cannot defend the position of the committee in this particular respect. I say it with all due deference to every man on the committee. Every man on that committee is absolutely honest and is trying to do the best he can. It was a difficult task. But I say we have let the House believe we were going to keep that open for some length of time. Any amendment which has for its purpose, its text, that we are going to say, "Well, Mr. Applicant, Mr. Home Owner, you did not file an application, but if you can show that you, in good faith, intended to, we will pass upon your application now", should be rejected. As a lawyer who has tried lawsuits for 25 years, I have seen too much of the poppycock of trying to prove good faith, or the lack of it, and I am not satisfied to leave the decision on that question to any administration, although I have the greatest confidence in Mr. Fahey.

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

All time has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Sec. 2. Subsection (k) of section 6 of the Federal Home Loan Bank Act, as amended, is amended to read as follows:

"(k) All stock of any Federal home-loan bank shall share in dividend distributions without preference."

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

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

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

There was no objection.

Mr. DINGELL. Mr. Chairman, in September 1934, following our experience with the Federal Housing Administration, in the field of loans for home construction and repairs, I sent out a questionnaire to 20,000 industrialists having a capitalization of \$50,000 or over to determine the needs of industry insofar as it applied to building. The survey covered every State in the Union. We have on file over 5,000 questionnaires returned to us, which definitely show that there is over \$970,000,000 worth of construction ready and waiting. Sixty-two percent of this amount of industrial construction can be financed from the reserves of the manufacturers by

themselves, but 38 percent of this great amount cannot be financed without assistance such as provided by the Federal Housing Act.

The limited time at my disposal will not give me an opportunity to disclose all that we learned through this thorough survey. I spent a great deal of my time and money in order to determine what the needs of industry really are. We must remember that over 40 percent of all of our unemployed are in the building industry. I took up this matter of industrial financing for construction with Mr. Moffett, of the Federal Housing Administration, and with Jesse Jones, of the R. F. C. Later the question was discussed at the White House.

The \$50,000 loan proposal which I made and which ultimately came to the committee was originally incorporated in my bill H. R. 4687. The exact terms I specified in my bill were lifted and incorporated in the Steagall bill and were emasculated to a lesser figure of \$25,000. As the original proponent of the idea I am not looking for the peacock feathers, nor do I care to bask in the spotlight by myself, but I say that since Mr. Moffett, as Administrator of the Federal Housing Administration, had given my bill and its provisions his unqualified approval. The original provision of \$50,000 should be reinstated in the bill. The Federal Housing Administration finds that it can only use \$100,000,000 of the \$200,000,000 which was granted by the Seventy-third Congress, and Mr. Moffett is very anxious to come to the aid of the unemployed and to the aid of industry which needs modernization, repairs, and new machinery. The borrower will pay the insurance premium on the entire loan which the Government insures up to 20 percent.

I learned that the committee in its wisdom saw fit to cut in half the original amount, so I consulted again with the Federal Housing Administrator, and he expressed keen disappointment, because he points out that he has a usable surplus of \$100,000,000 which was allowed by Congress, and now we are trying to prevent him from applying it to its proper use. Mr. Moffett knows his position. He knows that industry needs some assistance, and he has the money which Congress allowed for this purpose. Why hamstringing an agency of the Government by limiting the amount of a loan to \$25,000 when the Administrator states his fund is ample enough to cover applications of \$50,000?

I have spent many long months studying this one important phase and I am prepared to debate it with any man on this floor.

Mr. SISSON. Will the gentleman yield?

Mr. DINGELL. I yield.

Mr. SISSON. I take it that the gentleman from Michigan approves of the position which I attempted to set before the House in the remarks I made yesterday on this particular provision?

Mr. DINGELL. Without any qualification whatsoever.

Mr. SISSON. Namely, under title I, increasing that authorization up to \$50,000 for the purposes stated by the gentleman?

Mr. DINGELL. That is right.

Mr. SISSON. Is the gentleman aware of the fact that this bill, as originally introduced in the House by the Chairman of the Committee on Banking and Currency, contained the precise provision for which the gentleman is now contending?

Mr. DINGELL. I pointed that out early in my discourse.

Mr. SISSON. The committee, without giving any reason, and by a vote of 12 to 11, reduced that \$50,000 to \$25,000, and I challenge anyone to deny that statement.

Mr. O'CONNOR. Will the gentleman yield to me?

Mr. DINGELL. I yield.

Mr. O'CONNOR. The gentleman is aware that I am going to propose an amendment, through some member of the committee, to carry out the administration's wishes, to carry that amount at \$50,000?

Mr. DINGELL. I thank the gentleman from New York. Mr. Chairman, I have presented this amendment and felt, in all modesty, that inasmuch as I had devoted so much time to this subject that it was fitting that I offer such an amendment, but I gladly yield the privilege to the distinguished

gentleman from New York. In fact, I would rather that he propose it.

Mr. O'CONNOR. I have no pride of authorship, but the gentleman spoke to me and I told him that I was already prepared to do it.

Mr. DINGELL. I present herewith a comprehensive report of the survey prepared by my consultant, Moritz Kahn, one of the world's foremost architects and engineers. I do so for the benefit of the Members.

ALBERT KAHN, INC.,
ARCHITECTS AND ENGINEERS,
Detroit, November 24, 1934.

HON. JOHN D. DINGELL,
Congressman, Fifteenth District of Michigan,
Detroit, Mich.

DEAR SIR: As per your request of October 4, I submit herewith my preliminary report on the replies to the questionnaires recently distributed amongst industrialists. At that time you suggested that, in addition to my compilations, I should give you my personal views on the present condition of the heavy industries in this country and also any suggestions which might assist you in formulating the bill you propose to introduce to revive the heavy industries.

The compilations so far made are included in the accompanying report. My personal views are expressed in this letter.

It is well recognized that there can be no return of normal conditions in the United States until there is a revival of our heavy industries, the stagnation of which is the main cause of continued unemployment.

The marked improvement made during the past 18 months in our consumer goods industries can be considered only a palliative. The permanent cure must be sought in the rehabilitation of the heavy industries.

Amongst the latter the construction industry, which is the most important in this country, is the one which today suffers the greatest hardship in that lack of activity therein accounts for approximately 40 percent of our unemployed, leaving out of consideration those who can be classed as unemployed even under normal conditions.

With their reduced purchasing power the unemployed in the construction industry account for the great bulk of the remaining unemployed. Hence by solving the problem in the construction industry we will be most likely to solve the entire problem of our unemployed.

While the National Housing Act will prove a great stride toward the desired goal, we stand to gain even more from a national program of construction of commercial and industrial buildings, and for several reasons:

- (1) This field has lain dormant for 5 years.
- (2) Industrial projects are larger than home-building projects, and with the same amount of effort will absorb more men.
- (3) The unemployed can be more expeditiously absorbed in industrial projects than in home building.
- (4) An industrial plant, after being put into operation, will in turn give employment to men outside of the construction industry.

It is immediately granted that in many branches of manufacture production capacity is already greater than consumption demand and that one of the causes of the present depression is the insufficiency of consumption. It is therefore essential that no new plants be built for such industries where this condition applies. There are many industries, however, where this state of affairs does not apply, and herein we will find great scope for development. As a single instance let us consider the brewing industry.

Prior to prohibition more than 1,400 breweries were operating in this country. Most of these plants were dismantled during the days of prohibition. Up to January 1 of this year less than 600 plants had been reinstated. During the year 1916 the production of beer in the United States amounted to 66,000,000 barrels. The population of the 28 States then "wet" was 71,677,000. At the present time 3.2 beer has been legalized in 42 States and the District of Columbia, having a total population of 117,183,000. Based on the per capita consumption of 1916, the consumption power of the country is at present about 100,000,000 barrels per annum, although the demand is not nearly at this rate today, owing to the lack of purchasing power caused by unemployment. In any event, these figures show that under normal conditions we can easily support expansions of existing plants and/or the construction of 1,500 new plants, the construction cost of which will exceed \$134,000,000 in buildings and \$196,000,000 in new equipment. Lack of finances appears to be the principal cause for the delay in the development of this particular industry.

Other industries can be cited wherein modifications or new plants are urgently needed today, such as the manufacture of air-conditioning equipment, radio equipment, new mechanical equipment, household appliances, drugs and chemicals, food products, paper-box containers, and the like.

In many industries plant modifications or expansions are also required on account of the obsolescence, new methods of production, or the natural growth which has taken place in the past 5 years.

During the past 15 years there has been a radical development in the design of industrial buildings to increase their efficiency and to provide better conditions for the workers. In many industries old

buildings can be replaced by new buildings, the savings in the operating cost of which would be sufficient to amortize the construction cost in a relatively short time.

It is erroneous to draw the general conclusion that during a period of depression manufacturers should refrain from investing capital in "bricks and mortar." In spite of the depression, we must keep abreast of the times. We cannot sleep ourselves into prosperity.

As stated in my report, a survey of the situation shows that we need in this country today industrial construction, the total cost of which is conservatively estimated at \$970,000,000, exclusive of the cost of new equipment. If this work were put in hand it would, together with the activities of the National Housing Act, result in the employment of more than 3,000,000 men.

Of this total amount of work, 62 percent can be carried out by industrialists who are themselves able to finance the cost thereof; the remaining 38 percent can be put in hand only if financial aid is available.

Of the total amount of work, 36 percent can be started immediately; the remaining 64 percent is stated in the replies to be dependent upon a return of normal conditions.

Reverting to the brewing industry, it is well known that lack of finance is the greatest obstacle to be overcome, and the reason for this is quite apparent. The repeal of the eighteenth amendment is but a recent event, therefore the new brewing industry is in its infancy. Practically all brewing companies recently incorporated were dependent upon outside financing. Those first started experienced little difficulty, but soon the sources of funds seemed to dry up and for the past year it has been almost impossible for new brewing corporations to find the necessary capital for construction work or for the purchase of equipment.

Several other industries, according to the replies received to the questionnaires, are in a similar plight, though probably not to the same extent.

In my survey of the replies received I noted that in a great majority of cases where lack of finances was stated to be the cause of delay in construction, the repliers expressed their opinions that the Government should not be called upon to provide the necessary loans, and expressed the hope that funds would be made available through banking institutions, with long-term periods of repayment. In truth, many repliers stated that their confidence in the Government would be increased if the Government would refrain from incurring further obligations.

During the last session of Congress the Reconstruction Finance Corporation was authorized to lend to industry the sum of \$300,000,000. The Federal Reserve System was also empowered to lend \$249,000,000. Of the total sum of \$549,000,000 thus made available, less than \$30,000,000 was loaned to industry up to a recent date, and Jesse F. Jones, Chairman of the Reconstruction Finance Corporation, confessed his inability to answer the question, "Why doesn't industry borrow more?" The answer will probably be found in the vast amount of "red tape" and the onerous conditions which were placed in the way of the prospective borrower. Much can be done by the Government to alleviate these conditions.

But there is no reason why the Government should bear the entire burden. Sufficient funds are in the hands of our banking institutions; all that is required is a general loosening up of long-term credit. According to the replies to the questionnaire, prospective borrowers are asked to mortgage practically everything they have, and even then they are offered only short-term loans. This is a rather interesting condition in view of the statement made by J. Pierpont Morgan, during an investigation, to the effect that loans made by his corporation backed by securities and collateral involved them in relatively greater losses than loans based on the character and history of the borrower. Mr. Morgan stated that in his experience losses from loans based on character and history were practically negligible.

It is to be hoped that our Government may succeed in creating a situation under which banking institutions will resume the long-term lending of the vast accumulation of funds now on hand, thereby obviating the need of Government appropriations for the revival of the construction industry.

Referring to the potential construction projects, the execution of which is dependent upon a return of normal conditions, we should bear in mind that the purpose of a national construction program is to affect a return of normal conditions, and thus we have a circle of expected events. We are faced with the question, "Must a return of normal conditions precede a revival of the construction industry, or must new construction precede a return of normal conditions?"

I am of the opinion that these events must be coincident and can be brought about only by the cooperation of four groups, each of which must do its share—the Government, the banking institutions, the industrialists, and labor. The Government is anxious, and in fact has already started to make the necessary readjustments. Banking institutions should be encouraged and enabled to loosen up on long-term credit. Industrialists in turn must be courageous enough to assume a slight amount of risk. And labor must let down on its demands. The proper coordination of the efforts of these four groups will bring about the desired results, and then it will not matter whether "the egg came first, or the chicken."

To assist you in the preparation of your bill, I submit the following suggestions which might be worthy of further study:

(1) Modify the Securities Act of 1933 to facilitate the obtaining of funds.

(2) Eliminate for a period taxes on capital expenditures for industrial construction and equipment.

(3) Revise undistributed earnings tax to permit accumulation of profits to be expended for buildings and equipment.

(4) Enable bankers to discount long-term loans to industry.

(5) Arrange for greater cooperation between the department which is urging bankers to make loans and the department in charge of bank examiners.

(6) Create a department which will foster better cooperation between bankers and industrialists.

Dealing with the last-mentioned suggestion, there are some departments in Washington at the present time which go far out of their way to help those seeking information and their assistance. I know of instances where information was asked of some departments, and not only was all available information immediately forwarded but it was, in fact, accompanied by personal letters inviting the inquirer to ask for more information if necessary. This spirit of cooperation is exceedingly valuable. A similar desire to prove of assistance to industrialists would, in my opinion, make the department I suggest a very valuable one.

Very truly yours,

MORITZ KAHN.

REPORT ON REPLIES TO QUESTIONNAIRES DISTRIBUTED ON OR ABOUT
OCTOBER 25, 1934

NOVEMBER 24, 1934.

HON. JOHN D. DINGELL,

Congressman Fifteenth District of Michigan,
Detroit, Mich.

Preamble

DEAR SIR: In accordance with your instructions of October 4 last, I submit a report dealing with the answers to the questionnaires you recently mailed to industrialists. The purpose of this questionnaire was to obtain information which would assist you in formulating an act to foster the construction of commercial and industrial buildings.

On or about October 25, 19,000 questionnaires were sent out. Most of the 4,280 replies came back within 10 days thereafter. Some, however, are still trickling in.

A thorough analysis of the information contained in these replies presents a statistical problem which I have been unable to deal with finally in the time allotted to me.

Realizing your desire to obtain as quickly as possible some information for your act, I thought it advisable to submit this preliminary report.

Many of the replies gave information which was not sufficiently explicit. Probably further information should be obtained from these sources. In some cases I came to the conclusion that estimates given for the value of prospective construction work were excessive, and in such cases I thought it advisable to reduce the estimates, governed by our experience in the industrial sphere.

I would point out that my estimate of the total value of the heavy construction work waiting to be executed in this country is, if anything, on the low side. It was thought that your purpose would be better served by keeping the figures conservative.

CONCLUSIONS FORMULATED

Based on a study of the replies received, and adopting the data given as a cross-section of general conditions throughout the country, I feel warranted in formulating the following conclusions:

(1) There are now waiting to be carried out in this country, and within the near future, new industrial plant modifications and/or expansions, the total cost of which approximates \$970,000,000.

(2) Of this total amount of work, 36 percent can be started immediately; the remaining 64 percent is stated in the replies to be dependent upon a return of normal conditions.

(3) Of this total amount of work, 62 percent can be carried out by industrialists who state they are themselves able to finance the constructions; the remaining 38 percent can be put in hand only if financial aid is available. (See note below.)

(4) The number of potential projects wherein the above amount can be expended totals 11,587. This number is subdivided as follows: 7,645 projects each costing from \$1,000 to \$50,000; 1,962 projects each costing from \$50,000 to \$100,000; 1,683 projects each costing from \$100,000 to \$500,000; 195 projects each costing from \$500,000 to \$1,000,000; 102 projects each costing over \$1,000,000.

Further time would enable me to tabulate the different States wherein the construction work is contemplated; the amounts applicable to various trades; the amounts necessitated by various causes, such as obsolescence, new-process developments, or normal growth; and the amounts involved in various types of structures, such as administration buildings, factories, warehouses, or power plants.

NOTE.—In the great majority of cases where lack of finance was stated to be the cause of delay in construction, the repliers stated that in their opinion the Government should not be called upon to provide the necessary loans and expressed the hope that funds would be made available through banking institutions, with long-term periods for repayment.

METHOD OF PROCEDURE

A specimen of the questionnaire sent out is shown below. These questionnaires were sent to 19,014 manufacturers capitalized at \$50,000 or more, and only to those who would be likely to give the most representative information. These questionnaires were dis-

tributed in States where manufacturing is the principal, or one of the principal industries.

As will be noted, the questionnaire required no signature of the replier. This was for the purpose of placing as little restraint as possible on him in an attempt to gain his unbiased replies and suggestions. In many cases, however, the replies were signed. To determine the percentage of construction work available in each State the stamp cancellations on the return envelopes were carefully noted.

Basis of conclusions arrived at

| | |
|--|---------------|
| Approximate total number of manufacturers in United States..... | 147,000 |
| Approximate number of manufacturers capitalized at \$50,000 and up..... | 32,400 |
| Number of questionnaires mailed..... | 19,014 |
| Number of questionnaires undelivered..... | 215 |
| Number of questionnaires delivered..... | 18,799 |
| Number of replies received..... | 4,282 |
| Number of replies giving no information..... | 836 |
| Number of replies giving information requested..... | 3,446 |
| Number of estimates received as percent of possibilities..... | 10.8 |
| Consequent weight factor..... | 9.29 |
| Number of projects reported..... | 1,246 |
| Number of potential projects (weighted)..... | 11,587 |
| Total value of construction work reported..... | \$89,781,500 |
| Total value of potential projects (weighted)..... | \$836,000,000 |
| Estimated value of expansions or new constructions in brewing industry (information obtained from a recent survey and not included in the above figure)..... | 134,000,000 |
| Total value of potential construction work..... | 970,000,000 |

SPECIMEN OF QUESTIONNAIRE

1. Do you contemplate any immediate modification or expansion of your plant?
2. Is any modification or expansion being delayed for some reason; and if so, why?
3. Would your construction program be expedited by the availability of funds resulting either from a general loosening of credit by banking institutions or a reasonable method of governmental financing?
4. Would a return of normal conditions (1926 standard) justify any modification or expansion of your plant within the next 3 years?
5. Would such modification or expansion be necessitated by—
 - (a) Obsolescence of existing plant;
 - (b) New developments in production; or
 - (c) The growth of your industry in general?
6. Would such modification or expansion involve your—
 - (a) Office or administration building;
 - (b) Manufacturing building;
 - (c) Warehouse; or
 - (d) Power plant?
7. At present-day prices, what would be the approximate expenditure on such modification or expansion excluding the cost of manufacturing equipment?
8. Kindly give me any other information which you think may assist me in formulating the terms of a bill to provide stimulation to construction through loans to industry.

JOHN D. DINGELL,

Member of Congress, Fifteenth District of Michigan.
7310 GRAND RIVER AVENUE, Detroit, Mich.

SUGGESTIONS CONTAINED IN REPLIES

In answer to question 8 few repliers gave suggestions to assist you in formulating your bill. Most of the repliers took advantage of this question to express their suggestions as to what the Government should do to alleviate present conditions. The following are typical examples of suggestions most frequently made:

- (1) Inspire confidence in the Government.
- (2) Stop Government interference with industry.
- (3) Eliminate Government competition with industry.
- (4) Balance the Budget.
- (5) Stabilize the dollar.
- (6) Modify section 7A of the N. R. A.
- (7) Prevent the adoption of a 30-hour week.
- (8) Government efforts in this emergency should be kept up only until private enterprise has been enabled to carry on.

ADDENDUM

In the following pages I include abstracts of letters and suggestions made in reply to question 8. These quotations are typical of the views most frequently expressed. The files of letters received are available for more careful study at your convenience.

Very truly yours,

MORITZ KAHN.

ADDENDUM

ABSTRACTS OF LETTERS AND SUGGESTIONS MADE IN REPLIES TO QUESTION 8

Although we appreciate the worthiness of your motives in attempting to secure the resuscitation of the heavy industries, nevertheless we do not believe that the solution to this lies so much in providing facilities for getting the money for construction of commercial and industrial buildings, but rather lies in giving assurance

to the business man that his business over the next 2 or 3 years will not be subject to unexpected hazards other than those which can be normally foreseen.

It is our experience that the ordinary good business man is not spending money for expansion of his facilities at this time because of the uncertainty which lies ahead.

Due to the attitude of the administration, increased labor costs and difficulties with strikes can easily be foreseen. The inability and unwillingness of the administration to commit itself on the question of the Budget and its unwillingness to curb and check the vast outpouring of emergency spending leaves little reason for the business man to proceed to make capital investment with any assurance.

If a reasonable certainty of the future were to be given, we feel that this of itself would provide the necessary stimulation to expansion of facilities without setting up any additional machinery. We feel that it is not inadequacy of facilities and of money which is now lacking so much as it is the uncertainty of what the administration may do.

We believe there is a large volume of orders that is waiting to be placed, depending upon the buyers being able to secure capital with which to make purchases on terms that would permit them to pay it back over a period of 10 years' time. Many industrial corporations have lost money heavily during the past 3 or 4 years; their surplus has been reduced to a low level, if not entirely wiped out. New funds from the sale of capital stock are, practically speaking, not available. A great many of these industrial corporations are fundamentally sound, are a good financial risk, and have the courage to go ahead on improvements, replacing of old machinery, fixing up buildings that need repair, possibly to add to their line of product, if funds for that could be offered at, say, 4 percent over a period of 10 years' time, amortization to start in 1 year after the loan is secured, beginning the return slowly and working up to the larger amounts to be paid at the end of the loan period.

Would not favor loans to industry by any governmental agency. Favor modification of Security Act so as to enable legitimate companies to borrow through regular channels from the public for worth-while capital improvements.

While we do not profess to know the administration's problems, it is our belief that the prospects of a continuation of an unbalanced Budget, uncertainty as to the value of a dollar, and the further threat of business arrestment are the biggest obstacles in the path of a real upward surge. With assurance to business on these points, it is my belief that the improvement in business would do far more toward relieving the unemployment situation than has been done to date. This job would then be done on a sound basis and, I think, would be accomplished in a surprisingly short time. The prospects of sales, particularly in the capital goods industries, considering stagnation over the past 5 years or more and the matter of obsolescence, are, to my mind, phenomenal, and all that is needed is confidence to go ahead.

In our opinion, it will be necessary for Congress to enact laws which will make it illegal to strike or picket plants until the Government authorities have had the time to hold hearings and render a decision as to the merits of the controversy. Section 7A of the N. R. A., in our opinion, is one of the principal causes of the present unsettled condition. We make this statement with no bias on our part, because we have never had the slightest trouble and are now paying rates considerably higher than the highest war rates.

Believe loans to industries should come through regular banking channels and that the important thing to assure the proper flow of such loans is to clarify the Government attitude, which will remove fear and uncertainty from business minds. In our own case, we are developing our facilities without fear and with great confidence in the future of our own industry.

Modify labor clauses in N. R. A. Particularly legislate by order collective bargaining with a joint committee of majority and minority groups and/or individual. Thus settle forever interpretation of section 7A.

Free business from politics. Restore confidence by sound legislation. Stop considering the manufacturer and merchant as public enemy no. 1. Investigate labor organizations running amuck under the leadership of racketeers. We are all tired, disgusted, and desperate.

Our construction and reconstruction program is about completed; but if we could gain confidence that private industry is going to be allowed to enjoy a fair return on its investment, we would proceed with other projects we have in mind.

There never has been a time when our Government has injected into our labor-industry relationship the uncertainty that can be credited to section 7A. It is just as unfair to labor as it is to industry, and after 1 year of uncertainty as to the meaning, and with direct reversals within the administration itself, it now seems probable that the lack of clarity was intentional so that the

administration can have labor think that it was being helped and at the same time have industry see that the meaning was sufficiently obscure to leave question.

We believe loans to industry should be made through regular banking channels and should be subject to discounting by Federal revenue banks and R. F. C. Terms should be at low rate of interest and over a 10-year period, with retirement features for sinking fund created by a percent of annual earnings.

Many technical improvements and inventions in the chemical industry are awaiting release. Research has progressed beyond the ability of industry to finance its developments. The establishment of available long-term credits, say, over a period of 10 to 15 years, would provide means for many undertakings now lying dormant. They are the type of development which requires new construction, new equipment, new sales and advertising projects. They create new markets and provide opportunity not only for common and skilled labor but for professional and executive personnel as well.

Herein lies, in my estimation, a great and new field for employment.

Stop Federal Government competition with private industry, both directly and indirectly, and end uncertainty caused by constantly changing experiments.

A sound dollar, faith in Government, and promise of no Government interference is essential.

The only suggestion we have is that when formulating your bill do nothing that will cost the Government money, as every Government cost means higher taxes and the prospect of higher taxes, in our opinion, would probably result in the situation of having any stimulation in building, as a result of Government lending, more than offset by curtailment of building on the part of those people who have money.

Extension is a difficult question as long as the Government dictates policies.

We believe that if bank credit was made more easily obtainable by reliable firms through regular bank channels, business would quickly improve, and it will be unnecessary for the Government to make any further expenditures in business.

Frankly, we do not believe that any artificial stimulation will be required to encourage business men to go ahead in the normal process of expansion if they could be assured, as I said above, of the road that lies ahead and be left free to exercise their own judgment, initiative, and ability along these lines.

Please do not understand from the above that I am in any way an old rugged individualist. I am thoroughly in accord with a reasonable amount of Government supervision along the general lines of the N. R. A. We were one of the first concerns to sign the President's original agreement and are working with whole-hearted cooperation in the codes governing our industry, but I cannot help but feel that there is still too much theory and not enough balanced judgment in most of the plans which have so far come to us from Washington.

COPY OF TYPICAL COMPLETE REPLY RECEIVED

In reply to your letter of October 25 and the questionnaire enclosed with it, I am listing the answers to your questions in the order in which they appear on the questionnaire, and following these answers you will find some remarks on this whole subject.

1. Do you contemplate any immediate modification or expansion of your plant? Answer. No.
2. Is any modification or expansion being delayed for some reason; and if so, why? Answer. Yes; because we are concerned about the administration's policy on tariffs, on the Budget, on the gold content of the dollar, on interpretation of 7a of the N. I. R. A., on a minimum working-hour act, on future taxes, and further experimentation and class legislation.
3. Would your construction program be expedited by the availability of funds resulting either from a general loosening up of credit by banking institutions or a reasonable method of governmental financing? Answer. No; because we have sufficient funds of our own and we have banking credit if we wish it.
4. Would a return of normal conditions (1926 standard) justify any modification or expansion of your plant within the next 3 years? Answer. Yes.
5. Would such modification or expansion be necessitated by—
 - (a) Obsolescence of existing plant? Answer. No.
 - (b) New developments in production? Answer. Yes.
 - (c) The growth of your industry in general? Answer. Yes.
6. Would such modification or expansion involve you—
 - (a) Office or administration building? Answer. No.
 - (b) Manufacturing building? Answer. Yes.
 - (c) Warehouse? Answer. Yes.
 - (d) Power plant? Answer. No.

7. At present-day prices, what would be the approximate expenditure on such modification or expansion, excluding the cost of manufacturing equipment? Answer. \$75,000.

8. Kindly give me any other information which you think may assist me in formulating the terms of a bill to provide stimulation to construction through loans to industry.

I see no need for the bill you suggest. Beyond any doubt a pick-up in the heavy industries is not being held up for lack of funds. The banks are available for such funds in cases where companies themselves do not have the funds to expand without borrowing.

I believe that your proposed bill will have but little effect on the heavy industries, because it is not the depression or lack of credit facilities, but lack of confidence that is keeping industry from expanding. In 1931-32 there was a depression and we spent \$3,000,000 to construct a new plant. Today we would not dare to do that.

The President has been asked time and time again to tell us what he intends to do. His refusal to say anything but empty words creates not only lack of confidence but very strong suspicions that he hesitates disclosing his plans because he has bad news in mind. The psychological effect of his refusal to commit himself is continuing the depression.

It is reported that the Michigan Alkali Co. in your own State has a program of construction in mind which would eliminate all unemployment in the city of Wyandotte. I am told that that company does not go ahead for the reasons given above, and because as soon as work started there would be a horde of labor agitators and Communists who would involve labor in more strikes and riots.

Thus far these Communists have been aided by the administration and strikers placed on relief rolls.

Do you suppose people are going to risk their money for expansion under such conditions?

Do you know that the many alien Communists whom the courts have ordered deported are not being deported, and that in the Department of Labor, the Bureau which dealt with these deportations, has been eliminated?

Business needs assurance on which it can depend that common sense, square dealing, and honesty from the administration may be expected, and that the administration will stamp out communism and disorder instead of fostering it; that it will cease competing with business.

Unless these steps are taken all the fine credit schemes in the world will do little, if any, good.

Yours very truly,

JANUARY 22, 1935.

HON. JAMES A. MOFFETT,

Chairman Federal Housing Administration,

New Post Office, Washington, D. C.

DEAR SIR: On Thursday last you asked me to estimate the value of industrial plant modification and/or expansion which would result from loans to industrialists under either of two conditions:

First, if the loans were limited to \$25,000.

Second, if the loans were limited to \$50,000.

The report I sent to Congressman DINGELL under date of November 24, 1934, dealt only with new building construction. The figures therein mentioned do not include the value of repairs to existing buildings and equipment, nor the cost of new equipment required. For your purpose, these items should be included.

I estimate that the granting of loans limited to \$25,000 will influence during the coming year expenditures on industrial plants totaling \$910,000,000. The granting of loans limited to \$50,000 will influence expenditures totaling \$1,350,000,000.

I am of the opinion that in either case the total amount of loans required by industrialists will not exceed 38 percent of the total expenditures.

Further, to my report of November 24, 1934, we should bear in mind that during the past 5 years industrialists have reduced to a minimum their expenditures on plant and equipment maintenance. Assuming they spent in that period only half the amount they would have spent under normal conditions, I estimate there is to be made up a backlash in the amount of \$4,864,000,000 to cover the cost of merely repairs to existing plants and equipment.

To this figure should be added the cost of new buildings now required to a total value of \$970,000,000 (see report Nov. 24, 1934), as well as an expenditure on new equipment in the amount of \$1,525,000,000, making a total prospective expenditure of \$7,359,000,000 by industrialists on plants and equipment.

This additional expenditure of \$7,359,000,000 in the heavy goods industries would go far to eliminate our unemployment problem. Such a national program could well be fostered in conjunction with the operations of the F. H. A.

Of this total, work to the value of \$2,650,000,000 could be started immediately, providing financial aid were afforded through banking institutions. The necessary financial assistance would not exceed 38 percent of the expenditure, or about \$1,000,000,000. If the \$1,000,000,000 loans were insured by the Government to the extent of 20 percent, the \$200,000,000 obligation on the part of the Government would be of little consequence compared with the beneficial results attainable.

Very truly yours,

MORITZ KAHN.

The Clerk read as follows:

Sec. 5. Clauses numbered (1) and (2) of subsection (b) of section 10 of the Federal Home Loan Bank Act, as amended, are amended to read as follows: "(1) the home mortgage loan secured by it has more than 20 years to run to maturity, or (2) the home mortgage exceeds \$20,000 or."

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

Mr. Chairman, reference has been made to the outstanding record that has been made in the State of Ohio as to the number and the amount of the loans made, and I am very proud that the State I represent as Congressman at large has been a leader in the saving of homes. I am glad to pay tribute to Henry G. Brunner, the State manager of the Home Owners' Loan Corporation in Ohio, who at the time he was appointed was chairman of the Democratic State executive committee of the State of Ohio. The facts are, however, that since the adoption of this institutional amendment of April 28, 1934, too many loans have been made in the State of Ohio, as well as in other States, to mortgagors who really were not in distress at all. In fact, it is safe to assert that in the last 6 months of 1934 the majority of loans made in the State of Ohio were made to help liquidate banking institutions. The banks of this country took advantage of the Home Owners' Loan Act. We in Congress intended that this great corporation would save the homes of the people of our country. We wanted to make the Home Owners' Loan Corporation the greatest humanitarian corporation in all the world. I hope the Congress will repeal the institutional amendment of April 28, 1934. I understand, in fact, that the committee has agreed to this. I hope that hereafter distress of the individual will be the sole test of eligibility under this act. I hope also that this will be made wide open, as the gentleman from Georgia [Mr. Cox] suggested. I hope that the home owners of the country will be given not 60 days, but until December 31, to make applications, and that all home owners of this country who are in distress—that to be the sole test—will be given an opportunity to apply for the relief that we in Congress intended, irrespective of whether they have made application before or within 60 days.

Mr. DUNN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. YOUNG. I yield.

Mr. DUNN of Pennsylvania. They may be given an opportunity to make application until December 31, but what guarantee is there that they will get the loan? This is quite another matter.

Mr. YOUNG. I agree with the gentleman that there has been maladministration on the part of officials of the Federal Home Loan Bank Board here in Washington. There has been too much red tape emanating from Washington. There have been too many restrictive regulations directed from Washington. I desire an authorization of an increased bond issue in the sum of at least \$2,500,000,000 and that this be made wide open for all applicants who are genuinely in distress, and that it be held open until December 31.

Mr. DUNN of Pennsylvania. Does the gentleman think that \$2,500,000,000 would be sufficient?

Mr. YOUNG. Answering the gentleman from Pennsylvania, I call his attention to the fact that this Congress convenes again in January 1936, and if the sum authorized has not proven sufficient we may then legislate further to try to make this Corporation continue to be what we in Congress intended it should be. [Applause.]

[Here the gavel fell.]

Mr. MERRITT of New York. Mr. Chairman, I move to strike out the last two words.

It has often been said that the Home Owners' Loan Corporation was, in a sense, a charitable organization. In my opinion, I do not think that a very fair statement. There is no doubt in my mind that many unscrupulous people have taken advantage of this agency of our Government. However, the greatest number of applications are just ones and there is no doubt that the applications pending in the various offices are also just ones.

All mortgage companies in and around New York are either in the hands of receivers or are operating on a restricted basis under the supervision of the New York State banking department, and, as a matter of fact, the only companies not restricted are very small ones; therefore it is most imperative that these home owners have a place whereby they can have their mortgages extended, and that place is the Home Owners' Loan Corporation.

I am one of the Representatives at large in my State, but in the particular congressional district in which I live, and which is represented by my colleague, Mr. BACON, there is a situation existing, brought about not by the home owners, but by the lending institutions, so that it is impossible to renew most of the mortgages that have become due in the last year or two. I refer particularly to the houses that were built in large quantities, block after block, and sold to wage earners, including school teachers, firemen, and policemen, and, may I say in passing, that these school teachers, firemen, and policemen received the first solicitation as buyers of these houses because of the good risk they represented.

As for the remaining owners of these houses, it is safe to assume that the wage earner was in a position to amortize the liens against his house on a safe and sound basis.

I might also suggest that, according to the articles I have read, it seems as though the \$1,500,000,000 that this bill calls for, will only take care of those applications already submitted to the agency, therefore, I am in favor of having an additional amount set aside to take care of those applicants who have not had the privilege of submitting their application for a loan.

I do not believe there is a Member of Congress who will deny the fact that the people who make the very best citizens of our land are the ones owning homes and paying taxes that help to run our Government; therefore, I ask the cooperation of all the Members of the House in the passage of this bill so that the vast number of home owners who are unable to meet the requirements of mortgage loans on their homes by reason of their inability to obtain extensions or replacements thereof, or the requisite additional financing, in order to prevent foreclosure, may be protected.

Mr. BRUNNER. Mr. Chairman, will the gentleman yield? Mr. MERRITT of New York. I yield.

Mr. BRUNNER. Is it not a fact that in the county in which the gentleman resides over 23,000 applications were filed?

Mr. MERRITT of New York. Yes.

Mr. BRUNNER. Is it not also a fact that some 10,000 applicants have received their loans?

Mr. MERRITT of New York. I think the gentleman is correct.

Mr. BRUNNER. By the simple process of deduction we have at least 13,000 who are in distress. Does the gentleman not think we should extend the time within which to file applications?

Mr. MERRITT of New York. Yes; we shall have to extend the time.

Mr. BRUNNER. And we shall have to increase the amount also?

Mr. MERRITT of New York. It is imperative to extend the time, also additional funds, so those in distress may have an opportunity to submit their applications.

Mr. SABATH. Is it not a further fact that the gentleman's district is recognized as one of the richest down State districts in the State of New York?

Mr. MERRITT of New York. The gentleman should know that I do not happen to represent any particular district, as I am elected at large.

[Here the gavel fell.]

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

Mr. Chairman, I rise today to ask the simple question, Why is it that the Congress should depart from that which gave the Seventy-third Congress the gold star of its existence? The Seventy-third Congress seemed particularly interested in the distressed home owners of this Nation. The Seventy-third Congress came to the rescue of the distressed home owners of the Nation, and I see no reason for chang-

ing now. If we had distress then, and we recognized it, we should see the distress that still exists and recognize it now.

When we talk about changing the date and putting it back to the 13th of last November, and admit that we cut off the applicant automatically by an arbitrary ruling of the Board, I tell you that was not the purpose or intention of this body, and we should not abide by it. That final date for the applicant should be set in the future. We should be mindful of, we should be interested in, and we should be solicitous for those back home who sent us here to be their Representatives in this national body.

Mr. Chairman, the Home Owners' Loan Corporation was the greatest humanitarian stroke of the Congress. It should be continued, not for a term of 60 days, not for a term of another year, but we should go to the defense and the protection of the homes of the Nation. Why, I ask, should we appropriate money for the Army and the Navy? To defend what? Are we defending an oil well or an industry, or are we marching to the defense of our homes and the people that constitute in them the rock upon which the Government is founded? Mr. Chairman, consider this seriously. The homes of this Nation should enjoy the greatest protection from this body. We have no reason to desert them. We should not crawl behind the abuse that has been heaped upon the Home Owners' Loan Corporation by the bankers and the loan companies of this Nation, but rather we should eliminate them and go to the kernel of the nutshell of this proposition and be the defenders, the protectors, and the champion of the homes, and the people in them, of this land. [Applause.]

Mr. Chairman, I am a home lover. I am an old-fashioned home lover, and I stand before you the father of nine children. [Applause.] The loss of a home is a great loss. It disturbs the basic unit of society, it tears the eyes of mothers and it sterner the face of dads, and I intend henceforth to battle for the poorest shack in this country.

Mr. STACK. Will the gentleman yield?

Mr. RABAUT. I yield to the gentleman from Pennsylvania.

Mr. STACK. Who has the power to extend this time?

Mr. RABAUT. This body.

Mr. STACK. Why can we not get together and extend the time, then?

Mr. RABAUT. I think we will extend it. I would hate to see a Representative return to his people and confess to them that he had a part in an activity that discontinued this act which formed a protection around the homes of this Nation.

Mr. DUNN of Pennsylvania. Will the gentleman yield?

Mr. RABAUT. I yield to the gentleman from Pennsylvania.

Mr. DUNN of Pennsylvania. Will the gentleman please tell me how in the world an unfortunate man today who is out of a job is ever going to have his home saved?

Mr. RABAUT. I do not know.

Mr. DUNN of Pennsylvania. I know the Home Owners' Loan Corporation does not make provision for a man who owns a home if he cannot guarantee to pay up the principal and interest.

Mr. RABAUT. I am not attempting to make this a charitable activity. I know some people will fail in this regard, but I do not favor transferring the home owner to the mercy of those institutions that passed out on us at a crucial moment, at that moment when the collapse came and the life savings of many were wiped away.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section close in 10 minutes.

The motion was agreed to.

Mr. GREEN. Mr. Chairman, I see no reason why the time should not be extended in order to permit all meritorious cases to apply for loans. I ask unanimous consent to extend my remarks in the RECORD.

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

There was no objection.

CATTLE-TICK AND SCREW-WORM CONTROL

Mr. GREEN. Early in this session I introduced H. R. 3020 which provides for funds to continue the cattle-tick eradication program and to initiate a program for the control of the screw worm. These two pests are a great menace to stock, particularly in the States of the South. The screw worm is a comparatively new pest in the States of the Southeast and during the warm months of 1934 did thousands of dollars worth of damage to the stock in my State. There are also serious infestations in Georgia, Louisiana, and other Southern States. It is worse, of course, in the warm months, therefore, the necessity for prompt action to begin a control program before the warm weather sets in. We have been able to obtain approval for the proposed appropriation of the Secretary of Agriculture, the Bureau of the Budget, and, I understand, the House Appropriations Committee will soon favorably present this matter to the House. Funds for tick-eradication work are almost exhausted and we find it necessary for prompt action to appropriate further funds because if the program has to be halted, the tick-free areas in Florida and other infested States, will rapidly become reinfested.

I urge my colleagues to join in the support of these two worthy appropriation items.

FROST WARNINGS

Florida is asking for a small sum to increase the Weather Bureau facilities for the State. It is very important that the Weather Bureau have sufficient funds to carry to the various parts of Florida frost-warning services. This is particularly needed in the Citrus Belt and in the winter-vegetable belt of our State. If properly warned as to approaching cold or frost, the growers, many of them, cover the tender vegetables, thus protecting them from the cold. The fruit growers, many of them, have provided their groves with smudges and other warming devices and with this service will be able to protect their groves against any reasonably cold weather. This frost-warning service is now accorded to the growers of California and Texas and it is only just and proper that Florida have the same facilities. This is a most worthy request of our Florida fruit and vegetable growers. The cost is negligible.

Mr. PIERCE. Mr. Chairman, my object in rising at this time is not with the thought that I am going to change anyone's vote or influence anyone at this stage, but to correct the RECORD and keep things straight so far as the good State of Oregon is concerned.

Yesterday, when the gentleman from New York, Mr. HAMILTON FISH, mentioned a letter written in Oregon in the fall of 1934, I thought he had reference to another incident that happened many weeks earlier. I now find that he had reference to a letter written in Portland on October 29, 1934, which letter may be found in the CONGRESSIONAL RECORD of Thursday, March 7, 1935, at page 3151. This letter is signed by four citizens of Portland, Oreg., who had obtained loans from H. O. L. C.—persons who were in no way connected with any particular organization—and the letter was entirely voluntary. This letter gives great credit to former Congressman General Martin for the part he played in securing the passage of the original H. O. L. C. Act, and these four beneficiaries simply asked the citizens of Oregon to vote for General Martin for Governor. The H. O. L. C. organization was not responsible for the letter and was in no way connected with it. When I think of the fierce, blood-curdling speeches that the gallant Congressman from New York has so often made in this House in regard to Communists, I just wonder if he is not accustomed to "seeing things." This letter was not political nor in any way partisan. It had nothing to do with the Democratic organization or the organization of the H. O. L. C., and nothing that carries the least shadow of a questionable act at all on the part of any person in that organization. If his campaign against the Communists is similar to this, he is certainly concerned about trifles which should have no attention in these strenuous days. It was Shakespeare who coined the phrase "Much Ado About Nothing", and I am grateful to him for it as I apply it to the present activities of our friend from New York.

The management of the H. O. L. C. in Oregon has been a matter of much concern to those interested. My former colleague, General Martin, and myself accepted the first general manager for Oregon, and the entire set-up in the main office was named by that manager, who, we afterward learned, was the choice of mortgage companies interested in this legislation. Many now believe that he was entirely too close a friend of the building and loan associations to be entrusted with so important a position. It is true that perfectly good applications for loans, filed early, were sidetracked for applications that were being pushed by the banks and building-and-loan associations. I do not know the percentage, but I presume that 90 percent of the loans made in Oregon helped some mortgage company or building-and-loan association. They unloaded bad loans which they carried on their books. I am firmly convinced that this entire scheme was born in the brain of the big boys, and the poor, distressed home owner was the screen behind which the holders of millions of dollars of bad loans made by banks, building-and-loan associations, and insurance companies could hide.

The favored ones saw to it that proper appraisers were appointed, and other men occupying key positions were also satisfactory to these interests. When the applications came in they were able to see that the bad loans of the building-and-loan associations and other financial concerns had right-of-way. Their uncollectible loans, amounting to millions, were assumed by the Government and the mortgagees received, in exchange for their rotten paper, tax-exempt Government bonds, fully guaranteed both as to principal and interest. I wish I could believe, as many of you do, that the Department in Washington was entirely blameless. If they did not know, they could have known and they should have known, as it was their business to know. And, if they did not know, they simply lay down on their job, and Mr. Fahey, who has been praised to the clouds in this House, is at least guilty of negligence. He sent his men constantly from Washington, and he and they must have known what was going on, not only in Portland, Oreg., but all over the Nation. His admission before the Rules Committee that 97 percent of all the money loaned by the H. O. L. C. found its way into the coffers of banks, insurance companies, and building-and-loan associations condemns him and proves, to my mind, conclusively, that instead of being an efficient official, laboring in the interests of the distressed home owner, he has simply officiated as the head of the group that plundered the Treasury for millions of Government bonds. I believe future years will find millions in uncollectible loans on the books of the H. O. L. C.

They claim to have discharged 2,116 appraisers. I wonder if it was for incompetence or because those appraisers did not play the game, and were often interested in giving honest valuations instead of looking after the bad loans of the big boys. This talk about politics is camouflage—just simply a screen to hide behind.

Washington ignored our pleas for better organization, for more efficient management, that delays of a year or more be stopped, and that rank favoritism be abolished.

Then in early September 1934, when General Martin was in the heat of his campaign for Governor, suddenly a man from Washington arrived in Portland, Oreg., and removed the State manager and many others, some of whom were highly efficient and were dismissed without a day's notice, much to the consternation of myself and General Martin. Talk about being Democratic politics—my dear colleagues, politics had nothing to do with it, it was simply big business, with its hand in the National Treasury. Those men were kept who could be depended upon to play the game. After this wholesale slaughter in early September, we enjoyed the society of a manager from Tennessee. Yes, a carpetbagger, but a very pleasant gentleman. Then, without consulting with anyone holding a political position, a manager was appointed, who was recommended, I have been told, by the Realty Board of Portland, Oreg.

It is certainly pleasing to know that in some States these H. O. L. C. set-ups have been models of perfection, but how

my colleagues can come into the Well of this House and highly praise this arm of the Government is beyond my comprehension.

Of course, this bill will pass without a record vote. We must accept it because there really are distressed home owners who may get a crumb. It will make a total of four and a half billions of H. O. L. C. tax-exempt bonds, and in lieu of this great obligation the Government will become the owner of four and a half billions of mortgages scattered from ocean to ocean. Now, honestly, what will be the loss? The gentleman from Indiana [Mr. GREENWOOD] estimated a loss of 5 percent. He is certainly an optimist, and would have no difficulty in seeing the doughnut, whether the hole is there or not.

When we used to borrow money from the banks in the good old days of the past, and submitted to the bank a property statement, and admitted in that statement that we had guaranteed somebody's loan, the banker always insisted that we should count that guaranty as a debt, and the banker was usually right. If one guarantees a note for another he usually has that note to pay.

The Government is certainly going to have thousands of homes on its hands. As a Government, we are in the real-estate business right. Add to this four and a half billions, two billions for farm mortgages. Six and a half billions of tax-exempt securities will bring, I estimate, about three billions in losses to the Government. When we in the future talk about the debts of this Nation, we shall, I fear, be obliged to add at least three billions on account of bonds issued for H. O. L. C. and the Farm Credit Administration.

I have heard it stated here in the Well that the R. F. C. was established to unload private debts of the railroads and the banks on the public through the Government. Since I have been here I have often wondered if this might not prove true.

[Here the gavel fell.]

Mr. TRUAX. Mr. Chairman, the question has been asked, How can the home of the unemployed workman be saved? I am attempting to answer that question. Such a man in distress can be saved the same as this Congress saved the farmers of this Nation by the enactment into law of the Frazier-Lemke farm bankruptcy bill, passed on June 15, on the last day of the Seventy-third Congress, by this House and the Senate of the United States.

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

Mr. TRUAX. Yes; I yield.

Mr. KVALE. Has the gentleman made any effort to prepare such an amendment?

Mr. TRUAX. I have; but I am not sure that it is germane, I will say to the gentleman.

What is wrong with the home owners of this country today? It is the same old trouble of the money-lending Shylocks that not only take away a man's home, but obtain a deficiency judgment against him, and mortgage his future earnings and his future life by such deficiency judgments.

In the farm bankruptcy bill we eliminated deficiency judgments once and for all time. We provided for a scale-down on such a debt to its value today.

I want to point out to you that 10 out of 11 Federal courts of this country have held this bill to be constitutional, and a hearing before the United States Supreme Court will be had the fore part of next month, and my prediction is that this bill will be held constitutional by the United States Supreme Court. Then why should we wait; why should we hesitate and allow these tens of thousands and these hundreds of thousands to have their homes taken away from them? If this economic distress has slain its tens of thousands, the money-lending pirates and buccaneers of this country have slain their hundreds of thousands by their foreclosures and their deficiency judgments. Why should this Congress hesitate? You can protect the unemployed and helpless and small-home owner by the same mechanics and by the same methods.

The hope is expressed by some on this floor that the private banking institutions and the private money-lending institutions will resume their money-lending operations and

that they will again take over the refinancing of homes. I have no doubt in my mind whatsoever that they will never resume these operations. They will never take them over, and the only way that these home owners can save their homes is by Government refinancing and by a 5-year moratorium, the same as we have given the farmers of this country.

I care not whether you increase your funds one and one-half billion dollars or three billion dollars, you have got to stop, once and for all, the damnable money lenders and Shylocks of this country. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

SEC. 6. The Federal Home Loan Bank Act, as amended, is amended by inserting a new section following section 10, to read as follows:

"SEC. 10A. Each Federal home-loan bank is authorized to make advances to nonmember mortgagees approved under title II of the National Housing Act. Such mortgagees must be chartered institutions having succession and subject to the inspection and supervision of some governmental agency, and whose principal activity in the mortgage field must consist of lending their own funds. Such advances shall not be subject to the other provisions and restrictions of this act, but shall be made upon the security of insured mortgages, insured under title II of the National Housing Act. Advances made under the terms of this section shall be at such rates of interest and upon such terms and conditions as shall be determined by the Federal Home Loan Bank Board, but no advance may be for an amount in excess of 90 percent of the unpaid principal of the mortgage loan given as security."

Mr. HOLLISTER. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: On page 5, line 12, strike out "A" and insert "b."

Mr. HOLLISTER. Mr. Chairman, it is a typographical error that a capital A is in the bill at this point. There is already a section 10a, and therefore this should be section 10b.

The amendment was agreed to.

The Clerk read as follows:

SEC. 7. Section 13 of the Federal Home Loan Bank Act, as amended, is amended by inserting after the word "bank" in the second line thereof the words "and consolidated Federal home-loan bank bonds or debentures."

Mr. BINDERUP. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. BINDERUP: On page 6, after line 3, insert a new section to read as follows:

"SEC. 7. Section 13 of the Federal Home Loan Bank Act, as amended, is further amended as follows: 'Provided, however, That no corporation, organization, or institution which charges a rate of interest of more than 5 percent on its loans, or which pays any of its officers or employees a salary of more than \$3,000 per annum, shall be entitled to participate in any of the privileges or benefits of this act.'"

Mr. STEAGALL. Mr. Chairman, I make the point of order against the amendment that it is not germane to the section.

Mr. BINDERUP. May I ask the gentleman, as a matter of information, why this is not germane to the section.

The CHAIRMAN. The burden is upon the gentleman to show that the amendment is germane. The Chair will hear the gentleman if he cares to offer any argument upon its germaneness.

Mr. BINDERUP. Mr. Chairman, the amendment is germane because it pertains to the entire substance of the bill. It is very difficult to separate the three sections of the Home Loan Act pertaining, first, to the home-loan bank and the Home Loan Corporation and then to the housing provision. This is purely a limitation, that is all.

The CHAIRMAN. Does the gentleman from Alabama wish to be heard on his point of order?

Mr. STEAGALL. No, Mr. Chairman. As we view the matter, the amendment has no relation to the section.

The CHAIRMAN. The Chair is ready to rule.

The Chair believes the amendment of the gentleman is not germane to section 7, but quite foreign to it, and, therefore, sustains the point of order.

The Clerk read as follows:

SEC. 8. Section 19 of the Federal Home Loan Bank Act, as amended, is amended by adding at the end thereof the following:

"The receipts of the Board, except the receipts arising from assessments upon the Federal home-loan banks, shall be deposited in the Treasury of the United States, and may be from time to time withdrawn therefrom for the performance of the duties of the Board, and such funds other than the receipts from assessments upon the Federal home-loan banks may be expended without regard to the provisions of any other law and shall not be construed to be Government funds or appropriated moneys."

Mr. ELLENBOGEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. ELLENBOGEN: Page 6, line 19, at the end of section 8, insert section to read as follows:

"Sec. 8A. That section 2 (c) of the Home Owners' Loan Act of 1933 be amended to read as follows:

"SEC. 2 (c). The term "home mortgage" means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than 4 families and containing not more than one shop or storeroom, used by the owner as a home or held by him as his homestead, and having a value not exceeding \$20,000; and the term "first mortgage" includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby."

Mr. ELLENBOGEN. Mr. Chairman, this amendment is an amendment to the Home Loan Act passed in 1933. It is an amendment to section 2 (c), which contains the definition of an eligible home. The proposed amendment only adds these few words, "and containing not more than one shop or store."

At the present time a home is eligible that contains not more than four apartments. At the time the act was passed we omitted to expressly provide for a home with a small shop or a small storeroom in the property. At the present time, in most cases, their applications have been held ineligible under the provisions of the act.

I want to repeat that the only change the amendment proposes to make is to make eligible under the terms of the act these homes containing not more than one shop or a storeroom.

I know thousands of home owners who have had their loans declined, because their property contained a small shop or a small storeroom. In many of these cases the applicant, the home owner, was carrying on in that shop a small business—like a cobbler's shop or a small grocery store, or some other commercial activity—and had been living in it as long as 20 years. In spite of that his loan was declined. I hope this Committee will accept this amendment and that my colleagues will support it.

I want to call attention to the fact that a similar amendment was passed by the House last year but it was thrown out in conference.

Mr. CARPENTER. Will the gentleman yield?

Mr. ELLENBOGEN. I yield.

Mr. CARPENTER. I have had a number of instances in my district where the parties appealed to me for relief along the line suggested by the gentleman from Pennsylvania, and I know of no reason why these persons should not have relief that is provided in the gentleman's amendment. I hope the amendment prevails.

Mr. REILLY. Will the gentleman yield?

Mr. ELLENBOGEN. I yield.

Mr. REILLY. Is it not a fact that where the shop is merely incidental to the home that relief is given?

Mr. ELLENBOGEN. The Board in theory has made such a ruling, but the offices throughout the country have thrown such loans out, and the Board in Washington has sustained their rulings. I want an explicit declaration in the law so that there shall not be any question about it.

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

Mr. ELLENBOGEN. Yes.

Mr. RANDOLPH. I am in agreement with the amendment for the reason that I believe we should encourage that person who is trying to bring some income into his home whereby he may pay the loan back to the Government.

Mr. ELLENBOGEN. I thank the gentleman for his suggestion, because a home containing a shop or a store is better security than if it is merely used as a home. I say to

the distinguished gentleman from Wisconsin that if the Board wants this done why not put it in the law; why object to the amendment? I hope the Committee will agree to the amendment.

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

Mr. ELLENBOGEN. Yes.

Mr. MAVERICK. I want to give an example. In my home town, San Antonio, there is a man who sold his home because he was out of a job, and he opened up a small business on Broadway and lived on the place. It is his home. They found out that the combined value of his ice-cream machines, his little restaurant, was slightly more than the portion slept in, or his home, and it was decided he could not make a loan because it was "predominantly commercial." Under the laws of Texas, this is his only homestead. It is the only thing that he has in the world. Some worthless people who have a home and a separate business or job have made loans and do not pay up, but this fellow cannot do it. This is a penalty on thrift. I think if we are going to give relief to the people, especially the small merchant, we have to have that included. We talk about "big business", but we keep a small merchant from existing because of a technicality. Let us give these people relief.

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

Mr. ELLENBOGEN. I shall gladly yield to my distinguished colleague from Pennsylvania.

Mr. DORSEY. Is it not true that there has not been any uniform regulation of these combined-use buildings, and the purpose of the gentleman's amendment is to clear up that situation?

Mr. ELLENBOGEN. That is the situation. I might say to my colleague from Wisconsin [Mr. REILLY] that in the beginning those homes were held to be eligible by the Home Owners' Loan Corporation but that later they were excluded.

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

Mr. HOLLISTER. Mr. Chairman, I rise in opposition to the amendment. The gentleman from Pennsylvania [Mr. ELLENBOGEN] is in error when he states that the presence of a shop or a store necessarily invalidates a loan. The test which is made by the Corporation is whether or not the property concerned is primarily a residence or primarily a business. The Corporation has felt, and it would seem to me properly so, that inasmuch as this is a home owners' loan corporation, a corporation set up for the purpose of assisting home owners, they must in the nature of things limit the relief given to what is essentially a home rather than what is essentially a business. Regulations have been laid down along these lines. Of course, there are many borderline cases, cases where it is difficult to say immediately whether the property in question is more of a business than it is a home or more of a home than it is a business. The Board has informed the committee that there is a special committee of the Home Owners' Loan Corporation sitting in Washington to which these border-line cases are referred. This committee takes these border-line cases and finally decides them, leaning where it possibly can toward giving the relief. If there is any doubt in the mind of the committee, it holds that the building concerned is not essentially a business.

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

Mr. HOLLISTER. Yes.

Mr. MAVERICK. I want to give this example, which is the case before the Home Owners' Loan Corporation.

Mr. HOLLISTER. Will the gentleman please ask me a question? I have only a few minutes.

Mr. MAVERICK. We will get his time extended. The point is this: Probably, as a matter of fact, the business property is proportionately worth slightly more than the part in which the man sleeps.

Mr. HOLLISTER. I do not think the test is made in value.

Mr. MAVERICK. Oh, yes; it was in this case, and I can give the gentleman the name of the case. It is the Blue

Bonnet Confectionery, or something like that. It is the only home this man has. Under the constitution of the State of Texas it is his homestead, and yet he cannot make a loan on it and he is paying 8-percent interest.

Mr. HOLLISTER. Mr. Henry L. Doherty, of whom the gentleman has probably heard, lives in a penthouse on top of the Cities Service Building in New York City. That is his only home. Would the gentleman think it was eligible under the Home Owners' Loan Corporation?

Mr. MAVERICK. No; but this is the only home the man has, and it is a small business; and that is construed under the law of Texas as a homestead. It is not a penthouse. Besides, no loan can be made on a value over \$20,000.

Mr. HOLLISTER. After all, we must draw the line somewhere. To try to delineate in any particular legislation the exact place where the line must be drawn as between a residence and a business seems to me beyond the possibility of what this House can do. It seems to me this must be left to the general rules of the Corporation, believing that the Corporation, which is trying to do the best job it can, will so lay down its regulations as to take under its wing all proper cases.

Mr. ELLENBOGEN. Will the gentleman yield?

Mr. HOLLISTER. I yield to the gentleman from Pennsylvania.

Mr. ELLENBOGEN. I had a case where a home owner had a small shop in his storeroom, and he was actually served with foreclosure papers and they wired to Washington and Washington examined the case and rejected it.

Mr. HOLLISTER. I cannot yield further. The only answer I can make to the gentleman is that when you are dealing with 1,000,000 or 2,000,000 applications, there will always be a few cases of unfairness, a few hard cases which you and I or anyone would say should have been covered. The old adage that hard cases make bad law is evident in some of the things we are trying to do here. We must try to lay down certain general limitations and leave it to the regulations of the Corporation to fill up the blanks.

Mr. RANDOLPH. Will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. RANDOLPH. I believe the real reason why we should place this provision definitely in the law is because of the interpretations which have been placed on rulings up to date. I believe, further than that, that we place a penalty upon the thrifty.

Mr. SABATH. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, last year by nearly a unanimous vote a similar amendment was adopted. Unfortunately the conferees failed to agree upon it. I was in hopes that the committee, in view of the vote last year, would embody the provision in this bill. I desire to stand by the committee on this bill, which I am ready to do with a few minor exceptions, and this is one of them.

I consider this an important amendment, an amendment that will eliminate discrimination. I am not ready or willing to rely on the interpretation of some of the appraisers who were in the field or here in the Washington office. We had Mr. Fahey before our committee and examined him on this very proposition. He was under the impression that in a majority of the cases favorable action is had on appeal here to Washington. I think it is manifestly unfair to subject the little fellow, who cannot afford to engage an attorney or assistants, to that additional expense. The purpose of this amendment is to give people who, perchance, may have a small store or a shoe shop or a bakery shop or any other small place of business on a first floor, with 2 flats or 4 flats above, the same privilege that is accorded to the home owner who may not have any such shop or store in his building.

Mr. MAY. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. MAY. Is it not a fact that the possibility of a man's being permitted to have some kind of a commercial enterprise in his home will enable him to earn enough money to

discharge the tax liens and make repairs, and things of that kind, which he might not otherwise have?

Mr. SABATH. That is correct. The gentleman is always right. These loans will be safer than many of those that have been made on mortgages owned by insurance companies or by banks.

Mr. DONDERO. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. DONDERO. What we are trying to do is to protect the man who lives in the back of his shop and runs the front of it for an income, or who lives over the store? He has an income that almost insures the loan. Is that not correct?

Mr. SABATH. That is correct. I recollect the gentleman cooperated with me last year in having that amendment adopted, and I was thankful to him then and I am thankful to him now that he joins with me for such a noble and just cause for relief.

Mr. RANDOLPH. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. RANDOLPH. I am in agreement with the line of argument which has been presented by the distinguished gentleman from Illinois. I believe the reason we should pass this bill at this time is because as it now stands we place a penalty upon thrift.

Mr. SABATH. Yes. The gentleman is correct.

Mr. BROWN of Michigan. Will the gentleman yield?

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

Mr. BROWN of Michigan. Is this substantially the same as the amendment which the gentleman offered last year?

Mr. SABATH. Yes; substantially the same amendment.

Mr. BROWN of Michigan. I note that it does not include the word "store." I think it should be amended to include the word "store."

Mr. SABATH. I think it does include the word "store." At least I suggested to the gentleman to put the word "store" in there.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. SABATH] has expired.

Mr. BROWN of Michigan. Mr. Chairman, I ask unanimous consent that the amendment be amended in line 10, after the word "shop", to include the word "store" and a comma, so that it will read "shop, store, or storeroom."

Mr. ELLENBOGEN. Mr. Chairman, I accept the amendment.

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

There was no objection.

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

Mr. Chairman, the distinguished member of the Committee on Banking and Currency, Mr. HOLLISTER, who addressed the House a few moments ago, stated he thought this matter should be one of regulation vested in the Board. I should like to take sharp issue with that statement. Here is a golden opportunity for the Members of this House to right a wrong. When we started to investigate the activities of the Home Owners' Loan Corporation or tried to do so, at least, my mail was deluged with complaints from those who claimed they were discriminated against because they had a small store, a butcher shop, or a barber shop, or something like that. In the district of the gentleman from Pennsylvania [Mr. Crosby] there is a typical case which I should like to cite. Down the road on the Lincoln Highway a young man has a stand where he caters to tourists; he sells soft drinks and sandwiches.

He operates that stand 7 months of the year, but lives there all the year around. He made an application for a home owner's loan. It is his only home. The application was denied. One mile down the road another man operates a beer parlor all the year around, lives there, and he secured a loan.

I have had evidence presented to me of cases where loans were made on greenhouses and hotels. Why the discrimination against the man who is barely making a living by conducting a small business? You allow a man to get a loan on his home if he is in distress—a man who operates

a truck, or works on docks, or works on the railroads; a man who makes more money sometimes than the man struggling along trying to run a butcher shop or a barber shop. I do not believe the decision should be left with the Board, because the Board will not carry out equitable means of giving relief to distressed owners in this class of cases.

I have a letter in my files from a member of the legal staff of the Home Owners' Loan Corporation in Washington in which he wrote to a constituent in Ohio that the interpretation of homestead—that is, whether a business and dwelling combined would fall within that classification—is left in the final analysis to each State manager. This means you have 48 different kinds of interpretations as to what constitutes a homestead; and unless you adopt the Ellenbogen amendment or some amendment like it you are going to have a continuation of 48 State managers deciding from political viewpoints primarily what constitutes a homestead.

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

Mr. SWEENEY. I yield.

Mr. ELLENBOGEN. At the present time the employees in the district offices are afraid to accept stores and homes combined because they are afraid of being separated from their jobs if they displease the home office.

Mr. SWEENEY. There is no question at all about that.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. SWEENEY. I yield.

Mr. BROWN of Michigan. The gentleman understands that this amendment is still subject to the \$20,000 limitation?

Mr. SWEENEY. I understand that.

Mr. BROWN of Michigan. No loan may be made in excess of that amount?

Mr. SWEENEY. That will not affect the class of people I am speaking about, for most of these applications will be well below \$20,000 appraisal; most of them will come from small merchants, whose places of business are attached to the dwellings.

Mr. GRAY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SWEENEY. I yield.

Mr. GRAY of Pennsylvania. If the gentleman will permit, I call his attention to another instance in my district, the case of a man and his wife who owned a home which had a little store in it but which was not being used by them. They made application for a loan. In the meantime, in order to try to preserve their home, they had to earn their living and moved to New Jersey from Pennsylvania. They got word from the Home Owners' Loan Corporation in the district that inasmuch as they had moved to New Jersey no action could be taken on the loan, but that if they would return to their home town in the district the loan would be granted. These people moved back to their home and then were refused a loan because their building had a little storeroom in it.

Mr. SWEENEY. There are hundreds of cases similar to the one pointed out to the House by the gentleman from Pennsylvania. Unless this Congress has the intestinal fortitude I think it has to write into the law positive direction about some of these things, the same difficulties will be experienced all over again.

[Here the gavel fell.]

Mr. ROGERS of New Hampshire. Mr. Chairman, I rise in favor of the amendment, and for this reason: It seems to me that while we discuss the great problems of capital, of labor, of producer, and consumer we are too likely to forget that the fundamental principle on which we must ultimately expect to bring back national recovery in this country rests in the hope, the spirit, and the patriotism which are instilled into the hearts, the minds, and the soul of the American citizens in the American homes. [Applause.]

When we talk about homes we must, in many cases, include therein shops, stores, and offices, which are just as much a part, or may be just as much a part, of the American home

as the bedroom, the kitchen, or the dining room itself. For myself, I had the honor of being born on a farm in New Hampshire, a farm upon which horses, cows, and pigs were raised. Dwelling house, shed, and barn on that farm were connected, were part of the same structure; yet my mother and father and my grandparents lived in the home on that farm, on which horses and oxen were used to carry on the work. The same principle applies to a home which has in it a shop, a store, or an office. In order that there may be no discrimination, I think we should unanimously adopt the amendment which has now been offered to correct the abuses which have resulted under the previous construction of this act. [Applause.]

[Here the gavel fell.]

Mr. SISSON. Mr. Chairman, I ask unanimous consent that the gentleman from New Hampshire be granted 1 additional minute in order that I may ask him a question.

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

There was no objection.

Mr. SISSON. Will the gentleman yield?

Mr. ROGERS of New Hampshire. I yield to the gentleman from New York.

Mr. SISSON. May I ask the gentleman if he has considered the fact that the amendment which he is supporting will have no efficacy unless the bill as now reported is so amended as to provide additional time for the filing of application?

Mr. ELLENBOGEN. Will the gentleman yield to me to answer the question?

Mr. ROGERS of New Hampshire. I yield to the gentleman from Pennsylvania.

Mr. ELLENBOGEN. The gentleman from New York is mistaken because there are thousands and thousands of applications in the files which have been rejected, and if this amendment is agreed to they could be brought up and reconsidered.

Mr. ROGERS of New Hampshire. I think that statement clearly shows the intent of Congress in the matter.

Mr. SADOWSKI. Mr. Chairman, I offer a substitute amendment, which I send to the desk.

The Clerk read as follows:

Substitute amendment offered by Mr. SADOWSKI for the amendment offered by Mr. ELLENBOGEN: Subsection (c) of section 2 of the Home Owners' Loan Act of 1933 is amended by striking out the period at the end of the paragraph and inserting in lieu thereof a colon and the following: "Provided, That nothing herein contained shall be construed to define a homestead in such a way as to eliminate a home which contains a store or stores or any place of business but which in all other respects is the homestead of the mortgagor."

Mr. SADOWSKI. Mr. Chairman, I offer this substitute amendment because it will take care of more cases than is covered by the other amendment. I have in my district a lot of homesteads built on 30-foot lots which contain 2 stores and 5 or 6 living rooms. That is all the man owns. It is in every sense of the word a homestead. It is his home.

Under the amendment as offered by the gentleman from Pennsylvania, that sort of a homestead would be eliminated. He should be given every consideration because that is his homestead and it should come in under this act.

Mr. FITZPATRICK. Under the amendment they could rent the store?

Mr. SADOWSKI. They could rent the store, but it would still be his homestead.

Right now the interpretation is different in every State. The State manager in one State may say that a homestead containing one store is a homestead. In another State he will rule that out. This should be equalized so that it is the same all over the country. In the past certain State managers throughout the country have been able to eliminate homesteads on the ground that the home was incidental to business. That is not the case. The business is incidental to the home. When a man has a little grocery store or barber shop, even if he is renting out a small part of the store for another business, it is still his home, and the business is inci-

dental to the homestead. He should receive aid and assistance under the Home Owners' Loan Act.

Mr. Chairman, the amendment which I offer is very sensible. It still leaves a certain amount of discretionary power in the Home Owners' Loan Corporation. At present section 2 (c) reads as follows:

(c) The term "home mortgage" means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years upon which there is located a dwelling for not more than four families, used by the owner as a home or held by him as his homestead and having a value not exceeding \$20,000; and the term "first mortgage" includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

The amendment reads:

Provided, That nothing therein contained shall be construed to define a homestead in such a way as to eliminate a home which contains a store or stores or any place of business but which in all other respects is the homestead of the mortgagor.

This amendment has a lot of sense and merit to it, and I think should be adopted.

Mr. DONDERO. Will the gentleman yield?

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

Mr. DONDERO. Does not the gentleman mean to include in his amendment the word "vendee" under a land contract as well as the mortgagor of a business property? Unless the gentleman does that he will exclude a large number of people in Michigan and other States.

Mr. SADOWSKI. The Home Owners' Loan Corporation has given that interpretation in Michigan.

Mr. DONDERO. That that class would be considered the same as other mortgagors?

Mr. SADOWSKI. Yes.

[Here the gavel fell.]

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

Mr. Chairman, this presents a complete departure from the purposes underlying the Home Owners' Loan Corporation legislation. There is a twilight zone between property that is essentially residential and property in which the commercial or business use to which it is devoted predominates. The Board of the Corporation assured the committee considering this legislation that the test applying in cases of applications of this type was to ascertain the predominating purpose and use to which the property was devoted. If it was found that the principal use of the property was as a domicile, the loan would be eligible so far as the character of the property offered in the mortgage is concerned. On the contrary, if the commercial or business use to which it is devoted constituted the chief characteristics of the use made of the property it would be excluded for that reason.

Mr. Chairman, under this amendment any store, shop, or storeroom, or any business piece of property coming within the definition, regardless of its value, would be eligible for a loan and would be automatically thrown into the eligible class. It would be the duty of the Board to consider it the same as they would the application of any individual home owner in the land endeavoring to secure a mortgage upon a piece of property used exclusively as a domicile. In that situation a man owning one of the thousands of commercial houses and business properties that are unfortunately out of use at this time could by installing any pretense of home equipment and furniture and, as the language of the amendment says, "make it his homestead", would be eligible for a loan under this act.

Gentlemen say I am in error when I state that this would apply to property regardless of value; but I am entirely correct in my statement because, while the original Home Owners' Loan Corporation Act excluded applications for loans on homes in excess of a valuation of \$20,000, amendments to the act have taken off the limitation as to value.

Mr. ELLENBOGEN. The gentleman is mistaken about that.

Mr. STEAGALL. So that any storehouse in which the owner installed equipment or furniture and treated it as a

home would be automatically eligible for loans under this amendment.

Mr. SABATH. No; the limitation would apply.

Mr. STEAGALL. This amendment would invite abuses. The Board advises our committee that in its judgment the Board would be flooded with applications that are not essentially and fundamentally applications for the relief of bona fide home owners and home occupants.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent to proceed for 2 more minutes, so that I may yield for questions.

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

There was no objection.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

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

Mr. BROWN of Michigan. Do I understand from the gentlemen's argument that if the language were cleared up so that the \$20,000 limitation would apply the gentleman would have no objection?

Mr. STEAGALL. Oh, no; the principle would be the same. I called attention to that, however, to point out the defects in this amendment which evidently have been overlooked, and which shows the difficulty of undertaking to legislate on the floor in matters so technical, where we must act in haste and without full opportunity for discussion and consideration.

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

Mr. STEAGALL. I yield to the gentleman from Kentucky.

Mr. MAY. Waiving the question of dual use of the property as a home and as a business enterprise combined, the gentleman will agree with me that under the law of every State in the United States taxes are a first lien against the property, and the gentleman will also agree with me that when you apply to this Corporation for a loan you are always required to pay your taxes, procure fire insurance, and cyclone insurance.

Mr. STEAGALL. The gentleman is entirely in error.

Mr. MAY. Oh, no; I have had the experience.

Mr. STEAGALL. I am speaking of the law. I do not know about the experience of the gentleman. The law provides for taking care of liens and taxes, as well as the debt owed by a distressed mortgagee.

Mr. MAY. And in addition to that, this has to be done every year for 15 years, if your loan runs that long. Why would it not be good business policy to grant a loan on a place that is a combination enterprise, such as a home upstairs and a business place downstairs?

Mr. STEAGALL. Oh, it may be a good business proposition to relieve any distressed mortgagor or to remove all mortgages off of all the real estate in the United States, but what we are attempting to do by this particular legislation is to use funds out of the Federal Treasury for the purpose of preventing the foreclosure of homes, so that our citizens and their families may not be turned into the highways without shelter. We ought not to depart from that principle in this legislation.

Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

Mr. ELLENBOGEN. Mr. Chairman, I ask unanimous consent to proceed for 1 minute in order to call the attention of the distinguished gentleman from Alabama to a statement which he has made.

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

There was no objection.

Mr. ELLENBOGEN. Mr. Chairman, surely the gentleman from Alabama, the distinguished chairman of the committee, does not want to inform the House that there is any law that removed the limitation of \$20,000 on a home. As the Home Owners' Loan Act now stands, there are two limitations: First. A loan cannot exceed \$14,000, and, second, the appraised value of the home cannot exceed \$20,000. These limitations are not affected by my proposed amend-

ments, and I believe the gentleman from Alabama should admit this.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Michigan.

Mr. FITZPATRICK. Mr. Chairman, may we have the original amendment and then the proposed substitute amendment again read?

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

There was no objection.

The Clerk again read the Ellenbogen amendment and the Sadowski substitute amendment.

The CHAIRMAN. The question is on the substitute amendment.

Mr. DUNN of Pennsylvania. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. DUNN of Pennsylvania. The gentleman from Alabama moved to close all debate. Was it on the amendment or on the section?

The CHAIRMAN. It was on the amendment and all amendments thereto.

Mr. BUCHANAN. And not on the section.

The CHAIRMAN. Not on the section. The question is on the substitute offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. DUNN of Pennsylvania) there were—ayes 26, noes 78.

So the substitute amendment was rejected.

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

The question was taken; and on a division there were—ayes 95, noes 48.

So the amendment was agreed to.

Mr. BUCHANAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 6, strike out lines 11 to 19, inclusive, and insert the following:

"On and after July 1, 1935, the receipts of the Board shall be deposited in the Treasury of the United States, and there is hereby authorized to be appropriated to defray the expenses of the Board as authorized by law such amount as may be necessary."

Mr. BUCHANAN. Mr. Chairman and gentlemen of the Committee, all amendments heretofore offered have been enlarging amendments. This is a restrictive amendment on the power of the Board to get money and not account for it.

If you gentlemen of the Congress desire to hold control of this superboard, you must insist on making appropriations for administration of it at every session of Congress. When you realize that the Board, under this language, can assess any amount of money on these subsidiary corporations and organizations they see fit, in their judgment, to levy, it seems to me that the Congress should be informed about it.

Let me explain the reason I am doing this is because in following out my duty as Chairman of the Committee on Appropriations I should bring to the attention of the House any bad monetary administration set up by any legislative bill, and it matters not what it may be.

The Federal Bank Board is a superboard. Its functions are to control and supervise the Federal home-loan banks, and there are 12 of them, in 12 districts; to control and supervise the Home Owners' Loan Corporation; to control and supervise the Federal Savings and Loan System; and to control and supervise the Federal Savings and Loan and Insurance Corporation. The Federal Government has contributed so far in cash approximately \$125,000,000 to purchase stock in the home-loan banks and in addition the privilege to issue bonds of that system, which can be purchased both by the H. O. L. C. and by the Treasury. The Federal Government has contributed \$200,000,000 in cash to subscribe to stock of the Home Owners' Loan Corporation. It has contributed \$50,000,000 in cash to the Federal Savings and Loan System for investment in stocks of the various Federal savings and loan associations and has permitted \$100,000,000 in bonds of the H. O. L. C.—which the Government guarantees both as to principle and interest—to be marketed to provide funds for the Federal Savings and Loan

Insurance Corporation to operate. None of that money has been paid back. Do you not think that the Congress owes it to the people to keep supervision of all of the administrative expenses of this superboard? How can it do it? What is the law? The law authorizes this Home Loan Bank Board to levy a proportionate share of its administrative expenses in the form of assessments upon each one of these separate and distinct organizations. The permanent appropriation bill that we passed last year stopped that, so far as the Federal home-loan banks are concerned, and the bill we passed a few days ago carried \$264,000 for administrative expenses of the Home Loan Bank Board. That action in placing those assessments under annual control was correct, and the same principle ought to apply to assessments levied on these separate corporations and organizations, so that every year this superboard will have to come before the Committee on Appropriations and give an account of its stewardship of its administrative expenses. That supervision should be continued at least until the Government has been paid back its money and these institutions become private institutions or acquit all their financial obligations to the Government.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. HANCOCK of North Carolina. I am impressed with the argument the gentleman has made. I want to know whether he would be willing to let this same law apply to the Federal Reserve System?

Mr. BUCHANAN. I most certainly would, but there is a distinction between the Federal Reserve System and this. If we do not stop forming corporations and giving them carte blanche to spend money, we will soon have a Government run, and its powers controlled, by soulless corporations throughout this country. This Congress should maintain supervisory authority to investigate the need for every dollar of public money that goes through the hands of any Government corporation.

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

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

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HANCOCK of North Carolina. The gentleman has not answered my question.

Mr. BUCHANAN. Here is the distinction between this Board and the Federal Reserve System. The Federal Reserve System or the Federal Reserve banks do not owe the Government anything. In fact, the Government owes them. Every cent of money they have invested is their own and any assessment made on a Federal Reserve bank or a member bank by the Federal Reserve Board comes out of the bank's private money. The Government has no direct interest because they owe the Government nothing. But I would even vote for a similar amendment on that. No organization, unless they have something to hide, should object to coming to Congress and presenting their case.

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

Mr. BUCHANAN. Yes.

Mr. SWEENEY. Has not the Government an investment of \$114,000,000 in the Federal Reserve?

Mr. BUCHANAN. No; not in the member banks.

Mr. SWEENEY. In stock investment?

Mr. BUCHANAN. Oh, the gentleman means this last thing?

Mr. SWEENEY. No; when we first established the System.

Mr. BUCHANAN. Oh, that has been paid off. They may owe the Government something on capital stock since the depression, and if they do, then let us put a similar amendment on the statute books in respect to them.

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

Mr. BUCHANAN. Yes.

Mr. MAY. Do I understand the gentleman from Texas to say that the four loaning or insuring agencies under the

supervision of the Federal Home Loan Bank Board are spending hundreds of thousands of dollars and perhaps millions of dollars without any accounting made of it to anybody, even to the General Accounting Office or otherwise?

Mr. BUCHANAN. I say that under this bill, with the exception of assessments levied on the Federal home-loan banks for administrative expenses, they can assess what they please and spend what they please and it is declared by this bill not to be public money or appropriated money. Just listen to this. Let me read to you the section that I have moved to strike out. It is section 8, on page 6:

The receipts of the Board, except the receipts arising from assessments upon the Federal home-loan banks shall be deposited in the Treasury of the United States, and may be from time to time withdrawn therefrom for the performance of the duties of the Board, and such funds other than the receipts from assessments upon the Federal home-loan banks may be expended without regard to the provisions of any other law and shall not be construed to be Government funds or appropriated moneys.

Pass that and you will have lost control of the administrative expenses of that superboard, except those which come from just one group of the four organizations.

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

Mr. BUCHANAN. Yes.

Mr. FIESINGER. In addition to the \$200,000,000 the Government guarantees these bonds up to \$4,500,000,000?

Mr. BUCHANAN. Why, certainly, guarantee the bonds and interest.

Mr. FIESINGER. And if there are any losses on that, the Government stands that?

Mr. BUCHANAN. Certainly. I hope the chairman of the committee will accept this amendment.

Mr. RAMSPECK. Will the gentleman yield to me?

Mr. BUCHANAN. I yield.

Mr. RAMSPECK. Is it not true that under this section which the gentleman is seeking to strike out they handle millions of dollars of the Home Owners' Loan Corporation, with a spread of 2 percent on \$4,500,000,000 worth of bonds, and do not account to anybody for that?

Mr. BUCHANAN. I would not go that far.

Mr. RAMSPECK. I mean they are not subject to accounting by the General Accounting Office?

Mr. BUCHANAN. The President issued an Executive order last year putting all these institutions under audit by the General Accounting Office. Another provision of this bill will come up later, whereby this bill takes the Federal Saving & Loan Insurance Corporation out from under the auditing authority of the General Accounting Office.

Mr. CONNERY. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. CONNERY. I want to get clear the purpose of the gentleman's amendment. The gentleman wants to bring this back for accounting through the Appropriations Committee? Is that it?

Mr. BUCHANAN. Through the Appropriations Committee of this House and this Congress.

Mr. CONNERY. Instead of giving them carte blanche?

Mr. BUCHANAN. Absolutely.

Mr. CONNERY. I think the gentleman is right.

Mr. CRAWFORD. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. CRAWFORD. In explanation of the contributions which the Government has made, does that represent cash contributions?

Mr. BUCHANAN. Cash contributions.

Mr. CRAWFORD. For stock in these associations?

Mr. BUCHANAN. For stock in these associations and by direct appropriations, too.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BUCHANAN] has expired.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BUCHANAN].

The amendment was agreed to.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Colorado: Page 6, line 19, after the word "moneys", insert a new section to be known as section 8 (a), as follows:

"The seventh sentence of section 4 (d) of the Home Owners' Loan Act of 1933, as amended, is amended to read as follows: 'As used in this subsection, the term "real estate" includes only real estate consisting, in the case of suburban property, of not more than 10 acres, held in fee simple or on a leasehold (1) under a lease for not less than 99 years which is renewable, or (2) under a lease having a period of not less than 50 years to run from the date the mortgage was executed, upon which there is located a dwelling for not more than four families used by the owner as a home or held by him as a homestead and having a value not exceeding \$20,000.'"

Mr. STEAGALL. Mr. Chairman, I reserve a point of order.

Mr. ELLENBOGEN. I reserve a point of order. I make the point of order, Mr. Chairman.

Mr. MARTIN of Colorado. I trust the gentleman will reserve his point of order.

Mr. ELLENBOGEN. I reserve the point of order.

Mr. MARTIN of Colorado. Mr. Chairman, the Committee, in my judgment, has just made two very beneficial improvements on this bill, and I was heartily in favor of and voted for both of them. I just want to give the Committee a chance to make a third beneficial amendment.

The amendment I have just offered would really be a companion amendment to the one I offered earlier in the day defining "home mortgages" so as to include rural or suburban tracts not exceeding 20 acres. The argument I made on that amendment applies to this one. That amendment, as I pointed out to the committee, was intended to fill in a twilight zone between the 2-acre tracts as applied to homes and the minimum limitation of 20 acres as applied to farms. I have, however, made this concession to the Committee in the pending amendment, I have struck out the word "rural" and left in only the term "suburban"; and I have reduced the limitation from 20 acres to 10 acres. So that if my amendment is adopted, the only change it will make in existing law will be that real estate will be defined to include a suburban tract of not exceeding 10 acres upon which a home loan may be made.

As I pointed out to the Committee previously, there is nothing in this amendment peculiar to my district or to my county or to my home town; it applies to every district, to every town, and to every city in the United States.

I call attention to the further fact that the vast majority of these suburban tracts which are not now eligible for a home loan are occupied by mechanics, workers, office clerks, small professional men, lawyers, and doctors who perhaps make a living in the city but live in the suburbs, people who have their homes on these small tracts which are barred of the privilege of the home-loan law simply because the excess acreage over 2 acres is not considered in the appraisal and, therefore, the amount of loan which could be made on the 2 acres is insufficient to refinance the indebtedness against the entire tract.

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

Mr. MARTIN of Colorado. I yield.

Mr. FIESINGER. I may have misunderstood the gentleman; is the limitation 20 acres or 10 acres?

Mr. MARTIN of Colorado. The limitation in this amendment is 10 acres. I have also stricken out the word "rural" which was in the other amendment; so that it is limited to 10 acres and to suburban tracts. Of course, if my amendment were adopted, in order to make it effective we should make the same changes in the home-mortgage section of the Home Loan Act of 1933, but that would be a very simple matter.

If you adopt this amendment, you are going to open the loan privilege to many thousands of needy and deserving people who occupy such tracts adjacent to every town and city in the United States.

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

Mr. MARTIN of Colorado. I yield.

Mr. BOYLAN. Why cannot these individual owners make application now if they are on these tracts? What is to prevent them from making individual applications?

Mr. MARTIN of Colorado. I am talking about individual owners; I am not talking about property held jointly or by a colony; I am talking about the workingman, the clerk, the small doctor, lawyer, or little business man who occupies the 5 or 10 acres but whose property is not eligible for a home loan because the Home Loan Corporation will consider only 2 acres adjacent to the house and disregard the rest of it in the matter of appraisal. The adoption of this amendment will enable such an individual to refinance his indebtedness.

Mr. BOYLAN. The gentleman's amendment covers the case of a man who has one house on a tract of ground of 10 acres or less, and not several houses.

Mr. MARTIN of Colorado. Just one house on a suburban tract.

[Here the gavel fell.]

Mr. COX. Mr. Chairman, I rise in opposition to the amendment without waiving the point of order which has already been reserved.

Mr. Chairman, I understand that the class of property owners referred to by the gentleman from Colorado is now eligible for loans. I would like to repeat a statement made to me this afternoon by Mr. Fahey, the Chairman of the Home Loan Board, which was that there are no property owners occupying a twilight zone, as contended by the gentleman offering this amendment, not eligible to a loan either from the Farm Credit Administration or from the Home Loan Corporation. There has been set up a joint committee representing the Farm Credit Administration and the Home Owners' Loan Corporation to which all applications for loans are filed where there is doubt as to which agency of the Government should handle them; and since the setting up of this joint committee these difficulties now referred to are being handled satisfactorily to both the agencies and the borrowers.

The further statement was made to the effect that the Farm Credit Administration admits that, with regard to the law under which it operates, there is a weakness in the sense that to be acceptable as security for a loan the property must be productive to the extent of insuring upkeep and repayment.

In other words, in your experience you have found that the Farm Credit Administration, in the making of a loan, will not act favorably upon an application unless it be made to appear that the property produces sufficiently to enable the borrower to meet the charges made against him under the loan. I am told that the Farm Credit Administration concedes that in that respect the law needs to be amended and has stated that it will come in and ask Congress for an amendment to that effect. With that amendment certainly there will be no necessity whatever for the adoption of the pending amendment, particularly since the class sought to be protected under the amendment is already being taken care of by this joint committee or commission which I have referred to, being the creature of the two agencies of the Government, the Farm Credit Administration and the Home Owners' Loan Corporation.

Mr. MARTIN of Colorado. May I ask the gentleman what this proposed amendment, that he says is coming in, will do? What will the amendment be?

Mr. COX. This will involve a repetition of what I have already stated.

Mr. MARTIN of Colorado. Will it take in the twilight zone in acreage between 2 acres and 20 acres?

Mr. COX. Yes; if classified as a farm it will, and under the existing conditions where there is difficulty in making classifications, the whole matter is being handled entirely satisfactory to the borrower by this joint committee.

Mr. MARTIN of Colorado. May I say to the gentleman that there would not be any difficulty identifying or classifying a suburban tract. We know what "suburban" means. That has a fixed definition. Why not specify a suburban tract of not to exceed 10 acres and classify that as a home?

There would not be any difficulty in administering a provision of that sort.

Mr. COX. There is in the present law no limitation as to acreage. The gentleman comes in with an amendment intended to liberalize the law but which does fix a limitation.

Mr. MARTIN of Colorado. There is a limitation in the regulation and the application of the law, I may say to the gentleman, just as conclusive as a law.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I withdraw my point of order.

Mr. ELLENBOGEN. Mr. Chairman, I withdraw my point of order and offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ELLENBOGEN to the amendment offered by Mr. MARTIN of Colorado: After the word "family" insert "and containing not more than one shop, store, or store-room."

Mr. ELLENBOGEN. Mr. Chairman, the purpose of my amendment is simply to make the amendment of the gentleman from Colorado [Mr. MARTIN] consistent with my prior amendment adopted by the House. I believe the gentleman from Colorado [Mr. MARTIN] will accept my amendment.

Mr. MARTIN of Colorado. Mr. Chairman, I accept the amendment offered by the gentleman from Pennsylvania [Mr. ELLENBOGEN], because I would not want to disturb his amendment in any way. I am very much in favor of the amendment.

Mr. ELLENBOGEN. The amendment offered by the gentleman from Colorado is a very good one and should be adopted.

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Pennsylvania [Mr. ELLENBOGEN].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. MARTIN], as amended.

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 68, noes 72.

So the amendment as amended was rejected.

The Clerk read as follows:

Sec. 9. The first sentence of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, is amended to read as follows:

"(c) In order to provide for applications heretofore filed the Corporation is authorized to issue bonds in an aggregate amount not to exceed \$4,500,000,000, which may be exchanged as hereinafter provided, or which may be sold by the Corporation to obtain funds for carrying out the purposes of this section or for the redemption of any of its outstanding bonds, and the Corporation is further authorized to increase its total bond issue for the purpose of retiring an amount of its outstanding bonds equal to the amount of the increase; such retirement to be at maturity or by call or purchase or exchange or any method prescribed by the Board with the approval of the Secretary of the Treasury: *Provided*, That no bonds issued under this clause shall have a maturity date later than 1952: *Provided further*, That the total bond issue shall not be increased by the amount of any bonds retired from the proceeds of the collection of principal on loans."

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. HANCOCK of North Carolina:

"Section 9 is amended to read as follows:

"Sec. 9. The first sentence of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, is amended to read as follows:

"(c) In order to provide for applications heretofore filed, and for applicants who in good faith prior to the date this amendment takes effect sought relief by formal application, letter, or otherwise, who file their applications within 60 days after this amendment takes effect, the Corporation is authorized to issue bonds in an aggregate amount not to exceed \$4,750,000,000, which may be exchanged as hereinafter provided, or which may be sold by the Corporation to obtain funds for carrying out the purposes of this section or for the redemption of any of its outstanding bonds, and the Corporation is further authorized to increase its total bond issue for the purpose of retiring an amount of its outstanding bonds equal to the amount of the increase; such retirement to be at maturity or by call or purchase or exchange or any method prescribed by the Board with the approval of the Secretary of the Treasury: *Provided*, That no bonds issued under this

clause shall have a maturity date later than 1952: *Provided further*, That the total bond issue shall not be increased by the amount of any bonds retired from the proceeds of the collection of principal on loans."

Mr. HANCOCK of North Carolina. Mr. Chairman, ladies and gentlemen of the Committee, this amendment is presented as a committee amendment. It does not represent, however, the unanimous consent of the Committee on Banking and Currency; but a majority of the committee approved the amendment at an executive meeting held this morning. It represents the majority view of your committee in reference to a proper solution of this perplexing problem. As I stated a while ago, section IX is the heart of this bill. In considering this amendment, which is a redraft of section IX of the printed bill, we are called upon to make an important decision. From the debate, it is quite evident that sentiment in the committee is sharply divided as to how much further the Corporation should go in refinancing mortgages. In view of the testimony of the officials of the Corporation that the amount stated in the bill would very probably take care of all eligible applications now on file, we could not in good faith make other applications, which may be later filed, eligible without increasing the bond authorization. I have no fault to find with those who disagree with my view.

I sincerely believe that all of us are devoted to the crusade in which this Corporation has been engaged. Personally, I would much prefer erring on the side of extreme consideration for the distressed home owner than on the principle of being even sound in my judgment. It is my best judgment, however, that this amendment offers the best solution of our problem, all things considered. In the light of the divergent views expressed here today, no one person can hope to have his view incorporated into the law, and it is imperatively necessary that we reach some compromise. If I did not conscientiously believe that there is merit in the amendment, I would not be standing here sponsoring it. Of course, if the membership desires to open the doors of the Corporation so as to include applicants who have not heretofore sought relief of the Corporation, this amendment should not be adopted.

If a majority of the Members, however, feel that, in keeping with the administration's wishes and its desires to taper off the activities of the Corporation, mortgage relief should be extended only to those who made an effort in one way or another to secure a loan but were blocked by representations of officials of the Corporation that no further loans would be made, this amendment would seem to fully protect every one of those cases.

Personally, I have not been willing to accept the language of the section as written in the bill, because I know that there are thousands of worthy cases which were cut off because of no fault of their own and who have no other means of saving their homes. On the other hand, I recognize that it would be gravely dangerous at this juncture of the governmental situation to take any action which would contemplate continued unlimited activity on the part of the Corporation. I tried yesterday as best I could to explain my philosophy of the mortgage situation and why I felt that it was necessary that we proceed slowly and cautiously in the matter of direct lending at this time. It is pretty alluring and attractive to any man to vote relief of any kind to people who are in distress. There is a limit, however, to which any government can go, and in my opinion we are fast approaching the deadline in this country.

We should not forget that the Corporation now owns approximately 25 percent of all the urban mortgages in this country and that 95 percent of all the bonds that have been issued have found their way into the big financial lending institutions. In other words, regardless of the precautions that have been taken by the officials of the Corporation, many a dollar in bonds has gone to bail out mortgages from institutions which were amply able to carry them along.

With the authorization provided in this amendment, it is believed that all the eligible applications now on file and all additional applications which could qualify under the language of the amendment could be adequately cared for.

When we have done this, we believe we should call a halt and give the private institutions an opportunity to resume their normal lending activities. Unless this is done, I fear the future of every thrift and home-financing institution in America.

Please realize that it is not the disposition of the committee or myself to impose any view on the House contrary to their conscientious judgment. It is your problem to determine after you have been given all the information which came to us as members of the committee. We offer this amendment in absolute good faith, and we believe, based on the testimony and information which has been furnished to us, that it will enable the Corporation to go as far as it can safely go at this time. Let me remind you that in the week prior to the stop order, applications had dwindled to around 6,000 a week. At the same time the ratio of ineligible applications increased materially. This is convincing to me that if you open wide the doors and extend indefinitely the life of this Corporation, millions of people not in distress will seek to take advantage of this legislation by dumping their obligations in Uncle Sam's lap. The further we go the harder it will be to stop, and I appeal to you in the name of what I believe to be best for our country to adopt this amendment.

[Here the gavel fell.]

Mr. SISSON. Mr. Chairman, I ask unanimous consent that the gentleman from North Carolina may have 5 additional minutes.

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

There was no objection.

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

Mr. HANCOCK of North Carolina. I gladly yield.

Mr. SISSON. I just want to make sure that I understand, and that the House understands, the effect of this amendment. To illustrate it concretely: Am I correct in assuming that one who now files an application at any time within 60 days after the passage of this act, the question of whether that application shall be received or acted upon is within the discretion of the Home Owners' Loan Corporation administration?

Mr. HANCOCK of North Carolina. That interpretation is correct to the extent that the Corporation would have the right to determine whether the applicant had, prior to the enactment of this act, sought relief of the Corporation.

Mr. SISSON. Am I also correct in assuming that an applicant who has not heretofore filed his application is not entitled, as a matter of right, to have his application passed upon, but rather it must be determined within the discretion of the Home Owners' Loan Administration whether he has, in good faith, attempted heretofore to file an application.

Mr. HANCOCK of North Carolina. It would not be altogether in the discretion of the Corporation; but the Board would, of course, in doubtful cases have to pass on the question of the applicant's having sought relief prior to the effective date of this act.

Mr. BROWN of Michigan. If the gentleman will permit; I think the gentleman is a little incorrect in his answer to our colleague on the committee. If an application is filed under the amendment of the gentleman from North Carolina at any time prior to the effective date of this act, it may be acted upon.

Mr. SISSON. No.

Mr. BROWN of Michigan. If an application is made by letter, or otherwise, under this amendment, prior to the effective date of this act, then the application may be considered. This is the language of the amendment.

Mr. SISSON. May be, but not must be.

Mr. KOPPLEMANN. Will the gentleman from North Carolina answer that question?

Mr. SISSON. The applicant is not entitled to it as a matter of right.

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

Mr. HANCOCK of North Carolina. I gladly yield.

Mr. FITZPATRICK. The gentleman answered a question of mine when he had the floor a short while ago, that the new applications made after the enactment of this act would be refused unless they had previously communicated with the Corporation. That was the gentleman's statement.

Mr. HANCOCK of North Carolina. Now, let me make it as clear as I can. My understanding is that under this amendment any person who files an application at any time within 60 days from the effective date of this amendment, such application would be eligible for consideration by the Corporation, provided that such person had, prior to the effective date of this act, sought relief of the Corporation either by formal application, letter, or otherwise.

Mr. SISSON. I think that is a fair answer as far as it goes. But will the gentleman answer this question: Is it not a fact that under this amendment it is within the power and discretion of the Home Owners' Loan Corporation to determine, as a question of fact, whether the applicant has in good faith hitherto sought relief of the Corporation?

Mr. HANCOCK of North Carolina. No; not entirely, I will say to my good friend from New York; because it is my judgment that any applicant who had written a letter to any State agency of the Corporation would be qualified under this amendment; and it even goes further than that—because we use the term "or otherwise." I think that the writing of a letter or any formal action of that kind would be conclusive as to the right of a person to have his application passed upon, provided it was filed within 60 days from the effective date of this act.

Mr. FITZPATRICK. Assuming a man has not communicated with the Corporation up to the enactment of this act, but after its enactment makes an application, under the gentleman's amendment he could not receive a loan?

Mr. HANCOCK of North Carolina. He could not, under my interpretation.

Mr. FITZPATRICK. Then that eliminates all new applications after the enactment of this act except those who have communicated with the Corporation previous to the enactment of this act?

Mr. HANCOCK of North Carolina. If the House adopts this amendment, as I have said before, no application would be eligible, regardless of when it was filed, unless the applicant had sought relief of the Corporation at some time prior to the effective date of its enactment. I certainly hope that I have made the question of eligibility perfectly clear.

Mr. FITZPATRICK. Why not take the restrictions off and give them 60 days from the enactment of the act?

Mr. HANCOCK of North Carolina. That is a matter entirely in the discretion of the House.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I offer a substitute amendment, which I have sent to the Clerk's desk.

The Clerk read as follows:

Page 6, line 24, after the word "filed" insert "and for applicants who file their applications within 60 days after this amendment takes effect", and on page 6, line 25, strike out the "\$4,500,000,000" and insert "\$5,000,000,000."

Mr. WOLCOTT. Mr. Chairman, I have offered this amendment as a compromise of sentiment on further home relief.

If I had my own way about it I would make this law very definite, so that the relief would not be shut off in any particular until private lending agencies were in a position to take over and give relief to home owners. [Applause.]

In this bill we set up a fund of \$250,000,000 by which the Home Owners' Loan Corporation may purchase stock in Federal building and loan associations which are expected to eventually take over the financing of the home loans.

There is a period in which there will be no relief whatever for the home owner unless we continue the Home Owners' Loan Act, because it will be some time before these private agencies will adequately be able to take over the financing of home loans.

Let me refer to what our President had to say about the need for this relief when he sent the bill to us on April 13, 1933. He said:

Implicit in the legislation which I am suggesting to you is a declaration of national policy. This policy is that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guaranty of social and economic stability, and that to protect home owners from inequitable enforced liquidation, in a time of general distress, is a proper concern of the Government.

I agree with him, and you agreed with him at that time on this subject. Many of you agreed with him that the need of distress was not completely over when you voted last month for the bill which would authorize \$5,000,000,000 to carry on relief.

We must be consistent. If we recognize that there is a need in this country for an appropriation of \$5,000,000,000 for relief, there is likewise a need for the preservation of social and economic stability of this Nation.

This is in line with the appropriation of \$5,000,000,000 for relief. If we can afford to grant \$5,000,000,000 to the needy of this Nation, surely we can afford to loan a billion and a half or two billion dollars more to the home owners, and it is estimated by Mr. Fahey, of the Home Owners' Loan Corporation, that there need be the loss of not one cent on these loans. For that reason, at least until we can get this private machinery into motion, whereby these home owners can get relief through building and loan associations, and until the policies of the banks change somewhat so that they can get relief through banks, I think we should continue the relief afforded by the H. O. L. C. I defy any gentleman here now to send any of his constituents to any bank in the United States and get one cent of money for home-mortgage relief. You cannot do it. There is no money in the banks for the relief of home owners. There is no money in the building and loan associations under the laws of many of our States for home owners, and the only place that the home owner has to go to get money for relief is to the Congress of the United States, and we should stand up like men and meet this responsibility just as we did on April 13, 1933, when the President asked us to do this.

Mr. DINGELL. Mr. Chairman, will the gentleman yield? Mr. WOLCOTT. Yes.

Mr. DINGELL. Is not the gentleman's impression that the H. O. L. C., when the bill was first proposed in this House, was insufficiently provided for, when we asked for only \$2,000,000,000?

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

Mr. DINGELL. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended for 2 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DINGELL. I want the gentleman to answer the question. When the H. O. L. C. bill was proposed here we asked for \$2,000,000,000. We found that that was inadequate, that we should have asked for \$3,000,000,000 at least in the first instance, and certainly an additional billion or a billion and a half later. We find ourselves now, after being in a jam for 2 or 3 months, in a situation where we need additional funds. Is it not a fact that we have gone along all of these 18 months always running in arrears?

Mr. WOLCOTT. Yes. We saw the necessity for increasing it this last year. Of course the argument was that they will be here next year asking for an increase. I hope I will not be charged with being a demagogue when I say that so far as this relief is concerned we cannot stop it until we adopt a general policy of cutting relief off, and when you adopt that general policy I may go along with you, but so long as we are appropriating \$5,000,000,000 for general relief I think it is a mighty poor policy for us to start denying the home owners relief.

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

Mr. WOLCOTT. Yes.

Mr. MAY. Does the gentleman's amendment extend the time 60 days beyond the passage of this act?

Mr. WOLCOTT. Yes; it opens the door for 60 days beyond the effective date of this amendment, so that anybody can file an application. Realizing that the billion and a half

dollars which we have set up will be no more than enough to take care of 500,000 applications now pending, which probably will be granted, I have added another \$500,000,000 in the hope that that will be sufficient to take care of all applications filed within this period of time.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. SISSON. Mr. Chairman, I speak in opposition to the substitute amendment offered by the gentleman from Michigan [Mr. WOLCOTT]. I appreciate that the effect of that amendment is to extend the time 60 days beyond the passage of this act for the receiving of new applications, but it also increases the authorization of bonds by \$500,000,000. As I have said as many times as I have had opportunity, I am in favor of extending the time a reasonable time, say 60 days, for the receiving of new applications, because I can see no other way in which this act can be administered, and we will finally get out of the real-estate business without at the same time doing a great injustice to many worthy home owners in distress, after keeping it open for that length of time. I think there are many of us here who appreciate that in doing that we will to some extent unsettle the mortgage market. To a certain extent we will prevent lending institutions from resuming their normal functions. The main thing is that this shall be kept open long enough to receive the filing of applications in worthy cases, not leaving it to the arbitrary discretion of any board. I am unwilling to do that.

Mr. DUNN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SISSON. Not now. I am in sympathy with the purpose of the gentleman from Michigan [Mr. WOLCOTT], but Congress will be in session here for 4 or 5 months longer, and 60 days from now or 90 days from now it can be determined by the Home Owners' Loan Board whether the \$1,500,000,000 now proposed, plus the \$600,000,000 more not used, will be sufficient to take care of these cases, and the effect upon the country will be far better if we simply authorize and direct that this shall be kept open for 60 days and then we can determine when the time comes if this is enough to take care of the worthy cases.

The best advice which our committee has received is that it will be enough. I therefore ask you to vote down the amendment offered by the gentleman from Michigan [Mr. WOLCOTT], because the gentleman from Michigan [Mr. BROWN] will soon offer an amendment which I believe will satisfy the situation.

Just one thing further, Mr. Chairman. The committee amendment, much as I regret to say it, does not meet the situation. It leaves it to the discretion of the Home Owners' Loan Board to determine whether an application has been made in good faith heretofore or whether an attempt has been made to make an application. It is nothing but a naked thing, and that certainly should be voted down.

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

Mr. DUNN of Pennsylvania. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. DUNN of Pennsylvania: On page 6, line 25, after the word "exceed", strike out "\$4,500,000,000" and insert in lieu thereof "\$6,000,000,000."

Mr. STEAGALL. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. Does the gentleman make the point of order? The Chair thinks the point of order is good.

Mr. STEAGALL. I make the point of order, Mr. Chairman.

The CHAIRMAN (Mr. Celler). The Chair suggests to the gentleman from Pennsylvania [Mr. DUNN] that he await decision on the substitute and then he can offer his amendment relating to the amount.

Mr. DUNN of Pennsylvania. Very well, Mr. Chairman.

Mr. COCHRAN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN to the committee amendment offered by Mr. HANCOCK of North Carolina: After the word "filed", in line 2 of the committee amendment, strike out down to and including the word "effect", in line 5, and insert in lieu thereof the following: "as well as future applications"; and strike out "\$4,750,000,000" and insert in lieu thereof "\$5,550,000,000."

Mr. STEAGALL. I reserve a point of order against the amendment.

Mr. COCHRAN. I would like the gentleman to state his point of order.

Mr. STEAGALL. I reserve the point of order.

Mr. ELLENBOGEN. Will the gentleman yield?

Mr. COCHRAN. I yield.

Mr. ELLENBOGEN. There is no time limit at all in the gentleman's amendment?

Mr. COCHRAN. I will explain the amendment I have offered.

I have offered this amendment to the amendment offered by the gentleman from North Carolina. My amendment strikes out the following words: "and for applicants who in good faith prior to the date this amendment takes effect, sought relief by a formal application, letter, or otherwise, who filed their application within 60 days after this amendment takes effect"; and I am also increasing the amount of bonds that can be issued \$1,000,000,000.

The purpose of my amendment to the amendment is this: We all know that no one can go to the Home Owners' Loan Corporation until he is in distress; until he has applied for a loan and has been turned down by real-estate men, by banks, and others. Then and then only can a man go to the Home Owners' Loan Corporation.

Now, if you have a mortgage of \$5,000 upon your house and that mortgage is due July 1, you cannot possibly be in distress until July 1. The gentleman from Michigan [Mr. WOLCOTT], has told you that he challenged anyone to name a bank in this country which would loan a dollar on real estate; and no one was able to name a bank. It is impossible to find real-estate companies which will advance any money in my city to home owners unless the mortgage is about 50 percent of the value of the home. Just as the gentleman said, if we are going to help people in distress, let us help them, and shut off nobody until the bonds have all been issued.

Mr. COX. Would not the gentleman be willing to divide his amendment?

Mr. COCHRAN. I am willing to divide the amendment. I will ask permission to do so when I am recognized by the Chair after completing my remarks.

Mr. COX. If the gentleman would divide his amendment I think he would stand a chance of having it passed.

Mr. COCHRAN. I will divide the amendment. I repeat, if we are going to help the home owners, let us help them, but not only help those who have been in distress in the past, or at present in distress, but let us help those who will be in distress later.

Mr. CONNERY. Will the gentleman yield?

Mr. COCHRAN. I yield.

Mr. CONNERY. If the gentleman divides his amendment, what will be the effect?

Mr. COCHRAN. The questions will be voted on separately.

Mr. CONNERY. But what are the two things to be separated?

Mr. COCHRAN. One is to raise the amount \$1,000,000,000 and the other is to accept future applications without any limiting date, until the bonds are gone. That is the effect of my amendment to the amendment. It is to continue the Home Owners' Loan Corporation as it was up to the time they discontinued taking applications. It is also the purpose of the amendment to provide additional money. They will need \$1,000,000,000 to take care of the applications that were on file prior to November when they stopped receiving them. At least that is what Mr. Fahey told me in letters, not once but two or three times.

Mr. TABER. Will the gentleman yield?

Mr. COCHRAN. I yield.

Mr. TABER. Would there be any assurance that there would be any new loans made even if the gentleman's amendment were adopted? Would not the funds carried by the gentleman's amendment all be exhausted by pending applications?

Mr. COCHRAN. According to Mr. Fahey there was in the office \$1,800,000,000 in applications. At the time he wrote me they had \$800,000,000 additional in bonds. Therefore it takes \$1,000,000,000 additional to take care of what they have on file. If the amendment offered by the committee survives, they will only have \$500,000,000 to take care of new applications. I say that is not sufficient.

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

Mr. COCHRAN. I yield.

Mr. SNELL. What proportion of those applications will be granted? Did Mr. Fahey tell the gentleman that?

Mr. COCHRAN. He did not say.

Mr. SNELL. A great many of them will be turned down?

Mr. COCHRAN. He said they were on file. No doubt many will be turned down.

Mr. SNELL. That does not mean they will be granted?

Mr. COCHRAN. We do not know what percentage will be granted.

Mr. SNELL. Probably a small percentage so far.

Mr. COCHRAN. Now, I would like to ask the gentleman from New York a question. Can the gentleman conceive of any better security in the world on which to loan money than a man's home?

Mr. SNELL. No; not if it is all right. I am for it.

[Here the gavel fell.]

Mr. HEALEY. Mr. Chairman, I offer an amendment to the substitute offered by the gentleman from Michigan [Mr. WOLCOTT].

The Clerk read as follows:

Amendment offered by Mr. HEALEY to the substitute offered by Mr. WOLCOTT: Strike out "60 days" and insert in lieu thereof "6 months."

Mr. WOLCOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Is an amendment to a substitute in order at this time?

The CHAIRMAN. It is in order if properly offered at this time.

Mr. HEALEY. Mr. Chairman, in the light of our past experience with this whole situation, we ought to realize that in 60 days conditions will not be so altered as to warrant the discontinuance of home owners' relief, although we all hope they will be improved. I know that every effort is being made by this Corporation to extend facilities to private lending organizations so that they may be able to adequately take over the field of home financing. I wish, however, to recite the fact that it was but a few days after the H. O. L. C. announced that it was not going to receive any more applications that wholesale foreclosure proceedings started everywhere. I know in my own State that a few days after the Home Owners' Loan Corporation office there ceased taking applications, one bank threatened to start foreclosure proceedings in 32 cases, although these particular mortgagors had applications then pending in the reviewing section of the H. O. L. C. office, and presumably satisfied all of the requirements of the Home Owners' Loan Corporation. This bank threatened to start proceedings to foreclose immediately when it was known that the H. O. L. C. appropriation had become exhausted and that the applications then on file in the Home Owners' Loan office were not going to receive any more action.

Yesterday I heard my distinguished colleague from Massachusetts [Mr. GIFFORD] say that we ought to get out of this business and not compete with the private lending agencies. I think the great majority of Members of Congress would like to see that thing accomplished, but where are these people going; to what private lending agencies are these home owners in distress going? Do we want to put them at the mercy of the cold-blooded institutions that started to foreclose their homes a few days after the Home Owners' Loan Corporation announced it could not receive any more applications?

After all, this money we have authorized for this humane purpose is coming back in a fairly regular way. According to the testimony of Mr. Fahey, Chairman of the Home Owners' Loan Corporation, there originally was about 33 1/3 percent of these mortgages in default, but after they notified these people who were in default the percentage was cut down to about 16. This is a gigantic enterprise. There never was such a big mortgagee in history as Uncle Sam is today, and a default of only 16 percent is not alarming. We are not only lending this money on the physical property of the home owners of our country, but we are depending upon their industry, their integrity, and their honesty.

Mr. Chairman, we need to keep this organization going at least another 6 months to relieve the distressed home owners. The same reason now exists for extending this relief that existed at the very outset when we enacted this humane legislation. If the banks will not lend to the distressed home owners of our country, then the Government must continue to finance the homes of our people. It is necessary to extend the time for new applications under existing conditions. It is necessary also to increase the amount so that we may take care of future applicants as well as take care of those who already have their applications on file.

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

Mr. HEALEY. I yield.

Mr. RABAUT. Would not the gentleman agree to extend the time a year, to make the date a year hence, for then we will be in session and have a chance to work on it?

Mr. HEALEY. I think 6 months is a fairly reasonable time. If private lending organizations are ever going to take over the mortgage field, they ought to be in a position to do so by that time; and if at the expiration of that time they are not, we may have to enact further relief legislation for home owners.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I wish to repeat a part of the comment I made yesterday, namely, that according to my understanding the administration itself does not wish more than \$1,500,000,000 additional. The Home Owners' Loan Corporation, which must also know what the administration wants, asks only for \$1,500,000,000. Those of you who were elected to back up the President, who is now certainly worried over the money that you have been freezing, should not want to increase the authorization in this particular matter. I am very watchful of your side of the House, as to how carefully you are following the wishes of your own President; and I should like to call the attention of the committee to my intense surprise that the Chairman of the Committee on Expenditures, who is supposed to be watchful of the expenditures of the Government, today wants to add a billion or more to this appropriation; way beyond what the administration wants, far in excess of what the Home Owners' Loan Corporation itself wants.

I cannot help but express considerable surprise at that, even though I know I have as much sympathy as anyone else.

Mr. Chairman, I want to say a word for Massachusetts. I recently had a communication stating there was a large amount of money in our building-and-loan associations, as we call our cooperative banks, ready to be loaned on real estate, and they wanted real-estate mortgages.

Mr. HEALEY. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Massachusetts.

Mr. HEALEY. I want to read the headlines of a little story in the Springfield Republican. "Upward trend found here in foreclosures; same situation noticed in 27 other States during January."

Mr. GIFFORD. I agree that foreclosures have not stopped, but the gentleman will not refute the statement that our cooperative banks cannot live unless they take on new mortgages. Of course, they are more careful than they were formerly. They do not lend up to 80 percent of the value. I would refer to the many things we have done to relieve this mortgage situation. We have a banking bill wherein the Federal Reserve itself will take mortgages and rediscount

them for 20 years. Many other things have been done. We shall have to taper off very soon.

Mr. Chairman, I repeat what I said yesterday. Some people are distinctly frightened about the capital structure of this Nation being frozen. During the war everybody was busy. Most people were earning a real income. But when you fight in a depression the only way suggested is to freeze your very capital structure. This is getting on very dangerous ground. Why do you on the other side go against your own President, whom you so desired and whom you promised to follow, when he has a bear by the tail and trying to let go a little? Why do you not help him?

[Here the gavel fell.]

Mr. FORD of Mississippi. Mr. Chairman, I rise in opposition to a part of the committee amendment offered by the gentlemen from North Carolina [Mr. HANCOCK]. I was somewhat amused at the language of the amendment as it was read by the Clerk, and I listened attentively while the gentleman was trying to explain its meaning to the Membership of the House. We are all in accord with the idea that the Home Owners' Loan Corporation is a blessing to the country and that it has done more than possibly any other governmental agency in saving homes of our people, and even with all the argument we have heard on this bill, none are opposed to the extension of the Corporation, or a reasonable appropriation so that the Corporation may continue to make loans to the deserving home owners. I am extremely happy to see the committee increase the amount of bonds which the Corporation can issue to \$4,750,000,000 instead of limiting the amount to \$4,500,000,000. As I understand it, this will give the Corporation \$1,750,000,000 with which to make additional loans to home owners who are now unable to borrow funds from any other source and who are now facing foreclosure, under mortgages, or sales of their homes because of their inability to pay taxes. The thing that concerns me most is the language of the amendment regarding the eligibility of applicants. That part of the amendment dealing with the eligibility of applicants is as follows:

in order to provide for applications heretofore filed and for applicants who file their applications within 60 days after this amendment takes effect and who in good faith prior to the date this amendment takes effect sought relief under this act the Corporation is authorized to issue bonds * * *

The first question we ask ourselves is, who will be eligible to receive the \$1,750,000,000 that we are about to make available to this Corporation by our votes? The only ones that have any assurance under the language of this amendment are the ones who have actually filed their applications before this date. What construction will the Corporation place upon the words "good faith"? And may we also ask what construction the Corporation will place upon the words "sought relief under this act"? It was rather amusing in listening to the gentleman [Mr. HANCOCK] when questions were propounded to him as to the meaning of his amendment and so far the gentleman has failed to explain it. There is not a member of the Banking and Currency Committee, or a Member of this House that can explain the meaning of this amendment. If the Members of Congress are unable to interpret, or place a reasonable construction upon the law they are about to vote upon, I am at a loss to understand how the Membership can vote intelligently upon the amendment or how it could be intelligently used for the benefit of the people after it had been enacted into law.

Mr. Chairman, I hope that the membership of the Banking and Currency Committee and the other Members of this House will not think that I am critical or unkind in any way when I say that it appears that there is no intention on the part of the officers of the Home Owners' Loan Corporation to extend loans to any home owners except those that have already filed their applications, and that this amendment is more or less a cloak for the position they have taken. Are we to tell our constituents that "we voted to extend the credit of the Government to the Home Owners' Loan Corporation in the amount of \$1,750,000,000 to help those who had already filed their applications, but to those of you who are in financial distress and who are about to lose your

homes, we are unable to help you because you did not get in on the ground floor?"

When our friends write us to know if they can qualify as an applicant for a loan we will have to write them that we are unable to tell them because we do not know the meaning of the law which we have passed. It will be embarrassing for us to have to write such to our constituents but there is nothing else that we can tell them unless we clear up the language of the amendment by voting for the substitute to the amendment offered by the gentleman from Missouri [Mr. COCHRAN] or the substitute to the amendment offered by the gentleman from Massachusetts [Mr. HEALEY] or the substitute to the amendment offered by the gentleman from Michigan [Mr. WOLCOTT]. There are thousands of people all over this country who are desirous of obtaining loans from the Home Owners' Loan Corporation and who went to the office of the local correspondent or local attorney and asked them about filing their applications for loans but were told that orders had been issued in Washington that no further applications would be received because of lack of funds. Surely this Congress will not turn a deaf ear to deserving people like that who are as much entitled to a loan as the more fortunate who managed to get their applications on file first. We should not sit here as Members of Congress and let any such amendment be adopted. If we intend to continue the Home Owners' Loan Corporation we should rise up like men and provide that the people should have a reasonable length of time in which to file applications for the benefits which we are about to provide. If we are not willing to open the doors to all by adopting the amendment of Mr. COCHRAN, then let us extend the time in which applications may be filed for a period of 6 months and if the House is not willing to extend the time for a 6-month period as proposed by the gentleman from Massachusetts, let us give them 60 days as proposed by the gentleman from Michigan so that the people of our country may file their applications and receive the benefits of an act which we are all agreed is so necessary and so vital to the home owners of this country. If we do not have the courage to do this I hope that the Senate will correct the error. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on the pending amendments close in 20 minutes.

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

There was no objection.

Mr. COCHRAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COCHRAN. Is this the proper time to ask for a division of the question on my amendment?

The CHAIRMAN. That would properly come when the question recurs on the gentleman's amendment.

Mr. COCHRAN. Mr. Chairman, I ask unanimous consent that I may be permitted to divide the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri that his amendment be divided?

There was no objection.

Mr. CONNERY. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Missouri [Mr. COCHRAN].

Mr. Chairman, I have listened very attentively to the discussion on these various amendments. It will be remembered that in every congressional district in the United States a short while before the Congress convened these loans were stopped suddenly. I understand one of the reasons for the stopping of the loans was that Mr. Fahey could be held criminally liable if he spent one cent more than provided in the original Home Owners' Loan Corporation bill. If I am wrong in that statement, the chairman will correct me.

The information given to me was that they were not taking any chances, even though they had some money left over, although not enough to take care of all the loans. They were not going to leave themselves open to being placed in such a position.

One amendment has been offered providing for 60 days and another amendment provides for 6 months, but neither of the amendments would take care of the same situation that occurred before Christmas. In other words, next November you will be faced with the same proposition. Again, there will not be sufficient money available, and the loans will be stopped, and then you will be flooded with letters and telegrams from people asking why they cannot get their loans through.

The Cochran amendment provides an indefinite right to apply. Now, what is so terrible about this? My distinguished colleague, the gentleman from Massachusetts [Mr. HEALEY], in his fine address brought out plainly the fact that this money is coming back to the Government. They have only 16 percent of defaults even in these terrible times. So the Government is not going to lose this money.

Now, in your veterans' cases, with respect to veterans' compensation, year after year we extended the time. We would say that a man could not apply for compensation after a certain time, and finally we reached the stage where we practically left it open indefinitely for the veterans. This is the same proposition, because this involves people who were not lucky enough to file their applications in time or people who did not even know what the law required—and yet you say they must have known. They do not know about such things. Do you know that at the present time, while I am talking here, there are veterans in the United States who do not know they are entitled to the soldiers' bonus that was passed in 1925, and their dependents do not know about it? There are thousands of people in the United States who do not know the situation with regard to laws or with regard to what they are entitled to under these laws.

These people should be given such opportunity. Distress is the first and fundamental reason for going to the Home Owners' Loan Corporation. So you are not doing the Government any harm by allowing these people an indefinite period of time. You want to aid them if they are in distress. This is the purpose of the law.

The amendment of the gentleman from Missouri [Mr. COCHRAN] adds to the appropriation, so that when you go home, whether it is in May, June, or July, or whenever it is, there will be no chance for this same situation to occur whereby they will suddenly shut off on these loans and the people will lose their homes, as many have done, through the banks foreclosing.

Mr. HEALEY and Mr. SISSON rose.

Mr. CONNERY. I first yield to the gentleman from Massachusetts.

Mr. HEALEY. The gentleman from Michigan [Mr. WOLCOTT] offered a substitute which does increase the appropriation by \$500,000,000, making it an even \$5,000,000,000. My amendment merely extends the time within which a person may apply for a loan.

Mr. CONNERY. Of course, the Cochran amendment provides an indefinite period of time and offers more than that in the way of financing them.

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

Mr. CONNERY. I yield.

Mr. SISSON. I agree with everything the gentleman has said as to his purposes, and I know how sincerely sympathetic he is, and I can assure the gentleman I feel very much the same way, and I do believe that this should be kept open a sufficient length of time to take care of the worthy, distressed cases and that it should not be left to the arbitrary discretion of the Home Loan Board. However, the gentleman, of course, knows there is now authorized \$1,500,000,000 additional.

Mr. CONNERY. Yes.

Mr. SISSON. And we are advised by the Board, and I believe fairly so, that the applications were decreasing and going down at a very rapidly increasing ratio prior to the time they were cut off on November 13 last. This being so, our best information is that within the next 3 months, certainly, they can tell how much more, if any, will be required.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

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

There was no objection.

Mr. SISSON. Now, Congress will still be here—I think the gentleman knows that much better than I do, probably—at a later date than the date when it will be necessary to determine what amount will be needed, and I am with the gentleman in believing that a sufficient amount should be authorized to take care of the worthy, distressed cases.

Mr. CONNERY. I understand that, but may I make this statement to the gentleman. The gentleman says that Congress will be here. The gentleman knows and I know that as soon as this bill gets out of the House and is passed by the Senate and signed by the President, that will be the end of the Home Owners' Loan Corporation for this session. That always happens, and you cannot come in here 3 months from now and say that you need more money, because if you do they will not pay any attention to it.

Mr. SISSON. The question of greatest importance is not so much additional authorization as it is to keep this open for at least 60 days to take care of the worthy, distressed cases.

Mr. CONNERY. I am in favor of leaving it open indefinitely.

Mr. SISSON. I am not.

Mr. CONNERY. As long as the Government is not going to lose the money, and the Cochran amendment will provide for leaving it open indefinitely.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman—

Mr. ELLENBOGEN. Mr. Chairman, a parliamentary inquiry. Is the time that the gentleman from Alabama consumes taken out of the 20 minutes?

The CHAIRMAN. It is.

Mr. STEAGALL. Mr. Chairman, the Home Owners' Loan Corporation Board submitted to the Congress a provision for the appropriation of \$1,250,000,000 additional funds, which they estimated would be sufficient to take care of the pending applications.

The amount was raised to \$1,500,000,000. The committee desired to make sure that ample funds were provided to care for all applications on hand. The committee later decided to offer an amendment to provide \$1,750,000,000 additional funds to carry on this work.

The amendment of the committee before the House carries \$500,000,000 in addition to the sum asked for by the Board charged with the administration of this fund.

In addition to that the committee amendment provides that all applications shall be considered, and any applicant who was prevented from filing his application on account of the order of November 13, 1934, except those in the legal department, shall have the opportunity of having his application filed and passed on.

There was nothing harsh or unjust in the order of November 13, 1933, terminating the consideration of applications. The Board found that they had not sufficient funds with which to take care of all applications, and the common-sense way of dealing with that situation was to take the applications that had been filed, and that in the very nature of things came first for consideration, and apply the remaining funds to loans arising out of those applications.

There is nowhere any proof that the committee has been able to find to justify the apprehension that the amount provided in the amendment of the committee—\$1,750,000,000—will not be amply sufficient to take care of all applications that have been filed, as well as all cases where applications were prevented by the order of the Board promulgated on November 13, 1934.

Now, are we going to take off all limitations; are we going to accept as permanent the distress conditions we have sought to relieve? Are we going to say that the activities of the Government shall continue indefinitely? One of the amendments makes that proposal. And I submit that if we extend the time for all applications indiscriminately for a period of

60 days or for a period of 6 months, as is suggested in one amendment, it will precipitate a flood of applications in all remaining cases as to which there is any basis or hope of favorable action by the Home Owners' Loan Corporation.

Mr. Chairman, I ask unanimous consent to proceed for 2 minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama that he proceed for 2 minutes. The Chair hears none.

Mr. STEAGALL. Mr. Chairman, we are advised by those in charge of the administration of this law that we have reasonable grounds to expect an early resumption of loans by lending institutions in the country and a return to more normal conditions. But it is not believed that such a resumption is possible so long as we stand ready to carry on this business out of funds supplied by the Treasury of the United States. I think it unjust and unkind on the part of Members of the House to question the good faith or the sympathetic attitude of this administration in its efforts to afford relief to distressed citizens in the United States from the danger of foreclosure of mortgages on their homes. There is nothing in the record to justify that. The record abundantly refutes such an imputation. If it is found at any time that the anxiety expressed here is justified, the record bears me out in the statement that this administration can be trusted to come again to the rescue of distressed home owners in the United States, as it has done by repeated action in the past.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. O'CONNOR. Is it not a fact that the administration believes that \$1,250,000,000 would adequately meet this demand?

Mr. STEAGALL. The administration approved a bill, prepared with utmost care, providing an additional sum of \$1,250,000,000. The committee, out of an abundance of anxiety to anticipate any possible distress in the country, and to meet the wishes of the House, raised the amount to a billion and a half. Again the Committee on Banking and Currency agreed to raise the amount to a billion and three-quarters, as provided in the committee amendment. Still we are told that we are attempting, harshly and arbitrarily, to deny relief to home owners! The President is entitled to the approval of this Congress on this measure, just as he enjoys the approval of the American people for all his humanitarian efforts to relieve distress in the United States. [Applause.]

Mr. DUNN of Pennsylvania. Mr. Chairman, a few minutes ago I sent an amendment to the desk.

The CHAIRMAN. At that time a point of order was made to the gentleman's amendment, and that point of order was sustained. If the gentleman wishes to address the Committee on the pending amendments, he is recognized for 5 minutes.

Mr. DUNN of Pennsylvania. I shall not consume 5 minutes, because the Members look as if they are getting hungry. The amount I asked for in the amendment is \$6,000,000,000. In my candid opinion, the said amount is not too large of a sum to obtain from the Federal Government if it will save the homes of our people. About half an hour ago a gentleman made a statement on the floor that we told the voters in our districts we would support the President of the United States. When I was campaigning for the office of Congress I impressed on the minds of the people in my district that I would do my utmost as a Congressman to save the homes of every man and woman in the United States. If \$6,000,000,000 is too excessive then we can use the amount of money which is necessary. In other words, it is not mandatory to spend the \$6,000,000,000 unless it is needed. I do not doubt that every Congressman wants to do his best to alleviate the suffering of the people in his district. Therefore, Mr. Chairman, I maintain that \$6,000,000,000 is not too much.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?
Mr. DUNN of Pennsylvania. Yes.

Mr. CONNERY. The distinguished Chairman of the Committee on Banking and Currency just said that this is what the President wants and this is all he asked for, but from our past experience with legislation in this House this bill will go over to another body and the other body will put on what is demanded by the American people, and the House of Representatives will be regarded as the enemy of the American people in the eyes of the people.

Mr. DUNN of Pennsylvania. I agree with what the gentleman said. I hope the time is not far distant when we will have but one House and that will be the House of Representatives. [Applause.]

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

Mr. DUNN of Pennsylvania. Yes.

Mr. ELLENBOGEN. How much time has the gentleman left?

The CHAIRMAN. There are 4 minutes remaining.

Mr. BOYLAN. Mr. Chairman, I demand the regular order.

Mr. ELLENBOGEN. I want to make this observation—

Mr. BOYLAN. The gentleman has not the right to do that.

Mr. ELLENBOGEN. The gentleman from Pennsylvania has 4 minutes, and he has yielded to me.

The CHAIRMAN. Does the gentleman from Pennsylvania yield to his colleague?

Mr. DUNN of Pennsylvania. Yes.

Mr. BOYLAN. But the gentleman cannot yield time; the gentleman can yield only for a question.

Mr. DUNN of Pennsylvania. I am yielding for a question.

Mr. ELLENBOGEN. Is it not a fact that the distinguished chairman of the committee, the gentleman from Alabama [Mr. STEAGALL], reported out a bill which changed the recommendation of the administration when he cut down the amount allowed for repairs from \$50,000 to \$25,000, and now he tells us that we should follow the administration? I hope the learned gentleman from Alabama [Mr. STEAGALL] will go along with the administration in that respect.

Mr. DUNN of Pennsylvania. What we should do is to follow the dictates of our conscience, and let our actions be in the interest of the distressed people of our country. [Applause.]

Mr. SABATH. Mr. Chairman, as one who originally advocated this legislation, as one who is familiar with the unfortunate conditions that exist, and the situation the home owners find themselves in, I feel very keenly on the question before us.

Personally I would be delighted to see every home owner in the United States accommodated, aided and relieved, but there are limitations, and I do not believe it is wise to authorize billions and billions that are not requested, and which I doubt very much will ever be used. Mr. Fahey stated that he believed \$1,250,000,000 would suffice to take care of all pending applications. The committee, after due consideration, has increased it to \$1,500,000,000, which would leave more than \$500,000,000 for the new applicants, which I believe is more than sufficient. In view of that fact, I believe that the amendment extending the time within which to file applications for 60 days should be adopted, and the bill as originally introduced, providing for \$1,500,000,000 additional funds, should prevail. That should satisfy each and every one of us who is interested in the home owners and the administration as well.

Mr. WOLCOTT. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. WOLCOTT. Does not the gentleman think it is incumbent upon the Congress of the United States to establish the policy under which the Home Owners' Loan Corporation shall continue?

Mr. SABATH. There is no policy provided for in this bill.

Mr. WOLCOTT. Does the gentleman think the Congress of the United States should be bound by what Mr. Fahey thinks?

The CHAIRMAN. The time of the gentleman from Illinois [Mr. SABATH] has expired.

All time has expired.

The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN] to the committee amendment offered by the gentleman from North Carolina [Mr. HANCOCK]. The amendment to the committee amendment by unanimous consent was divided, and the Clerk will report the first part of the amendment.

Mr. SISSON. Mr. Chairman, I object.

Mr. COCHRAN. A point of order, Mr. Chairman. I received unanimous consent to divide the amendment.

The CHAIRMAN. The Clerk will report the first part of the amendment offered by the gentleman from Missouri to the amendment offered by the gentleman from North Carolina.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN to the committee amendment offered by Mr. HANCOCK of North Carolina: After the word "filed", in line 2, strike out down to and including the word "effect" in line 5 and insert in lieu thereof the words "as well as future applications."

The CHAIRMAN. The question is on the amendment to the committee amendment.

The question was taken; and on a division (demanded by Mr. CONNERY and Mr. DUNN of Pennsylvania) there were ayes 68 and noes 103.

So the first part of the amendment to the committee amendment was rejected.

The CHAIRMAN. The Clerk will report the second part of the amendment to the committee amendment.

The Clerk read as follows:

Second part of amendment offered by Mr. COCHRAN to the committee amendment:

Strike out "\$4,750,000,000" and insert in lieu thereof "\$5,550,000,000."

The CHAIRMAN. The question is on the second part of the amendment to the committee amendment.

The question was taken, and the second part of the amendment to the committee amendment was rejected.

The CHAIRMAN. The question now recurs upon the amendment offered by the gentleman from Massachusetts [Mr. HEALEY], in the nature of an amendment to the substitute amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The question was taken; and on a division (demanded by Mr. CONNERY and Mr. DUNN of Pennsylvania) there were ayes 65 and noes 120.

So the amendment to the substitute amendment was rejected.

The CHAIRMAN. The question now recurs on the substitute amendment offered by the gentleman from Michigan [Mr. WOLCOTT] to the committee amendment.

The Clerk again reported the substitute amendment to the committee amendment.

The question was taken; and on a division (demanded by Mr. DUNN of Pennsylvania) there were ayes 71 and noes 112.

So the substitute amendment to the committee amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I demand tellers.

The CHAIRMAN. Ten Members have risen; not a sufficient number.

Tellers were refused.

The CHAIRMAN. The question recurs on the committee amendment offered by the gentleman from North Carolina [Mr. HANCOCK].

The Clerk again reported the committee amendment.

Mr. ELLENBOGEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ELLENBOGEN. If this amendment is voted down, then an amendment which I understand is to be offered by a member of the committee, and which is more liberal, would be in order?

The CHAIRMAN. The Chair cannot anticipate what amendments will be offered from the floor.

Mr. MARTIN of Colorado. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MARTIN of Colorado. Debate has been closed on this section and all amendments, but is not an amendment in order without debate.

The CHAIRMAN. An amendment to the committee amendment is in order.

Mr. MARTIN of Colorado. I wish to offer an amendment to the committee amendment.

Mr. SWEENEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SWEENEY. Do I understand that the request of the chairman of the committee to close all debate on the pending amendment in 20 minutes is applicable to this amendment?

The CHAIRMAN. All amendments which were pending at that time and amendments thereto. There is no further debate on the pending amendment or amendments thereto.

Mr. STACK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STACK. Will the Chair please answer the question as to the lifetime of the original act that was passed in 1933?

The CHAIRMAN. The gentleman does not state a parliamentary inquiry.

The Clerk will report the amendment offered by the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, I was apprised that an amendment was in order. I cannot write out an amendment in a second.

The CHAIRMAN. The gentleman will state his amendment so it can be reported.

Mr. MARTIN of Colorado. Mr. Chairman, I move that all the language in the committee amendment following the word "heretofore", in line 24, page 6, with regard to the filing of future applications be stricken out, and that instead there be inserted, after the word "heretofore", in line 24, the words "or hereafter."

Mr. STEAGALL. A point of order, Mr. Chairman.

The CHAIRMAN. It is rather difficult for the Chair to follow the amendment.

Mr. MARTIN of Colorado. After the word "heretofore", in line 24, page 6, insert the words "or hereafter", and strike out all of the committee amendment regarding the time for filing future applications following the word "heretofore."

The CHAIRMAN. The Chair is unable to gather the import of the gentleman's amendment from the gentleman's statement. The gentleman should reduce his amendment to writing so we can fully understand what the gentleman intends to present to the House.

Mr. MARTIN of Colorado. Mr. Chairman, I have not had time to reduce my amendment to writing. I have no copy of the committee amendment, which is on the Clerk's desk.

Mr. STEAGALL. Mr. Chairman, I make a point of order against the amendment. The House has just voted on the identical proposition.

The CHAIRMAN. The Chair sustains the point of order.

Mr. MARTIN of Colorado. I have heard no such amendment.

Mr. SWEENEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SWEENEY. Do I understand that we are foreclosed from offering further amendments to section 9?

The CHAIRMAN. No. Further amendments may be offered.

The question is on the committee amendment offered by the gentleman from North Carolina [Mr. HANCOCK].

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 119, noes 72.

So the committee amendment was agreed to.

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

The Clerk read as follows:

Amendment offered by Mr. MILLER: At the end of section 9, on page 7, line 14, insert the following as a new section:

"That section 4 (d) of the Home Owners' Loan Act of 1933, as amended, be amended by adding: 'Provided, That for the purpose of this act, levies of assessments upon real property, made by any special district organized in any State for public improvements, shall be treated as general tax levies are treated and the lien created by such improvement districts upon the real property within said district, to secure the payment of such improvement-district levies shall be considered as attaching to such real property at the time fixed by such improvement district for the payment of such levies and assessments and not before; and, for the purposes of this act, the lien of any mortgage placed upon any such real property by the owner thereof shall be considered a prior lien with reference to such improvement-district lien securing the payment of all said improvement-district assessments not due at the time the said owner executes such mortgage. The reasonableness of the total annual burden of taxes and assessments of all kinds upon any property offered as security for the payment of a loan made by the Corporation and the effect of such total levies upon the loanable value of such property are matters for the determination of the Home Owners' Loan Corporation Board, but no deduction shall be made from the loanable value of any property for improvement-district assessments or levies not due at the time of making such loan in any instance where the total annual taxes and assessments borne by the said property for all purposes does not exceed a sum which in the discretion of the Board is a reasonable annual tax burden for such property: Provided, That in arriving at the loanable value, in no instance shall any deductions be made on account of such improvement-district liens, taxes, and/or assessments not due at the time of making the loan where the aggregate amount of annual taxes, levies, and assessments of all kinds and for all purposes upon the property offered for security does not exceed a sum equal to 5 percent of the value of such property as fixed by the Home Owners' Loan Corporation appraisalment.

Mr. STEAGALL. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. MILLER. Mr. Chairman, will the gentleman reserve his point of order?

Mr. STEAGALL. Mr. Chairman, I reserve the point of order.

Mr. MILLER. Mr. Chairman, the reason I asked the gentleman from Alabama to reserve his point of order was to give me an opportunity to explain the purpose of the amendment. So far as I know, this amendment does not affect any State except Arkansas. It affects us because of a peculiar constitutional provision in our State in reference to the levying of taxes in improvement districts. We in Arkansas proceed to levy taxes under the improvement district law in order to evade a constitutional provision of the constitution adopted in 1874.

The section of the law that this amendment seeks to change provides that the taxes due against property at the time the application is received shall be deducted from the mortgage, and it further provides that no discrimination shall be made under this act against any home mortgage by reason of the fact that the real estate securing such mortgage is located in a municipality, county, or taxing district which is in default upon any of its obligations.

Now, this provision of the law protects every municipality, county, city, or taxing district, and all property located in a taxing district except in the State of Arkansas, where our improvement taxes become an existing lien in whole. In other words, to illustrate the point, if the taxes on a piece of property is \$500 for the paving of a street, although the \$500 is payable over a period of years, the entire \$500 becomes at once a lien on that piece of property. Under the operation of the law in Arkansas, the whole of that \$500 is deducted from the loanable value, not the amount that is payable yearly or due at the time the mortgage is executed. The \$500 is not in default at all, but the entire sum is deducted from the loanable value, whereas in most of the States where this cost of improvement was paid by general tax levies, there would be deducted only such taxes as might be due and not the whole which may become due over a period of years.

That is all I am asking for.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman from New York.

Mr. FITZPATRICK. In our State it is a direct assessment, and they have a period of 10 years in which to pay. It is a direct assessment and it is charged up just the same.

Mr. MILLER. Is the entire amount of the charge deducted?

Mr. FITZPATRICK. The entire amount. They have a period of 10 years to pay it on the installment plan.

Mr. MILLER. We have a period of 10, 15, or 20 years to pay; but what I am objecting to is the deduction of the entire amount when it is not payable and cannot be paid except in yearly installments.

Mr. FITZPATRICK. If one wanted to sell the property, it would be charged up to the mortgage?

Mr. MILLER. No; not under our system. If they would take the assessed benefits into consideration, it would be a different proposition.

Mr. FITZPATRICK. If the property is sold and the deed delivered, you would have to pay your own assessments.

Mr. MILLER. No; not under our law and not under the decisions of our supreme court. We have had this matter up with the Home Owners' Loan Corporation before and for a while it functioned all right.

Mr. FITZPATRICK. In our State you would have to do it unless you inserted it in the contract; otherwise you would have to give a clear deed.

Mr. MILLER. We are in the situation where the court has held that such a tax is not a breach of warranty in a deed even, but the Home Owners' Loan Corporation takes the whole amount off. I am just asking for the benefit of those property owners that they be given the same consideration that property owners in every other State receive. This amendment protects the rights of the Home Owners' Loan Corporation. It does not interfere at all with orderly administration but simply results in equitable treatment; that is all. That is the effect of this amendment.

Mr. KVALE. Will the gentleman yield?

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

Mr. KVALE. Has the gentleman consulted with the committee? Is it not possible the committee would accept the gentleman's amendment?

Mr. MILLER. I did not have an opportunity to consult with the committee until after they had acted upon the bill.

Mr. KVALE. At least the committee might not actively resist the gentleman's amendment.

Mr. MILLER. I do not think they will actively resist it because it can do no harm. It cannot hurt the Home Owners' Loan Corporation. It puts the improvement taxes upon the same basis as general taxes, that is all. If any installments of taxes are due when the mortgage is executed, they are deducted from the mortgage, but the whole amount which will become due and payable over a period of years should not be deducted from the loanable value.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The question was taken; and on a division (demanded by Mr. McLEOD) there were—ayes 122 and noes 15.

So the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The question was taken; and on a division (demanded by Mr. MILLER) there were—ayes 41 and noes 69.

So the amendment was rejected.

The Clerk read as follows:

SEC. 10. Subsection (j) of section 4 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following:

"No person shall be appointed or retained as an officer, employee, agent, or attorney in any regional or State office of the Corporation, who was, at the date of the establishment of such office, not a resident of the region or State served by such office. This amendatory provision shall go into effect within 90 days after the date of enactment thereof."

Mr. BROWN of Michigan. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Brown of Michigan: Page 7, after line 24, insert the following new section:

"Sec. 11. Subsection (1) of section 4 of the Home Owners' Loan Act of 1933, as amended, is amended by striking out the last comma therein and the following: 'or in any case in which the home mortgage or other obligation or lien is held by an institution which is in liquidation.'"

Mr. BROWN of Michigan. Mr. Chairman, this is a committee amendment proposed to the committee by the gentleman from Ohio [Mr. HARTER]. The purpose is to eliminate the so-called "institutional amendment" which we

adopted last year. Under the provisions of the law prior to the adoption of that amendment in 1934, no mortgagor who was not in distress could be relieved. By the amendment of 1934, mortgagors whose mortgages were not in default or men who were not in distress but whose mortgages were held by institutions which were in liquidation were granted the benefits of the act.

It caused a great deal of criticism in the State of Ohio, in the State of Michigan, and in many other parts of the country because relief was given to mortgagors who were not in distress. The gentleman from Ohio gave an instance of a county judge, receiving a salary of \$12,000 per year, who had a mortgage that was not in default and who was relieved because his mortgage happened to be in an institution that was in liquidation. The committee believes that that kind of relief should not be given. This is an opportunity to lessen the demand upon the Corporation. The language which will be eliminated from the present section (1) of section 4 of the act is as follows:

Or in any case in which the mortgage or other obligation or lien is held by an institution which is in liquidation.

It will confine the operations of the Corporation and the benefits of the act solely to mortgagors who are in distress, whose mortgages were in default prior to June of 1933, or who since that time have been unable to pay their debts by reasons beyond their control. The committee feels that the elimination of this provision of the law is a real improvement and asks its adoption.

Mr. FIESINGER. It does not limit the institutional feature, but it will limit the mortgagor under distress.

Mr. BROWN of Michigan. The gentleman is exactly right. We do not limit or prevent aid to persons who have mortgages in institutions, if those mortgages are in default or were in default prior to June of 1933; but we do prevent aid to persons whose mortgages are in good standing, merely because those mortgages are in institutions which are in liquidation.

Mr. HARLAN. Will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Ohio.

Mr. HARLAN. In these liquidating institutions they are called upon to collect on their mortgages. There are lots of mortgagors who are drawing good money and have good salaries, but, if called upon today to pay their mortgage, could not do it any more than any man in distress.

Mr. BROWN of Michigan. The institution cannot call for payment of the mortgage if it is not in default.

Mr. HARLAN. Why not, if they are liquidating? That is the difficulty.

Mr. BROWN of Michigan. No; they cannot.

Mr. HARLAN. If they are liquidating—

Mr. BROWN of Michigan. They cannot in Michigan.

Mr. HARLAN. That may be true in Michigan.

Mr. BROWN of Michigan. If the mortgage is not due, surely they cannot call for payment upon it.

Mr. HARLAN. These mortgages that are given to institutions are made from year to year, and they are callable at any time and, whether the interest is paid or not, they are subject to being foreclosed in a great many States, as, for example, in Ohio. Now, what are we going to do with such cases?

[Here the gavel fell.]

Mr. SWEENEY. Mr. Chairman, I ask unanimous consent that the gentleman may have 2 more minutes to answer a question.

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

There was no objection.

Mr. SWEENEY. Do I understand that the effect of this amendment is to wipe out the wholesale divisions created in these banks that are in liquidation?

Mr. BROWN of Michigan. That is true, insofar as their operations relate to mortgages that are not in default.

Mr. SWEENEY. And it does not preclude the mortgagor, who has an obligation due the bank from going to the Home

Owners' Loan Corporation and having it given consideration.

Mr. BROWN of Michigan. That is true.

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

Mr. BROWN of Michigan. I yield.

Mr. DONDERO. I think the gentleman from Ohio had the same thing in mind that I did. Is a man denied relief because his mortgage is in an institution which is in course of liquidation, even though the mortgage is in default?

Mr. BROWN of Michigan. No; if the mortgage is in default, he is entitled to relief under the bill.

[Here the gavel fell.]

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

Mr. Chairman, I rise in opposition to this amendment because I cannot see any particular need for the amendment. The Home Owners' Loan Corporation did not ask for the amendment. The committee, to be sure, voted upon it and accepted it as a committee amendment, and the reason the committee accepted it as a committee amendment, or at least some of the reasons given, were that the Home Owners' Loan Corporation had made some mistakes in the administration of this law. These mistakes in the administration of the law precipitated a resolution asking for an investigation of the Home Owners' Loan Corporation.

Undoubtedly, there have been mistakes made. I think in one case it developed, as the gentleman from Michigan pointed out, that a judge in Ohio had his mortgage taken over and it developed that this judge was receiving an annual salary of \$12,000 a year, but this is an isolated case.

This provision was put in the bill last year at your instance, because we wanted to do just what will be done if this provision stays in the bill. We will give relief to depositors in closed banks. You gentlemen got up here last year and said you were in favor of this Government doing something for the depositors in closed banks. As a consequence, this committee wrote into the act this language, which was adopted by the House, which allowed the Home Owners' Loan Corporation to go into closed institutions and take over the mortgage assets of these closed institutions for the purpose of paying dividends to the depositors.

We have listened all the way through this discussion to a great deal of talk about baling out the banks, as if baling out the banks meant paying the stockholders in those banks some money. There has not been one cent of the money paid by the Home Owners' Loan Corporation that has ever reached the pockets of a stockholder, but every cent, over and above the cost of liquidation, has gone to pay the depositors in these closed banks, and now you men who were so jealous of your rights last year to have some relief given to closed banks, I hope you will not vote today to take from the Home Owners' Loan Corporation the instrument by which they are now giving relief to closed banks and through which those institutions are paying depositors who otherwise might receive nothing.

We have had some inconsistencies here. The gentleman from Maryland said that 90 percent of this fund is used to bale out banks. The Home Owners' Loan Corporation told us in committee they had used an infinitesimal amount of their money for the purpose of baling out banks, but I will say to you, frankly, when you bale out a bank today that is in liquidation, you bale out the depositor and you give him some money with which to buy the necessities of life, and that is just what we are trying to do. Vote against this, if you want to, but do not be proud of your record in this House when it comes to answering letters from your constituents who say their banks are closed and they have not been able to get any part of their deposits. You should remember that you voted for the only thing in this bill which will give any relief to those people.

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

Mr. WOLCOTT. I yield.

Mr. SWEENEY. Does not the gentleman know that the effect of the operations of the wholesale division of these banks in liquidation is that it helps to minimize the double

liability that attached itself to stockholders and directors, many of whom are responsible for the bank's closing up?

Mr. WOLCOTT. I will say to the gentleman that so far as the information that comes to me is concerned, there has been less than 10 percent of that double liability collected up to the present time, and the benefit to the depositors, so far as double liability is concerned, is infinitesimal. The assets of the bank are what we want liquidated. We want to get some money into the bank in order that the conservator or the receiver may be able to pay some dividends to the depositors.

We have given the R. F. C. that authority. Why restrict it in this act?

[Here the gavel fell.]

Mr. BROWN of Michigan. Mr. Chairman, I ask unanimous consent that the gentleman may have 1 more minute to answer a question.

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

There was no objection.

Mr. BROWN of Michigan. Does not the gentleman know that practically all the banks in his State and in my State have received loans from the Reconstruction Finance Corporation?

Mr. WOLCOTT. Yes; and I know further that there are 19 closed banks in Macomb County, in my district, that would not be able to pay 1 cent to their depositors if they had not got the money from the Home Owners' Loan Corporation.

Mr. BROWN of Michigan. But the job has been done and did not most of this money come from the R. F. C. and other agencies of the Government?

[Here the gavel fell.]

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

Mr. RABAUT. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The gentleman from Michigan moves that the Committee do now rise.

The question was taken; and on a division there were 108 ayes and 48 noes.

Mr. CULLEN. I ask for tellers.

The CHAIRMAN. Tellers are demanded. The Chair will count.

Mr. CULLEN. Mr. Chairman, I withdraw the demand for tellers.

So the Committee determined to rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CELLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H. R. 6021) to provide additional home-mortgage relief, to amend the Federal Home Loan Bank Act, the Home Owners' Loan Act of 1933, and the National Housing Act, and for other purposes, and had come to no resolution thereon.

LEAVE OF ABSENCE

Mr. O'CONNELL, by unanimous consent, was given leave of absence for Friday, Saturday, and Monday, on account of the death of a relative.

ADJOURNMENT

Mr. CULLEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 17 minutes p. m.) the House adjourned until tomorrow, Saturday, March 9, 1935, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Saturday, Mar. 9, 10:30 a. m.)

Continuation of hearings on bills pertaining to offenses against the Postal Service, Room 213, old House Office Building.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CONNERY: Committee on Labor. H. R. 6450. A bill to accord labor proper opportunity for protection of rights granted by the Congress, and for other purposes; without amendment (Rept. No. 333). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOXEY: Committee on Agriculture. H. R. 6424. A bill to continue the Cotton Control Act, to exempt a limited quantity of cotton from the tax thereunder, to provide for the better administration of such act, and for other purposes; with amendment (Rept. No. 335). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 2049. A bill to amend an act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", approved May 14, 1926 (44 Stat. L., 555); without amendment (Rept. No. 336). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 4126. A bill to reserve certain public-domain lands in Nevada and Oregon as a grazing reserve for Indians of Fort McDermitt, Nev.; without amendment (Rept. No. 337). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TURNER: Committee on Military Affairs. H. R. 1368. A bill for the relief of Virden Thompson; without amendment (Rept. No. 334). Referred to the Committee of the Whole House.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 4372. A bill for the relief of Charles L. Graves; without amendment (Rept. No. 338). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 5633) for the relief of Sarah Abbott, 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. CELLER: A bill (H. R. 6533) to amend an act entitled "An act to extend the functions of the Reconstruction Finance Corporation for 2 years, and for other purposes", approved January 31, 1935; to the Committee on Banking and Currency.

Also, a bill (H. R. 6534) to regulate the fees of referees in bankruptcy, and to otherwise amend the Federal Bankruptcy Act; to the Committee on the Judiciary.

By Mr. KELLER: A bill (H. R. 6535) granting the consent of Congress to the State of Illinois and the State of Missouri, to construct a free highway bridge across the old channel of the Mississippi River between Kaskaskia Island, Ill., and St. Marys, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. QUINN: A bill (H. R. 6536) to repeal the act entitled "An act to prohibit the importation and the interstate transportation of films or other pictorial representations of prize fights, and for other purposes"; to the Committee on Interstate and Foreign Commerce.

By Mr. BUCK: A bill (H. R. 6537) to amend certain plant-quarantine laws; to the Committee on Agriculture.

By Mr. DEMPSEY: A bill (H. R. 6538) for the relief of the State of New Mexico; to the Committee on the Judiciary.

By Mr. FISH: A bill (H. R. 6539) to amend section 15 (a) of the Interstate Commerce Act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. HOPE: A bill (H. R. 6540) to amend the Packers and Stockyards Act, 1921; to the Committee on Agriculture.

By Mr. PETERSON of Georgia: A bill (H. R. 6541) to provide for the establishment of a national monument on the site of Fort Morris in Liberty County, Ga.; to the Committee on the Public Lands.

By Mr. ROGERS of Oklahoma (by departmental request): A bill (H. R. 6542) to define the exterior boundaries of the Navajo Indian Reservation in New Mexico, and for other purposes; to the Committee on Indian Affairs.

By Mr. SMITH of Virginia: A bill (H. R. 6543) to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products in the District of Columbia; to the Committee on the District of Columbia.

By Mr. STUBBS: A bill (H. R. 6544) to conserve the water resources and to encourage reforestation of the watersheds of Santa Barbara County, Calif., by the withdrawal of certain public land, included within the Santa Barbara National Forest, Calif., from location and entry under the mining laws; to the Committee on the Public Lands.

By Mr. KOPPELMANN: A bill (H. R. 6545) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to suppress and punish the crime of lynching; to the Committee on the Judiciary.

By Mr. McMILLAN: A bill (H. R. 6546) to provide for the establishment of a United States Coast Guard life-saving station on Hunting Island, S. C.; to the Committee on Merchant Marine and Fisheries.

By Mr. LLOYD: A bill (H. R. 6547) authorizing the appointment of a Commissioner for the United States Court for China and defining his duties; to the Committee on Foreign Affairs.

By Mr. McGEHEE: Resolution (H. Res. 156) to investigate the administration of the Virgin Islands; to the Committee on Rules.

By Mr. SMITH of Virginia: Joint resolution (H. J. Res. 202) to provide for the printing with illustrations and binding in cloth of 110,000 copies of the Special Report on the Diseases of the Horse; to the Committee on Printing.

Also, joint resolution (H. J. Res. 203) to provide for the printing, with illustrations and binding in cloth of 110,000 copies of the Special Report on the Diseases of Cattle; to the Committee on Printing.

By Mr. ANDREW of Massachusetts: Joint resolution (H. J. Res. 204) authorizing the erection of a memorial to the late Jean Jules Jusserand; to the Committee on the Library.

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 North Dakota, regarding the participation of the Bank of North Dakota in the facilities of the United States Treasury for the issuance of currency in the name of the Bank of North Dakota; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of New Mexico, memorializing Congress for consent to tax interstate sales of goods for use or consumption within the State; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of New Mexico, regarding the construction of a Federal highway from Santa Fe to Las Vegas; to the Committee on Roads.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BURCH: A bill (H. R. 6548) to provide for a review by the Department of War of the case of the late Capt. Bartlett James; to the Committee on Military Affairs.

By Mr. EAGLE: A bill (H. R. 6549) for the relief of Horton & Horton; to the Committee on War Claims.

By Mr. HARTER: A bill (H. R. 6550) for the relief of Ida M. Almstaedt; to the Committee on Claims.

Also, a bill (H. R. 6551) granting a pension to Sarah Penberthy; to the Committee on Pensions.

By Mr. JOHNSON of West Virginia: A bill (H. R. 6552) granting a pension to Erma Petty; to the Committee on Invalid Pensions.

By Mr. LARRABEE: A bill (H. R. 6553) granting an increase of pension to Sarah Conrad; to the Committee on Pensions.

Also, a bill (H. R. 6554) granting an increase of pension to Martha E. McLellen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6555) for the relief of Arthur Witte; to the Committee on Claims.

Also, a bill (H. R. 6556) for the relief of Harrison Simpson; to the Committee on Claims.

Also, a bill (H. R. 6557) for the relief of Templeton Livingston; to the Committee on Military Affairs.

Also, a bill (H. R. 6558) for the relief of Thomas A. Ryland, also known as "Thomas Ryland"; to the Committee on Military Affairs.

Also, a bill (H. R. 6559) for the relief of John E. Gill; to the Committee on Naval Affairs.

Also, a bill (H. R. 6560) for the relief of Charles G. Keiser; to the Committee on the Civil Service.

Also, a bill (H. R. 6561) granting a pension to Martha Willoughby; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6562) for the relief of Charley H. Caldwell; to the Committee on Military Affairs.

Also, a bill (H. R. 6563) granting a pension to Mary Roberts; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6564) granting a pension to Hattie E. Shobe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6565) granting a pension to Elizabeth Rice; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6566) granting a pension to John L. Richman; to the Committee on Pensions.

Also, a bill (H. R. 6567) granting a pension to John E. Mann; to the Committee on Pensions.

Also, a bill (H. R. 6568) granting a pension to Charles H. Mattingly; to the Committee on Pensions.

Also, a bill (H. R. 6569) granting a pension to Anna Barton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6570) granting a pension to Mary A. Hart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6571) granting an increase of pension to Mary Ellen Oliver; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6572) granting an increase of pension to Bruce Winklepleck; to the Committee on Pensions.

By Mr. McGEHEE: A bill (H. R. 6573) for the relief of the estate of Aaron Z. Duggan, deceased; to the Committee on Military Affairs.

Also, a bill (H. R. 6574) for the relief of the dependents of Max Grady Sullivan, deceased; to the Committee on Military Affairs.

Also, a bill (H. R. 6575) for the relief of Maj. Omer A. Newhouse; to the Committee on Claims.

By Mr. MAAS: A bill (H. R. 6576) to authorize the presentation of a Distinguished Flying Cross to Maj. Francis T. Evans, United States Marine Corps; to the Committee on Military Affairs.

By Mr. MASSINGALE: A bill (H. R. 6577) for the relief of Mrs. W. B. Nix and Mrs. J. A. Nix; to the Committee on Claims.

By Mr. MERRITT of New York: A bill (H. R. 6578) for the relief of Joseph A. Therry; to the Committee on Claims.

By Mr. ROMJUE: A bill (H. R. 6579) authorizing a preliminary examination of the dam at the northern end of Gray Island, in Clark County, Mo., with a view to the control of floods; to the Committee on Flood Control.

By Mr. RYAN: A bill (H. R. 6580) granting a pension to Della M. C. Rudolph; to the Committee on Pensions.

By Mr. SOMERS of New York: A bill (H. R. 6581) to authorize the appointment of Paul Burns, former second lieutenant, Field Artillery, United States Army, to such rank on the active list, and for other purposes; to the Committee on Military Affairs.

By Mr. THOMPSON: A bill (H. R. 6582) granting a pension to Helen R. Pitney; to the Committee on Invalid Pensions.

By Mr. TINKHAM: A bill (H. R. 6583) authorizing the President of the United States to appoint Wallace F. Saford to the position and rank of captain in the Army of the United States and immediately retire him with the rank and pay of a captain; to the Committee on Military Affairs.

Also, a bill (H. R. 6584) for the relief of Bartholomew Moynahan; to the Committee on the Civil Service.

By Mr. TOLAN: A bill (H. R. 6585) for the relief of Robert W. Miller; to the Committee on Claims.

By Mr. WILCOX: A bill (H. R. 6586) for the relief of W. R. McLeod; to the Committee on Claims.

By Mr. WOLVERTON: A bill (H. R. 6587) for the relief of certain purchasers of land in the Borough of Brooklawn, State of New Jersey; to the Committee on Claims.

By Mr. ZIMMERMAN: A bill (H. R. 6588) for the relief of Myrtle Anderson; 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:

3228. By Mr. ANDREWS of New York: Twenty petitions containing approximately 300 names of residents of the Fortieth Congressional District of New York, protesting against the enactment of House bill 5423; to the Committee on Interstate and Foreign Commerce.

3229. By Mr. BEITER: Petition of the Buffalo Master Bakers' Association, Buffalo, N. Y., urging the repeal of the processing tax on ingredients that go into the manufacture of bread; to the Committee on Ways and Means.

3230. By Mr. BLAND: Petition of four citizens of Clopton, Va., urging that Congress pass a uniform Federal old-age-pension law that must be adopted by the States before any Federal aid or relief is available; to the Committee on Ways and Means.

3231. By Mr. BOYLAN: Petition signed by William G. Henry, and other residents of the Fifteenth Congressional District of New York City, vigorously opposing the Wheeler-Rayburn public-utility bill; to the Committee on Interstate and Foreign Commerce.

3232. Also, petition signed by Miss Dorothy S. Brambaugh and other residents of the Fifteenth Congressional District of New York City, opposing the passage of the Wheeler-Rayburn public-utility bill; to the Committee on Interstate and Foreign Commerce.

3233. By Mr. BUCK: Memorial of the California State Legislature, relative to accepting amendments from the Government of the United States for the construction of approach roads and toll areas over certain rights-of-way leading to the Golden Gate Bridge in the Presidio of San Francisco Military Reservation, and relating to the retrocession by the Congress of the United States of jurisdiction over said rights-of-way and toll areas as relocated; to the Committee on Roads.

3234. By Mr. BUCKLER of Minnesota: Petition of Simon Ellefson and Martin Swanson, of Lancaster, Minn., in behalf of members of Post No. 214 of the American Legion, Department of Minnesota, members of the Lancaster Civic and Community Club, and business and professional men of the community and vicinity, favoring the immediate cash payment of the soldiers' adjusted-service certificates; to the Committee on Ways and Means.

3235. Also, petition of M. L. Myhre, president, Wolverton, Minn., in behalf of the Business Mens' Association of Wolverton, Minn., favoring the Vinson bill (H. R. 3896) to make the immediate cash payment of the soldiers' adjusted-service certificates; to the Committee on Ways and Means.

3236. By Mr. DUFFEY of Ohio: Petition of 136 citizens of Toledo, Ohio, urging passage of the Townsend old-age revolving pension plan to be financed by a Nation-wide Federal sales tax; to the Committee on Ways and Means.

3237. By Mr. FOCHT: Petition of E. W. Thomas, of Burnham, and numerous other citizens of Lewistown, Mifflin County, a part of the Eighteenth Congressional District of Pennsylvania, opposing House bill 5423 and Senate bill 1725, the public-utility bills; to the Committee on Interstate and Foreign Commerce.

3238. Also, petition of Frank K. Metzger, Burnham, and various other residents of Burnham and Lewistown, a part of the Eighteenth Congressional District of Pennsylvania, opposing House bill 5423 and Senate bill 1725, the public-utility bills; to the Committee on Interstate and Foreign Commerce.

3239. By Mr. HAINES: Petitions signed by 83 of his constituents of the Twenty-second Pennsylvania District, protesting against the public-utility bills; to the Committee on Interstate and Foreign Commerce.

3240. By Mr. HART: Memorial of the House of Assembly of the State of New Jersey (the senate concurring), requesting that the Congress of the United States enact an amendment to the United States Internal Revenue Act of 1934, preventing the imposition of a tax upon any State or Territory of the United States, the District of Columbia, or any political subdivision, agency, or district thereof; to the Committee on Ways and Means.

3241. Also, memorial of the House of Assembly of the State of New Jersey (the senate concurring), requesting that the Congress of the United States enact the Frazier-Lemke bill without further delay; to the Committee on Banking and Currency.

3242. By Mr. HEALEY: Petitions of certain employers and employees of Cambridge, Mass., concerning the Black-Connery bill; to the Committee on Labor.

3243. By Mr. HOEPEL: Petition of the Los Angeles County Council of the Veterans of Foreign Wars of the United States, urging the passage of the Patman bill (H. R. 1), providing for immediate payment of the bonus; to the Committee on Ways and Means.

3244. Also, resolutions of the citizen taxpayers of the northeastern part of South Dakota at Webster, S. Dak., February 9, 1935, commending and endorsing the Townsend plan of old-age revolving pensions, and urging its enactment into law, with the additional provision that a considerable portion of the necessary funds be raised by taxing big fortunes with a large inheritance tax and big incomes by large graduated income tax proportioned according to the ability of the taxpayer to pay, and according to the protection and benefits which he is deriving from our Government; to the Committee on Ways and Means.

3245. By Mr. LESINSKI: Petition signed by groups 53, 2341, 460, 1427, 1277, and 170 of the Polish National Alliance of the United States of America, directing the President of the United States to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

3246. Also, resolution 13006 of the Common Council of the City of Dearborn, Mich., asking that October 11 of each year be set aside as General Pulaski's Memorial Day; to the Committee on the Judiciary.

3247. Also, resolution of the City Council of Wyandotte, and the Common Council for the City of Ecorse, Mich., memorializing the Congress to proclaim October 11 of each year General Pulaski's Memorial Day; to the Committee on the Judiciary.

3248. By Mr. MEAD: Petition of the Buffalo Lumber Exchange, Buffalo, N. Y., requesting Congress to remove or suspend the duty on rough lumber from contiguous countries; to the Committee on Ways and Means.

3249. Also, petition of the Polish National Alliance, Group 890, Buffalo, N. Y., memorializing Congress to proclaim October 11 General Pulaski's Memorial Day; to the Committee on the Judiciary.

3250. By Mr. MERRITT of New York: Petition of Helen Clifton, of 132 East Forty-fifth Street, New York City, N. Y., and approximately 50 members of the Central Club for Nurses, urging Congress to defeat the Wheeler-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3251. Also, petition of Theodore G. Steinway and some 50 income taxpayers of New York City, urging Congress to repeal the publicity feature of section 55 (b) of the Revenue Act of 1934; to the Committee on Ways and Means.

3252. Also, petition of May Robb, of 415 East Thirteenth Street, New York City, and approximately 20 additional signers of residents in that vicinity, urging Congress to defeat the Wheeler-Rayburn public-utility bill; to the Committee on Interstate and Foreign Commerce.

3253. Also, petition of Grace N. Hickey, of 140 East Twenty-eighth Street, New York City, and approximately 40 other signatures of residents of New York City, urging Congress to defeat the Wheeler-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3254. Also, petition of Austin P. Canfield, secretary, and several hundred members of International Union of Operating Engineers of Local Union No. 184, New York City, urging Congress to support the amendment introduced by Senator McCARRAN, providing for the payment of prevailing rate of wage, etc.; to the Committee on Appropriations.

3255. Also, petition of Charles Auth, of 422-430 East Fifty-third Street, New York City, and other citizens and taxpayers, urging Congress to defeat the Wheeler-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3256. Also, petition of John Howard Hanway and other residents of Pelham Manor, N. Y., urging Congress to defeat the Wheeler-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3257. Also, petition of Charlie Meyer, 39-12 Main Street, Flushing, N. Y., and other residents of Flushing, Elmhurst, College Point, and vicinity, urging Congress to defeat the Wheeler-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3258. Also, petition of Stella Casale, 664 Eighteenth Street, Brooklyn, N. Y., and several hundred additional signers, calling upon Congress to defeat the Wagner Economic Security Act; to the Committee on Interstate and Foreign Commerce.

3259. Also, petition of I. B. Katz, of 1624 Tenth Avenue, Brooklyn, N. Y., and approximately 62 residents of Brooklyn and vicinity, urging Congress to defeat the Black bill (S. 87) and the Connery bill (H. R. 2746); to the Committee on Labor.

3260. By Mr. O'MALLEY: Memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to embody in a national relief program the following provisions: (1) Making available to the unemployed sufficient work at a wage scale enabling the maintenance of a reasonable and decent standard of living; (2) work for those unemployed not dependent upon relief but in need of aid to make possible the payment of taxes and interest on their homes; (3) adequate Federal employment, thus making unnecessary added obligations, indebtedness, and increased taxes by local units of government already overburdened; (4) reimbursement to various counties and municipalities of the State the sum of \$6,000,000, representing the amount contributed by them during the year 1935 as their share of unemployment relief; to the Committee on Appropriations.

3261. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to enact legislation providing work for those home owners who, due to unemployment, are unable to meet the required payments on the principal or interest, or both, and, further, that such work be provided for under public-works projects through local, State, or Federal Governments; to the Committee on Appropriations.

3262. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to provide for public power development and more particularly rural electrification in the upper Mississippi Valley as provided in the essential features of measures relative thereto

now pending in the Congress of the United States; to the Committee on Military Affairs.

3263. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to take immediate steps to amend the Constitution of the United States providing that the Congress of the United States submit to the people of the Nation an opportunity to declare themselves in favor of the declaration of war by a popular referendum vote except in the event of a war to repel an invasion of this country when such referendum shall not be deemed necessary; to the Committee on the Judiciary.

3264. Also, memorial of the Legislature of the State of Wisconsin, protesting to the President and Congress of the United States against further reciprocal tariff or trade agreements by which the best interests of American farmers are sacrificed; to the Committee on Ways and Means.

3265. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to pass immediately the legislation necessary to empower and direct the Government of the United States to monopolize the manufacture and sale of war munitions; to the Committee on Military Affairs.

3266. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to reduce the excise tax on intoxicating liquors and beer, and other fermented malt beverages; to the Committee on Ways and Means.

3267. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to enact legislation to provide for a code of fair competition for the farmer, to establish the cost of production to farmers, and to provide for a reasonable profit on their investments; to the Committee on Agriculture.

3268. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to pass uniform laws regulating motor vehicles in interstate service; to the Committee on Interstate and Foreign Commerce.

3269. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to enact the pending Frazier-Lemke Finance Mortgage Act; to the Committee on Banking and Currency.

3270. Also, memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to enact legislation providing for Federal aid to high schools; to the Committee on Education.

3271. By Mr. PFEIFER: Petition of the Fur Dressers' & Fur Dyers' Association, Inc., New York City, urging repeal of the 10-percent excise tax on furs wholesaling at \$75 and over; to the Committee on Ways and Means.

3272. Also, petition of the Bush Terminal Co., New York, concerning the Black-Connery bills (S. 87 and H. R. 2746); to the Committee on Labor.

3273. Also, petition of the Aerovox Corporation, Brooklyn, N. Y., concerning the 30-hour-week bill; to the Committee on Labor.

3274. Also, telegram of the Finnigan Post, No. 242, American Legion, Brooklyn, N. Y., concerning the Vinson bonus bill; to the Committee on Ways and Means.

3275. By Mr. POLK: Petition of John D. Morehead, recording secretary, and the entire membership of Tate Council, No. 400, Junior Order of United American Mechanics, urging the passage of House Joint Resolution No. 69, creating in the Department of Justice a Bureau of Alien Deportation; to the Committee on Immigration and Naturalization.

3276. By Mr. RICH: Petition of the Business and Professional Women's Club of Williamsport, Pa., protesting against House bill 5423 and Senate bill 1725, known as the "utilities bill"; to the Committee on Interstate and Foreign Commerce.

3277. Also, petitions of citizens of Bradford, Pa., protesting against House bill 5423 and Senate bill 1725; to the Committee on Interstate and Foreign Commerce.

3278. By Mrs. ROGERS of Massachusetts: Petition of the City Council of Woburn, Mass., endorsing the resolution of the senior Senator from Massachusetts in which he directs

the attention of the Secretary of Labor to the necessity for creating appointments for young men and women between the ages of 18 and 30; to the Committee on Labor.

3279. By Mr. ROGERS of Oklahoma: Petition of Joseph Edge and numerous other citizens of Niceville, Fla., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3280. Also, petition of D. G. Harper and numerous other citizens of Ponce De Leon, Fort Walton, and De Funiak Springs, Fla., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3281. Also, petition of Jake Hendricks and numerous other citizens of Winnfield, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3282. Also, petition of Butler Gipson and numerous other citizens of Arcadia, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3283. Also, petition of George Forster and numerous other citizens of Darrow and Union, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3284. Also, petition of Rev. G. B. Hill and numerous other citizens of Amite, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3285. Also, petition of James Overstreet and numerous other citizens of Lakeland, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3286. Also, petition of Richard A. Baddie and numerous other citizens of Florence, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3287. Also, petition of George Hill and numerous other citizens of Aliceville and Tuscaloosa, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3288. Also, petition of Edward Crawford and numerous other citizens of Quinton and Dora, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the committee on Ways and Means.

3289. Also, petition of A. G. Johnson and numerous other citizens of Sylacauga, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3290. Also, petition of W. L. Vintson and numerous other citizens of Dora, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3291. Also, petition of Arthur Hamilton and numerous other citizens of Brewton, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3292. Also, petition of L. Hall and numerous other citizens of Hamilton, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3293. Also, petition of Joe Carter and numerous other citizens of Hamilton, Ala., favoring House bill 2856, by

Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3294. Also, petition of Paul Hill and numerous other citizens of Ohatchee and Lincoln, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3295. Also, petition of Evan White and numerous other citizens of Paducah, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3296. Also, petition of M. B. Kidwell and numerous other citizens of Kansas City, Cleveland, and Avondale, Mo., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3297. Also, petition of Andrew Suggs and numerous other citizens of Duncan, Alligator, and Hillhouse, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3298. Also, petition of Dave Ross and numerous other citizens of Union Church and Crystal Springs, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3299. Also, petition of Will Brown and numerous other citizens of Duck Hill and Grenada, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3300. Also, petition of Frank Reed and numerous other citizens of Pace, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3301. Also, petition of Aron Robinson and numerous other citizens of Sidon, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3302. Also, petition of Z. E. Bowman and numerous other citizens of Anderson, S. C., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3303. Also, petition of Harvey Buckman and numerous other citizens of Quincy, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3304. Also, petition of Russell Wyatt and numerous other citizens of White Hall and Patterson, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3305. Also, petition of Charles Von and numerous other citizens of Oakdale, Nashville, and Addieville, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3306. Also, petition of James S. Gilliland and numerous other citizens of Pocahontas, Edwardsville, and Vandalia, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3307. Also, petition of Horace Robinson and numerous other citizens of Newark, N. J., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3308. Also, petition of R. E. Hayden and numerous other citizens of Bassett, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-

age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3309. Also, petition of A. S. Forehand and numerous other citizens of Earl, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3310. Also, petition of Lewis William and numerous other citizens of Round Pond, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3311. Also, petition of Henry Parks and numerous other citizens of Madison, Ga., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3312. Also, petition of Allen B. Layfield and numerous other citizens of Macon, Ga., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3313. Also, petition of Ray Suddath and numerous other citizens of Brownsville, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3314. Also, petition of W. A. Collins, Jr., and numerous other citizens of Sparta, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3315. Also, petition of J. W. Hoover and numerous other citizens of Nashville, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3316. Also, petition of Dick Sydnor and numerous other citizens of McKenzie, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3317. Also, petition of Frank Bland and numerous other citizens of Wyatt, Mo., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3318. Also, petition of L. Ramsey and numerous other citizens of Gadsden and Halls, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3319. Also, petition of J. J. Williams and numerous other citizens of Fulton, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3320. Also, petition of Damacio Cordova and numerous other citizens of Truchas, N. Mex., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3321. Also, petition of John H. Stone and numerous other citizens of Lebanon and Eldridge, Mo., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3322. Also, petition of Samuel Henry Ritter and numerous other citizens of Greeley and Bunker, Mo., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3323. Also, petition of Charles Harper and numerous other citizens of Fagus, Mo., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age

pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3324. Also, petition of J. H. Dishner and numerous other citizens of Princeton and Rock, W. Va., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3325. Also, petition of A. C. Miller and numerous other citizens of Killarney, W. Va., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3326. Also, petition of W. T. Granger and numerous other citizens of Old Dock, N. C., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3327. Also, petition of J. M. Breeden and numerous other citizens of Lumberton, N. C., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3328. Also, petition of J. E. Garrison and numerous other citizens of Pennington Gap and Dryden, Va., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3329. Also, petition of R. L. Mullens and numerous other citizens of Clintwood, Georges Fork, and Millard, Va., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3330. Also, petition of James McKinley and numerous other citizens of Jefferson County, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3331. Also, petition of A. J. Rigney and numerous other citizens of Sunnybrook, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3332. Also, petition of Bob Boatright and numerous other citizens of Mayfield, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3333. Also, petition of J. P. Gibson and numerous other citizens of Heller and Lookout, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3334. Also, petition of Spurgeon Foster and numerous other citizens of Collirene, Benton, and Gordonsville, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3335. Also, petition of J. O. Hathaway and numerous other citizens of Black, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3336. Also, petition of S. T. Grove and numerous other citizens of Scottsboro, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3337. Also Petition of Joe Cole and numerous other citizens of Collinsville and Henagar, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of \$30 to \$50 a month; to the Committee on Ways and Means.

3338. By Mr. RUDD: Petition of J. F. Bragg, Long Island City, N. Y., concerning section 55B of the Revenue Act of 1934; to the Committee on Ways and Means.

3339. Also, petition of the West Disinfecting Co., Long Island City, N. Y., concerning section 55B of the Revenue Act of 1934; to the Committee on Ways and Means.

3340. Also, petition of B. Schwanda & Sons, New York City, concerning section 55B of the Revenue Act of 1934; to the Committee on Ways and Means.

3341. Also, petition of R. J. Atkinson (hardware), Brooklyn, N. Y., concerning section 55B of the Revenue Act of 1934; to the Committee on Ways and Means.

3342. Also, petition of Steinway & Sons' employees, New York City, regarding section 55B of the Revenue Act of 1934; to the Committee on Ways and Means.

3343. Also, petition of Grand Lodge Brotherhood of Railroad Trainmen, Cleveland, Ohio, concerning the McCarran amendment to the work-relief bill; to the Committee on Ways and Means.

3344. Also, petition of Charles Auth and seven other citizens of Greater New York, concerning the Rayburn-Wheeler public utility holding companies legislation; to the Committee on Interstate and Foreign Commerce.

3345. By Mr. SADOWSKI: Petition of the Forty and Over Club, of North Detroit, Mich., endorsing House bill 2827; to the Committee on Ways and Means.

3346. Also, petition of International W. O. Br. 2012, endorsing House bill 2827; to the Committee on Ways and Means.

3347. Also, petition of group no. 1758 of the Polish National Alliance, asking that October 11 of each year be set aside as General Pulaski Memorial Day; to the Committee on the Judiciary.

3348. Also, petition of group no. 848 of the Polish National Alliance, asking that October 11 of each year be set aside as General Pulaski Memorial Day; to the Committee on the Judiciary.

3349. By Mr. SAUTHOFF: Joint resolution of the State of Wisconsin, memorializing the Congress of the United States to enact the pending Frazier-Lemke finance mortgage bill; to the Committee on Banking and Currency.

3350. Also, joint resolution of the State of Wisconsin memorializing the Congress of the United States to reduce the excise tax on intoxicating liquors and beer and other fermented malt beverages; to the Committee on Ways and Means.

3351. Also, joint resolution of the State of Wisconsin, relating to a code of fair dealing, and to establishing of the cost of production to farmers and a reasonable profit on their investments; to the Committee on Agriculture.

3352. Also, joint resolution of the State of Wisconsin, memorializing the Congress of the United States to enact legislation providing for Federal aid to high schools; to the Committee on Education.

3353. By Mr. SCHAEFER: Petition of Council No. 1169, Polish National Alliance, East St. Louis, Ill., urging Congress to designate October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

3354. Also, petition of the Illinois Women's Auxiliary of Progressive Miners of America, Marissa, Ill., urging limitations of individual annual incomes to \$50,000 and urging a redistribution of the Nation's wealth through work with adequate wages; to the Committee on Ways and Means.

3355. Also, petition of the Illinois Women's Auxiliary of Progressive Miners of America, Marissa, Ill., urging Congress to pass an old-age pension measure during the present session; to the Committee on Ways and Means.

3356. Also, petition of the Illinois Women's Auxiliary of Progressive Miners of America, Marissa, Ill., urging Congress to accept the Lundeen measure on social unemployment insurance (H. R. 2827); to the Committee on Labor.

3357. Also, petition of General Assembly, State of Illinois, urging the United States Government to take action to curb the use of a certain, vicious, habit-forming narcotic, commonly known as "marijuana", which has become alarmingly prevalent among a large proportion of the adolescents of that State; to the Committee on the Judiciary.

3358. By Mr. TRUAX: Petition of H. T. Blosser and other citizens of Fostoria, Ohio, requesting the passage of the Patman bonus bill (H. R. 1); to the Committee on Ways and Means.

3359. Also, petition of the National Restaurant Association, Chicago, Ill., by their president, Charles A. Laube, condemning Government restaurants and urging its members throughout the Nation to stand in opposition to any Government official who defends this form of competition, because the operation of restaurants and cafeterias on a rent-free and tax-free basis in Government buildings has been a serious source of unfair competition to legitimate restaurants, and the Federal Government has received recommendations for an abatement of this practice from a congressional investigating committee headed by Congressman JOSEPH B. SHANNON, but has continued this business; to the Committee on Labor.

3360. Also, petition of Lucas County Unemployed League, of Toledo, Ohio, by their president, Paul Kolinski, urging that Congress adopt the amendment of the prevailing wage scale on all work-relief projects in the public-works bill; to the Committee on Labor.

3361. Also, petition of United Automobile Workers, Local 18463, Cleveland, Ohio, by their secretary, R. E. Reisinger, endorsing the Lundeen bill (H. R. 2827); to the Committee on Labor.

3362. Also, petition of board of control of the Summit County Democratic Executive Committee, Akron, Ohio, by their secretary, Forrest D. Myers, demanding of all our elected and appointed officials in National, State, county, and city administrations of which they have control an immediate dismissal of all Republicans wherever possible and to replace them with worthy Democrats, because it has been customary for elected Democrats to give jobs to members of the Republican Party; to the Committee on Patronage.

3363. By Mr. WITTHROW: Memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to reduce the excise tax on intoxicating liquors and beer and other fermented malt beverages; to the Committee on Ways and Means.

3364. Also, memorial of the Legislature of the State of Wisconsin, relating to a code of fair dealing and to the establishing of the cost of production to farmers and a reasonable profit on their investment; to the Committee on Agriculture.

3365. Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to enact legislation providing for Federal aid to high schools; to the Committee on Education.

3366. Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to enact the pending Frazier-Lemke finance mortgage bill; to the Committee on Banking and Currency.

3367. By Mr. WOLCOTT: Petition of H. A. Ramsey, of St. Clair, Mich., and 120 other members and supporters of the Farmers Unions in St. Clair County, Mich., urging the prompt enactment of the Frazier-Lemke refinancing bill; to the Committee on Agriculture.

3368. By the SPEAKER: Petition of the City Council of the City of Omaha, Nebr.; to the Committee on the Judiciary.

3369. Also, petition of the city of Long Beach, Calif.; to the Committee on Ways and Means.

3370. Also, petition of the Common Council of the City of Rochester, Minn.; to the Committee on the Judiciary.

3371. Also, petition of the city of Minneapolis, Minn.; to the Committee on the Judiciary.

3372. Also, petition of the Miami Lions Club; to the Committee on Ways and Means.

3373. Also, petition of the Chamber of Commerce of Greenlee County, Ariz.; to the Committee on Ways and Means.

3374. Also, petition of the Common Council of the City of Trinidad, Colo.; to the Committee on the Judiciary.

3375. Also, petition of the city of Perth Amboy, N. J.; to the Committee on the Judiciary.

3376. Also, petition of the Ecorse Village Council, Michigan; to the Committee on the Judiciary.

3377. Also, petition of the Common Council of Nutley, N. J.; to the Committee on the Judiciary.

HOUSE OF REPRESENTATIVES

SATURDAY, MARCH 9, 1935

The House met at 12 o'clock noon.

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

Almighty God, Thou dost call us unto Thee; in Thy tabernacle is the mercy seat; here we tarry. We are not exempt from the great lot of mankind. We cannot read life's mysteries; do Thou grant that it may be good for us to hold that suffering, the tragedy, and the loss of human life, and the blight of hope are all working out the highest and holiest good. Strong Son of God, we thank Thee that in the defiles of doubt and in the valley of despondency, there is an unwavering light that forever beats against the throne of the Lamb and His glory. Let it fall and send us dreams that shame realities. O Master, let it shine on street, mart, and alley and upon all those who are cast out of human sympathy. We bear to Thee a prayer for good health, happiness, and heavenly joy to bless our homes. Regard our Speaker and all Members in divine favor. Bless all schools and all churches and let their influences be augmented a thousandfold. In Thy holy name. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Thorne, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5913. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1936, and for other purposes.

SUPREME COURT JUSTICES RETIREMENT BILL

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to proceed for a few minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, an interpretation which seems to have been placed upon statements made during the debate on the Supreme Court Justices retirement bill puts the members of the Supreme Court in a false attitude I think before the country. I rise to place a clarifying statement of facts in the RECORD which I think every Member of the House will approve.

Mr. BLANTON. Mr. Speaker, if the gentleman will permit, the press improperly reported my colleague as stating that he had conferred with a member of the Supreme Court and that that member had suggested this bill. I think that placed my colleague in a false attitude. He did not make that statement and I do not think he intended to make it. Is not that correct?

Mr. SUMNERS of Texas. That is correct. As to the responsibility for originating the bill, I originated it. Mine is the entire responsibility. I sought to work out an arrangement under which Justices of the Supreme Court who reach the retirement age and length of service which we have provided by law for district and circuit court judges, may also retire instead of resigning, thus leaving themselves subject to assignment to lighter duties instead of doing nothing, just as district judges and circuit judges who have retired are now eligible to assignment to lighter duties.

Before introducing the bill, I discussed its workability with one of the Justices of the Supreme Court, because he was in a position to know, just as I would have discussed, with someone in a position to know, any bill, before introducing it, affecting the machinery of any other branch or department of the Government. I was not solicited to introduce this bill