object to the consideration of any further calendar bills at this time.

Mr. ROBINSON. Very well.

The PRESIDING OFFICER. Objection is heard.

RECESS

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

The motion was agreed to; and (at 4 o'clock and 12 minutes p. m.) the Senate took a recess until tomorrow, Thursday, May 28, 1936, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 27 (legislative day of May 12), 1936

PROMOTIONS IN THE NAVY

MARINE CORPS

Charles I. Murray to be lieutenant colonel.
Eustace R. Smoak to be first lieutenant.
Paul R. Tyler to be second lieutenant.
Jean W. Moreau to be second lieutenant.
George B. Bell to be second lieutenant.
Andrew B. Galatian, Jr., to be second lieutenant.
Elby D. Martin, Jr., to be second lieutenant.
William K. Davenport, Jr., to be second lieutenant.
John H. Masters to be second lieutenant.
Wilfrid H. Stiles to be second lieutenant.
Richard W. Wallace to be second lieutenant.
Randolph S. D. Lockwood to be second lieutenant.
John H. Spencer to be second lieutenant.
Donald C. Merker to be second lieutenant.
Robert B. Moore to be second lieutenant.
William D. Roberson to be second lieutenant.
Louis B. Robertshaw to be second lieutenant.
James W. Ferguson to be second lieutenant.
Harrison Brent, Jr., to be second lieutenant.
William F. Kramer to be second lieutenant.
Ralph Haas to be second lieutenant.
Maynard M. Nohrden to be second lieutenant.
Ben F. Prewitt to be second lieutenant.
John W. Graham to be second lieutenant.
Richard Rothwell to be second lieutenant.

POSTMASTERS

ALABAMA

Maude A. Bosarge, Bayou Labatre.
Hugh H. Dale, Camden.
Maunsell Gabbett, Camp Hill.
Grover C. Warrick, Millry.
Stella K. Martin, Plantersville.

FLORIDA

Kathleen McCallum, Bay Harbor.
George C. Johns, Lake Butler.
Myrtle Wiggin, Millville.
John B. Jones, Jr., Oviedo.
Sinclair A. Bryan, Raiford.

INDIANA

Morris A. Draper, Amboy.
Fred Finney, Martinsville.
Don W. Workman, Worthington.

IOWA

James M. McCoy, Creston.
Elmer A. Billings, Fayette.
Walter J. Barrow, Iowa City.
Harold J. Long, Rock Valley.
Amber Bailey, Royal.
Joe A. Clark, Sloan.

KANSAS

William S. Harris, Kiowa.
Ralph W. New, Norcatur.
Iris C. Schoepf, Utica.

MASSACHUSETTS

Joseph A. Morgan, Gilbertville.
Thomas W. Curran, Norton.
Thomas F. Welch, Rutland.
Robert A. Glesmann, Jr., South Hadley.
Alice Fitzgerald, Sterling.

MINNESOTA

Clarence H. Gibson, Chaska.
Burt W. Cole, Lake Crystal.
Sidney D. Wilcox, Park Rapids.
Alfons P. Fasching, Winsted.

NEBRASKA

Lloyd H. Bulger, Arcadia.
Gotthilf I. Pfeiffer, Arlington.
William C. Rhea, Chester.
Frank J. Srb, Dodge.
Floyd S. Worthing, Elm Creek.
Weaver Jennings Holliday, Stuart.

NEW HAMPSHIRE

Edward W. Clement, North Woodstock.
Louis T. Pike, Pike.
Ralph Edward Brackett, Sanbornville.
Frank Hutchins, Wolfeboro.

OHIO

Roy T. Smith, Degraff.
Terrence B. King, Deshler.
John J. Boyle, Hubbard.
Luther D. Whitwood, Jefferson.
James E. Warren, McArthur.
William D. Goodwin, Masury.
Thornton A. Hassler, West Liberty.

VERMONT

Charles L. Bishop, Johnson.
Charles J. King, Milton.
Hayden E. Whiting, Sheldon Springs.

WISCONSIN

Elsie M. Dussault, Land O'Lakes.
Ralph E. Lyon, Strum.
Margaret McGonigle, Sun Prairie.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 27, 1936

The House met at 12 o'clock noon.

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

The earth is the Lord's and the fullness thereof; the world and they that dwell therein; for He hath founded it upon the seas and established it upon the floods. Who shall ascend into the hill of the Lord and who shall stand in His holy place? He that hath clean hands and a pure heart; who hath not lifted up his soul unto vanity nor sworn deceitfully. Let the words of our mouth and the meditations of our hearts be acceptable in Thy sight, O Lord, our strength and our Redeemer. In the name of our Master. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H. R. 8455) entitled "An act authorizing the construction of certain public works on rivers and harbors for floor control, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. COPELAND, Mr. FLETCHER, Mr. SHEPPARD, Mr. MCNARY, and Mr. JOHNSON to be the conferees on the part of the Senate.

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

H. R. 11108. An act to advance a program of national safety and accident prevention.

NATIONAL MEMORIAL SERVICES, JEWISH WAR VETERANS

Mr. GAVAGAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech delivered by the Postmaster General before the Jewish War Veterans of the United States on May 17 last.

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

There was no objection.

Mr. GAVAGAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by the Honorable James A. Farley before the Jewish War Veterans of the United States, New York City, Sunday, May 17, 1936:

Members of the Jewish War Veterans of the United States, ladies of the auxiliary, members of participating veterans' organizations, and guests, may I express my appreciation for the opportunity to participate in the forty-first national memorial services of your organization. You are the second oldest veteran organization in the United States, yielding seniority only to the Grand Army of the Republic. Among your ranks you number veterans of every war, campaign, and military expedition in which our country has participated in the memory of living man.

The month of May has been chosen to mark the time when tribute should be paid to the memory of those departed, who, at the call of their country, and in her hour of need, came to the colors and offered their all for patriotism. It is altogether fitting and proper that these memorial services should be held, but in paying tribute to the dead we cannot help but take note of what has been done for the living survivors, and the dependents of those who have gone before.

The most numerous ex-service group today are the survivors of the World War. Hence, it would seem proper that this group be selected, as an example of what a grateful Government has provided in recognition of their service.

When the United States entered the World War on April 6, 1917, there was already under consideration a plan which would provide not only for the dependents of those who were to die as a result of their service, but also for the promptest possible return to civil pursuits of the survivors. I refer to the War Risk Insurance Act, which was one of the most carefully devised pieces of legislation in history. Its aim was economic as well as humanitarian. It was the product of a number of eminent Americans, including as one of the leaders a distinguished member of your faith, Judge Julian Mack. He worked tirelessly, on leave of absence from the bench, to make the scheme a vast achievement.

There were four main objectives: The first, described as allotment and allowance, was to care for dependents while the wage earner was in service. The second, classified as compensation, was twofold—that is, to provide monetary benefits for disability resulting from service, and to guarantee a measure of support for dependents of deceased service men. The third objective was for the grant of insurance at nominal cost, averaging $7 per month for $10,000, the insurance payable on death to beneficiaries, or, in the event of permanent and total disability, to the insured himself, in both cases in monthly installments of $57.50 each.

The fourth objective of the act covered the training of the disabled for such work as their disabilities would permit and restoring them as earners. This training did not necessitate loss of compensation for service connected with disability upon their restoration to economic life. During the training period the Government, of course, paid him a living wage, calculated to include additional benefits for his dependents. This vocational program resulted in a total cost to the Government of $645,000,000, and 179,519 men were highly trained in 10 major classifications of industry.

These insurance and rehabilitation programs, worked out by the group of earnest patriots selected by Woodrow Wilson, exemplified the Nation's sense of obligation to the defenders of its ideals. They demonstrated as well the fallacy of the charge that the Government is incapable of applying sound economic principles to the solution of vast problems that arise in times of stress and emergency.

In addition to these two phases—insurance and rehabilitation—that aroused the admiration of students of national economy throughout the world, more than $149,000,000 has been appropriated since the end of the war for hospitalization under the Veterans' Administration. The largest single appropriation for this purpose was $21,000,000 in the act of August 12, 1935. It provided 12,000 beds, of which one-fourth were replacements, in 40 locations in 31 different States, necessitating entirely new hospital construction. One hundred an eight Federal Government and 92 State and civilian institutions had comfortable facilities for 65,773 veterans on March 31, 1936. To carry out the projects administered by the Veterans' Administration, exclusive of the amounts necessary to care for insurance costs and the prepayment of the World War adjusted-compensation certificates, Congress appropriated in the current year approximately $649,000,000.

Throughout the history of our country, and, as a matter of fact, long before there was a United States of America, the annals of the American continent show remarkable service by persons belonging to the Jewish faith. Members of the crew of Christopher Columbus, they subsequently came here and settled with the earliest colonists in North and South America. And in 1775, when the Thirteen Colonies on the Atlantic seaboard declared that they were and by right ought to be free and independent, a large part of the sinews of war, which were necessary to successfully carry on the revolution, were furnished by one Haym Salomon, a Polish Jew, who had come to America shortly before the Revolutionary War and settled in New York. He was at one time sentenced to be hanged for the assistance that he rendered to the patriotic forces.

He escaped, however, and went to Philadelphia and from then on was a dynamic force in the financial administration of the conflict. He contributed more than $640,000 of his fortune to the cause. He paid the entire cost of the maintenance of the army of Lafayette, and he also paid the expenses of Pulaski and Von Steuben. Today there is pending in the Congress of the United States, having been reported favorably by the Committee on the Library of the House of Representatives, a bill which would authorize the erection of a memorial in gratitude to Haym Salomon.

The honor roll of Jewish Americans who served in the armed forces during the Revolution is too well known to you to even bear repetition. From the Philadelphia nonimportation resolution of 1765 until the last gun was fired at Yorktown they were, with their fellow Americans, in the forefront of the battle.

The record of service in the wars of the Republic thereafter is brilliant with their deeds. Again, and yet again, the pages of American history speak of their bravery, their patriotism, and their sacrifice for the Stars and Stripes.

More than 2,500 Jewish-Americans volunteered for service during the War with Spain. Many of their bodies have turned to Mother Earth. But the memory of their service, mingled with that of other Americans of different racial strains, forms one of the proudest records to be cherished by grateful fellow Americans.

During the World War more than 250,000 joined the colors. Every regiment, every division, every fighting outfit has its tales to tell. But who can or ever will forget the Seventy-seventh Division, and particularly the Lost Battalion? More than 1,100 citations for bravery and gallantry above and beyond the call of duty were given American soldiers of the Jewish faith during this conflict. Of 78 awards of the Congressional Medal of Honor, 3 have been conferred upon your comrades.

More than 2,800 of the buddies of your race made the supreme sacrifice. They gave their all to the cause of the country under whose flag they were and are assured the right to worship the Supreme Deity as their conscience dictates. Can anyone, in the face of this record, discredit the Jewish-American for a lack of patriotism? Does anyone question his courage or love of country? Who, in the face of this record, can still voice or feel any doubt on this matter? If such there be, let him visit the shrines erected by the Nation in honor of its heroic dead. There he will find the Star of David side by side with the Cross of Calvary, with no distinction between Jew and Gentile, but where all are alike, the treasured memory of a Nation, grateful beyond any hope of adequate reward, for the service of its sons, native and adopted, alike. As long as such testimonials exist there should be, there can be, no question of difference of faith or creed. The one true test of Americanism is the fact of service to our beloved country, and, measured by that standard, you and your people can share with pride in the most eminent and glorious achievements of the American Republic.

A LAST WORD ON THE RECIPROCAL-TRADE AGREEMENTS

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a statement in reference to the reciprocal-trade agreements.

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

There was no objection.

Mr. BEITER. Mr. Speaker, before the close of this session I should like to say a last word on a subject for which there was no scarcity of last words from its tenacious opponents.

I refer to the reciprocal-trade agreements.

It is only fair that the people who listened to the impassioned pleas, pro and con, should understand something of what the agreements have meant in operation.

I want to present first the general picture, not entirely in terms of those unwieldy statistics by which we Americans are popularly supposed to rule our lives, but in terms of the general economic trends which influence those statistics.

The first trade agreement in effect was that with Cuba, which went into operation in September 1934. At that time disaster was predicted. The American market would be flooded with Cuban products, it was claimed, and the market

for home products would be seriously affected. There could be no sufficient increase in trade with Cuba to warrant the risk, the "die-hards" claimed.

At the end of the year 1935 those who cried "wolf" pointed with pride to their justification. According to them, imports from Cuba had increased beyond all proportion to the increase in exports. The truth of the matter was that while our exports showed an increase of approximately $25,000,000 for the calendar year of 1935 over the same period of 1934 and our imports showed an increase of $33,000,000, American business was benefited far more than the bare statistics would indicate.

The additional facts, suppressed in careless statistic quoting, prove my point. The increase in general imports from Cuba amounted to barely $8,000,000, or less than a third of the increase in general exports from the United States to Cuba. The other $25,000,000 in imports represented the increase in the import of cane sugar. American business in general is not likely to go under, even granted that the market is flooded with Cuban cane sugar.

However, even that danger is unlikely, for there has been a proportionate falling off in the importation of cane sugar from the Philippine Islands. So it will not be necessary, for the present at least, to call out the flood-relief squads to stem the inundating tide of sugar.

The Belgian agreement is another which has caused general alarm. Those who condemn it on the ground that the United States has been the loser in dollars and cents are careful not to mention the two important economic factors which would have influenced trade with Belgium, no matter what tariff rates might be in effect.

At the time of the Belgian treaty's inception there was a sharp fall in the value of the Belgian dollar. Naturally there was a rush of buying to take advantage of the lowered prices on commodities and the increased buying power of foreign dollars. Imports from Belgium showed a sharp rise. On the other hand, the buying power of Belgian money in foreign markets showed a marked decline, with a resultant decline in exports to Belgium.

In spite of these factors, exports to Belgium in 1935 and in the first 2 months of 1936 have shown a definite increase, for which the trade agreements are responsible.

The trade agreements with Sweden, Haiti, and Mexico are seldom mentioned because, under those agreements, the United States is definitely the gainer.

The Canadian agreement, which was the last to go into effect, was, perhaps, the one most decried. The poor abused farmers, so we were told, could never stand up under the competition from Canada.

Without stopping to examine the legitimacy of their woes, the dairy farmers were up in arms. A reduction of the tariff on cream, they claimed, would flood the home market, result in an overproduction of butter, thus bringing the price of butter so low as to constitute a real loss to them.

It would seem they shed a great many unnecessary tears.

Actually, in spite of the decrease in tariff, the dairy farmer is well protected by the quota-limit clause in the agreement. The new tariff applies only to the first 1,500,000 gallons of cream imported in any year. Moreover, the established quota includes not just cream imported from Canada, but covers imports from all other countries. Since the milk equivalent of this quantity of cream represents one-tenth of 1 percent of the total annual milk production in the United States, it was, very literally, the well-known "drop in the bucket" over which the dairy farmers wasted their alarm.

The amount of butter which can be obtained from a million and a half gallons of cream amounts to, approximately, one-twelfth of 1 percent of the butter produced in the United States annually.

The time has come, I should think, to let the scareheads melt back into the mental vapors which gave them birth.

In spite of misrepresentations, the only other dairy product which has been affected by the trade agreements is cheese.

Under the Canadian agreement the only type cheese which obtained a reduction under the tariff is Cheddar. The tariff on cheese under the agreement is the same as that which obtained under the 1922 schedule. And during the years when that rate prevailed, at no time did the imported cheese represent as much as 5 percent of domestic production.

The reduction of tariffs on foreign cheeses under the Dutch and Swiss agreements is of very little importance to the American dairy industry. Edam, Gouda, and Emmenthaler have always sold at comparatively higher prices in this country and have been in demand only by a small group of consumers. The reduction in tariff is not sufficient to bring these types of cheese into the home-product price range, or even near enough to it to constitute competition.

On the other hand, American dairy farmers have benefited by the reduction in duty obtained from other countries under the trade agreements—principally from Haiti, Honduras, Nicaragua, Colombia, and Brazil. While none of these imports a very large quantity of dairy products individually, their collective imports represent a significant total.

As has been pointed out time and again, as a Nation we cannot afford to promote a policy of economic self-sufficiency. The same thing applies to the individual industries and producers within our own Nation. Foreign trade cannot be balanced to the exclusive advantage of any one particular group. Those for whom there are lesser benefits in the trade agreements themselves are benefited by the movement of products in other fields. Prosperity, like depression, swiftly becomes universal, once it is set in motion.

The farmer must consider his dependence on the prosperity of industry in general from two angles: First, in its uplifting effect on the prices for his own products sold in the home market; and, second, because it stems the tide of the "back to the farm" movement which would have increased his burdens a hundred percent had the depression continued.

Even in the few months of its existence the Canadian agreement has justified all that was hoped for it. During January and February of 1936 there was a marked rise in exports of potatoes, grapefruit, oranges, apples, dried and canned fruits, rice, poultry, eggs, and nuts. On the other hand, imports from Canada, in all but two instances, have been a fraction of the amount allowed under the quota.

When all these factors are taken into consideration, it is safe to claim that the New Deal may point to another considerable victory, not only in routing the depression but in promoting what is even more important in this unsettled world—international amity and good will.

No nation alone, not even one with unused wealth and resources which have been important factors in the building of these United States, can win her way to security and prosperity in complete independence of her neighbors. When we admit that our prosperity depends upon the creating of foreign markets for American products, we are sometimes inclined to forget that the prosperity of Canada, Belgium, Sweden, France, Great Britain, for that matter, of all the countries of the world, depends upon the same factors.

We cannot afford to look upon our imports as a loss. They are an important factor in helping to build the prosperity of the neighbors whose economic security is so important a factor in the preservation of our own.

For years American businessmen have increased their subscriptions to campaigns for "goodwill advertising." Since goodwill is so important a factor in business that businessmen are willing to pay for it in dollars and cents, even though there is no accurate measure of the returns, can it be doubted that the business of government must make its concessions to the promotion of goodwill?

CIVIL SERVICE MERIT SYSTEM AND RIGHT OF EMPLOYEES TO PROVIDE FOR THEIR WIDOWS AND DEPENDENTS THROUGH RETIREMENT FUND

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a statement in reference to the civil-service merit system.

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

There was no objection.

Mr. BEITER. Mr. Speaker, legislation cementing the immediate relationship between Government and its employees and providing for the selection of those employees has always been of vital interest to the country at large. Employment opportunities made available through civil service appointment to the Federal departments and agencies have materially increased since the enactment of the 40-hour-week bill for postal clerks, and other legislation reducing the hours of labor and correspondingly increasing the number of workers in the various departments.

The depression years have helped to increase the number of workers seeking Federal appointment, probably due to the fact that the work provided is of a permanent nature and represents security and independence. The attractiveness of the employment and the higher standard of living offered has no doubt played an important factor in increasing the number of American citizens who seek to labor in the service of their country.

New theories of government may be propounded and new eras of business may be effected but the civil-service appointive system remains the same and the largest group of employees in the country retain their security year after year.

The United States Civil Service Commission, father of the merit system, was created by an act of Congress in 1883 for the purpose of selecting Government employees by open competitive examination. Under this system appointment is made upon the basis of demonstrated relative fitness without regard to political, religious, or other considerations. An applicant is required to take an examination, either assembled or unassembled, as the case may be, and if he is successful in attaining a passing grade his name is placed on the eligible register in the relative order of his standing.

A rating of 70 percent must be attained in order to be considered eligible, but veterans are permitted a preference credit of 5 points and may be considered eligible with a rating of 65 percent. Veterans with a service-connected disability are given a credit preference of 10 points and they are thus permitted to have their names placed on the eligible registers with a rating as low as 60 percent.

Veterans who are entitled to the 10-point preference because of service-connected disabilities are placed on the various eligible registers above all other names. Veterans' widows and wives of ex-soldiers who are unable physically to accept employment are given the 10-point preference credit also.

When an applicant's name appears on the eligible register he can be certified to an appointing officer for consideration only if his name is included in the first three names on the register, providing, of course, that only one vacancy exists in the department making the request. If there are a number of vacancies to be filled, then additional names may be submitted to the appointing officer, as many as three for each vacancy.

In many instances the registers of eligibles are so large that unless the applicant's name appears reasonably near the top of the register his prospects for receiving an appointment are not very bright. The registers for the departmental service are kept at Washington while those for the field service are maintained in the various district offices. In the case of postal clerk-carrier registers the district offices maintain the list of eligibles but registers for the Railway Mail Service are kept at Washington. Many vacancies made possible by the enactment of the 40-hour-week bill affecting postal workers will be filled in the near future in the various post offices throughout the country. Assembled examinations were recently held by the Commission to establish a register of eligibles for this purpose. Ratings range anywhere from 70 to 110 percent, and the papers are graded according to fractions. Thus one applicant may attain a rating of 75.01 percent and he will necessarily be placed on the register above the applicant attaining an even 75 percent.

The Civil Service law is very rigid, and rightfully so, regarding selection of applicants for appointment. Since the law is based on the merit system no other course would be possible or just. Selection is made entirely upon the basis of fitness and political "influence" does not have any bearing in the matter whatsoever.

The belief seems to be prevalent that those in public office can control the selection of applicants. This is not true, of course, and no individual has the power to change the method of selecting applicants.

Chapter 10 of the Civil Service Act provides that no recommendations of any person applying for office under the provisions of the act, which may be given by any Senator or Member of the House of Representatives, except as to the character or residence of the applicant, shall be received or considered by any person concerned in making any examination or appointment under the act.

Employees of the Federal Government are permitted to contribute to the civil-service retirement fund for the purposes of retiring after 15 or more years of active service with an assured annuity. Sickness or disability benefits are also provided. The present law does not provide an annuity for the dependents of an employee coming under the provisions of the Retirement Act, and legislation is now pending in the Congress which would give them the right to name a beneficiary and continue the benefits to their dependents under a joint and survivorship annuity plan.

Many plans of providing for dependents have been advocated, but since most of them would result in a drain on the retirement fund it has been difficult to secure approval of the Congress. The present measure, H. R. 12717, would give the employee an opportunity to indicate, during his lifetime, whether he would prefer to obtain full benefits during his retirement period or elect to divide his annuity and thereby provide for his dependents after his death. This plan would result in no additional cost to the United States Civil Service Commission, and is highly desirable for many reasons.

The United States Government has many faithful and efficient employees, and their confidence in the Civil Service Commission and the merit system is based on a sound foundation of trust. Let us do what we can to preserve and uphold that confidence.

SOIL CONSERVATION SERVICE IS PERFORMING REAL SERVICE IN SANTA BARBARA, SAN LUIS OBISPO, AND VENTURA COUNTIES OF CALIFORNIA

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of soil conservation.

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

There was no objection.

Mr. STUBBS. Mr. Speaker, I desire to pay a word of tribute to the Soil Conservation Service, for the good work it is doing in my congressional district, in preventing further erosion of excellent agricultural lands. The Tenth Congressional District, which I represent in Congress, includes three important coastal counties—Santa Barbara, Ventura, and San Luis Obispo, which are locations for soil erosion camps, and where a great deal of erosion educational work is being done among agricultural groups.

Permit me to discuss, for a few minutes, the situation which has existed out there and the erosion problems which have been faced, and allow me to describe the work which is being done to correct the situation. The first erosion camps west of the Rocky Mountains—established principally as experimental stations—are located in these counties, where their worth is well recognized and where farm groups appreciate the attention which the Federal Government is giving to their erosion problems.

Out in my district climatic conditions are so favorable for the growth of specialty crops that the exceptionally fertile valley lands have been farmed to the last acre and agriculturalists also have taken advantage of the hillsides and utilized them for growing crops.

Natural vegetation and sod have been destroyed. The surface fertile soil is not deep on these hillsides. No attention was given to farming the lands in a manner that would

prevent soil erosion. As the soil thinned near the tops of these sloping hillsides and the early yields decreased by 90 percent, the upper lands were abandoned. Rainfall falling on these upper lands is not absorbed but rushes down the hills, adding to the rain falling on the cultivated lands, with the result that the good soil continues to be lost. The fertile valley lands have been injured, first, by the deepening and widening of the gullies and, second, by the deposition of silt.

Until the Soil Conservation Service started control methods in the Las Posas area little attention had been paid by local farmers to this serious soil-erosion problem.

Control methods used provide for the conserving of all possible moisture and the removal of the surplus water without further damage to the land. To accomplish this has necessitated a combining of agronomic and agricultural engineering features on the basis of data supplied by the soil scientists. Each area and properties with areas present different erosion problems requiring special individual solution. For example, soils having a relatively impervious subsoil underlying a loose, friable sandy surface erode very severely, whereas soils of loose, friable material that are deep and very pervious to water do not suffer severe losses from erosion.

At the present time, the three soil erosion camps in these three counties are situated at Lompoc, Arroyo Grande, and Los Posas. Approximately 40,000 acres of land are receiving attention. Those in charge are placing the affected acreage, privately owned, under agreement for treatment. Some of this land is being taken from cultivation for rehabilitation purposes. Terraces and terrace outlets are being constructed by the scores of miles and the thousands. Small check dams also are being built by the hundreds. Bank sloping is being followed and there are many miles of this type of activity completed at this time. More than 25 miles of diversion ditches have been dug. In addition, those in charge of the work are performing other services, but perhaps their most important one is that of instructing farm groups on how to preserve the fertile topsoil which is left.

The type of control on cultivated land is determined by the degree of erosion. Areas severely eroded have been retired from cultivation and planted with trees for wood lots, or seeded to grasses and clovers for pasture. Eroded fields still usable are controlled by terraces, which, if on moderately steep slopes (from 8 to 25 percent) are protected with close-growing vegetation. Contour cultivation between terraces aids greatly in protecting sloping farm land. Crop rotation (not strictly practiced) requires time to establish, but progress is being made. By combining crop rotation with strip cropping, not only will the degree of erosion be reduced, but soil improvement will result.

Gully protection by "vegetative revetments" to prevent meandering has been successfully employed. Vegetation in gullies assists mechanical controls in retarding run-off and spreading the peak flows, thereby reducing their force and danger. Emphasis is being placed on native plants for vegetative control. They are adapted to the situations, have more extensive root systems, supply food for wildlife, and are readily available.

Wind-erosion problems are being solved and more emphasis will be placed on crop rotation and rotation strip cropping. The necessity for improving the natural cover on watersheds is recognized, and the replacing of these areas that have been burned off with better and more fire-resistant plants is being given attention.

Subsoiling of lands following contours is rapidly becoming general practice. It permits the opening of the soil, thus providing additional space for holding moisture and increasing the time of absorption.

More interest has been taken in the work as it has progressed. Recent storms have caused very little, or no loss of soil from properties on which control work has been completed, compared with some very heavy washing on adjoining properties where no control work has been done. The superior growth of crops on terraced lands is easily noted and undoubtedly increased crop yields will result from greater storage of moisture. Water tables should be affected beneficially, due to the retarding of water flow by numerous check dams.

These project areas are a representation of typical sections of the coastal plane. It has been found that control measures are in many cases too costly for the individual landowner to finance by himself. While the demonstrations are successful, they must be maintained and carried to completion. There is a social value to future generations that must not be overlooked.

It is conceivable that if work were stopped, due to any cause, it would require many years to again cause the general public to become as conscious of the menace of soil erosion as it is today.

Mention should be made of the Civilian Conservation Corps and the excellent work accomplished. These enrollees have done everything that could be expected of them. They have been most interested in their work and the management of the camps have cooperated to the fullest extent. The educational advantages to these boys and to the community should be stressed. The presence of the organized group in the area has made possible quick control of forest fires that have started. No extensive fire losses occurred in this area this past season.

The damage done to the watershed above the Gibraltar Dam by fire has proven too costly to the citizens of Santa Barbara to be quickly forgotten.

Soil conservation work is barely started. It should be carried forward with no let-up in the program if full value of work to date is realized.

REGULATION OF SALE AND DISTRIBUTION OF BITUMINOUS COAL IN INTERSTATE COMMERCE

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report on the bill (H. R. 12800) to regulate interstate commerce in bituminous coal, and for other purposes, and that the minority members of the Committee on Ways and Means may have the same privilege if they care to file a minority report.

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

Mr. RICH. Mr. Speaker, reserving the right to object, I wonder if the chairman of the Ways and Means Committee can tell us when we are going to have a tax bill back here from the Senate that will be an evidence of desire on the part of Congress to at least pay a part of our way and not pass the burden on to our children? We are wrecking future generations by our enormous spending.

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

There was no objection.

THE OVERCHARGE FOR ELECTRICITY

Mr. GRAY of Indiana. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. GRAY of Indiana. Mr. Speaker, the great swollen fortunes of today have been amassed and taken from the people by the ability of certain few crafty men to look ahead and foretell what would be the needs and requirements of the masses of the people in the future and then to seize upon and monopolize such anticipated service or commodity in advance.

Of all the inventions and discoveries, developing power and harnessing the forces of nature to serve the use and purpose of men, none, or any, or all combined, have exerted such far-reaching influence upon civilization and human progress as has the use and application of electricity. But it was only a comparatively few crafty men who possessed the keen foresight to foretell the great possibilities of the uses of electricity beforehand and to realize the resources, without limit, from which to take the supply.

In their keen sense to envision the future they foresaw the demand for electricity coming from every home and habitation, for the use of every man, woman, and child, as

necessities, comforts, and luxuries and to relieve from the drudgery of toil, as well as for pleasure and entertainment and from every station and walk of life.

They foresaw through the mists of the future that electricity under the machine age would become the motive power moving the wheels, shafts, and pulleys in every mill, factory, and workshop, and to double and triple and multiply the capacity of production and every service.

They foresaw in their dream of realism the demand for electricity in the sciences, in surgery, and in the treatment of the body, arresting, staying, and overcoming disease, and with which to throw the searchlight into the bones and flesh tissues for the discovery of disorders concealed in darkness for operations and remedy in the open light of day.

They foresaw a demand developing and coming which would outrival and overshadow all other demands of the people in their everyday life and affairs and which would be growing and multiplying by leaps and bounds as time went on.

Suddenly, from a profound and deep mystery, it was thrown open to these few men that electricity was as common and plentiful as air, earth, water, and light and could be made available for use, at a cost as low, trivial, and negligible, as these common elements around us. And it is a remarkable coincidence in the progress and development of electricity observed by these few crafty men, always looking ahead for advantage, that as the many growing uses of electricity were realized new inventions and discoveries were coming to multiply the production of electricity even at lower and more trivial costs.

From their viewpoint and foreseeing power it was only necessary for these few men to wait, to abide time, to watch and observe the progress of invention and discovery and the movements unheeded by others which were gradually but surely developing the use and sources of electricity. They realized that it was not incumbent upon them or necessary to promote these inventions nor to discover the sources of electricity, then advancing and going on from day to day under the progress of economic evolution. It was only necessary for them to gain control of the sources of unlimited supply in advance and the right to dispense electricity to the people.

With these great general and universal uses coming with certainty, with electricity as vital and imperative necessities under our industrial system to furnish power for the automatic machine as well as for personal and private use and going into every home, mill, factory, and workshop, and with electricity inevitably coming to be generated and produced at low, trivial, and negligible cost, it was only natural that electricity should be seized upon and monopolized and held for extortionate and excessive charges and from which to take from the people great and untold profits and gain.

Not only have many billions already been taken from the people as consumers under excess rates and charges for electricity but great swollen fortunes from electricity are still being piled up higher from these excess profits taken and exacted from the consumers of electricity.

True, this is all ancient history of the growth and development of electricity, of the crafty few and unsuspecting many. But the time is at hand for the people to wake up to their interests and welfare and to a knowledge and realization of their right to use and enjoy electricity at reasonable cost and in abundance.

The time is at hand for the people to realize that electricity is one of the natural elements, as plentiful and abundant as water, and that they are entitled to its use free as other elements of nature and for use at the actual cost of production and distribution to them.

The time is at hand for the people to realize that they are paying far more than a reasonable cost for electricity; that covered and concealed in electrical rates are charges for high-salaried officials, for dividends upon watered stock, and the stockholders of many holding companies all for one and the same service.

As the people by nature are entitled to breathe the air and drink the water of the earth and to bathe in the sunlight from above, without limit or restriction other than reasonable costs, they are entitled to the use of electricity, another one of the natural elements, without burdens for profit or gain. The movement for such use and enjoyment of electricity for all its benefits to men has already been entered upon under cooperative organizations and collective or public ownership under which electricity is provided the people at lower cost for production and distribution.

Among the cooperative and public electric plants where charges and rates are made only to cover production and distribution and under which there is no collection from the people to pay high-salaried private-company officials dividends on watered or excess-valued stock, and to stockholders of many holding companies, are the Government-owned Tennessee power plant; the cooperatively operated Tacoma, (Wash.) plant; the publicly owned Ontario plant in Canada; and the publicly owned Winnipeg plant in Canada, and many other smaller city-owned plants. These companies base their charges upon the actual cost of production and distribution. And a comparison of their charges with private plants will show the overcharge exacted from the people.

THE OVERCHARGE FOR ELECTRICITY FOR PRIVATE, PERSONAL, AND FAMILY USE

The publicly owned plant at Jamestown, N. Y., sells 40 kilowatt-hours of electricity for $1.40, while the privately owned plant at Mankato, Minn., sells the same amount of electricity for $2.58, or an overcharge to the people of Mankato of $1.18.

The publicly owned plant at Virginia, Minn., sells 30 kilowatt-hours of electricity for 60 cents, while the privately owned plant at Chicago, Ill., sells the same amount of electricity for $1.92, or an overcharge to the people of Chicago of $1.32.

Under cooperative or public ownership electrical rates, the electric consumers in East Liverpool, Ohio, would pay for the use of 30 kilowatt-hours of electricity, 90 cents. These same consumers now pay for the same amount of electricity under private ownership rates, $2.40, or an overcharge of $1.50 for the use of electric power.

The publicly owned light plant at Virginia, Minn., sells 40 kilowatt-hours of electricity for 80 cents, while the privately owned plant at St. Cloud, Minn., sells the same amount of electricity for $2.38, or an overcharge to the people of St. Cloud of $1.58.

The publicly owned light plant at Cleveland, Ohio, sells 40 kilowatt-hours for $1.31, while the privately owned plant at New Ulm, Minn., sells the same amount of electricity for $2.97, or an overcharge to the people of New Ulm of $1.66.

The publicly owned electric-light plant at Guelph, Wis., sells 26 kilowatt-hours of electricity for 77 cents, while the privately owned plant at Appleton, Wis., a city of almost the same size, sells the same amount of electricity for $2.59, or an overcharge to the people of Appleton of $1.82.

The publicly owned plant at Kansas City, Kans., sells 40 kilowatt-hours of electricity for $1.60, while the privately owned plant at St. Paul, Minn., sells the same amount of electricity for $3.60, or an overcharge to the people of St. Paul of $2.

The publicly owned electric-light plant at Brantford, Wis., sells 36 kilowatt-hours of electricity for 95 cents, while the privately owned plant at Sheboygan, Wis., sells the same amount of electricity for $3.24, or an overcharge to the people of Sheboygan of $2.29.

The publicly owned light plant at Jamestown, N. Y., sells 40 kilowatt-hours of electricity for $1.40, while the privately owned plant at Auburn, N. Y., sells the same amount of electricity for $4.29, or an overcharge to the people of Auburn of $2.89.

The publicly owned electric light plant at Tacoma, Wash., sells 36 kilowatt-hours of electricity for $1.60, while the privately owned plant at Augusta, Wis., sells the same amount of electricity for $4.80, or an overcharge to the people of Augusta of $3.20.

The publicly owned light plant at Jamestown, N. Y., sells 40 kilowatt-hours of electricity for $1.40, while the privately owned plant at Mount Vernon, N. Y., sells the same amount

of electricity for $4.80, or an overcharge to the people of Mount Vernon of $3.40.

The publicly owned light plant at Springfield, Ill., sells 40 kilowatt-hours of electricity for $1.90, while the privately owned plant at Jackson, Miss., sells the same amount of electricity for $6, or an overcharge to the people of Jackson of $4.10.

The publicly owned light plant at Kansas City, Kans., sells 500 kilowatt-hours of electricity for $8.70, while the privately owned plant at Chicago, Ill., sells the same amount of electricity for $15.15, or an overcharge to the people of Chicago of $6.45.

Under public ownership rates in Windsor, Canada, electric consumers of that city pay a monthly average bill of $4.26 for 350 kilowatt-hours of electricity. Under rates of privately owned plants in Detroit, Mich., directly across the river from the city of Windsor, the consumers of electricity in Detroit pay monthly, for the same amount of electricity used, $11.80, or an overcharge of $7.66 each month.

The publicly owned light plant at Los Angeles, Calif., sells 500 kilowatt-hours of electricity for $7.15, while the privately owned plant at Chicago, Ill., sells the same amount of electricity for $15.15, or an overcharge to the people of Chicago of $8.

The publicly owned light plant at Tacoma, Wash., sells 500 kilowatt-hours of electricity for $6.12, while the privately owned light plant at Chicago, Ill., sells the same amount of electricity for $15.15, or an overcharge to the people of Chicago of $9.03.

The publicly owned electric-light plant at Woodville, Ontario, Canada, sells 150 kilowatt-hours of electricity for $3.90, while the privately owned light plant at Williams Bay, Wis., sells the same amount of electricity for $14.64, or an overcharge to the people of Williams Bay of $10.74, and both cities are almost the same size.

In the city of Decatur, Tex., which is served by the Texas Power & Light Co., a privately owned and operated electric-power plant, the householder using 40 kilowatt-hours a month would pay $36 per year, whereas under the Government or T. V. A. rates he would pay $14.40 a year, an overcharge of $21.60.

In the city of Bridgeport, Tex., which is served by the Empire Service Co., a privately owned and operated electric-power plant, the householder using 40 kilowatt-hours a month would pay $54 a year, whereas under the Government or T. V. A. rates he would pay $14.40 a year—an overcharge of $39.60.

THE OVERCHARGE FOR ELECTRICITY FOR MERCANTILE, INDUSTRIAL, AND COMMERCIAL USES

Under Government or cooperative ownership power rates, a small-business man conducting a business in Albany, N. Y., would pay for 200 kilowatt-hours of electricity $6, while under private-ownership rates this businessman is compelled to pay $16 for this same amount of electricity, or an overcharge for electricity of $10.

The publicly owned plants which furnish electricity in Tennessee sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in New York State is $19.80, or an overcharge to the people of New York of $10.90.

The publicly owned plants which furnish electricity in Tennessee, Mississippi, and Alabama, sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Pennsylvania is $28, or an overcharge to the people of Pennsylvania of $19.10.

The Government-owned plants which furnish electricity in Tennessee and the Southern States sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Illinois is $30.70, or an overcharge to the people of Illinois of $21.80.

The Government-owned electric light plant is furnishing the Tupelo Journal, a newspaper, with electricity for 1 month for $18.94 while the same newspaper under a privately owned plant, paid a monthly electric-light bill of $41.38 or an overcharge per month of $22.44.

The publicly owned plants which furnish electricity sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Kentucky is $34, or an overcharge to the people of Kentucky of $25.10.

The publicly owned plants which furnish electricity sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Arkansas is $35.90, or an overcharge to the people of Arkansas of $27.

The publicly owned plants which furnish electricity sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Maine is $41, or an overcharge to the people of Maine of $32.10.

The publicly owned plants which furnish electricity sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Virginia is $45.50 or an overcharge to the people of Virginia of $36.60.

Under the Tennessee Valley Authority or Government rates for electricity, the W. R. Reed Co., a retail mercantile establishment located in Tupelo, Miss., pays a monthly electric-light bill of $23.69. This same company under rates of a privately owned plant paid a monthly electric-light bill of $65.14, or an overcharge per month of $41.45.

The publicly owned plants which furnish electricity sell 1,000 killowatt-hours of electricity for $8.90, while the average cost of the same amount of electricity from privately owned plants in Iowa is $46.50, or an overcharge to the people of Iowa of $37.60.

Under the T. V. A. rates or Government rates for electricity the J. C. Penny Co., Inc., in Tupelo, Miss., pays a monthly electric-light bill of $28.49, while the same company under rates of a privately owned plant paid a monthly bill for electricity of $84.50, or an overcharge per month of $56.01.

The Winnipeg and Ontario public plants are selling 4,000 kilowatt-hours of electricity for $30, while the Indianapolis privately owned plant is selling the same amount of electricity for $163.25, or an overcharge to the people of Indianapolis of $133.25.

The Government-owned Tennessee River electric plant is selling 4,000 kilowatt-hours of electricity for $20.90, while a private Mississippi power company at Meridian, Miss., has been selling the same amount for $146.80, or an overcharge of $125.90.

And while the Government-owned Tennessee River plant is selling 4,000 kilowatt-hours of electricity for $20.90, the privately owned plant at Quincy, Ill., is selling the same amount of electricity for $240.85, and a Wilmington, Del., private plant is selling the same amount for $249.60, with gross overcharge accordingly.

Under Government or Tennessee power-plant rates the Tupelo Cotton Mills, manufacturers of cotton cloth, a large concern doing business in the State of Mississippi, consumed 258,000 kilowatt-hours of electric energy in 1 month and paid $1,896.40 for this amount of power. Before Government rates went into effect this same manufacturing concern paid under the privately owned power-plant rates $4,008, or an overcharge of $2,111.60.

How municipal ownership has reduced rates

Cities	Cost of electricity per kilowatt-hour	
	Before public ownership	After public ownership
Cleveland, Ohio	$0.15	$0.03
Seattle, Wash	.20	.05
Springfield, Ill	.11	.05
Winnipeg, Manitoba, Canada	.20	.03
London, Ontario, Canada	.09	.015
Pasadena, Calif	.15	.05
Jamestown, N. Y	.10	.05
Ottawa, Ontario, Canada	.07	.01
Lincoln, Nebr	.12	.05
Toronto, Ontario, Canada	.08	.017

THE OVERCHARGE FOR INDIANA

Now coming to the overcharge in my own State of Indiana, we find that the people of the State of Indiana are paying annually over $19,000,000 more than the fair and reasonable cost of electricity as provided under public and cooperative ownership. The people of the State of Indiana used 1,209,459,000 kilowatt-hours of electric energy last year, for which they paid the sum of $39,861,716. Under the T. V. A. rates the cost would have been $20,677,716, a saving of $19,184,000 a year. Under the Tacoma rates the cost would have been $20,672,716, a saving of $19,189,000 a year. Under the Ontario rates the cost would have been $16,219,967, a saving of $23,641,749 a year. Under the Winnipeg rates the cost would have been $18,351,716, a saving of $21,510,000 a year.

This $19,000,000 is being collected from the people of the State of Indiana to pay high salaries of presidents and other head officials of the private electrical companies doing business in the State and for dividends on watered stock and for dividends to stockholders of many private electric holding companies for one and the same service rendered the people. The local and operating companies furnishing or providing the people with electricity are being compelled by the foreign, overhead companies to collect this amount for salaries and dividends in the form of increased charges and are powerless to safeguard their consumers against the high and extortionate charges resulting.

Under city or public ownership at Washington, Ind., the people are charged for 250 kilowatt-hours, $5.50. At Madison, Ind., under private ownership, the people are charged for the same amount, $10.35, or an overcharge of $4.85.

At Frankfort, Ind., the city-owned plant charges for 25 kilowatt-hours of electricity, $1.25. The Lakeport, Ind., private plant charges for the same amount, $2.12, or an overcharge of 87 cents.

The city-owned plant at Crawfordsville, Ind., sells 250 kilowatt-hours of electricity for $6.10. The Insull privately owned plant at Huntington, Ind., sells the same amount of electricity for $10.80, or an overcharge of $4.70.

COMPARISON OF RATES SHOWING THE CHARGES BY STATES

Hon. JOHN E. RANKIN, Member of Congress from Mississippi, has prepared a comprehensive statement showing a comparison of rates and charges for electric service in the different States under private-electric-company operations and public or cooperative ownership, and gives these charges for each State separately. The T. V. A. rates compared by Mr. RANKIN refer to the Government-owned plant at Muscle Shoals on the Tennessee River, which makes substantially the same rates charged by the city-owned Tacoma plant, the Winnipeg, Canada, public plant, and the Ontario, Canada, public plant, and other smaller owned city plants of this country. The comparison is the charge made by these plants with the privately owned electrical plants obtained from the regular schedule of rates. Mr. RANKIN's statement is based upon authoritative data and presented by him before Congress.

MAINE

Under the T. V. A. rates the people of the State of Maine would save $5,087,000 a year.

NEW HAMPSHIRE

Under the T. V. A. rates the people of the State of New Hampshire would save $3,443,000 a year.

VERMONT AND RHODE ISLAND

Under the T. V. A. rates the people of the States of Vermont and Rhode Island together would save $8,222,000 a year.

MASSACHUSETTS

Under the T. V. A. rates the people of the State of Massachusetts would save $37,184,000 a year.

CONNECTICUT

Under the T. V. A. rates the people of the State of Connecticut would save $14,451,000 a year.

NEW YORK

Under the T. V. A. rates the people of the State of New York would save $125,699,000 a year.

NEW JERSEY

Under the T. V. A. rates the people of the State of New Jersey would save $39,123,000 a year.

PENNSYLVANIA

Under the T. V. A. rates the people of the State of Pennsylvania would save $71,169,000 a year.

OHIO

Under the T. V. A. rates the people of the State of Ohio would save $46,843,000 a year.

INDIANA

Under the T. V. A. rates the people of the State of Indiana would save $19,184,000 a year.

ILLINOIS

Under the T. V. A. rates the people of the State of Illinois would save $58,474,000 a year.

MICHIGAN

Under the T. V. A. rates the people of the State of Michigan would save $34,025,000 a year.

WISCONSIN

Under the T. V. A. rates the people of the State of Wisconsin would save $17,893,000 a year.

MINNESOTA

Under the T. V. A. rates the people of the State of Minnesota would save $14,460,000 a year.

IOWA

Under the T. V. A. rates the people of the State of Iowa would save $12,480,000 a year.

MISSOURI

Under the T. V. A. rates the people of the State of Missouri would save $21,068,000 a year.

NORTH DAKOTA

Under the T. V. A. rates the people of the State of North Dakota would save $2,184,000 a year.

SOUTH DAKOTA

Under the T. V. A. rates the people of the State of South Dakota would save $2,480,000 a year.

NEBRASKA

Under the T. V. A. rates the people of the State of Nebraska would save $7,156,000 a year.

KANSAS

Under the T. V. A. rates the people or the State of Kansas would save $9,174,000 a year.

DELAWARE, DISTRICT OF COLUMBIA, MARYLAND, AND WEST VIRGINIA

Under the T. V. A. rates the people of the States of Delaware, Maryland, and West Virginia, and the District of Columbia together would save $24,870,000 a year.

VIRGINIA

Under the T. V. A. rates the people of the State of Virginia would save $9,600,000 a year.

NORTH CAROLINA

Under the T. V. A. rates the people of the State of North Carolina would save $10,642,000 a year.

SOUTH CAROLINA

Under the T. V. A. rates the people of the State of South Carolina would save $5,567,000 a year.

GEORGIA

Under the T. V. A. rates the people of the State of Georgia would save $9,666,000 a year.

FLORIDA

Under the T. V. A. rates the people of the State of Florida would save $9,141,000 a year.

KENTUCKY

Under the T. V. A. rates the people of the State of Kentucky would save $8,227,000 a year.

TENNESSEE

Under the T. V. A. rates the people of the State of Tennessee would save $9,852,000 a year.

ALABAMA

Under the T. V. A. rates the people of the State of Alabama would save $6,163,000 a year.

MISSISSIPPI

Under the T. V. A. rates the people of the State of Mississippi would save $3,981,000 a year.

ARKANSAS

Under the T. V. A. rates the people of the State of Arkansas would save $4,157,000 a year.

LOUISIANA

Under the T. V. A. rates the people of the State of Louisiana would save $7,401,000 a year.

TEXAS

Under the T. V. A. rates the people of the State of Texas would save $24,912,000 a year.

OKLAHOMA

Under the T. V. A. rates the people of the State of Oklahoma would save $8,639,000 a year.

MONTANA AND UTAH

Under the T. V. A. rates the people of the States of Montana and Utah together would save $6,546,000 a year.

IDAHO

Under the T. V. A. rates the people of the State of Idaho would save $2,761,000 a year.

WYOMING

Under the T. V. A. rates the people of the State of Wyoming would save $1,318,000 a year.

COLORADO

Under the T. V. A. rates the people of the State of Colorado would save $6,405,000 a year.

ARIZONA AND NEW MEXICO

Under the T. V. A. rates the people of the States of Arizona and New Mexico together would save $4,287,000 a year.

NEVADA

Under the T. V. A. rates the people of the State of Nevada would save $1,034,000 a year.

WASHINGTON

Under the T. V. A. rates the people of the State of Washington would save $12,188,000 a year.

OREGON

Under the T. V. A. rates the people of the State of Oregon would save $6,929,000 a year.

CALIFORNIA

Under the T. V. A. rates the people of the State of California would save $53,503,000 a year.

A comparison of charges for electricity under publicly owned or cooperative plants, such as the Government-owned Tennessee plant, the publicly owned Tacoma and Winnipeg plants, and the Government-owned Ontario electric plants, with the private electrical plants of the country show a total overcharge to the people of the United States of a billion dollars collected from them annually.

Under cooperative and public-ownership operations electricity can be generated at the same low cost regardless of whether by water or other power, shown providing a low rate to consumers and can be duplicated at any point in the country, by the Diesel and other combustion engines.

The following is from the second report of the Science Advisory Board, page 419, as well as further shown in the hearings on Senate bill 3524, this Congress, part 1, at page 236 thereof:

As a result of the recent great improvements in furnaces and engines, the present low prices for fuels and the possibility of building fuel electric plants near the markets for current and where fuel can be delivered cheaply, it is commonly less costly to provide electricity by combustion methods than by harnessing water power and building transmission lines.

THE COSTS OF ELECTRICITY CAN BE REDUCED STILL LOWER

But the last words in reducing electric charges are not read from cooperative or publicly owned plants in reducing the cost of electricity to the people. Cooperative or publicly owned plants alone are only bringing a part-way reduction. The charges or rates for electricity are still left heavily burdened with the loss and waste resulting from piecemeal line extensions, from duplication or overlapping service, and from production in smaller trivial volume, and serving limited population and areas.

THE ECONOMIC LAW OF COSTS

It is an accepted and recognized economic law that the cost of a service is determined by the scale of operations under which provided or the cost of any product or commodity is determined by the volume of production under which produced. Under this economic law the larger the scale of operations the lower will be the cost of the service or the larger the volume of production the lower will be the costs of the production. Under this economic law it is only a large scale of operation that will assure low cost of service or a large volume of production that will insure a low cost of products. This is the economic principle of mass production. Under this economic law small scale of operations or a small volume of production will make low and reasonable costs impossible.

FARM AREAS, TOWNS, AND CITIES CANNOT BE SERVED SEPARATELY

It is for this reason that farm or rural areas cannot be served separately and apart from the towns and cities therein located. But all consumers of any certain district must be served with electricity together. The farmers of the rural areas cannot be served at low and reasonable rates under a limited service or small volume of production. This is especially true of electric service. The generation, transmission, and distribution of electricity must be in large mass or volume to bring down the unit cost of electricity provided.

THE ELECTRICAL DISTRICT THE REMEDY

There is a remedy for this duplication and overlapping service, this piecemeal extension of distributing lines, this operation of separate and different systems of generating plants, transmission and distributing lines, and the different and separate service provided for towns, cities, and rural communities within the same territory or district. It is the organization of the county or electrical district under one unified or coordinated system for the generation of electric power or current for the whole territory or all the consumers of such district, which is necessary to lower the power-unit cost by increasing the volume of electricity produced, and by combining town, city, and rural territories under one central power plant for all. The entire territory of the county unit or electrical district, the farm, urban, and city population and all individual consumers and industries served within the specified territory included, must be held for the exclusive market and consumption of such unified system and coordinative facilities to bring electricity within the reach of the farmers.

Under the county unit or electrical district all existing plants would be coordinated or organized under one unified system for the elimination of loss and waste resulting from duplication and overlapping service necessary for economic and efficient operations. Or the cooperative associations and municipalities may acquire and take over the existing electrical means and facilities under the laws of the State where located for unification or coordination of such plants under one system of operation and management. Or if there is a municipally owned plant within the county territory or electrical district without sufficient generating capacity to produce electrical current or power for all the individual consumers and industry included in such county unit or electrical district, then the municipality owning such plant may apply to the Rural Electric Administration for a loan to enlarge such municipal plant to provide the farm electric membership association with such increased power or current in addition to the amount required by the city consumers.

WILL REDUCE ALL RATES TO TOWN AND CITY AS WELL AS FARM CONSUMERS

Such county or electrical district will not only reduce the rate of electricity to the lowest possible minimum to farmers, but the economy of large-scale production in reducing the unit cost of electric power will bring down the rates to the town and city consumers as well, variously estimated at one-third to one-half below piecemeal, overlapping operations with benefits and advantages to all.

Many of these cooperative or publicly owned plants showing a great reduction of charges under privately owned electrical plants are operating under a loss and waste of small volume of production and from serving small areas of populations.

The elimination of the loss and waste resulting from piecemeal line extensions and duplication and overlapping service, together with the economy and efficiency realized under large or mass production and serving a greater number of consumers, will operate to reduce still further the cost and charges for electricity below the lowest rates and charges shown under cooperative and public ownership, and will bring electric rates down to the minimum under which the people can afford to take and consume electricity in sufficient amount necessary for their use.

WAITING FOR THE PEOPLE TO SAY THE WORD

Such are the greater benefits of electricity coming from the use of more liberal amounts and at low and reasonable charges, and which can be realized and enjoyed by the people as soon as they are ready and will ask for the service and will join and unite in a movement of towns, cities, and farm areas under the county unit or electrical district.

Such are the means, methods, and facilities prepared or being made ready to lift the burdens of profit and gain, to eliminate loss and waste of duplication and overlapping service, to effect economy and efficiency of operations necessary to bring down electric costs and charges for greater and more liberal use by the people. And such is the program completed or in course of completion to multiply the blessings of electricity and bring its benefits to all the people at low and reasonable costs. And as soon as the people are ready to cooperate and say the word the movement waiting will go forward for them.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, I desire to propound an inquiry of the chairman of the Rules Committee. I notice there are some 6 to 10 rules pending consideration. Can the gentleman tell us at the present time when and in what order he expects to call up these rules? If he cannot give us the information now, will he put it in the RECORD after this request later in the day?

Mr. O'CONNOR. Just at the moment there is only one rule pending, but we expect to report today or tomorrow four or five others. When these various rules will come up for consideration is for the determination of the Speaker and the majority leader.

Mr. SNELL. When the gentleman reports these rules will he give us some idea how he intends to call them up?

Mr. O'CONNOR. I will give my idea as to how they should be called up for consideration.

PREVENTION OF SALES DISCRIMINATION

Mr. SABATH. Mr. Speaker, I call up House Resolution 523 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 523

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8442, a bill making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases, and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys, from exploitation by unfair competitors, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. SABATH. Mr. Speaker, as I understand it, the gentleman from Pennsylvania [Mr. RANSLEY] does not desire any time on this resolution?

Mr. RANSLEY. Mr. Speaker, we desire 30 minutes on all rules, and I therefore ask for 30 minutes on this one.

Mr. SABATH. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania.

Mr. Speaker, this is a rule for the consideration of H. R. 8442, generally known as the Patman bill. It is a broad, liberal rule, and provides for 4 hours' general debate, after which the bill shall be read for amendment under the 5-minute rule.

This bill amends section 2 of the Clayton Act. I might say at this time that if the Clayton Act had been passed without certain amendments, which were adopted at the time, it would not now be necessary to amend that act by bringing in the present bill.

Unfortunately, at that time certain gentlemen thought the bill was too stringent and forced the adoption of amendments which weakened the bill to a considerable extent.

Today I am placed in a very embarrassing position. Many of my personal friends who are connected with large institutions that are fighting this bill, are honestly of the conviction that it should not pass. They have strenuously opposed the bill. At the same time, I feel that my duty is plain, to the people in my district and in the country generally, and in advocating and voting for the bill I regret that I incur the criticism of those friends.

This bill gives the Federal Trade Commission additional powers to investigate and pass upon abuses when complaints are filed with that Commission. Its objects may briefly be stated to be the following:

(1) To effectually suppress discriminatory prices and terms of sale between purchasers;

(2) To prohibit, under certain conditions, the payment of brokerage fees or commissions to dummy brokers; and

(3) To prohibit pseudo-advertising allowances, and to eliminate the willful discrimination against small independent dealers.

I have the utmost confidence in the Federal Trade Commission, as I think the country at large also has, and do not believe it would be guilty of taking arbitrary action against any legitimate manufacturer or concern. In any event, those ruled against have the right to appeal. Consequently, I hope there will be no opportunity given to the courts to hold the bill unconstitutional.

The need for legislation to protect small independents is recognized by every student of government and economics. Even those opposed to the bill agree that there are abuses which should be corrected. Nevertheless they seek to delay action. Of course, I know that such attempts are not unusual when efforts are being made to defeat legislation by one means or another.

It is amazing to what extent lobbying and propaganda are nowadays employed against legislation. The well-organized activities of those seeking to thwart passage of the this bill are second only to the efforts made against the holding-company bill. The usual cry has been made by opponents of the bill—that is, that it is unconstitutional. Following that is the cry that the bill will give too great a bureaucratic power to the Federal Trade Commission.

Regardless of the charges these lobbyists bring, one fact stands apparent. I know, and the people of the country know, that the great majority of fair manufacturers and retailers and all those who favor a fair and square deal are in favor of this legislation. They realize that it will restrict the chain-store and mail-order octopuses which are gradually but surely destroying the small businessman in every section of the country. [Applause.]

It has been argued that many farmers, manufacturers, and dealers are opposed to the bill. It is true that there are objectionable features, namely, the antibasing point and the classification provisions. But I want to inform the House that the Judiciary Committee has agreed to move to eliminate both of these provisions from the bill. Likewise, if it is shown that other features are objectionable, they may be modified.

I do not charge all chain stores or mail-order houses with being guilty of the abuses complained of. The bill is not aimed against them. It is aimed against cutthroat practices and abuses.

Within the last few weeks I have received many petitions from employees of the chain stores against the bill. Let me call their attention to the fact that investigations have disclosed that employees of chain stores receive from 25 to 30 percent lower wages than those paid employees of independent establishments.

The chain-store octopuses, mainly controlled by Wall Street financiers, must be restricted from unfair and discriminatory practices. Since the ethics of fair dealing seem to be unknown to them, these overlords must be prevented by legislation from obtaining special inducements, at the expense of independent dealers, through threats and coercion.

As pertinent, I want to here insert the conclusions of the Judiciary Committee, which reported the bill almost unanimously:

CONCLUSION

In conclusion, your committee wishes to correct some important misapprehensions, and even misrepresentations, that have

been broadly urged with regard to the probable effect of this bill. There is nothing in it to penalize, shackle, or discourage efficiency, or to reward inefficiency. There is nothing in it to fix prices, or enable the fixation of prices; nor to limit the freedom of price movements in response to changing market conditions.

Any physical economies that are to be found in mass buying and distribution, whether by corporate chain, voluntary chain, mail-order house, department store, or by the cooperative grouping of producers, wholesalers, retailers, or distributors—and whether those economies are from more orderly processes of manufacture, or from the elimination of unnecessary salesmen, unnecessary travel expense, unnecessary warehousing, unnecessary truck or other forms of delivery, or other such causes—none of them are in the remotest degree disturbed by this bill. Nor does it in any way infringe the seller's freedom to give a part or all of the benefit of the saving so effected to others with whom he deals, whether in higher prices paid to the producer from whom he buys his raw materials, or in higher wages to those who labor in production or handling of his goods, or in lower prices to the customer, including the ultimate consumer who buys them.

It is not believed that the restoration of equality of opportunity in business will increase prices to consumers. Unfair trade practices and monopolistic methods which in the end destroy competition, restrain trade, and create monopoly have never in all history resulted in benefit to the public interest. On the contrary, for the most part, they have been symbolic of lower wages, longer hours, lower prices paid producers, coercion of independent manufactures, domination of that field of industry, and in the end high prices to consumers and large profits to the owners.

It is the design and intent of this bill to strengthen existing antitrust laws, prevent unfair price discriminations, and preserve competition in interstate commerce. It is believed to be in the interest of producer, consumer, and distributor. No business institution need have any fear of this legislation if it will conduct its business honestly and without the use of unfair trade practices and unjust price discriminations.

I am not going to take up further time, since I feel that almost the entire membership recognizes the need for this legislation. I now yield to the gentleman from Pennsylvania. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I am supporting this legislation and, therefore, am in favor of the rule which proposes to make it in order.

One of the duties of government is to protect the weak against the strong. I think this legislation will have a tendency to do that and, therefore, I am in favor of it.

In compliance with a resolution of the Senate passed in the Seventieth Congress, the Federal Trade Commission conducted an investigation of chain stores, extending over a period of several years. In December 1934 it submitted its final report, in which it made certain recommendations for legislation. In its report it suggested a draft of a bill to amend the Clayton Act to prevent unfair and unjust discrimination in prices between different purchasers of commodities.

Early in this Congress, January 30, 1935, to be exact, I introduced the bill as proposed by the Federal Trade Commission having somewhat the same object in view as the Patman bill, now about to be considered. The original Patman bill was introduced on June 11, 1935.

The proposal of the Federal Trade Commission was not as rigid as the Patman bill, which this rule is to make in order. In substance, it provided that there should be no unfair or unjust discrimination in prices in the selling of commodities to different buyers, and left it pretty largely with the Federal Trade Commission to determine whether the price was unfair or unjust.

Incidentally, it might be of interest to the House to know that this morning the distinguished Chairman of the Federal Trade Commission, Judge Davis, a very highly respected former Member of this House, appeared before the Committee on Interstate and Foreign Commerce on a bill now being considered by that committee. He told the committee that there had been no amendment to the Federal Trade Commission Act since the passage of the original act creating the Commission in 1914. The Commission is now asking for some amendments to the original act, but for a period of over 21 years no amendment has ever been made to it.

The final report of the Commission on the chain-store situation gives some rather interesting information. I think it is conceded that in some instances discounts have been given to chain stores and other large buyers that have not been given to independent merchants and that in some cases at least the chain stores, because of their power and perhaps aggressiveness, have been able to secure larger discounts for the same quantity of goods purchased than other buyers have been able to secure. There is no question but what the independent retail merchant is opposed to that practice and wants to have it corrected. It is not so well known or realized that the manufacturer, the very man who sells to the chain stores, needs and wants protection the same as the independent retailer does.

The Federal Trade Commission had this to say on that subject in its report:

There has been considerable criticism of some of the methods used by chain systems in their bargaining with manufacturers for special price concessions. The criticism comes largely from the manufacturers themselves, many of whom protest the methods used while yielding to them. Some state their yielding was accomplished only as the result of threats and coercion.

And, again, the Federal Trade Commission makes this statement:

Thirty-three of the manufacturers interviewed stated positively that threats and coercion had been used by chain-store companies to obtain preferential treatment.

I think those who are familiar with the facts realize that the manufacturers themselves want to be protected, as well as the independent retail merchants. In some instances, at least, the chain stores have been able to dictate to the manufacturers, much to the regret of the manufacturers.

Mr. PEYSER. Mr. Speaker, will the gentleman yield for a question?

Mr. MAPES. I only propose to take a moment, but I will yield to my friend from New York.

Mr. PEYSER. The gentleman has referred in his statement constantly to chain stores, but is the bill directed against chain stores? Is it not rather directed against all manufacturers and all merchants?

Mr. MAPES. Of course, it has general application, and applies to everyone alike, as it should.

I believe the legislation ought to be general and that anyone who is guilty of the abuses ought to come within its provisions. At the same time I think that the basis of the legislation is this report on chain stores of the Federal Trade Commission, to which I am referring.

Mr. PEYSER. One more question. Would it not apply to a man that owns one store—an outstanding department store, say?

Mr. MAPES. I do not see how it would apply to the retailer.

Mr. PEYSER. Would it not if he was a quantity buyer?

Mr. MAPES. In his purchases from the manufacturer, but not in his sales to the consuming public.

Mr. PEYSER. He would be affected by it.

Mr. MAPES. He might be affected by it in his purchases if he was getting unfair or unreasonable discounts, discounts that others buying the same quantity of goods under the same conditions could not get. Why should not he be? That is what this legislation is for. It is to give the independent merchant a chance for his white alley against the big fellow. As I said in the beginning, it is to protect the weak against the strong.

In further answer to the gentleman from New York, I might say that I have some apprehension that the Patman bill in its present form goes too far and may be too rigid. Personally, I prefer the bill recommended by the Federal Trade Commission, which says that there shall be no unjust or unfair discrimination in price, and leaves the matter of determining the injustice or unfairness to the Federal Trade Commission.

I know that every Member of the House of Representatives has respect for the personnel of the Federal Trade

Commission and would be willing to have the law administered by that Commission.

But we have this bill before us and must pass upon it. I think it ought to be amended in several respects, and I understand that it is generally agreed that two provisions in it are to be entirely stricken out. The problem is to pass a law that will correct the abuses without going too far, without putting undue restrictions on legitimate business. The bill can be perfected in the Committee of the Whole when it is read for amendment under the 5-minute rule.

Attention has been called on the floor of the House by different Members recently to the big salaries received by the chief executives of some of the chain-store organizations. While it may not have great relevancy to the legislation under consideration, it is interesting to read what the Federal Trade Commission has to say about the pay which the clerks and employees of the chain stores in their retail stores receive as compared with what similar employees are paid by independent retail dealers. This is what the Commission says about that. I quote:

Comparable data on chain-store and independent dealer wages for full-time store selling employees are available for the following eight kinds of business: Grocery, grocery and meat, drug, tobacco, ready-to-wear, shoes, hardware, and combined dry goods, dry goods and apparel, and general merchandise.

The investigation covered a broad field. The report continues:

The weighted average weekly wage of 3,933 independent store selling employees in these eight kinds of business for the week ending January 10, 1931, was $28.48, as compared with $21.61 for 107,035 chain-store selling employees.

That is a difference of nearly $7 per week, or about 30 percent of the entire amount they received. The report further states:

A simple average of the eight lines of business shows a narrower spread between the two figures ($28.10 for independents and $23.62 for chains, respectively) but leaves the same distinct conclusion, namely, that for the period studied the independents paid their store employees more than did the chains.

I wonder if there should not be a more equitable distribution of the profits of these big organizations as well as a prohibition against unjust and unfair price discrimination in buying.

Mr. SABATH. Mr. Speaker, I yield now to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN. Mr. Speaker, the small retailer, the independent merchant, I might call him, has his eyes on Congress today and is praying for the enactment of this legislation. He sees an opportunity to remain in the picture if Congress places this law on the statute books.

This does not only apply to the small merchant in the cities but to the general-store and cross-roads merchant in the country. In April 1935 there appeared in the New York Times an article, which I later learned was a prepared release, announcing the formation of the American Retail Federation. This account in this reliable paper pictured a gigantic movement to establish, with headquarters in Washington, what I termed a "superlobby." After investigating, becoming convinced that this release came from those who were back of the movement and was not a dream of some reporter, I prepared and introduced a resolution providing for an investigation of this superlobby.

The preamble of the resolution contained 10 paragraphs based upon the article in the Times. The resolution passed and the Speaker named me chairman of the committee to make the investigation. Within a week following the approval of the resolution I took sick and, owing to my inability to carry out the duties imposed upon me, I resigned as chairman of the committee and the Honorable WRIGHT PATMAN was named to head the committee. The investigation covered a period of many months. The House extended the scope of the investigation by amending the resolution.

I want to say now that I do not recede from any statement contained in the preamble of the resolution but one. I named in the preamble the Great Atlantic & Pacific Tea Co. as one corporation interested in this superlobby. A Mr. Hartford, of this company, called me on the telephone and later wired me that his company had not participated in the organization and had not advanced one dollar toward expenses and did not propose to do so. I passed this word to Mr. PATMAN and he promised to see that it was brought out in the investigation. The testimony disclosed that this company did not have a part in the organization, but there was a letter produced which indicated the company, or some of its officials, were rather in sympathy with the movement. I make this statement in a spirit of fairness.

While the record does not disclose that one Harold R. Young, chief Washington representative of the National Retail Dry Goods Association, was involved, still I am satisfied, as a result of his activity, his telephone messages to me, and his statement in a conference with me, he was greatly interested in the organization and was promoting it, as well as laying the groundwork for the National Retail Dry Goods Association to become a part of the superlobby. I therefore let my statement as to Mr. Young stand.

The report of the committee, filed by Mr. PATMAN April 7, 1936, justifies the introduction of the resolution and supports every charge I made, with the exception of what I mentioned regarding the A. & P. Co. and Young.

The bill now under consideration results from the evidence secured by the investigating committee. You will hear from members of the committee of the advantages in the form of rebates, and so forth, that accrue to the large chains and mail-order houses which were denied the small retail merchant. It is to correct such abuses that you are asked to vote for this bill. It is a desire to extend equal rights to all and special privileges to none, and nothing more. I want the small druggist, grocer, butcher, hardware man, and other merchants in my district to be able to buy their supplies at the same price and receive the same benefits as is accorded the large chains and mail-order houses. I seek no advantages for them and they desire none. This bill will give them what they have long hoped for, and without this legislation their end is in sight.

If one will read the testimony before this committee he or she cannot but come to one conclusion, and that is that this bill should be passed. Others far more familiar with the record will give you a detailed account of what has been going on for many years, and it is just such advantages as will be enumerated, supported by the evidence, that has resulted in hundreds of thousands of individual merchants being required to close their place of business because they were unable to compete with those who had received these special favors.

Simply to give you an idea of what has happened let me recall that one large chain received in rebates from manufacturers and wholesale merchants over $8,000,000 in one year. It was disclosed that they just refused to buy unless they received cash discounts or the equivalent in merchandise. This, of course, enabled them to undersell the small merchant, who I say is doomed to complete destruction unless this legislation becomes a law.

I realize the question as to the value of large chains is debatable. There is some good to be said for the chains, but likewise there is plenty to be said against them. Take my own city, St. Louis, for instance. I do not know what the situation is now, as I have not been home for some time, but when I was last in St. Louis I know that the bread one of the largest chains sold in hundreds of stores was baked in Chicago and sent to St. Louis by fast express every night; that the pastry sold in the largest chain of cafeterias in St. Louis was likewise baked in Chicago and sent to St. Louis. What benefit did the people who patronized the chains get? Did our bakers get employment? Then again it must be remembered that chains whose headquarters are in other cities send their profits out of my city two and three times a week. They are continually draining the city of money. How much better it would be if citizens of St. Louis owned these stores and spent their profits in St. Louis.

I predict if this legislation does not become a law it will not be long before the chains will have a monopoly and then

there will be no cut in prices, no sales but they will charge what they like, and the people will be at their mercy.

The resolution I introduced in April 1935, which the committee in its report shows was justified, follows:

Resolution

Whereas the Associated Press on April 16, 1935, and the New York Times of April 17, 1935, reported that a superlobby to be known as the American Retail Federation was recently formed to promote the business of chain stores throughout the United States and to influence the actions of Members of Congress with reference to legislation affecting chain stores and their holding companies; and

Whereas one Louis E. Kirstien, of Filene's Department Store, in Boston, Mass.; one Clarence O. Sherrill, who was a high-salaried vice president of the Kroger Grocery & Baking Co., of Cincinnati, Ohio; and one Harold R. Young, chief Washington representative for the National Retail Dry Goods Association, are purported to be the organizers thereof, with the understanding that said Clarence O. Sherrill will be the president and active head of said superlobby, with direct responsibility for conducting its propaganda and lobbying activities in the city of Washington, D. C., before the United States Congress and the committees thereof; and

Whereas it is stated in the public press that the executive committee of this superlobby, which has been named the American Retail Federation, is to be composed of officers and directors of the principal gigantic retailing establishments of the Nation dealing primarily in the fundamental necessities of everyday life, as follows:

Louis E. Kirstien, representing E. A. Filene & Co., of Boston, Mass.

Lessing J. Rosenwald, chairman of the board of Sears, Roebuck & Co.

Fred Lazarus, Jr., of F. and R. Lazarus & Co., of Columbus, Ohio.

Percy S. Straus, representing R. H. Macy & Co., of New York City.

C. W. Kress, of S. H. Kress & Co., of New York City.

Albert H. Morrill, president of the Kroger Grocery & Baking Co., of Cincinnati, Ohio.

George M. Gale, president of the Louis K. Leggett Co., of New York City.

John A. Hartford, president of the Great Atlantic & Pacific Tea Co., of New York City; and

Whereas it is apparent that said American Retail Federation is organized for the purpose of increasing the profits of big business, through lobbying tactics, designed to prevent small businesses from securing competitive opportunities equal to those enjoyed by corporations representing vast aggregations of capital; and

Whereas it is apparent that the achievement of any or all of the purposes of said American Retail Federation will react to the detriment of the farmer, the wage earner, and the consumer, on the one hand, and will serve to injure the employers of labor and the laboring man on the other hand; and

Whereas the said superlobby has already opened palatial headquarters in the city of Washington, D. C., and has attempted, and is now attempting, to force and coerce thousands of small retail merchants, dealing in the necessities of life, into the ranks of this superlobby, so that it may thereafter hold out to Members of Congress and to others in the Government that it represents a completely centralized and authentic voice for all retailers of the Nation; and

Whereas the following national associations of retailers whose executive committees and boards of directors are in almost every case controlled by representatives of large corporations are already listed in the public press as having already offered or pledged their support to the superlobby plans of the American Retail Federation, to wit:

The National Association of Retail Clothiers.
National Retail Dry Goods Association.
National Association of Retail Grocers.
National Retail Furniture Association.
National Retail Hardware Association.
American National Retail Jewelers Association.
National Association of Retail Druggists.
National Shoe Retailers Association.
Limited Price Variety Stores Association, Inc.
Mail Order Association of America, Inc.
National Council of Shoe Retailers.
National Retail Association of Music Merchants.
Food and Grocery Chain Stores of America, Inc.

An invitation will be extended this week to the International Grocers Alliance of Chicago, a cooperative organization of grocers; and

Whereas the gigantic sum of $750,000 has already been pledged or contributed to this superlobby by the greatest aggregation of rich and powerful department stores and chain stores of America ever brought together for the purpose of directly or indirectly nullifying the effects of the N. R. A., the A. A. A., the Sherman Act, the Clayton Act, and other antitrust laws now on the statute books of this Nation, and by propaganda and other methods inimical to the public welfare, to attempt to control and influence the Congress of the United States in its legislative deliberations; and

Whereas it is further reported that this superlobby, the American Retail Federation, is now proceeding upon a plan designed to force the small independent retail merchants of America, engaged in the sale of the necessities of everyday life, to contribute an additional $2,000,000 annually to the funds available to this organization in its lobbying activities, and for the further purpose of permitting it to disseminate propaganda among the consumers and producers of the United States; and

Whereas it is inimical to the welfare of the citizens of the United States to permit the organization and functioning of such a superlobby, designed for the purpose of intimidating and influencing Members of Congress through direct and subversive lobbying activities, as well as through coercing hundreds of thousands of underpaid employees throughout the Nation to flood the respective Members of the United States Congress with letters, petitions, and propaganda designed to improperly and untruthfully represent the public sentiment of the respective constituencies of said Members of the Congress: Now, therefore, be it

Resolved, That a special committee of seven, to be named by the Speaker, be created, and hereby is authorized and directed to investigate the aforesaid American Retail Federation, its capitalization, its membership, its objectives, the sources of its funds, its financial connections, and its officers and agents, and to investigate the record of stock dividends, officer's salaries, profits, interlocking directorates, and banking affiliations of all corporations directly affiliated with, or contributing to, the said American Retail Federation; and be it further

Resolved, That for the purpose of this resolution, the committee, or any subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places in the United States, whether or not the House is sitting, has recessed, or has adjourned, to require, by subpena or otherwise, the attendance of such witnesses and the production of such books and documents, to administer such oaths, and take such testimony as it deems necessary and advisable.

I now quote the conclusions of the majority of the special committee.

We consider the American Retail Federation a carefully conceived and organized association which had for its purpose a pretense to the public that it was representing small dealers and small independent merchants over the entire country, which would give it power and influence with Congress and the various legislatures while at the same time it was so conceived and organized that complete power and control at all times would be in the 10 original incorporators who represent large chain-store and department-store interests or vested in someone in whom they had complete confidence to carry out their purposes and intents. It was organized by the chain- and department-store interests, and they propose to dominate the entire organization.

Evidence adduced during this and other investigations now being conducted and which have been conducted by Congress, showing that it is becoming a practice of certain well organized and powerful groups representing vast aggregations of corporations and capital to use methods of undue influence and propaganda sometimes bordering upon, if not including, deceit to block, oppose, and hinder the consideration of proposals for legislation, leads and impels this committee to recommend immediate passage of legislation requiring the registration of all lobbyists for the purpose of protecting the public interest. It is proposed that legislation be enacted which will require that any person employed as a lobbyist by one or more corporations or otherwise acting in the interest of one or more corporations or their associations in endeavors to influence action on proposed legislation, either directly or through expression of public opinion, publicly announce the same at the outset and at the beginning of such undertaking by registering—such registration to be frequently renewed in its entirety—and a statement to be filed at regular intervals disclosing fully all receipts of money or other articles of value and how expended, with appropriate officials of the House and Senate on records provided for the purpose.

Mr. Speaker, of course my resolution did not put the American Retail Federation out of business, but I think I can say without fear of contradiction that the investigation did show the Members of Congress what the committee was organized for and what Members could expect from them in the way of propaganda in support of and opposing legislation.

Mr. Louis E. Kirstien, representing E. A. Filene & Co., of Boston, one of the organizers of the federation, discussed this organization with me. This gentleman impressed me very much with his sincerity. He was very frank, and I wanted to meet him because of his association with the founder of the Filene stores, who has done so much for the little fellow, and who recently resigned from the chamber of commerce because of its activities. Mr. Kirstien was the first witness before the committee to give a frank and honest statement of the purposes of the organization. Col. Clarence O. Sherrill, who has a signed contract with this federation calling for $40,000 salary the first year, $45,000 the second year, and $50,000 the third year, and Albert H. Morrill, the head of the Kroger Grocery & Baking Co., of Cincinnati, refused to admit that it was the purpose of the organization to lobby among Members of Congress. Mr. Kirstien stated frankly that was the purpose. No one can object to an individual

or an organization favoring or opposing legislation. That is their right and it would be in violation of the Constitution to deny that right. Mr. Kirstien advised me that the main purpose of the organization was to gather statistics on distribution, and so forth. He insisted that he was convinced during the operation of the National Recovery Act that such data was not available. I thought at the time of our conversation that Mr. Kirstien was misled, and I think so now, but he does not agree with me. I told him I could not conceive that a man with his business experience would agree to pay such a salary to Colonel Sherrill simply to gather statistics. There is no doubt in my mind that others in the organization, whether Mr. Kirstien agrees with them or not, intended to use the organization to advance the interests of the chains and mail-order houses and to use the small, independent merchants and their organizations for this purpose. I am sure that Mr. Filene, who originally was responsible for E. A. Filene & Co., would never have joined such an organization.

As I said, Mr. Speaker, I am going to let others tell the House of the findings of the special committee, which, I am sure, will justify every Member of Congress in voting for this bill.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Speaker, I do not desire at this time to go into a detailed discussion of the bill, but I think the membership of the House is entitled to know of the amendments that will be proposed by the committee which handled the bill and which will be proposed as committee amendments. I make that statement at this time because these committee amendments, in my opinion, if adopted by the House, will remove from the bill a great many of the objectionable features. The first amendment that will be proposed by the committee when we reach consideration of the bill under the 5-minute rule will be an amendment striking out, on page 6 of the amended bill, the classification section, or subsection (1), page 6.

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

Mr. MILLER. Yes.

Mr. MAPES. It is proposed to strike out all of this paragraph?

Mr. MILLER. At this time it is. The first four lines might be retained, but I see no reason why the whole paragraph should not be stricken out. The next amendment that will be offered by the committee as a committee amendment will be directed at subsection (5) on page 7, which is the basing point provision in the bill.

Mr. RICH. Does the gentleman mean to strike out the whole section?

Mr. MILLER. That amendment will be for the purpose of striking out all of subsection (5), or the basing point provision in the bill. Probably that provision should not have been put in a bill amending the Clayton Act; but it was put in and the committee has decided to offer an amendment to take it out. It should be borne in mind that I am now talking about committee amendments. I do not know what other amendments will be offered, but I think the membership is entitled to know what the committee will offer as amendments. The next committee amendment is directed to subsection (e) on page 9. I shall not consume the time of the House to give you a detailed statement in respect to that, but it will take into consideration those manufacturing establishments that furnish services and facilities such as fixtures and storage facilities. Those are the amendments that will be proposed by the committee.

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

Mr. MILLER. Yes.

Mr. MICHENER. Those amendments are agreeable to the proponents of the bill?

Mr. MILLER. Yes.

Mr. MICHENER. In other words, the proponents of the Patman-Robinson bill accept the committee amendments?

Mr. MILLER. Absolutely; yes. I propose to offer the amendments myself as committee amendments, and they are acceptable to all concerned, so far as I know.

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

Mr. MILLER. Yes.

Mr. ROBERTSON. What will be the material difference between the House bill, with the committee amendments the gentleman has mentioned, and the bill as it passed the Senate?

Mr. MILLER. It is practically impossible in the time I have for me to answer that question.

Mr. ROBERTSON. There will still be a material difference?

Mr. MILLER. Yes; and the only way those differences can be adjusted will be in conference.

Mr. ROBERTSON. But if we adopt some of those Senate amendments?

Mr. MILLER. It is within the power of the House to adopt some of them, but I hope the House will not.

Mr. ROBERTSON. Why?

Mr. MILLER. I do not think that they are proper amendments.

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

Mr. MILLER. Yes.

Mr. MAIN. Has the committee taken any cognizance of the objections of the cooperative organizations?

Mr. MILLER. Yes.

Mr. MAIN. Will any amendments be offered to remove the objections offered by the cooperative organizations?

Mr. MILLER. The cooperatives' objections were principally to that classification section and to the basing-point section. They profess to find an objection to section (e) on page 9, but I believe, upon due consideration, they will find they really do not object to that section.

Mr. RICH. I understand the gentleman's committee amendment will strike out section (e) on page 9.

Mr. MILLER. Not strike it out, but we will make some amendments to it.

Mr. RICH. And the gentleman has not those amendments?

Mr. MILLER. Yes; I have, and I shall give them later on.

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

Mr. MILLER. Yes.

Mr. TOBEY. The gentleman is familiar with the suggested amendments offered by the proponents of agriculture; that is, the Grange and the Farm Bureau, and so forth.

Mr. MILLER. The gentleman means the one exempting those from the operation of the bill?

Mr. TOBEY. Yes.

Mr. MILLER. I am.

Mr. TOBEY. Does the gentleman propose incorporating those in the bill?

Mr. MILLER. No.

Mr. TOBEY. In other words the gentleman is opposed to the Grange and the Farm Bureau?

Mr. MILLER. No. I presume the gentleman is talking about the amendment suggested by Mr. JONES this morning. I am opposed to exempting any special organization from the operation of the bill, because this is the defect of the present law.

The SPEAKER. The time of the gentleman from Arkansas has expired.

Mr. SABATH. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. MILLER. The defects of the present law are patent to anyone. If the House membership will take section 2 of the Clayton Act as originally proposed; that is, the substantive part of the Clayton Act, you will find that section 2 would be all that is necessary now, but its effect was destroyed by adding a proviso. I want to call your attention now to the report of the committee which succinctly states the objectives of the bill as follows:

To accomplish its purpose, the bill amends and strengthens the Clayton Act by prohibiting discriminations in price between purchasers where such discriminations cannot be shown to be justified by differences in the cost of manufacture, sale, or delivery resulting from different methods or quantities in which such commodities are to such purchasers sold and delivered. It also prohibits

brokerage allowances except for services actually rendered, and advertising and other service allowances unless such allowances or services are made available to all purchasers on proportionally equal terms.

The bill as reported by the Committee on the Judiciary when amended in accordance with the amendments that will be proposed as committee amendments will, in my opinion, protect the independent merchant and at the same time protect the consumer against exorbitant prices which will be sure to follow unless the present monopoly of the large manufacturers is broken.

The SPEAKER. The time of the gentleman from Arkansas [Mr. MILLER] has again expired.

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, it is significant that today marks the first anniversary of the Supreme Court decision declaring unconstitutional the N. R. A. It is also very significant that those who are primarily interested, particularly benefited, like the retail grocery and drug industries, really wrote this bill. For that purpose? Namely, to replace the code declared unconstitutional by the Supreme Court of the United States—to replace the price-fixing code consigned to limbo by the Court.

In the course of my remarks today and possibly tomorrow, I shall unfold to you statements made by over 50 economists of this country from the leading universities, clearly indicating that this bill will raise prices to a great degree, to all the consumers of the land.

I would happily vote for this bill despite the fact that it would raise prices if it would concomitantly provide for labor safeguards, as the N. R. A. did. But here you have a very unusual situation—a bill which will replace N. R. A. codes, without the benefit to labor as to hours and wages of employment. That is why I am unalterably opposed to it and will vote against it. You raise consumer prices, but concomitantly you do not raise wages.

Furthermore, a very, very imposing array of organizations is opposed to this bill You may not know it, but almost all the important farm organizations of this land have voiced emphatic opposition to this bill.

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

Mr. CELLER. Just a moment, please.

I have in my hand a letter of pointed and forceful opposition to the bill, addressed to the chairman of the Rules Committee [Mr. O'CONNOR], which I will put later in the RECORD, written by the American Farm Bureau Federation, by Mr. Chester Gray; from the National Grange, by Mr. Fred Brinkman; the National Cooperative Council, by Robin Hood, which, incidentally, comprises 1,450,000 farm members; the National Cooperative Milk Producers' Federation, over the signature of Charles H. Holman; the Farmers' National Grain Corporation, over the signature of M. W. Thatcher; the Northwest Farmers' Union Legislative Council, over the signature of M. W. Thatcher. These names are household words to our Members from the farm lands. Frankly, I do not know a single one of them, yet I recognize the importance of these pronouncements.

If you gentlemen from the farming communities want to disregard the emphatic protests leveled against this bill by those important organizations, you are welcome to do so. You may take your political fortunes in your hands by doing so; but I warn you, gentlemen.

Now, what other organizations have been opposed to it?

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

Mr. CELLER. I yield.

Mr. McLAUGHLIN. Is it not true that the objections of those organizations are directed in part to provisions which have been stricken out by committee amendments?

Mr. CELLER. Oh, no. Their opposition is more fundamental and much broader. I did not mean to take the time to read the letter, but I may read later a significant portion of this letter of May 18. Subsequently I will read to you a letter written May 25 by the American Farm Bureau Federation and the other farm groups, first, in opposition to the so-called quantity discount provision; second, in opposition to the provision which very significantly requires you or me to exculpate ourselves if we are under accusation, reversing the time-honored Anglo-Saxon provision that no man is guilty until he is proven so by his accuser. Under this bill we change all that. The moment the Federal Trade Commission points its finger at you or at me and makes out what they call a prima-facie case, the duty is on us then to prove our innocence. I will say to my distinguished colleague from Nebraska [Mr. McLAUGHLIN], for whom I have an abiding affection, that these farm organizations, in their communications to the Members generally and to the distinguished chairman of the Rules Committee, emphatically opposed this provision of the bill. I will take time to read those provisions if you wish, but I will put the letter in the RECORD later.

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

Mr. CELLER. I yield.

Mr. EKWALL. Does not the gentleman know that the rule he has stated is not the rule in this country; that where the information is peculiarly within the knowledge of the party, then the burden shifts to him to prove that fact?

Mr. CELLER. I must emphatically disagree with the gentleman. In the courtroom the burden shifts from time to time, but under our Constitution we cannot legislatively say that the burden of proving one's innocence shall be upon a defendant in any kind of a proceeding.

Mr. McLAUGHLIN. Mr. Speaker, will the gentleman yield further?

Mr. CELLER. I yield.

Mr. McLAUGHLIN. The fact is, however, that in the letter to which the gentleman has referred from the farm organizations they object to the basing-point system and object to the classification, both of which have been stricken from the bill.

Mr. CELLER. Oh, no; they go much further. Later on, when I have more time, I am going to read the exact wording which opposes the quantity discount and the question of burden of proof.

Furthermore, what other organizations are opposed to it? The National Manufacturers' Association. All the miners' organizations of the country are opposed to it, particularly the American Mining Congress.

They very significantly got the Senate to adopt an amendment to the Robinson bill, exempting the mining business from the operations of the act. The dairymen's leagues in the country are opposed to the bill. The National Voluntary Groups Institute is opposed to the bill. What is the National Voluntary Groups Institute? It is composed of 105,000 retail grocers, druggists, and hardwaremen's associations. They are opposed to the bill, because they are united into voluntary cooperative organizations. They object to the quantity discount provision, or, rather, the requirement that the Federal Trade Commission shall effect a ceiling beyond which no quantity discounts can be made.

The Manufacturing Chemists' Association is opposed to it; the National Retail Lumber Dealers' Association, comprising 23,000 members; the National Retail Hardware Men's Association; the National Publishers' Association; the General Federation of Women's Clubs, composed of the housewives who have been at last aroused to the dangers of this situation; the General Federation of Women's Clubs, comprising 2,200,000 women, are opposed to it. I could go on and on and give you the names of many more very important organizations opposed to the bill, but my brief time at this juncture will not permit. Here are, however, some of them:

The Lehigh Valley Cooperative Farmers' Association, representing organizations of 1,800 farmers in the Lehigh Valley.

Associated Grocery Manufacturers of America; opposed to any limitations upon quantity price differentials; in favor of regulation of advertising allowances, and so forth.

National Coal Association, representing bituminous-coal producers, employing 450,000 men.

National Retail Dry Goods Association; membership distributes one-fiftieth of all consumer goods.

Mail Order Association of America.

Institute of Distributors; members large and small multiple-unit distributors.

M. E. Kingman, representing five nationally known rubber manufacturers.

Additional groups and interests who have either filed letters and briefs or appeared in opposition to the Robinson-Patman bill:

Evaporated Milk Association, representing all the evaporated-milk industry.

National Cooperative Milk Producers' Federation.

American Home Economics Association.

Witnesses at the Borah-Van Nuys hearing who stated their opposition to the Robinson-Patman bill:

Virginia H. Morrison, representing the Community Round Table of Illinois, membership of 500 women's clubs, church and welfare organizations.

Benjamin C. Marsh, executive secretary of the Peoples' Lobby, an organization having for its purpose the protection of the consumers.

John D. Miller, president of National Cooperative Council, an organization of farmer-owned buying and selling cooperatives with 1,450,000 farmer members.

George A. Boger, representing a small farm cooperative.

George H. Thompston, representing farmers' cooperative corporations in Vermont.

Chester R. Gray, representing the American Farm Bureau Federation.

Eugene B. Kingman, representing a number of rubber-goods manufacturers in Rhode Island and Connecticut.

Fred S. Davis, representing Food Distributors Association of Philadelphia; 12,000 retail grocery stores and 40 wholesalers.

Edgar Watkins, council for the National American Wholesale Grocers Association, representing about 75 percent of the wholesale grocery business.

Pacific Egg Producers Cooperative, Inc.

Texas Hardware and Implement Association.

American Cranberry Exchange, representing producers located in Massachusetts, New Jersey, Long Island, Connecticut, and Wisconsin.

Illinois Manufacturers Association.

Mr. Speaker, this is a bill that seeks to help a very small segment of our business population, retail grocers and retail druggists; that is all it seeks to do; but in the attempt to help this very small segment of our population it will derange all manner and kinds of business. It is very interesting to note what the Supreme Court said with reference to this type of legislation in the case of Borden Farms' Products Co. against Ten Eyck. Its statement is most applicable to the legislation at hand:

> The present case affords an excellent example of the difficulties and complexities which confront legislators who essay to interfere in sweeping terms with the natural laws of trade or industry. The danger of such efforts always is that unintended dislocations will bring hardships to groups whose situation the broad rule fails to fit.

This is exactly what is going to happen here; you are going to have dislocations all over the country. The cure will be far worse than the disease.

This bill has been frequently and improperly called an anti-chain-store bill. During all the 14 years of my service in this House I have been opposed to chain stores. Time and again I have offered resolutions providing for multiple chain-store taxes in the District of Columbia. I yield to no man in my opposition to chain stores when they misbehave. I hold no brief for them. This bill is not an anti-chain-store bill, it is an antimanufacturers bill; it is an anticonsumer bill; it is an antivoluntary groups bill; it is an antifarmers bill; it is an antiminers bill; it is an anti-almost everything, and that is why I am opposed to it. [Applause.]

The National Manufacturers' Association have stated:

> That the bills can no longer be considered as directed against chain-store methods of distribution. In our opinion, the bills now propose fundamental changes in the antitrust laws which should be undertaken only after complete study of their effect on the distribution of manufactured articles and their effect on ultimate prices to the consumer."

Mr. RANSLEY. Mr. Speaker, I yield the balance of the time at my disposal to the gentleman from New York [Mr. CELLER].

Mr. CELLER. I thank the gentleman from New York. I had not intended to take so much of his time.

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

Mr. CELLER. I yield.

Mr. PATMAN. The gentleman stated a while ago that these large farm organizations had opposed the bill. For his information, I conferred with representatives of the farm organizations, and we have corrected the substantial objections they urged. The Judiciary Committee met and instructed the chairman to offer certain amendments which are favorable to the sponsors of the legislation and will correct every substantial complaint they have made.

Mr. CELLER. The gentleman from Texas did not ask me a question. I shall, nevertheless, attempt to reply to his statement. I again say the gentleman is indubitably in error. I have a letter from the American Farm Bureau Federation dated May 26, yesterday, in which they again voice emphatic protest against this limitation with reference to quantity discounts, and they ask me to vote against this bill in this language:

> If you do not get a satisfactory answer, we would urge you to insist upon changes in the language so as to allow of all economies of mass and cooperative buying to be passed on to the buyer.

If this language means anything, it means exactly what I told you.

Mr. PATMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. CELLER. Let me complete my statement. I say these farm organiaztions want these amendments in the bill: Elimination of the quantity-discounts provision and elimination of that section placing the burden of proof on the defendant. With the adoption of these amendments, they would be in favor of the bill; and I would be in favor of the bill, too, because I am and always have been opposed to large aggregations, these large mass buyers, receiving benefits in the way of false discounts, false advertising allowances, false service allowances; I am opposed to that, If you will eliminate the evils I have indicated, I will then whole-heartedly support this legislation.

Mr. PATMAN and Mr. BEAM rose.

Mr. CELLER. I must yield first to the gentleman from Illinois.

Mr. BEAM. Mr. Speaker, I am interested from the consumers' standpoint. I followed the gentleman's statement very attentively. I would appreciate it if the gentleman would explain how the housewife and consuming public generally will be affected if this bill is enacted into law.

Mr. CELLER. The bill will provide in effect that everybody must get the same price. The gentleman from Texas has stated that repeatedly, and I will quote from his statements later on.

Mr. PATMAN. If the gentleman will yield, he certainly does not want to misquote me.

Mr. CELLER. I will quote what the gentleman said.

Mr. PATMAN. Read all of the statement. Do not read part of it.

Mr. CELLER. Look on page 3446 of the CONGRESSIONAL RECORD of March 9, 1936, where the gentleman said this:

> In truth and in fact, if the Robinson-Patman bill is enacted into law, all merchants will receive the same prices from the manufacturers that the chain stores now receive.

To the extent that the chain stores or other mass buyers may not receive cheaper prices by virtue of their quantity discounts the consumer will be compelled to pay that difference. I may say to the gentleman that the consumers' prices will be increased because those merchants who, because of efficiency and possibly greater capital and acumen, are able to buy more cheaply will not be able to pass the

savings on to the consumers, and to that extent the prices will be elevated to the consuming public.

If you want any authority on the subject, I would suggest that the gentleman take the volume of the Brookings Institute and get the opinion of Dr. Moulton, who says, in no uncertain language, that this bill will have a very disastrous effect on the consuming public and will have a tendency to raise and elevate prices.

Let me also quote in that regard some language of my distinguished colleague on the Judiciary Committee, Mr. MILLER, of Arkansas. He said, page 6622, of the RECORD, May 4:

> Quantity discounts * * * are economically sound. They stimulate efficiency in trade and industry and make possible lower prices to the ultimate consumer, and higher prices to the farmers and other producers of raw materials.

Therefore, I say, if quantity discounts will reduce consumer prices, then any interference with such quantity discounts by the Federal Trade Commission will to that extent hamper discounts and proportionately interfere with reduction in consumer prices.

While this bill would probably operate for several years, at any rate, as the wholesale grocers and druggists anticipate, and would actually force up prices to the consumer in these two lines and particularly on trade-marked articles, yet in other lines, gradually including grocery and drug items, the very clear and definite effect would be merely to split manufacturers into two classes, namely, those who manufacture and sell only to mass distributors and those who manufacture and sell only to ordinary wholesalers and retailers. When this division had taken place, the manufacturer who would sell only to mass distributors could then sell at any price he desired, and there would be no discrimination since he would not quote prices to ordinary wholesalers and retailers. Under these circumstances, the wholesaler and independent retailer would certainly be worse off than at present, and in many lines would be in a decidedly worse position, since at the present time many manufacturers who now sell to several classes of trade charge a part of their overhead to the mass buyer and thereby offer better inducements to the retailer.

Certainly, no true friend of the independent retailer could support a measure which would bring about the result herein described.

In the interval while this realinement was taking place, there would be great disruption among manufacturers who now sell both classes of trade. While some were deciding which road to take, others would move more rapidly and would get the mass buyers' highly desirable business. Undoubtedly, many manufacturers would be forced out of business. There was ample testimony in the hearings to this effect.

Certainly, this is no time either from the economic or the political standpoint to force a vote on a bill of such far-reaching consequences.

The gentleman from Texas [Mr. PATMAN] complains that I only read to the Members a part of his statements. I read before a very significant part. It proves that all merchants will be treated alike and will receive the same prices. Herewith appears his statement in full from page 3446 of the RECORD.

> In truth and in fact, if the Robinson-Patman bill is enacted into law, all merchants will receive the same prices from the manufacturers that the chain stores now receive. This should not only allow the consumers to save a great deal of money, but will cause competition to be keener and the number of retail outlets to reach the consumer with lower-priced goods will be considerably increased. It is not a subsidy for a small group, but it will be giving all independents the same prices, so that all their customers will be benefited along with the chain customers.

He now says that his statement deals only with sales of equal quantities and under similar conditions. The RECORD shows that he made no reference whatever to equal quantities or similar conditions.

Is this a price-fixing bill?

It would result in price raising and, in some cases, actual price fixing.

The Federal Trade Commission would be empowered to fix maximum quantities (one carload is the quantity mentioned) beyond which there could be no price reductions for additional quantities. This would have a price-fixing effect.

Then the restrictions put on the normal economies of quantity discounts would have a price-fixing effect.

Furthermore, the encouragement of customer classification which this bill gives would tend to force fixed differentials for wholesalers as compared with retailers, and retailers as compared with consumers, without regard to quantity.

The N. R. A. codes fixed prices. This bill seeks to reestablish an N. R. A. code. It implies, therefore, that prices will be fixed. If prices could not be fixed, the active proponents of the bill, the retail grocers and the retail druggists and the manufacturers of trade-marked articles, would not want the bill. The National Food Brokers' Association, the National League of Wholesale Fresh Fruit and Vegetable Distributors, and the United States Wholesale Grocers' Association, through Mr. Teegarten, in their testimony before our Judiciary Committee, admitted that this bill would replace the code. It would, therefore, reestablish price-fixing facilities.

The Federal Trade Commission can fix the ceiling as to quantity discounts. That indirectly is price fixing.

Mr. SABATH. Mr. Speaker, I yield 8 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Speaker, whatever may be the attitude of Members of Congress with regard to this proposed legislation, there must be unanimity of agreement that it is important proposed legislation.

I do not believe that any student of economics in this country can be unconcerned as to what is happening. At one extreme we find ourselves drifting toward an economic feudalism and on the other extreme drifting toward an attitude of dependence upon the Government or somebody else. These two tendencies together are identical, in my judgment, with certain things that happened long ago when the world came to live under a feudalism.

This bill proposes, and its purpose is definite, to try to give to the little man in business and industries a better opportunity to survive than he now has. No student of our system of government can fail to recognize that we have a definite choice. We cannot preserve a democracy in government unless we preserve a democracy in opportunity.

Mr. Speaker, the proposed legislation, in my humble opinion, is in the interest of private property. In days gone by private property was secure behind the line of defense held by smaller men in business and industry. Whenever there was a red agitation, these little fellows gathered about them their schoolmates, their friends, and their kin folk established and held the line of defense. Behind that line private investments were safe. But under this drift the number of those defenders of private property is continuing to be reduced, and these aggregations are getting bigger and bigger, and are attracting more and more attention. If this thing continues, I venture my life on the prophecy the time is not far distant when some men, some opportunists, will take advantage of the psychology of the situation and led by a spirit of revolution will take over these big industries and aggregations of capital. If they have not the money to pay for them, they will use the printing press. Is it possible these great captains of business do not appreciate this peril or will ignore it?

There is not anything in human economy that makes men more dependable than responsibility. Perhaps that statement is not quite right. There is not anything that makes people dependable like responsibility or so willing to fight for a thing as having an ownership interest associated with responsibility. Human beings do not fight for a boarding house as they fight for their firesides. Somehow, some way, in America we have to begin to build from these two extremes toward the middle, and we have not a split second to spare. We have been going along here dreaming that conditions which obtain in other sections of the world and in other ages of the world have by some mysterious sort of process been excluded from us. That is a foolish dream. It may prove to be a fatal dream.

There is much to indicate that the generation in which we live must grapple with the same major problems which have challenged the genius of those who lived in the other great crises of the world and which wrecked nations and civilization in days gone by. There has not been an age in all the history of time as stupendous as this. There has not been a time that challenged men to be statesmen more than this age challenges us. It is not to protect an individual, it is not to give the little fellow more money, it is not to take something from somebody else, but it is to build strong again the foundation of our Government and our civilization. That is the job presently before us. You cannot have it with a few great economic overlords to whom everybody else owes economic allegiance. They are not reading the signs of the times, they are not looking beyond their noses. If they will but read the history of the past, if they will only study the signs of the present, those people who are not blinded by greed and lust for power would come in here and assist us.

Mr. PEYSER. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from New York.

Mr. PEYSER. Apropos of the gentleman's statement a moment ago, is there anything in the pending act that would compel a merchant or manufacturer to sell to the little man if the manufacturer or merchant did not want to do so?

Mr. SUMNERS of Texas. No; but let me tell you right now that if ever those people in this country defy public opinion and deny to the little man a chance to buy they will be committing economic suicide and the gentleman better tell them so. [Applause.] The American people are not going to stand for a few lords of industry destroying this country. [Applause.] I am not an enemy of these people; I am trying to be their friend. They are not more happy. They are not more secure. They are building for themselves an aggregate of opposition from which they will not escape. If they will not allow the existence of the small-business man, their only possible defenders, they, and they alone, will then be the authors of their own destruction.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield the balance of my time to the gentleman from Indiana [Mr. GREENWOOD], a member of the Rules Committee.

Mr. GREENWOOD. Mr. Speaker, I agree with the previous speaker that there is no room in this country for commercial feudalism because we live in a country of democracy, which some have called rugged individualism, where we believe in fair play for all groups and classes that are engaged in the same kind of endeavor.

Along this line, I recall a professor who was beloved very much, just before I left school, gave this instruction to his class:

> You may forget some of the general maxims of the law which I have taught you, but I want you to remember at all times that the supreme function of the law is to protect the weak and to restrain the strong.

This is the purpose of this bill. I trust the rule will be adopted and this bill enacted into law by the Congress.

The Clayton Act undertook to regulate monopoly and prevent unfair trade practices. There has grown up in the more than 20 years since it was enacted certain concentrations of wealth that are not satisfied with the economic power they have of concentrated credit and management. They desire the advantages of being able to buy at a lower figure than other competitive classes that are entitled to the same treatment, and there have grown up certain practices which this bill proposes to remedy. It is contended that because of quantity purchases they should have great discounts. This bill does not undertake to destroy that right, but it does say that another class or group that buys the same amount in quantity shall have the same privilege of purchase. If a bunch of farm cooperatives organized into an association buys as much in quantity as a chain store, they should have the same privileges of a quantity discount, and this bill undertakes to classify and treat them in the same way.

There are certain schemes that have been carried on of allowing fictitious brokerage fees. Some firm that buys in large quantities goes to a manufacturer and says he would like to buy at a fixed price. The manufacturer says, "I cannot sell you at that price, because this is my price", and he says, "I know, but I am giving you my exclusive business and it can be arranged by some agent of mine coming to you and by your paying him a brokerage fee."

This is a false and fictitious fee, and in order to end such trade practices this bill undertakes to eliminate fictitious brokerage fees.

The same is true with reference to service allowances and advertising fees used as a subterfuge to give an unjust discount to someone who uses coercion and says to the manufacturer, "We are buying altogether from you and taking a large portion of your output and therefore you must give us this advantage through this subterfuge."

This bill undertakes to correct this situation.

My friend and colleague from New York spoke of the N. R. A. I am one who believes that the National Recovery Act justified its enactment. [Applause.]

The fair-trade practices that grew up in this country as a result of that law are still going on and it is proposed to continue them with reference to certain phases of the production of goods and distribution to retailers and wholesalers. We must have trade practices of fair competition.

Farm cooperatives will not be injured by this bill. If farm cooperatives that are associated together can buy the same quantity from a manufacturer, they will receive the same treatment as a chain-store or mail-order houses or any other centralization of economic power.

Labor is never injured by fair-trade practices. Labor will take care of itself if these fair-trade practices are enacted into law.

My friend from New York was somewhat excited over the question of the way the Federal Trade Commission shall hear these cases. The gentleman from New York wanted to adopt the rule used in criminal procedure, I presume, that a man to be found guilty must be proven guilty beyond reasonable doubt. The fair procedure in a proceeding of this kind is that used in civil proceedings where a case is made out by preponderance of the evidence.

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

Mr. GREENWOOD. I prefer to finish my statement and then I shall be pleased to yield.

This bill provides that a prima-facie case shall be made out against a manufacturer or wholesaler and after a prima-facie case is made out the burden shifts to the other party, which is offset by proper proof. This is the proper procedure for this kind of case. This is not a criminal case, this is a case between two classes of businessmen and when they have satisfied the rule as to burden of proof, then the wholesaler or the one against whom the complaint is made shall come in and rebut that prima-facie case by introducing his evidence. This is the way it should be handled and in a judicial way it is all in the hands of the Federal Trade Commission.

I think many organizations have been unduly aroused and promoted to a state of excitement by those who have been engaged in these practices, and this is the reason some of these organizations, perhaps, have undertaken to persuade the Members of the House that there is danger in this bill, because the opposition has been promoted. When this bill is understood I cannot conceive that any labor organization, and I have been a friend of labor, or any farm organization, and I have been a friend of those organizations, will have any objection, because the men with whom they transact business, the small merchants in the city and in the town, will receive fair treatment and when any organization is treated fairly there can be no reasonable objection offered.

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

Mr. GREENWOOD. Yes; I yield.

Mr. MAIN. Is it not true that the cooperatives are concerned over the matter of their rights to give discounts rather than receive them?

Mr. GREENWOOD. I am not able to say about that. I do not know of any such desire on part of cooperatives.

Mr. CELLER. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. CELLER. The gentleman may or may not be aware of the fact that in the Senate bill very many penal provisions are embodied. Would the gentleman be agreeable to have the same words in reference to the burden of proof placed in this bill?

Mr. GREENWOOD. I am not discussing the Senate bill, I am discussing the bill before the House which has no penal provisions. The conferees can attend to that matter, and I do not know that the House would yield in that respect.

Mr. GIFFORD. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. GIFFORD. Might it not be very difficult to sustain the burden of proof in the matter of perishable commodities which might be sold at a lower price, and the Federal Trade Commission might be late in considering it?

Mr. GREENWOOD. It is true that complications can arise with reference to commodities, but I believe the law gives the Federal Trade Commission sufficient power to make regulations with reference to commodities.

Mr. GIFFORD. But the burden of proof is on the culprit.

Mr. GREENWOOD. Not until a prima-facie case is made out. That will be for the Federal Trade Commission to decide, and not for the gentleman or myself.

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. SABATH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. MILLER. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8442) making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys from exploitation by unfair competitors.

The motion was agreed to.

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

The Clerk read the title of the bill.

Mr. MILLER. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Without objection, it is so ordered.

Mr. MILLER. Mr. Chairman, I yield to the gentleman from Texas [Mr. PATMAN] 30 minutes.

THANKS TO SPEAKER AND OTHER LEADERS

Mr. PATMAN. Mr. Chairman, those of us who are interested in this legislation appreciate the fact that the Speaker of the House, the majority leader, and the Rules Committee and the Judiciary Committee have cooperated with us in our desire to get this legislation properly considered.

The bill was introduced almost a year ago. The Judiciary Committee held hearings lasting over several months. The questions involved were discussed by those against as well as those in favor, and the committee hearings are available, printed in two volumes, to every Member of the House. Every person who desired to be heard in behalf of the legislation or against it were heard by the Judiciary Committee.

NOT PRICE FIXING

This is a bill unlike the bill referred to by the distinguished gentleman from New York [Mr. CELLER] as a price-fixing bill. It is just the reverse. It is opposed to price fixing. It is an anti-price-fixing bill. The only time I have ever said that manufacturers would give the same price to retailers is in the case where the independent is in a position to purchase the same quantity as the corporate chains; and if the gentleman would read the entire speech, he would find that statement to be true. We are making no effort in this bill to fix the price.

NOT CLASS LEGISLATION

It is not a bill that discriminates against any class or group. It is not a bill that will shelter the independent merchants of this country or reward the inefficient retail merchant, but it is a bill to give equal rights, equal privileges, and equal benefits to all alike who are in the same position, purchase the same quantities under the same circumstances. I venture to say that not one member of this Congress will get on this floor and say that he is opposed to the main purposes of this bill. Some will say that they are not opposed to the main purposes, but that this "particular bill" is not the bill they want. Which bill do they want? Have they ever introduced a bill? Have they ever endorsed any particular bill? No.

PURPOSES OF BILL

What are the objectives of this bill? Mr. Chairman, there has grown up in this country a policy in business that a few rich, powerful organizations by reason of their size and their ability to coerce and intimidate manufacturers have forced those manufacturers to give them their goods at a lower price than they give to the independent merchants under the same and similar circumstance and for the same quantities of goods. Is that right or wrong? It is wrong. We are attempting to stop it, recognizing the right of the manufacturer to have a different price for a different quantity where there is a difference in the cost of manufacture. There is nothing in this bill to prohibit it, but the bill expressly provides that the manufacturer may have a difference in price where there is a difference in cost of manufacture. There is only one exception to that, which I shall discuss after I have finished discussing the other purposes of the bill, and that is advertising allowances.

One great concern in America last year compelled manufacturers to pay it $8,000,000 in pseudo-advertising allowances and pseudo-brokerage charges. That amount of benefits the independent merchants of the country were not entitled to receive from the same manufacturers, purchasing the same quantity under the same conditions. You are in favor of giving the citizens the same right as the corporations in this country, and that is all that we are asking in this bill.

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

Mr. PATMAN. Yes.

Mr. COX. For an observation. In effect that practically forces the independent buyer to provide the fund that goes by way of rebate and advertising to the big buyer, giving him an advantage.

FARMER REPRESENTATIVES FROM NEW YORK CITY

Mr. PATMAN. That is right, giving him an advantage in that way. Another is this dummy brokerage. Let me tell you something about the farmers. You hear talk about saving the farmers. Are we going to have to go to the heart of New York City and get Congressman CELLER and Congressman PEYSER and Congressman BLOOM to come down here and speak for the farmers of this country? They are the principal opponets of this bill. They appeared before the Rules Committee in opposition to a rule. In the investigation we discovered the corporate chains were strong enough to use a few farmers as a front, or a stuffed shirt, as the mouthpiece for them. The investigation disclosed that, and the officials of the chain stores were so pleased with it that they referred to them as the "cornstalk brigade." So I guess Congressman CELLER and Congressman BLOOM and Congressman PEYSER would like to have the use of another cornstalk brigade here before Congress. They are not going to fool the farmers or the representatives of the farmers.

DUMMY BROKERAGE

Take this dummy-brokerage allowance.

There is a merchant in Virginia representing potato growers. He sells thousands of cars of potatoes a year, and

our investigation has disclosed that he had a secret contract with a large mass corporate chain buyer by which he obligated himself to sell every car of those potatoes of those farmers to this large buyer. At what price? Oh, at the market price. That sounds good, but fortunately for the large mass buyer, he was big enough to make the market price. They do make the market in those localities. This man representing the farmers sold those potatoes to that mass buyer, fixing the price himself, and what did he get out of it? He got a secret rebate of $2.50 to $5 on every car that the farmers knew nothing about, and the trade was, "If I don't deliver you every car, for every car that I do not deliver you I will be penalized $5." That is the kind of dummy-brokerage arrangement we are trying to prohibit in this bill.

This is a bill to protect the farmers of this country, I say to my distinguished friends from the heart of New York where holders of privilege reside. I heard one witness before the Rules Committee say that 90 percent of the people affected by this bill live in two congressional districts in New York City. I do not take issue with that statement. I believe it is absolutely true, that 90 percent of them live in those two congressional districts. What are they asking for? They are asking these special rights and privileges and benefits that they are not entitled to enjoy as a matter of right and justice be continued. How? By openly fighting? The representatives of the special interests will not openly fight them, but you will never get a bill that they will favor. There is something wrong with every bill that is presented. We are trying to prevent the dummy brokerage, prohibit a man from doing something for hire against the interest of the person that he is supposed to represent.

QUANTITY PURCHASES

Next is quantity purchases. This bill expressly provides that there shall be price differentials, but against discrimination; a different price for a different quantity, if there is a difference in cost of manufacture. But there is one exception to that. That exception you will approve, I believe, if you understand it as those of us who have been sponsoring this bill understand it.

RAILROAD REBATES

Fifty years ago there was a clamor in this country for legislation to prohibit rebates and discrimination in freight rates, to prevent favoritism in freight rates. The people of this country demanded that the Congress pass a law that would stop such discriminatory practices. The Congress met. The argument then was made on the floor of this House that will today be made against this bill. This argument was made:

Oh, if you do that, these big fellows will not get these cheap freight rates, and that will cause prices to go up, and the consumer will pay the bill. It will raise prices hundreds of millions of dollars a year.

They made those same arguments against that law that they are making against this bill today. But the people were aroused. They were against this cheating and chiseling for the purpose of helping a few large buyers, through discriminatory freight rates, create a monopoly. So Congress passed that law creating the Interstate Commerce Commission. The Interstate Commerce Commission said:

Hereafter we are going to fix the carload as the quantity limit, and whoever causes one carload to be transported will pay the same price per car for transportation as one who causes 100,000 carloads to be transported.

The large shippers came in. They said:

If we have a trainload shipped from Chicago to New York in one direct run, it will only cost about 50 percent per car for transportation that it would cost if you shipped in and out in single cars from Chicago to New York.

They were right about it. The Interstate Commerce Commission did not take issue with them, because they knew it was the truth; but the Interstate Commerce Commission said:

Yes; but if you permit that you will create a worse condition in this country. We have to look into the future. If we permit that, a few large shippers will get all the special prices and the large dealers will destroy the small dealers and we will have a monopoly in this country, and we are not going to permit it. So we are going to stay by that one-carload-quantity limit.

The Supreme Court of the United States, in the case of *I. C. C.* v. *B. & O.* (145 U. S. 263), although not passing on the question directly, expressed itself in favor of what I am saying today. This is what they said:

If, for example, a railway makes to the public generally a certain rate of freight and to a particular individual residing in the same town a reduced rate for the same class of goods, this may operate as an undue preference, since it enables the favored party to sell his goods at a lower price than his competitors, and may even enable him to obtain a complete monopoly of that business. Even if the same reduced rates be allowed to everyone doing the same amount of business, such discrimination may, if carried too far, operate unjustly upon the smaller dealers engaged in the same business, and enable the larger ones to drive them out of the market.

That is what the Supreme Court of the United States said. I will read what the Commission said in another case, the *Anaconda Copper case* (19 I. C. C. 592):

Whatever difference there may be in cost to the carrier between traffic in trainloads and traffic in carloads, it appears to the Commission that to give greater consideration to trainload traffic than to carload traffic would create preferences in favor of large shippers, and be to the prejudice of the small shippers and the public.

Those are two expressions, one from the highest court of this land and the other of the Interstate Commerce Commission, saying that you must not give special rates to trainloads, admitting there is a difference in cost per car, because if you do it, it will create a monopoly in this country and the large dealers will be enabled to crush and destroy the business of the small dealers, and that is against the public and against the consumers.

That is exactly the point involved in this bill. We permit differences in price for different quantities, based upon cost up to one point. What is that point? To the point where a few large buyers can buy at such a low price that they can create a monopoly, just like they had a chance to create through railroad freight rates. We placed a provision in this bill which provides that when that stage is reached the Federal Trade Commission may fix a quantity limit on that particular commodity. The Federal Trade Commission will have nothing to do under this provision unless there is danger of monopoly. I am sure you are in favor of curbing and stopping monopolies. If the Commission believes there is danger of monopoly, then the Commission can fix a quantity limit on that particular commodity, just as they did on freight rates, whether it be 1 carload or 10 carloads, or a few pounds or a thousand pounds, depending on the commodity. It makes no difference. They will be permitted to fix quantity limits above which anyone purchasing that particular quantity receives the same price under the same conditions.

That has already been approved by the Supreme Court of this country and by the Interstate Commerce Commission. It is absolutely fair. Who is there on this floor who will say we should not stop a monopoly, and if it is necessary to do it, that we should fail to give the Federal Trade Commission this power which would permit them to curb a monopoly in the same way that the Interstate Commerce Commission was given the power to curb that monopoly?

A SUMMARY OF THE MAIN PROVISIONS

In this bill, Mr. Chairman, we are asking for those main points, to eliminate these pseudo-advertising allowances, given only for the purpose of favoring the large corporate chains. We are asking that the dummy brokerage be eliminated to the extent that it cannot be used as a bribe to make one person go back upon the person who employed him and betray him. That is, if you are against deceit and trickery and treachery, you certainly ought to be against this dummy brokerage.

We are providing further that quantity purchases shall be permitted up to the limit where a monopoly will possibly be caused; and then the Federal Trade Commission may, not shall, may adopt rules and regulations that will prohibit that monopoly from being created. These are the main points in the bill.

FARMERS' ORGANIZATIONS

Farmers' organizations sent letters to all the Members saying they were opposed to certain things; I learned through their representatives in Washington 2 or 3 weeks ago they were opposed to the basing-point provision of the bill, section 5. So I took it up with the Judiciary Committee. The committee members had heard similar complaints and the committee at a meeting agreed to cut out the basing-point provision. This silenced a lot of the opposition. The basing point is not directly related to what we are trying to do, as I view it, so it was all right to cut that out.

Mr. SIROVICH. What section of the bill was that?

Mr. PATMAN. Section 5.

Mr. SIROVICH. Will the gentleman explain it a little?

Mr. PATMAN. I do not want to explain it, for it is out of the bill, and to discuss it would only be confusing and unnecessarily take up my time.

The next ground of opposition by the farm organizations was the classification section. They were opposed to the classification of wholesalers and retailers. The committee cut out this provision. These were the two important objections raised by the farm organizations. I met with their representatives and we talked over their other objections. I showed them where in the case of their other major objections they were mistaken, and they frankly admitted they were mistaken about it.

There is no reason on earth why any spokesman of any farmer or any farm group or anyone who wants to favor the farmers of this country should not vote for this bill. It is in the interest of and for the protection of the farmers, the wage earners, and the consumers. It is not against their interest; I know that.

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

Mr. PATMAN. I yield.

WILL NOT INCREASE PRICES

Mr. BANKHEAD. Much objection has been urged against this bill on the ground it would tend to increase retail prices to the average consumer of the country. Will the gentleman discuss this phase a little?

Mr. PATMAN. I am glad the gentleman mentioned this. One witness appeared and out of a clear sky made the statement that this bill, if passed, would cost the consumers of America $750,000,000 a year. He had nothing on which to base his statement. If the corporate chains of America save the consumers $750,000,000 a year by selling only 25 percent of the goods that are offered for sale, whenever the independents, who sell 75 percent, get the same price as the chains they will be able to save the consumers of America billions of dollars; and this bill, instead of costing the consumers money, will save them money, will cause competition to be keener, and everybody who buys will get the benefit of the lower prices, and not just those few. Incidentally, the gentleman who made that statement is drawing $110,000 a year as salary and bonus from a corporate chain concern, and he possibly considers that his large salary and bonus are at stake, in jeopardy, and he would like to save them. He knows that if his company has to pay the same price as the independents for the same quantity, and that he cannot chisel and racketeer, that maybe that bonus will be in jeopardy, or that large salary he gets will be in jeopardy, and he was trying to save it.

LARGE SALARIES

Another large corporate chain pays a comparatively few of its officers and directors $1,996,000 a year, pays several of them over $100,000 a year, one of them $180,000, another $140,000, another $52,000, and on down to $25,000. Perhaps they feel their large salaries and bonuses are in jeopardy as long as this bill is pending. This same concern that is paying its officials approximately $2,000,000 a year received $8,000,000 during the particular year of its business we examined in secret rebates and in special discounts that the independent merchants of this country did not receive. They want to keep their secret rebates in order that these big salaries can be paid to them. It is strictly a selfish, greedy proposition. They have no vision; and the Good Book says, "Where there is no vision the people perish." These men are willing for this country to perish so long as they can continue to draw those large salaries and bonuses.

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

Mr. PATMAN. I yield.

Mr. DOCKWEILER. Referring again to the $8,000,000 bonus received by the particular company to which the gentleman referred, I was a member with the gentleman of the committee investigating chain-store activities. Did we not discover that the dividend requirements of this concern were met entirely by these bonuses and allowances, and that they did not even have to earn the dividend out of regular legitimate sales, but could pay it and cover it entirely by these bonuses and rebates?

Mr. PATMAN. The gentleman's statement is correct.

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

WHO WILL PROFIT BY DEFEAT OF THIS LEGISLATION?

Mr. PATMAN. I am sorry, I cannot yield. Much talk is heard about the consumer being entitled to the lowest price. I thoroughly agree that the consumer should be given the lowest price possible, consistent with the interests of this country. This bill is not going to raise prices, it is going to lower prices; but those who want to keep their special privileges and big salaries are trying to build up a psychology in this country that the bill will increase prices. They are doing this in order that they may profit by the defeat of this legislation.

WHO ARE THE CONSUMERS?

Who are the consumers of this country? There are 26,000,000 people in America dependent upon agriculture for a livelihood; there are 36,000,000 dependent on mechanical and manufacturing pursuits for a livelihood; there are 18,000,000 people dependent upon distribution and trade; 9,000,000 dependent upon the professions; and 11,000,000 dependent upon transportation and communication. Is a farmer who goes into a store as a consumer benefited by a destructive price? No; he is ruined by a destructive price, for if the farmer does not get a good price for what he produces he cannot buy what is manufactured by the 36,000,000 people in the mechanical and manufacturing pursuits. If the chains beat down and destroy his price to where he does not have purchasing power, then the wage earners cannot buy because the farmer cannot pay for what the wage earners manufacture.

It destroys their purchasing power. The farmers cannot buy, therefore our whole country suffers. The only way for America to be prosperous is for every group and every class and every section of this country to be prosperous. We cannot be prosperous as individuals alone. We must be prosperous together or there will be no prosperity. [Applause.]

LOWEST PRICE

Whenever you talk about a low price for the consumer, we say "Yes, consistent with all these other things." First, that the farmer or the producer of the raw material has received a fair price for what he produces. Second, the wage earner who converted this raw material into the finished product received a fair wage; and, third, that there was a fair cost added for the costs of distribution. A cost lower than that is destructive to our country and is not a policy that will build up the country.

HOW FARMERS AFFECTED

Let me show you how this affects the farmer. The price of perishable products today is fixed by a few large mass buyers. Whenever you load your potatoes, your tomatoes, your spinach, or anything that is perishable into a refrigerated car, that car moves toward an eastern market. These large mass buyers sit back. They know the car is coming. They know when it was shipped and they know the train it is coming on. They know where it was last night, and they know where it will be today. They know the market it will reach and when it should reach the market. They sit back and when the car reaches a certain market at a certain time, they will take action. Those products can only last so long before they will begin to deteriorate and eventually

become ruined. Those poor farmers in Colorado, California, Texas, and Florida are sitting back there waiting to sell their products. Who are they going to sell to? Just one of two, three, or four large buyers. Those buyers sit back and wait until the time comes when the farmers have to sell or else pay the freight and lose what they have shipped in the car. You know what happens. They sell the perishables for what they can get in order to pay the freight. That is the way the perishable produce market has been destroyed in this country. Then they take what they have stolen and racketeered from the farmers and place it in the show windows of the cities and try to use that as a bait to get people to trade with them, pretending all the time that they are the friend of the consumers. They are not the consumers friend, because the consumers of America are interested in good prices and good wages. That is the only way this country can be built up again.

DEBTS

The people of America today owe $250,000,000,000. How are they going to pay these debts? Our tax burden has been fixed for the next 40 years, and I refer to the minimum tax burden, not the maximum. The minimum has already been fixed for the next 40 years. How are we going to pay $250,000,000,000 in debts and taxes for the next 40 years? Can we pay them with low prices and low wages? If you reduce wages 50 percent and reduce prices 50 percent you double the debt burden of this country in what the people have to pay with. You double the tax burden for the next 40 years. So the only way that America will ever recover is by good wages and good prices, the lowest possible price to the consumer, consistent with a living wage to the farmer and the wage earner, together with a fair cost for distribution. Any other price is destructive and will not build up this country.

GOLDEN RULE

The objectionable amendments, as the gentleman from Arkansas [Mr. MILLER] stated, will be taken from this bill. When that is accomplished the bill is just one demanding honesty. It is one which enforces the Golden Rule in business. It is the adoption of the policy of live and let live. That is the only kind of policy we in this country are entitled to and is the only one that will permit us to live and let live.

Mr. CELLER. Will the gentleman yield?

Mr. PATMAN. I shall be glad to yield to the gentleman if he will correct his statement.

Mr. CELLER. No. I stand on the statement and will repeat it to the gentleman. But will the gentleman agree to the committee amendment with reference to classification of buyers?

Mr. PATMAN. Will the gentleman support the bill then? I suggested to the Rules Committee that I would favor eliminating the classification section.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. ROBERTSON. Will the gentleman yield for a question in reference to perishables?

Mr. PATMAN. Perishable products?

Mr. ROBERTSON. Subsection 3 of section 2 allows price differentials on perishables that are deteriorating.

Mr. PATMAN. Yes. This does not prohibit price changes. You may change your price every minute of the day so long as you are not using it to discriminate in favor of one customer as against another one. [Applause.]

Mr. ROBERTSON. Suppose one merchant would buy one barrel of apples and you would sell it to him at $3 a barrel. Suppose a chain store would say, "We will take the 10,000 barrels that you have for sale."

Mr. PATMAN. There is a difference in the cost of distribution, and you would have a right to permit a differential in price where there is a difference in manufacturing and distribution cost. There would be a difference in the cost of distribution in the case to which the gentleman refers, and they would have the right to make that change in price, but if the same amount was sold to a competitor they would have to give him the same price. If the sales are made in different markets there cannot be a discrimination. Prices can be changed any time so long as it is not done for the purpose of discriminating.

CONGRESSMAN CELLER MISTAKEN

The gentleman from New York is mistaken in that he took part of my statement and did not read all of it. You can oftentimes get statements confused in that way.

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

Mr. PATMAN. I yield.

Mr. MILLER. To clarify the situation referred to by the gentleman from Virginia [Mr. ROBERTSON] I would like to call his attention to the provisions of subsection 2 on page 6, and answer his question specifically with respect to apples. It is entirely possible that you could sell 275 barrels of apples to a customer at a cheaper rate than you would sell 10 barrels because of the difference in delivery and service that the buyer would render.

Mr. ROBERTSON. You are getting on thin ice there.

Mr. MILLER. No; we are not on thin ice there.

Mr. ROBERTSON. You might be selling in carlots and does the gentleman mean to say you could not sell 10 carlots of apples at a cheaper price than 1 barrel or 1 carload?

Mr. PATMAN. If the gentleman wants to vote for this bill——

Mr. ROBERTSON. It is not a question of whether we want to vote for it or not, we want to know what your bill means to the apple producers of the country and we should be frank about it.

Mr. PATMAN. It simply enforces common honesty in business. It prohibits things that every man should be prohibited from doing.

CONGRESSMAN CELLER DID NOT BRING OUT MY ENTIRE STATEMENT

Now, with regard to the statement made by the distinguished gentleman from New York [Mr. CELLER], here is what I said. I said that the manufacturers would have to treat their customers alike and give them the same price, and I still say that. For what? For the same quantity under the same conditions. This is the part that the gentleman did not bring out. He simply failed to tell it all.

The manufacturers will not fix prices between themselves. If you are a manufacturer of shoes and you sell to one person a carload of shoes for $2.50 a pair, based upon carlot quantities, you will be compelled to sell his competitor across the street, if you have selected him as a customer, at the same prices under the same conditions. Is not this fair, is not this honorable, is not this right? This is all we are compelling by this bill. We are not saying that the manufacturer must give everybody the same price. We are saying that whenever a manufacturer selects a customer—and the manufacturer has the express right under this bill to select his own customers, and I would not repeal that right were it within my power—but when he selects these customers, we say to him, "Mr. Manufacturer, you have got to give them the same prices under the same circumstances; you are not going to be allowed to discriminate against one for the purpose of destroying him as a competitor."

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

Mr. PATMAN. I yield to the gentleman from New York.

COOPERATIVES FOR BILL

Mr. SIROVICH. The Atlantic & Pacific Co. owns about 18,000 stores throughout the country and through mass purchase is in a position to buy so cheaply that they can discriminate against every individual store in the Nation. How can we protect the small stores throughout the country and put them in a position to compete and force the large manufacturers?

Mr. PATMAN. By giving them the same rights under the same circumstances.

They now have co-op organizations, and the gentleman was so bold as to state that the co-ops are against this. It is a very foolish co-op that would be against this bill. They

have no protection on earth under existing law, and if this bill is not passed they will have no protection.

Mr. SIROVICH. Would not your bill assist the small stores in going into a cooperative in order to get the same opportunities?

Mr. PATMAN. Certainly; and it will be helpful to the cooperatives.

They even referred to the fact that the co-ops are against this when in the Northwest they organized a co-op for the rubber-footwear industry. They wanted to buy rubber footwear on the same basis that the chains were buying rubber footwear from the same manufacturers. So they went in together, and they offered to buy the same quantity and pay the same price, and the manufacturers said, "We are tied up with the chains, and we cannot do it; we have got to charge you more." There is no law to protect them, but this measure will furnish them protection. It will compel these manufacturers, if they select a purchaser as their customer, to treat such customer fairly and squarely and give him the same rights, benefits, and considerations under the same circumstances, but no special benefits.

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

Mr. PATMAN. For a question; yes.

Mr. PALMISANO. I am in sympathy with the object of the bill, but I should like to know if the gentleman from Texas can explain what effect this bill would have on dealings within the limits of a particular State.

Mr. PATMAN. Of course, it will not apply to intrastate commerce. There is only one exception where it could apply, and that is where the transactions within a State would affect the price of the commodity that was sold interstate, on the same theory as railroad freight rates. This is the only way it could apply to intrastate transactions.

Mr. PALMISANO. The fear I have is that the monopolies may place their orders within a State for their particular stores in that one State.

Mr. PATMAN. The gentleman might as well get that doubt out of his mind, because it will not happen. They cannot do that if this bill becomes law.

Mr. PALMISANO. I hope not.

Mr. PATMAN. They will be absolutely protected.

Mr. TAYLOR of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. TAYLOR of South Carolina. There has grown up a practice on the part of manufacturers of making certain brands of goods for particular chain stores. Is there anything in this bill calculated to remedy that situation?

Mr. PATMAN. I only have a very short time, and I must finish my statement. I have not time to discuss that feature, but the bill will protect the independents in that way, because they will have to sell to the independents at the same price for the same product where they put the same quality of merchandise in a package, and this will remedy the situation to which the gentleman refers.

Mr. TAYLOR of South Carolina. Irrespective of the brand.

STAND BY COMMITTEE

Mr. PATMAN. Yes; so long as it is the same quality. I hope you will stand by this committee. The committee has worked hard on this bill.

They have spent months on it. The gentleman from Arkansas [Mr. MILLER], the gentleman from Iowa [Mr. UTTERBACK] and the gentleman from Nebraska [Mr. MCLAUGHLIN] and others have spent much of their time on it. This is not my legislation, this is not my bill, this is a bill for the Members of the House sponsoring the legislation. Members on the floor today are sponsoring this legislation who sponsored it before I came to Congress.

It is not new legislation. Let us see to it that they do not put any weasel phrases into the act that destroyed the act of 1914. There will be all kinds of amendments offered here. They will contain weasel words, weasel phrases such as destroyed the Clayton Act in 1914. Let us reconstruct and revise that law and give the independent merchants a fair, square deal. [Applause.]

THE LOW PRICE CONSUMERS SHOULD RECEIVE

Consumers should receive the lowest price possible. That does not mean, however, that we should not look into the future and determine the effect of present destructive policies if permitted to continue. For instance, because a corporate chain is bribing or baiting their customers with real low prices while their competitors are being destroyed does not mean that the consumers will continue to get those prices after competition is destroyed; it means that the sky will be the limit as to prices and the people will pay what monopoly says they should pay. On the other hand, the farmers will be compelled to accept the price for what they produce that monopoly says they must accept. The wage earners will be compelled to accept the wage that monopoly fixes. Such a policy in the direction of monopoly is destructive to the best interests of our country. It just happens that the independent merchants are victim no. 1. Farmers and wage earners will be victim no. 2, and the consumers of the country will be victim no. 3.

The consumers are entitled to the lowest price consistent with a fair price to the producer of raw materials, a fair wage to those who convert the raw materials into the finished product, and a fair cost of distribution to the consumers. Remember that the 26,000,000 people dependent upon agriculture, the 36,000,000 people dependent upon mechanical and manufacturing pursuits, the 11,000,000 people dependent upon transportation and communication, the 9,000,000 people dependent upon professional services, and the 18,000,000 people dependent upon distribution for a livelihood are also consumers and they are interested in fair prices and fair wages.

NUMBER OF PEOPLE DEPENDENT UPON DIFFERENT TRADES AND PROFESSIONS

A rough approximation of the number of persons in the United States dependent in 1930 on each main class or general division of industry and service

General division of industry or service	Gainful workers, 1930		1930 population, distributed by industry as were the gainful workers in 1930
	Number [1]	Percent distribution	
Total	48,829,920	100.0	122,775,046
Agriculture	10,483,917	21.5	26,360,137
Forestry and fishing	268,992	.5	676,337
Extraction of minerals	1,156,377	2.4	2,907,526
Manufacturing and mechanical industries	14,341,372	29.4	36,059,093
Transportation and communication	4,438,413	9.1	11,159,682
Trade (wholesale and retail)	7,530,064	15.4	18,933,145
Public service (not elsewhere classified)	1,049,576	2.1	2,638,991
Professional service	3,408,947	7.0	8,571,253
Domestic and personal service	4,814,573	9.9	12,105,476
Not specified industries and services	1,337,689	2.7	3,363,406

[1] Figures are from table 1 of ch. 7 of vol. V of the Fifteenth Census Reports on Population—the General Report on Occupations.

NOTE.—In this approximation, it is assumed that in the United States as a whole, in 1930, the number of dependents to each gainful worker was the same in each general division of industry and service.

The above table was taken from the office records of the Bureau of the Census.

HOW GREEDY GET CONTROL

There is not a danger of monopoly at this time in every line of business, but in the lines of business in which corporate chains are engaged there is already a monopoly in many of the favorite areas in this country. In determining the extent that corporate chains have gone in the direction of monopoly, comparisons should be restricted to the areas in which the corporate chains operate and the lines of business in which they are engaged. For instance, in community A, there is a million dollars' worth of retail distribution business a year. Let us suppose that the corporate chains only do 25 percent of that business, or $250,000. Without further

investigation you would say that there is no danger of monopoly, but suppose that the $250,000 of business represents all of the grocery business in that community for that year and that is the only business in which the chains are engaged in that area. That would show conclusively that in the grocery business in that area that they have a complete monopoly although they are only doing 25 percent of the total retail business, which includes all retail distribution.

Suppose a corporate chain has 10,000 outlets, and it opens a thousand new outlets. These thousand new outlets are in competition with local merchants who have spent their lifetime building up goodwill and the business in which they are engaged. This corporate chain desires to destroy the competitors around these thousand new stores. Under the existing system all they have to do is to let these thousand stores have all their secret rebates obtained by reason of their purchases for all their 11,000 stores and this will enable the thousand new stores to soon destroy their competitors. When these competitors are destroyed, a thousand more stores can be opened and their competitors destroyed in a similar manner. The losses in one place are made up not only by the secret rebates obtained on total purchases but also on higher prices charged to consumers in areas where they already have a monopoly of business where their competitors have already folded up.

RATIO OF BUSINESS DONE BY CORPORATE CHAINS IN WASHINGTON

Chains and independents, and other types of operation

(Census of American Business—Retail Distribution, 1933)

DISTRICT OF COLUMBIA

Kind of business	1933			1929, percent of total sales by chains
	Total sales	Sales by chains [1]	Percent of total sales by chains	
Variety stores	$4,892,000	$4,700,000	96.1	95.3
Shoe stores	4,972,000	3,014,000	60.6	43.9
Grocery stores (without meats)[2]	8,559,000	6,840,000	79.9	80.2
Filling stations	12,318,000	6,913,000	56.1	47.6
Drug stores	15,494,000	9,719,000	62.7	60.1

[1] Includes local, sectional, regional, and national.

[2] Represents only 17.7 percent of grocery-store business; combination stores with meats represent 82.3 percent.

The above facts were given to me by the Bureau of the Census.

The same situation prevails in other large cities of comparable size.

DANGER OF MONOPOLY

At first, variety stores represented the principal line of business operated by chains. Then groceries, shoes, drugs, and others have been embraced. As one line of business is taken over and the areas producing the best volume are covered another line of business is immediately taken up for the same purpose. The Bureau of the Census discloses that in 1933 the variety chain stores in the District of Columbia were doing 96 percent of this business, chain shoe stores 60 percent, chain grocery stores 80 percent, chain drug stores 62 percent. If you limit comparisons to the areas in which corporate chains operate, you will discover that they already have a monopoly in the areas producing the greatest and best volume in the cities of this country in many lines of business.

It is a fact that the census figures disclose that the number of independent merchants have increased during the last few years; but these increases were all over the Nation and in areas not served by chains at all or in lines of business in which the chains were not engaged. Besides, these increases in number of units often represent small filling stations and a small stock of groceries in areas where chains do not operate.

RESULT IF LAW NOT PASSED

The people of America must very quickly decide whether they want absentee ownership of business through corporate chains or whether they want local independent merchants. I believe that the interests of the consumers and this country will be served by preserving independent business which forces competition and lower prices to the consumers. If we have absentee ownership of business, the public will pay and pay dearly, the profits going to the privileged few. Local communities will be destroyed since the local reservoirs of credit will be dried up and the opportunities for young people will be very much restricted.

QUESTIONS AND ANSWERS

I have prepared questions that are usually asked about this bill and have given my answers thereto. They may be found in the CONGRESSIONAL RECORD for Thursday, May 21, 1936, pages 7759–7761, and for May 25, 1936, pages 7885–7887.

Mr. GUYER. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. CELLER].

Mr. MILLER. And I yield 10 minutes to the gentleman from New York [Mr. CELLER].

The CHAIRMAN. The gentleman from New York [Mr. CELLER] is recognized for 30 minutes.

Mr. CELLER. Mr. Chairman——

Mr. CRAWFORD. Will the gentleman yield? Will the gentleman be disposed to yield for a question before he begins?

Mr. CELLER. If the gentleman will give me 10 or 15 minutes to get into my speech I will yield then.

Mr. Chairman, I believe there has been a lot of feeling engendered unnecessarily in the debate on this bill. There has been a great deal of passion and prejudice aroused regarding the different views that we may have on this legislation.

I have no interest in the bill except to see that the people in this country get the proper bill; get a square deal. I think this is unfair legislation. The consumer particularly will not get his due. The consumer will pay the piper.

I hold no brief for the farmer. I have no farms in my district. If any person will take the record of my votes on farm legislation they will find that I have been fairly consistent in voting with the majority in Congress on all farm legislation.

I have voted almost consistently for farm legislation that came before the House. Just because farmers send me communications in opposition to this bill does not necessarily make me a farmer or an exponent of what the farmers want.

But are you going to throw into the wastebasket all of these opinions of the National Grange or the American Farm Bureau Federation or the National Cooperative Council—those of you who sponsored and favored other farm bills?

Now, I am going to read, primarily for the edification of the gentleman from Texas, these opinions from these prominent farm organizations:

MAY 18, 1936.

Hon. JOHN J. O'CONNOR,
Chairman, House Rules Committee,
House Office Building, Washington, D. C.

DEAR MR. O'CONNOR: On behalf of the farmers of this country, we desire to submit to you for your consideration our opinion relative to the proposed Robinson-Patman bill which has been reported by the House Committee on the Judiciary, and which is now awaiting action on a rule before your committee.

As representatives of the organized farmers of this country, we are in favor of legislation to eliminate false brokerage allowances, false advertising allowances, and unreasonable quantity discounts where such discounts are made available only to a very limited number of customers.

These evils were the ones which received considerable attention when this bill was before the House Judiciary Committee and also in the hearings held by the special subcommittee which investigated the American Retail Federation.

Unfortunately, the bill as finally reported out by the House Judiciary Committee did not confine itself to the correction of these abuses but went far beyond into the field of legitimate business and industry.

The bill, in its present form, will greatly restrict and hamper the operations of producer-owned and producer-controlled cooperative associations by unjustly and unfairly preventing farm cooperatives from receiving wholesale discounts and through the strait jacket which it proposed to place on their legitimate merchandising and advertising operations.

In addition, we are fearful that farmers and consumers will be forced to bear the burden of higher prices which this bill would encourage if enacted in its present form.

We therefore urge that the bill go over at least until the next session of Congress, when it can be more carefully reviewed and studied with a view to writing a bill which will correct the abuses

complained of without at the same time obstructing the legitimate business operations of farmers' cooperative associations.

Sincerely yours,

THE AMERICAN FARM BUREAU FEDERATION,
By CHESTER GRAY, *Washington Representative.*
THE NATIONAL GRANGE,
By FRED BRENCKMAN, *Washington Representative.*
THE NATIONAL COOPERATIVE COUNCIL,
By ROBIN HOOD, *Secretary.*
THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION,
By CHARLES W. HOLMAN, *Secretary.*
FARMERS' NATIONAL GRAIN CORPORATION,
By M. W. THATCHER, *Washington Representative.*
NORTHWEST FARMERS' UNION LEGISLATIVE COMMITTEE,
By M. W. THATCHER.

Mr. Chairman, I say to the distinguished majority leader that he should pay some attention to what these farm cooperatives and farm organizations say, namely:

In addition we are fearful that farmers and consumers will be forced to bear the burden of higher prices which this bill will encourage, if enacted in its present form.

Mr. MILLER. What is the date of that letter?

Mr. CELLER. May 18.

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

Mr. CELLER. Not now. To continue, let me repeat its phrase:

We therefore urge that the bill go over at least until the next session of Congress, when it can be more carefully reviewed and studied with a view to writing a bill which will correct the abuses complained of without at the same time obstructing the legitimate business operations of farmers' cooperative associations.

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

Mr. CELLER. In just a moment. Mr. Chairman, the gentleman from Texas [Mr. PATMAN] has made much of the fact that he has been in conference with these gentlemen representing these farm groups. Let us see what the result of his interviews with these farm organizations was. Under date of May 25 we have this communication I hold in my hand—and he saw them before May 25, and if he saw them after May 25 I will show him a letter after May 25—and all these letters up until yesterday, up until 6 o'clock last night, indicated absolute opposition to this bill. Here is a letter of the same farm organizations on May 25:

The bill as reported out by the Committee on the Judiciary did not, in our opinion, confine itself to the correction of these abuses, but went far beyond into the field of legitimate business and industry in such a manner as would definitely injure the operations of farmer-owned and farmer-controlled cooperative associations.

They also object to the classification provisions, and I hope the gentleman from Texas [Mr. PATMAN] will vote with us, with the members of the Committee, in striking out entirely the classification provision. I shall not read what they say with reference to that, but further:

Many of our cooperatives are large advertisers of the commodities which they sell. Because of limited advertising budgets, and because of fundamental merchandising necessary of placing advertising strategically, it would unduly hamper our operations were we required to put our advertising on a national basis. We are unwilling to have our operations put into a strait jacket under legislation which may require that if an advertising campaign is put on in Washington, D. C., a similar program must be followed in each market in the United States in which our cooperatives operate.

In other words, this bill provides that if these cooperatives make any kind of a concession to anyone anywhere, they must go all over the country and make the selfsame concession in all parts of the country, regardless of local conditions. Therefore, these farmers, like all businessmen, like all manufacturers, all chemists, all miners, all involved in the voluntary retail field, are opposed to putting business in that kind of a strait jacket and forcing everyone to do the selfsame thing all over the country. It just cannot be done.

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

Mr. CELLER. In a moment. Let me go on with this letter:

Our final objection rests in the change which is made by section (e) of the proposed bill, in the right of our cooperatives to cut prices whenever such cuts in the prices of commodities are necessary in good faith to meet competition. Under this bill as now before the House, our right to meet competition in good faith is severely restricted. The language of the bill requires that any price cuts be justified by showing that the price cuts were made in good faith to meet an equally low price of a competitor. Not only does this bill thus limit our right to meet competition, but by its very terms places the burden of proof on our cooperatives of establishing the fact of the lower price of a competitor.

That is a very difficult thing for anyone to do, and to place that burden on the farmer cooperatives is quite beyond my comprehension, when advocated by men who come from farming communities.

Under the old Clayton Act, the burden of proof was upon the complainant to prove that a seller had discriminated in price, but under section (e) mere proof of discrimination in prices is taken as a prima-facie indication of unlawful discrimination, with the burden of proof upon the defendant to show that the discrimination was made to meet a lower price of a competitor. We feel that it should be obvious to anyone familiar with business and merchandising practices throughout the United States, that the requirement of finding out what your competitor's price is would do away with the value of this exemption. Under the language of the bill, our cooperatives might be deprived of all of their business by unfair competition or by local competition in intrastate commerce not covered by this bill, solely through the inability of our cooperatives to find out exactly what the lower price of this competitor was.

On the other hand, if our cooperatives met this competition without knowing exactly the prices charged by their competitors, and it later developed that the cuts made by the cooperatives were below the cuts previously made by their competitors, our cooperatives would be subject to triple damages from all of their other customers, although they acted in good faith.

Listen to this: You did not hear anyone saying anything about the triple-damage provision of this bill. While it may not be directly in the bill, take this into consideration: This bill amends the Clayton Act. The Clayton Act provides for triple damages. When you put these amendments into the Clayton Act with its triple damages, you subject your farm cooperatives to very serious consequences. You cause them to be hailed down to Washington from the farthermost parts of the United States to answer all manner and kind of complaints that will be offered, which will be recognized by the Federal Trade Commission, and upon the mere say-so of the Federal Trade Commission, they must come down here and exculpate themselves, prove their own innocence, in a way as difficult as they indicate by this letter. I ask you to pause before you vote for such a monstrosity of a bill; before you subject them to triple damages in the way indicated.

These farmers probably singled me out not because I come from New York, but perhaps some of the other gentlemen from farming communities were adamant and refused to listen to them, probably because they did not realize in the first instance—and pride precludes their realizing now—the far-reaching consequences of this bill with reference to the farm organizations.

In conclusion, the farm organizations say:

We feel that it is a fundamental right of American business and industry, not only of cooperatives but all other legitimate businesses to preserve and protect their established trade against unfair and uncontrolled competition. We feel that no strait jacket should be placed upon the right to meet this competition in good faith.

For consecutive reading I herein set forth the letter in full:

THE AMERICAN FARM BUREAU FEDERATION,
THE NATIONAL GRANGE,
THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION,
THE FARMERS' NATIONAL GRAIN CORPORATION,
THE NORTHEAST FARMERS' UNION LEGISLATIVE COMMITTEE,
May 25, 1936.

Hon. WRIGHT PATMAN,
House Office Building, Washington, D. C.

DEAR MR. PATMAN: In connection with the conference which you held this morning with Mr. Fred Brenckmann, of the National Grange, and Mr. Donald Kane, of the National Cooperative Milk Producers' Federation, with reference to the communication addressed by the farm organizations to Congressman O'CONNOR on May 18, 1936, regarding the Robinson-Patman bill, the farm groups signatory hereto have met and discussed the matters considered at this morning's conference.

As we pointed out in our letter of May 18 to Mr. O'CONNOR, the organized farmers of this country are in favor of legislation to eliminate false brokerage allowances, false advertising allowances, and unreasonable quantity discounts. As we pointed out in that letter, however, the bill as reported out by the Committee on the Judiciary did not, in our opinion, confine itself to the correction of these abuses but went far beyond into the field of legitimate business and industry in such a manner as would definitely injure the operations of farmer-owned and farmer-controlled cooperative associations.

In order that the record may be made perfectly clear, we desire to submit to you in detail our objections to the bill in its present form in the hope that the House may see fit to eliminate these objectionable features and thus remove our objections to the legislation.

Briefly stated, our objections are as follows:

1. We object to the provisions of subparagraph 5 which would eliminate the multiple basing point system of sales.

2. We object to the classifications of purchasers in subparagraph 1 under which farmer-owned and farmer-controlled cooperative associations would be deprived of their wholesalers' and jobbers' discounts. We would like to see this classification eliminated entirely or an exemption granted to cooperative associations in the following language:

"*Provided, however,* That the classifications herein set out shall not apply to producer-owned and producer-controlled cooperative associations nor shall anything in this section abridge or impair any of the rights or benefits granted to certain producer-owned and producer-controlled cooperative associations under existing statutes."

3. Our third objection lies in the possible interpretation of subsection 2 (a) of the Clayton Act, as amended by this bill. We are fearful that this section viewed in the light of the committee report might be construed to mean that different prices could not be charged by the same seller in different markets. If this construction were placed upon the legislation, it would destroy the business operations of many of our great farmers' cooperative associations. Different prices must be charged in different markets, depending upon a number of economic factors, and any attempt to standardize prices of agricultural commodities throughout the United States would be ruinous not only to our cooperatives but to the farmers who market their products through our cooperatives. We would like to have this issue clarified.

4. We are also concerned over the possible interpretation of paragraphs 5 (c) and (d) insofar as these paragraphs affect advertising.

Many of our cooperatives are large advertisers of the commodities which they sell. This advertising is handled in many cases on a cooperative basis between our cooperatives and the purchasers, under the terms of which our cooperatives pay not more than the actual cost of advertising the goods which they sell. Because of limited advertising budgets and because of the fundamental merchandising necessity of placing advertising strategically, it would unduly hamper our operations were we required to put our advertising on a national basis. We are willing that all customers in the same market be granted equal privileges insofar as advertising is concerned, but we are unwilling to have our operations put in a strait jacket under legislation which might require that if an advertising campaign is put on in Washington, D. C., a similar program must be followed in each market in the United States in which our cooperatives operate. We are very desirous that this angle in the bill be clarified.

5. Our final objection rests in the change which is made by section (e) of the proposed bill in the right of our cooperatives to cut prices whenever such cuts in the prices of commodities are necessary in good faith to meet competition.

Under the bill as now before the House our right to meet competition in good faith is severely restricted. The language of the bill requires that any price cuts be justified by showing that the price cuts were made in good faith to meet an equally low price of a competitor. Not only does this bill thus limit our rights to meet competition, but by its very terms places the burden of proof on our operatives of establishing the fact of the lower price of a competitor. Under the old Clayton Act the burden of proof was upon the complainant to prove that a seller had discriminated in price, but under section (e) mere proof of discrimination in prices is taken as a prima-facie indication of unlawful discrimination, with the burden of proof upon the defendant to show that the discrimination was made to meet a lower price of a competitor.

We feel that it should be obvious to anyone familiar with business and merchandising practices throughout the United States that the requirement of finding out what your competitor's price is would do away with the value of this exemption. Under the language in the bill our cooperatives might be deprived of all of their business by unfair competition or by local competition in intrastate commerce not covered by this bill solely through the inability of our cooperatives to find out exactly what the lower price of these competitors was. On the other hand, if our cooperatives met this competition without knowing exactly the prices charged by their competitors, and it later developed that the cuts made by the cooperatives were below the cuts previously made by their competitors, our cooperatives would be subject to triple damages from all of their other customers, although they acted in good faith in meeting the competition and were forced to do so in order to maintain their business.

We feel that it is a fundamental right of American business and industry—not only of cooperatives but all other legitimate businesses—to preserve and protect their established trade against unfair and uncontrolled competition. We feel that no strait jacket should be placed upon the right to meet this competition in good faith.

We therefore feel that the proviso at the end of section (e) of the bill as reported out by the committee should be stricken out and the following inserted in its place:

"That nothing herein contained shall prevent a seller rebutting the prima-facie case thus made by showing that the discrimination in price complained of, in the same or different communities, was made in good faith to meet competition."

Not only will this amendment preserve the existing rights of our farmer-owned and farmer-controlled cooperatives and enable them to protect their business against unfair and uncontrolled competition, but we would also like to point out specifically that this exception applies only to outright price discrimination and does not apply either to (1) false brokerage allowances, (2) false advertising allowances, and (3) unreasonable quantity discounts. We feel therefore that it cannot be used to defeat any of the central objectives of the legislation and on the other hand, is necessary if the rights of our cooperative associations are to be protected.

If the foregoing objections of the farm groups can be met by amendments to the House bill, we would be glad to withdraw our objections to this legislation. Because of our belief in the importance of the principles which we have outlined we are taking the liberty of sending a copy of this letter to each Member of the House of Representatives.

Very truly yours,

THE FARMERS NATIONAL GRAIN CORPORATION,
By M. W. THATCHER, *Washington Representative.*
THE NORTHWEST FARMERS UNION LEGISLATIVE COMMITTEE,
By M. W. THATCHER, *Washington Representative.*
THE AMERICAN FARM BUREAU FEDERATION,
By CHESTER H. GRAY, *Washington Representative.*
THE NATIONAL GRANGE,
By FRED BRENCKMAN, *Washington Representative.*
THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION,
By CHAS. W. HOLMAN, *Secretary.*

Now, does the gentleman want any later views from the farm organizations? I will in due course read a letter that I received last night at 6 o'clock, where the selfsame objections were voiced. That was immediately after the gentleman from Texas had interviewed these gentlemen representing the farm organizations. They could get no relief from him. "Pride probably goeth before a fall." He would not yield to them. He was too proud to yield to them, having made up his mind after having toured the whole country and making outlandish promises to all the retailers all over the land that this bill would be manna from Heaven. I am afraid all these retailers are doomed to disappointment, because this bill will hurt them to the *n*th degree. It is going to force manufacturers into two classes, those who deal with mass buyers, like the mail-order houses and department stores and chain stores and voluntary cooperatives and farm cooperatives, and those who deal with the smaller dealers on the other hand. That is what is going to happen. Instead of these small dealers getting any advantage, you will have confusion worse confounded. The big operators, the mass buyers, will get prices more cheaply because of these artificial classifications required by the bill, because of these foolish limitations on quantity discount, and the little fellows will be compelled to buy from the little fellows, and, far from giving them any kind of advantage, you will give them distinct disadvantages.

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

Mr. CELLER. I yield.

Mr. COX. I wanted to ask the gentleman if in the reference he made to the author of the bill, he intended to question his motives?

Mr. CELLER. Oh, by no means. I yield to no man in my admiration of the gentleman from Texas.

Mr. COX. If that were the disposition of the gentleman, I would like to propound him a question, wondering when he became the spokesman of the farmers, because I thought the gentleman was the special pleader for an entirely different group.

Mr. CELLER. I yield to no man in my admiration of the gentleman from Texas in connection with trying to bring some relief to retailers. I think he is enthusiastically misguided. I do not question his motives. Far be it from me to say so, no more than would anyone question my motives in opposing this bill. I have no farmers in my district; but, goodness knows, if the farmers give me some ammunition against this bill, I would be a jackass if I did not use it. I am using that ammunition.

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

Mr. CELLER. I yield.

Mr. CAVICCHIA. Like the gentleman, I have no farmers in my district, but I have some 300,000 consumers. Will the

gentleman please spend a little time in telling me what effect this bill, if adopted, will have on the consumers?

Mr. CELLER. I stated a few moments ago, while we were discussing the rule, that I would tell you something about what economists have said about this bill and its effect upon the consumers. I have almost 400,000 consumers in my district, and that is why I am primarily opposed to this bill. They would primarily be hurt.

Dr. Harold G. Moulton, of the Brookings Institution, recently said this:

This bill, insofar as it would strike at all those who have heretofore been effective in reducing prices, to that extent will raise prices.

To the same effect Prof. Malcolm P. McNair, of Harvard University, said:

With very few exceptions, the large-scale retail enterprises of today are fighting the consumer's battle. Their bargaining power is a wholesome weight in the balance against the monopolistic tendencies of many manufacturers. Congress certainly will not be serving the consumer's interest by tipping the balance of the scale further toward the manufacturers' side.

Prof. M. C. Waltersdorf, head of the department of economics, Washington and Jefferson College, said:

The proposed law would not facilitate increased distribution at lower cost, but no doubt would hinder flow of goods. This is undesirable, as it would retard rather than facilitate recovery.

Prof. Shaw Livermore, of the University of Buffalo, writes as follows:

I am emphatically opposed to this bill and anything similar to its discriminating against the able and efficient retail distributors of the country. It will tend to destroy healthy competition and not to maintain it.

Prof. William A. Carter, of the department of economics, Dartmouth College, stated that he was—

Opposed to legislative attempts to arbitrarily classify distributors that the proposed bill is administratively unfeasible in regard to quantity differentials.

Professor Carter is against the bill.

Professor Caverly, of the University of Michigan, states that he does not approve of any attempts to restrict free competition as embodied in the bill.

Dr. George Filipetti, professor of economics at the University of Minnesota, says as follows:

The Robinson-Patman bill runs counter to reductions of cost of production and distribution, places a premium of inefficiency, and would be likely to result in the exploitation of the ultimate users of articles of commerce and industry.

While Prof. C. C. Huntington, of Ohio State University, writes:

I believe in lower prices for quantity sales, if such prices are still above the cost of producing, and filling such order is to the advantage of the consumer, and helps the purchasing power of the consumer in the lower income brackets.

In addition to the experts mentioned above, opposition to the bill is professed by Profs. Lewis H. Haney and Walter E. Spahr, of New York University, and Prof. T. R. Snavely, of the University of Virginia.

I could readily quote at length the names of scores of other well-known economists, selected at random from various parts of the country, who have expressed disapproval of the bill, primarily on the score of increased prices to you, the consumers.

I say to the gentleman from New Jersey that this bill will have the definite tendency of elevating prices to the consumer.

The gentleman from Texas makes much of the charge of monopoly. The term is used loosely and intemperately. No charges have been filed as to monopoly. If so, there is an ample remedy.

Now let us take a look at this bugaboo of monopoly they say is about to jump out at you from every store. The proponents of the Robinson-Patman bill say its passage is necessary to prevent retail monopolies or tendencies thereto. In fact, their bill, which has been christened and rechristened by themselves several times, has as its most recent name the Patman-Robinson equal opportunity in business bill, evidently to give it an antimonopoly appeal. There is no monopoly in the retail field. These is not even a leak in the dike. The big national mass distributors—all the talking is about—only do 8 percent of national distribution. The competitors agitating for this bill overlook carefully the fact that 87 percent—of this 8 percent—of the mass distributors have each only 25 stores or less and are sectional or intrastate business. You can't spell monopoly out of 8 percent no matter how hard you spell. And the Federal Trade Commission investigated 6 years at a cost to you consumers of $1,000,000 and could find no monopolistic practices in the retail field.

It is interesting to note that voluntaries are a match for the chains. Corporate grocery chains do an annual business of $2,500,000,000. The grocery voluntaries also do a business annually of $2,500,000,000.

Nine out of every ten stores are independent stores. The number of independent proprietors in business in 1933 actually increased over the number in 1929, while the number of chain stores in that same period of time declined. It is significant to note that more than 75 percent of our retail business in America is being done by independently owned stores.

Also, well over a tenth of the 1,350,000 independently owned retail stores in the United States are now affiliated with the cooperative buying and advertising groups currently prospering and developing in the food and grocery field, in the drug field, and in the limited-price variety-store field.

The gentleman from Texas speaks about the analogy of freight rates. Since the Interstate Commerce Commission passes on freight-rates limits, the Federal Trade Commission should pass upon quantity discounts. He and others suggest the limitation should be a carload. I might remind some of the farmer Congressmen that the Grange League Federation in New York, composed of the National Grange, the Dairymen's League, and the Farm Bureau, a farmers' cooperative, buy, for their members, feed, fertilizer, spray materials, and fruit baskets in trainloads, not carloads. See how you would damage these farmers' organizations by any sort of quantity limitations.

Similar organizations like the Farm Bureau Cooperative in Indiana, Ohio, and Albama the Farmers Unions in Nebraska, the Dakotas, and Oklahoma; the fruit growers of California; and other cooperatives buy, by the trainload, nails, lumber, and other articles used in farming.

It is ridiculous to cite limitations on freight rates. A railroad is a public utility. There is no competition. You must take the railroad facilities or leave them. That is why the Government must step in with limitations as to rates. That supervision cannot obtain and should not obtain when it comes to private business.

It is interesting to read what the Federal Trade Commission said with reference to its chain-store inquiry. Compare its conclusions with the instant bill.

In December 1934 the Commission sent to the Senate its final report on the chain-store investigation, conducted in response to Senate Resolution 224, Seventieth Congress, first session. This report briefly summarizes many of the important features of earlier reports on the inquiry and also presents certain conclusions and recommendations.

Recommendations and conclusions: When the Commission came to consider the social and economic advantages and disadvantages of chain-store merchandising from the legal standpoint, it was evident that many of the economic advantages possessed by the chains were of a character that is in conformity with existing law. Such advantages as those flowing from the integration of production and of wholesale and retail distribution, from the savings involved in avoiding credit and delivery service, and from the ability of chains to realize the benefits of large-scale advertising are all plainly beyond the present scope of statutory law. Nor did the Commission recommend any change in the law in order to eliminate such advantages. Such a program would involve radical interference with the rights of private ownership and initiative, virtual abandonment of the competitive principle, and destruction of the public advantage represented by lower prices and lower cost of living.

As to the vexatious discriminations and limitations in the bill, permit me to read from my minority report:

The decisive factor in connection with this bill is that by a series of dams placed across the stream of competition, its end effect becomes exactly what its proponents allege will not be its end effect, either because they do not understand the real purposes of the group of wholesalers whose attorney wrote the original bill or because they do not understand what the bill actually intends to accomplish and do not desire to admit the intention, but hope to gain the support of the favored groups through its enactment.

The first dam the bill would erect across the stream of competition is hidden within the 17 words here quoted, which circumscribe price differentials:

"* * * resulting from differing methods or quantities in which such commodities are to such purchasers sold or delivered * * * (sec. 2 (a) (2))."

Actually these words practically eliminate legitimate "quantity discounts." Their author is the aforementioned counsel for a group interested in the bill. On page 34 of the hearings before the House Judiciary Committee, he gives a specific example of what those 17 words mean, and it is most revealing. According to it, each buyer, no matter how large his purchases, and no matter how many of the seller's services he does not utilize, must pay for all the services the seller elects to have in his business, and can only be allowed a discount amounting to any savings in cost or service or expenditure his order happens to occasion.

Just consider for a moment what that means in practice. Take the case of a typical important seller who maintains a warehouse system; a string of sales offices in all the larger cities; a large sales force; an elaborate design department; a formidable collection, credit, and statistical staff; an excellent laboratory; a strong advertising department expending many thousands in general advertising; a comprehensive traffic department and an administrative overhead sufficient to represent him at all the conventions and meetings of the trade involved.

Of course such a manufacturer would have large plant capacity; indeed, very probably he would have excess plant capacity, as probably there would be a slack season in his line during which he would ordinarily lay off many men.

He would be set up to make and market a run of production resulting from the usual flow of small-lot orders. It is both a well-known and an amply demonstrated fact that it costs far less to produce a large order permitting the most effective production arrangements than it does to produce a flow of small-lot orders. (Report of the hearings before the House Judiciary Committee, p. 89.) These economies are totally aside from and in addition to those resulting from ability to dispense with services or facilities necessary for developing and administering a flow of small-lot volume.

Now what happens when a large buyer—say, a large department store, a large mail-order house, or a large chain, or a large voluntary group made up of many progressive small retailers—comes to that seller and says: "I have a formula here according to which I want you to make a million units exactly like this sample. I will pay cash in advance, if you like, and I will take deliveries in the quantities at the times most convenient to you, and therefore you can keep a plant going during your slack season, thereby giving men work and spreading your overhead thinner. You do not need to tell me about your laboratory, sales organization, advertising, warehousing system, and all that—I know all about that. It is excellent, but it is for the general small-unit sales field. I do not require any of it. I have my formula and sample here; I do not require your laboratory and design department. I have my own warehouses, sales force, my own advertisements, and my own advertising staff. I merely want to buy your production facilities for a large run, as I would rather do that than buy a factory myself"?

Suppose the seller figures out a fair allowance for those conditions and a deal is struck, fair and advantageous to both parties and to the public, which will as a result get the benefits of the economies resulting. Is not that all entirely fair, logical, and good common sense besides?

But would this bill permit it? It would not.

Those 17 little weasel words quoted above would prevent it. For they mean that the large buyer would have to pay a price carrying a proportion of every one of those unused services which the seller maintained to handle an entirely different type of sales. Or, to put it differently, he can only be allowed what additional expense the seller would have been put to in order to obtain the business in addition to that he obtains as the result of using all his facilities. Those 17 words would probably allow no appreciable allowance for quantity at all under the circumstances cited. However, if the seller had to hire an added inspector because of the order, that might be allowed; or if the buyer had come by some strange chance from a locality which the seller did not ordinarily cover with his sales force, then the expense of sending a salesman to him might be allowed, or if he, because of some strange circumstance, supplied his own shipping boxes, that might be allowed.

That is certainly a dam from bank to bank of the competitive stream, and a high dam. But the proponents of this bill are not satisfied with that dam. They want two more, evidently to be quite sure of their purpose.

The second dam is the provision forcing a seller, if he elects to classify customers in the usual way—that is, as wholesalers, buyers for further processing, retailers and so on—to do so according to a special formula set up in the bill. But this formula prevents his classifying large buyers solely according to quantities bought. Of course, the proponents of the bill cloud the issue by pointing out he can classify according to volume within each classification specified by the bill's formula, but—and it is a very big "but" for the reason given above—he then runs into dam no. 1 and really cannot allow legitimate quantity discounts.

Dam no. 3 is inserted to stymie the seller who realizes the actual import of the arbitrary customer classification formula set up in the bill and innocently believes he can serve his customers and the consumer by producing only for quantity buyers selling direct to the consumer. This dam is the provision which authorizes the Federal Trade Commission arbitrarily to fix the differentials which may be allowed by a manufacturer under such circumstances. Naturally the manufacturer who wrangled the best deal from the Commission would get all the business, and then probably would be forced by the reduction in his differentials to place himself in the hands of but one large buyer, or of two or three noncompeting buyers, if he could find them. In the meantime the small manufacturers competing with him no doubt would be ruined or restricted to what business they could obtain under the classification system prescribed in the bill. The deleterious effect upon those manufacturers thus forced to such an alternative is elsewhere set forth herein.

Thus these three dams placed across the stream of competition by this bill very neatly served to turn the channel of day-in and day-out small-lot sales into the hands of the bill's sponsors, and as well to strait jacket the competitive and economical direct-from-maker-to-consumer channel. And that is the real intention, the real purpose, of the bill—a far different purpose, a far different intention, than its proponents present to the country.

A huge bureaucracy would be set up in the Federal Trade Commission.

Thus the Federal Trade Commission is given a sweeping right to limit quantity discounts according to its own findings. This is a very broad and a very unusual power to extend to an administrative body, responsible neither to the Congress nor to the President. How in practice any organization, much less the Federal Trade Commission, would be able sensibly or physically to determine what is "like grade and quality" or "differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold and delivered" is quite beyond human comprehension.

It would baffle Athena herself to evaluate the various factors that influence production and selling. Then superimpose upon that immense problem that of deciding the reasonableness or unreasonableness of the proffered "quantity discounts", and the task laid in the lap of the Commission by this bill becomes no less than superhuman. Let us take as an example but one article—cotton. I understand there are nine Government grades of cotton alone. There is Sea Island cotton, Egyptian Pima, Chinese Pima, just to mention a few basic classifications. The cotton may be carded or combed; there are 101 or so grades depending upon strength of texture and finish; it may be bleached, unbleached, or mercerized; there are over 100 methods of weaving.

The variety of items in the final channels to consumption is similarly so extensive as to likewise demonstrate the absolute impracticality of the proposed legislation. Sears, Roebuck catalog, for example, comprises 48,000 articles. I have instanced the difficulty of determining grades and qualities of cotton. That difficulty mayhap is present in each of the many raw materials entering into every one of the noncotton items among the 48,000 articles in that catalog.

Price differentials vary according to the service rendered by the wholesaler. For instance, in selling the retailer by way of the wholesaler, the manufacturer assumes the risk in buying raw materials and fabricating goods for future demand. He stores up his manufactured goods and then attempts to find distribution to the retailers through his wholesale customers. His goods may remain on his shelves. There may be no demand. He takes his chances. He must be compensated for these risks. On the other hand, the national distributor, such as a large chain, department store, or mail-order house, may go to the manufacturer with a large order for goods to be shipped directly to stores or distributing warehouses. There is in such a transaction no use for middlemen, brokers, middlemen's advertising expenses, or middlemen's sales forces. All these elements greatly affect prices, in this latter case the buyer renders the services which in the former instance the manufacturer is supplied with through his wholesalers. It is this shifting of services otherwise expensive to the buyer that naturally causes a great legitimate difference in selling prices. Furthermore, there are different kinds of services rendered by different types of wholesalers. There are some wholesalers who perform a complete distributing service for the manufacturer.

There are mill agents, there are so-called desk jobbers who have their offices in their hats and who merely write out orders and send them to the manufacturers for shipment direct. All of these factors cause a wide difference in price, but under this bill those not classified as wholesalers could only obtain quantity price allowances limited to the extra expense involved in selling to them, or making up their orders, or delivering their goods, over and above the cost of carrying on all the activities of the business from which they brought whether or not used by them. However, a customer may be classified, it is obvious the true cost of selling each, and of producing and delivering his order, will vary according to the service and facilities used by each, and those varia-

tions should be reflected in the price. That would not be possible under this bill. Let us take it from the buyer's point of view and consider the different services which the buyer equips to discharge in order more efficiently to serve his customers.

These services replace services which under this bill would have to be classified arbitrarily if any customer classification were made other than purely on the size of orders. In such instance the bill would prohibit the allowance to the buyer of a legitimate reflection of that part of a classified service actually discharged by him. For example, a buyer classified as a retailer under the terms of the bill may discharge, and at less expense, a part or all of the functions discharged by a wholesaler. This is the case with mail-order houses and the large department stores, which frequently, moreover, pool their orders. Under the classification option they would have to be arbitrarily served as retailers. Then any allowance for quantity would have to be justified, subject to review by the Federal Trade Commission, under the very rigid requirements of the bills' wording, which limits such allowance to the actual differing methods in which goods are made, sold, or delivered for each order. On the other hand, a company arbitrarily classified as a wholesaler simply because it happened to be separately incorporated and dealing only with retailers, could buy as small a quantity as one-twelfth of a dozen and still be allowed full compensation for the complete wholesale function plus a profit margin. See page 9 of the majority report, the appropriate excerpt from which is as follows:

"Wholesalers frequently find it necessary to supplement existing stock by additional purchase in small quantities and the above—subparagraph (1)—permits the wholesaler to be accorded wholesale prices on these smaller purchases as incident to his business without the seller having to accord them at the same time on the whole body of purchases in similar quantities on sales direct to retailers dependent upon him for their source of supply."

Furthermore, in considering this question of "quantity discounts", it must be remembered that in actual commercial practice quotations are made under a multitude of differing practices and to cover a multitude of differing conditions. For example, in large segments of distribution the entire sales process culminates not in an actual order but in a mere listing of a price with the large customer, against which orders for the item are later received, either in large or small volume. But it is certain the volume cannot be known when the price is made. Under such conditions, as similarly in many other cases, customary trade practice would be totally upset and disorganized, and unnecessarily so, by any effort to apply the rule laid down in this bill.

Mr. CAVICCHIA. Mr. Chairman, will the gentleman yield for one more question?

Mr. CELLER. Yes; I yield to the gentleman from New Jersey.

Mr. CAVICCHIA. The gentleman from New York is a lawyer. We are, of course, often laughed at when we question the constitutionality of any measure that comes on the floor of this House. We are usually told to leave the question of constitutionality for decision by the Supreme Court. What does the gentleman think of the constitutionality of the bill, particularly the provision relating to price fixing?

Mr. CELLER. Any lawyer worth his salt will have to say that the bill is unconstitutional. It is rather unpopular to say that in this body; I will say it. Not only that, it violates the right of contract. If I, a buyer, am in the market for a million units have I not the right to be able to and expect to buy them at a lesser price than the man in the market for 10,000 units? Who is going to gainsay me this right? It is the right of contract made inviolate by the Constitution. The Constitution guarantees this right to me without molestation from the Federal Trade Commission or any other body; and this right is a paramount right guaranteed to me by the Constitution. I think, therefore, the bill is unconstitutional. If further argument in support of my position is needed, I call attention to the Sugar Institute case, a very significant case. I have not time to read it all. In the Sugar Institute case it was decided that quantity discount when withheld by the members of the Sugar Institute constituted a monopoly in restraint of trade. In other words, the Supreme Court in the Sugar Institute case, decided only a few days ago, held as follows, and I particularly call that to the attention of those Members who are lawyers:

Carrying out its policy as to discriminations, the institute condemned "as unbusinesslike, uneconomic, and unsound, concessions made to purchasers on the basis of quantity purchased." The Court found that this agreement and the practice under it prohibited not only "unsystematic and secret quantity discounts" but also discounts "systematically graded according to quantity." The Court examined defendants' contention that quantity discounts would effect no economies. If, said the lower court, the facts were as defendants insisted the question would arise whether such a concerted restraint was reasonable. But the Court considered the actual facts to be "entirely inconsistent with defendants' position." As to direct costs, the Court found that the refiners got no discount for quantity purchases of raws which constitute about 80 percent of the cost of refined; that quantity sales affected no appreciable direct savings in manufacturing costs and no savings in brokerage; but that in sales to those who could take deliveries in carload lots direct from the refinery, there were substantial savings "in delivery, storage, bookkeeping, and other incidental expenses." And as to indirect costs, the Court found that sales which distribute production more evenly through the year effect substantial savings to the refiners and that the demand for sugar is elastic, so that encouragement of large sales through quantity discounts might reasonably be expected to build up total production and thus effect economies. Also that a quantity discount to wholesalers selling to manufacturers as well as to manufacturers buying directly from refiners, might well result in a substantial increase in sugar consumption.

So the Court said in substance that they insisted that the members of the Sugar Institute grant quantity discounts without let, without hindrance. Exactly what the Supreme Court exhorted and demanded these refiners do, this bill would prohibit. How under the sun you could sustain the constitutionality of the Robinson-Patman bill in the face of this decision regarding quantity discounts in the Sugar Institute case is beyond me. What you do here in passing this bill will be purely abortive; it will be your labor for your pains, because the bill will be back on the Speaker's desk declared unconstitutional by the Supreme Court in due course.

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

Mr. CELLER. Yes; I yield.

Mr. CAVICCHIA. The gentleman in his speech mentioned quantity discounts. The gentleman from Texas in his speech mentioned secret rebates.

Mr. CELLER. That is another matter.

Mr. CAVICCHIA. Will the gentleman please tell us the difference.

Mr. CELLER. I am in favor of legitimate discounts for larger quantities. I am wholeheartedly against secret rebates and so-called secret advertising and brokerage allowances. These large chains go to a manufacturer and say they will buy 50,000 units of a certain product. They will remind the manufacturer that he is not getting the business through a broker and that the manufacturer should make a difference in price commensurate with the broker's commissions. Sometimes they do it secretly. I protest against such secret practices. I am opposed to these secret brokerage allowances. I want to rip them out, root and branch. I want to rip out the secret and so-called advertising allowances; but the bill goes much farther than that. All must be aboveboard and not in camera.

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

Mr. CELLER. I yield.

Mr. KELLER. The gentleman referred to the decision of the Supreme Court in the Sugar Institute case. Was the court divided in that opinion?

Mr. CELLER. No; it was a unanimous opinion.

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

Mr. CELLER. I yield.

Mr. CRAWFORD. Referring specifically to the decision of the Supreme Court in the Sugar Institute case I would like to propound a question with reference to subsection 2 of section 2 of the bill on page 6. The Sugar Institute attempted to discourage or forbid the granting of quantity discounts to anyone and to everyone. As the gentleman from New York read excerpts from the opinion of the Court I got the impression that the Court condemned the institute for its action on the ground that there might be a difference in cost of delivering small truckloads as against carloads.

Mr. CELLER. The Court made no distinction of that sort at all. They said economies would be effected by these larger purchases; therefore it would be an encouragement to effect larger purchases, and the consumer would be saved money because he would be paying less for sugar.

Mr. CRAWFORD. That is exactly the point I am bringing out. The gentleman has emphasized the point I was making. The Court held that the institute should not refuse to give these discounts and they constitute economies that are absolutely evident, and the institute should permit quantity discounts because such procedure might increase the consumption of sugar and therefore result in a lower price to the consumer.

Mr. CELLER. And anything that would discourage quantity discount, and this bill would certainly have that effect, because the Federal Trade Commission could stick its nose into everybody's business, to that extent would militate against quantity discount and fly into the face of the theory enunciated by the Supreme Court.

Mr. CRAWFORD. Subsection 2, as I have interpreted it, would permit quantity discount along the lines set forth in the Supreme Court decision.

Mr. CELLER. In the sense there would be an interference by the Federal Trade Commission in the granting of these quantity discounts, and they would have a right to interpret them and set a ceiling beyond which there would be no discount—to that extent this bill militates against the decision of the Supreme Court.

Something has been said about the limitation of quantity discounts on a carload of merchandise. What effect will that have upon the farmer cooperative? Again I am appealing to you on the basis of the farmers. Do you know, I repeat, that the G. L. F., the Grange League Federation of many States, particularly my own State, including the National Grange, the Dairymen's League, and the Farm Bureau get together and buy in huge quantities. They get together and sell in huge quantities, not in carload lots, but in trainload lots. I am informed, I repeat, that they buy their spray material not in carloads but in trainloads. They buy their feed, their fertilizer, their fruit baskets in trainloads. Will the Commission prevent that? They could under this bill.

Mr. GUYER. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, this is one of the most important pieces of legislation that has ever come before the Congress of the United States. However, this is not an anti-chain-store bill, as many have claimed. There is nothing in the bill that may be interpreted as outlawing or making illegal the chain-store systems of the country. There is nothing in the bill that takes from the chain-store systems any of the advantages they now properly enjoy.

The chain-store systems may continue operation after the enactment of this bill, but the pending bill attempts to eliminate from the present set-up the unfair, unreasonable, and unconscionable advantages that the chains now enjoy because of their ability, through large purchasing power, to coerce the manufacturers from whom they buy, and because of the unfair trade practices which they employ in the operation of their retail establishments throughout the entire country.

As I previously stated, this is not an anti-chain-store bill. It merely takes from the chain-store systems those unfair advantages which, in good conscience, they should not enjoy.

A good deal has been said, particularly by the distinguised farm leader from New York City [Mr. CELLER], about the attitude of agriculture toward this bill. I have a wholesome regard for the gentleman, but I have not yet felt that I should follow him on farm legislation. I admit at the outset that the letters he has read are authentic. The statements which he has attributed to farm leaders are actually their statements; but, I submit, Mr. Chairman, that many of the statements made by these farm leaders in opposition to the bill were made because they were misinformed as to the provisions of the bill. I for one want to assume my part of the responsibility for unintentionally misleading them. I was in conference with them when we were discussing the effect of this bill upon the farmers of the country. This was before the gentleman from New York City began conferring with farmers on farm legislation. In this meeting there were several Members of Congress who have been consistent friends of the farmers, as well as the representatives of several national farm organizations.

Mr. CELLER. Will the gentleman yield? I just want to say I never saw one of these farm leaders. They wrote to me, and I never had a conference with them.

Mr. BOILEAU. That is fine. They wrote to the gentleman because they knew his attitude. I will assume my share of the responsibility for unintentionally misinforming these farm leaders with reference to some of the provisions of the bill to which they have registered objections.

It was not because we failed to make an effort to be properly advised. In order to get the most reliable information we could we invited a distinguished Member of this House, who has been largely responsible for handling this legislation in the Committee on the Judiciary, to come before our group and explain the provisions of the bill. This distinguished gentleman of the House unintentionally gave those of us who participated in this conference an erroneous impression with reference to some of the provisions of the bill.

I can say advisedly that some of the objections voiced by these farm leaders were based upon a misunderstanding of the provisions of the bill. At least two of the principal objections made against the bill were because of our misunderstanding of its plain provisions. The letter of these farm leaders written to Mr. PATMAN on the 25th of May, and to which Mr. CELLER referred, points out two additional provisions, the meaning of which should be clarified. This can be done here on the floor of the House, when reading the bill by section, without offering a single amendment. It will only require an explanation on the part of those who are sponsoring the bill, in order to more clearly indicate the intent of Congress. The distinguished gentleman from Arkansas [Mr. MILLER], the distinguished gentleman from Texas [Mr. PATMAN], and members of the Judiciary Committee with whom I have conferred, as well as members of the unofficial steering committee, all agree upon the interpretation of that language, and I am sure no amendment will be necessary to clarify it. The congressional intent will be made clear from the debate on the floor.

I hear some gentlemen say that the Supreme Court may have something to say about it, but I am sure the language is so clear that even the Supreme Court cannot misinterpret it.

Another objection raised by these farm leaders was with respect to the anti-basing-point provision. They felt that this was a dangerous feature of the bill. I personally would rather have that anti-basing-point provision in the bill, but the committee, in its wisdom, will submit a committee amendment striking it out. The members of the steering committee believe that in order to insure its enactment we should eliminate this provision, and, although personally I would prefer that it remain in the bill, I am nevertheless willing to go along. I am pleased that in this respect we are meeting the demands of the farm organizations with whom I have always tried to cooperate, both as a member of the Committee on Agriculture and as a Member of the House, and whose views I have welcomed at all times in the consideration of this bill.

I have given consideration to their needs as a member of the Patman committee investigating chain stores, and as a member of the executive committee of the Steering Committee organized to promote the adoption of this bill. It is now agreed that the anti-basing-point provision is to be eliminated. So far as I am concerned, I would like to see it remain in the bill, because I do not believe it to be dangerous, but in the interest of the passage of the measure, and because of the apparent apprehension of the farm leaders, I am going to vote to take it out.

Another objection made by the farm organizations was with reference to the classification of wholesalers and so forth. The distinguished gentleman from New York, in his argument a few moments ago, referred to the inclusion of that provision as being one of the reasons the farmers are opposed to the bill. There is absolutely no opposition to

striking this paragraph from the bill. The steering committee has asked that the Judiciary Committee do this, and I understand that the Judiciary Committee has agreed to offer an amendment striking it out. Everyone here is in accord and in agreement that this should be taken out, primarily, because it would be detrimental to the best interests of the farmer cooperatives. When this was pointed out by the farm organizations, all those who had been supporting the bill agreed that this should be taken out. So the gentleman from New York is in error in this respect.

Now he talks about advertising allowances and refers to the farm leaders as being opposed to this provision of the bill. This was objectionable as they first interpreted the bill. However, this is another case of misunderstanding and misinterpretation of the language. They received this impression at the meeting I have referred to, at which time an erroneous impression was given with reference to the actual provisions of the bill. Now that they understand it, all they ask is that the intent of Congress be made clear during the debate. In my own humble judgment, I do not think it needs explanation or clarification. It certainly does not need amendment, because it is very clear that these prohibitions against advertising allowances are not going to be injurious to the cooperative farm organizations of the country.

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

Mr. BOILEAU. In just a moment.

The gentleman from New York [Mr. CELLER] said that if these farm cooperatives—and his heart was bleeding for them—give an advertising allowance in one community, such advertising allowance would have to be given by the cooperatives to all of their customers throughout the entire United States. I confess I do not blame him very much for making this statement. As a matter of fact, I had the same impression myself until I read the bill more carefully.

I think if he will study the bill I am satisfied he will conclude that the farm cooperatives can go into one community and grant advertising allowances and they will not be required to give such advertising allowances to customers in other communities. It is true that if they go into Podunk and give an advertising allowance to one concern in that community they will have to give a similar allowance to any other concern in that community, but not on the west side of New York.

Mr. BLOOM. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. BLOOM. What part of the bill is the gentleman referring to?

Mr. BOILEAU. I am referring to subsection (d), on page 9. At the end of the paragraph it says:

> Unless such payment or consideration is available on proportionally equal terms to all other customers competing in the distribution of such products or commodities.

"Customers competing in the distribution of such products or commodities"—that means the same city or community, with competitors in the same town. But it does not mean that an advertising allowance to a customer on a corner in New York must be made to one in my home town in Wisconsin. They do not compete.

Mr. BLOOM. I am simply looking for information. Will the gentleman tell me in what part of the bill it says anything about advertising at all? Where is the word "advertising" used?

Mr. BOILEAU. We can talk about advertising allowances without using the word "advertising." If you want to find it read section (d) with that thought in mind, and you will find that it fully covers advertising allowances.

Mr. BLOOM. And yet you can find no place in the bill where it uses the term "advertising."

Mr. BOILEAU. No; but the Judiciary Committee discussed the bill and the provisions in paragraph (d) with relation to advertising allowances, and any member of that committee will tell you that that section refers to advertising allowances.

Mr. CRAWFORD. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CRAWFORD. Even if the Judiciary Committee claimed that these provisions on pages 8 and 9 did not import advertising allowances the fact remains that it does embrace it?

Mr. BOILEAU. There is no question about that.

Mr. CRAWFORD. The gentleman made the statement that this advertising allowance would have to be granted to each dealer in a town.

Mr. BOILEAU. I say "competing."

Mr. CRAWFORD. The gentleman means each customer?

Mr. BOILEAU. Each customer.

Mr. CRAWFORD. In other words, I do not have to allow it to people who are not my customers?

Mr. BOILEAU. No.

Mr. CRAWFORD. I could select a single customer in a single town and grant it to him?

Mr. BOILEAU. The advertising allowance?

Mr. CRAWFORD. Yes.

Mr. BOILEAU. No; you could not. If you grant an advertising allowance to one customer in that community who is competing, you must grant it to all his competitors.

Mr. CRAWFORD. Then why the language on line 5:

> To all other customers competing.

Mr. BOILEAU. All other customers competing in the distribution of such commodities.

Mr. CRAWFORD. But he must be my customer?

Mr. BOILEAU. All persons with whom you deal, and if you offer such an advertising allowance, it is my opinion that you must offer it to all customers of yours in that community.

Mr. CRAWFORD. I can select one customer?

Mr. BOILEAU. If you are only selling to one customer.

Mr. CRAWFORD. In a given town?

Mr. BOILEAU. I believe you could do that; yes.

Mr. BLOOM. You only think he can do it?

Mr. BOILEAU. No; I am stating that if you have only one customer in a community, that is the only person to whom you have to offer it.

Mr. BLOOM. You will have to give it proportionately to all other persons in that town.

Mr. BOILEAU. All other customers with whom you deal.

Mr. MILLER. Yes; his customer.

Mr. BOILEAU. That is all.

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

Mr. BOILEAU. Briefly.

Mr. MAY. This is about a matter I think the gentleman will be interested in. The gentleman has talked about cooperatives and, I take it, he has reference to farmers' cooperative associations. There is nothing in the bill that says a word about farmers' cooperative associations, but in subsection (f), on page 9, I think there is enough language to authorize a cooperative in some business which is creating a monopoly to take advantage of it and continue that monopoly.

Mr. BOILEAU. The gentleman stated I refer to farmers' cooperatives. There is nothing in the bill about them. The cooperative farm organizations objected to certain provisions of the bill which they thought would restrict their carrying on business of the type they are now carrying on under the authority of the Capper-Volstead Act. That has been eliminated.

Mr. Chairman, I want now to go on to the other objections. This cooperative proposition is referred to in section (f). That language permits cooperatives in other lines of business to continue as they have in the past, and permits them to turn back to their own members such benefits as might accrue to them in their cooperative enterprise. That is true.

Mr. MAY rose.

Mr. BOILEAU. Oh, I have only a couple of minutes left.

Mr. MAY. I am trying to strengthen the bill.

Mr. BOILEAU. I appreciate that; but I cannot yield further. One other matter I want to bring out, so far as farm organizations are concerned, and their opposition to this bill: I want to make it clear to the Members of the

House that I do not claim to be authorized by these farm organizations to speak for them. They are able to speak for themselves. They have not asked me to speak for them, and I do not want to have anyone get the impression that I even claim to do so. However, I say that of the five objections they raised in the letter to Mr. PATMAN on the 25th day of May, the first four will be all be taken care of by these amendments, and the debate, I am sure, wil clarify the congressional intent, if such is needed, with reference to two of the sections of the bill. There is one provision, however, that they are still opposed to, and that has not been taken care of by proposed amendments. That is paragraph (e).

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

Mr. GUYER. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. BOILEAU. With reference to section (e), they request that the proviso in that paragraph be changed. They want to strike out the part about the prima-facie case which may be rebutted by showing that the lower price to any purchaser was made in good faith to meet an equally low price of a competitor. They would like that changed so that they can offer prices in good faith to meet competition. They insist that is necessary. I do not personally attach the importance to their amendment that they attach to it, although I do not believe that it would harm the bill a great deal to make that change. I feel that the bill is a little better in its present form than it would be with the amendment. I do not believe that the change is necessary to protect the interests of the cooperatives in their legitimate business.

This bill is intended to prevent a seller from discriminating in favor of one customer, giving one customer an advantage that he does not give to his competitor. That is the intention of this bill. The amendment they suggest would not harm the bill a great deal, but it would not make it any better. They, however, still insist upon that amendment, so that the gentleman from New York is about 20 percent accurate. In other words, he says the farm organizations have five objections. I believe I can say without fear of contradiction that the objections have been reduced from five to one, and the gentleman from New York is about 20 percent accurate when he talks about the opposition of the farm organizations. However, I, for one, am going to support this bill in its present form.

[Here the gavel fell.]

Mr. MILLER. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. PEYSER].

Mr. PEYSER. Mr. Chairman, I am going to endeavor to approach this measure from the point of view of the consuming public, to show the disadvantage, in my judgment, that they would be placed at, provided this bill is put into effect, due to what I think is the unworkable part of the bill.

The consuming public represents a larger body than either the laborer, the farmer, or any other individual group, because it means the combined population of the Nation. I do not think any of my colleagues will dispute that. If this bill should become a law, through what I deem to be its unworkable phases the disadvantage to the consumer would be brought about in this manner: Let us assume that a large manufacturer—we call him A—is selling his merchandise today principally to B, C, D, and E, they being chain stores, department stores, mail-order houses, or what not, but large buyers. The remaining part of his product today goes to the small consumer at the country store or the little corner store. If this bill should become law, the manufacturer, A, could conform with this law by confining his merchandise entirely to the merchants B, C, D, and E, and withdrawing his merchandise from the little fellow, representing the small percentage of his output. I asked a question this morning of the chairman of the Committee on the Judiciary. He stated there is nothing in this bill that could make the manufacturer sell his merchandise to a man if he did not want to sell it to him. What does that mean in reflected price to the consuming public? It means that the little man is removed from the picture as far as buying merchandise from the large manufacturer is concerned, and he must seek other channels for the purchasing of that merchandise. Those channels that he finds are open to sell him, not at the price at which he is buying it today, but at a higher price, due to the fact that his purchasing is going into channels where the overhead is higher on account of the mass purchasing power having been removed. Now, who is going to pay that added price that the little merchant must pay for his merchandise? The consumer. In no other way in the world can that little man who is forced to pay more exist, unless he in turn collects that from the consuming public. That is one phase of the bill that I think is unworkable, and will in turn increase the cost to the consumer.

There is another phase. If this should become a law there is nothing to prohibit the man who has his largest distributing points in two or three or four States, from opening up subsidiary salesrooms within these States, and delivering the merchandise to the subsidiaries to conform with the provisions of this act. That man within the State in which he distributes the bulk of his merchandise, it being intrastate, can offer any discounts, any allowances that he sees fit. So that the proponents of the bill, whose sincerity I do not question, are really going to hurt the little fellow, because they are absolutely legislating the people that they want to affect under this bill, into a preferred position.

There is one other situation that could develop. There will be many men today who are manufacturing and offering their merchandise to the general public, who will go into the distributing business themselves and will set up competition against the merchant. This competition does not exist to any extent today. But it is bound to come if this bill is passed. I know of one case in New York of a firm who for 10 years has sold no merchandise to the consuming public in general. He formerly distributed his merchandise to many distributers. Today he has his own stores. He has 10 or 11 and is constantly branching out. That will be the preferred position that other manufacturers will be driven into.

There is nothing to prohibit a man from starting, not only his own factories and his own stores but from withdrawing, if you will, what you might term the "chain store" and building up as a wholesale distributor, and organizing his different chains under a cooperative system, whereby he can sell to those cooperatives which are owned and operated by individual managers today under his supervision. He can sell them under a volume price, in order to conform to this act. In what way are you helping the public under this law? You are not helping them. You are hurting them. If they do take advantage of these evasions, instead of prices coming down to where they are to the big buyer, it will just work the other way. It will put the manufacturer in a position to ask more for his merchandise either in large quantities or in small quantities, as the case may be.

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

Mr. PEYSER. I yield.

Mr. PIERCE. Then, according to your philosophy, you are absolutely helpless? The chain stores become manufacturers and distributors, and there is no help for the situation?

Mr. PEYSER. I do not say we are absolutely helpless. I say we are helpless under this bill.

Mr. PIERCE. But we are helpless anyway. Is not the whole tendency of the chain store to become a manufacturer today?

Mr. PEYSER. It will be if you drive them into the manufacturing business.

Mr. PIERCE. Are they not in it now?

Mr. PEYSER. No; they are not, to any extent.

Mr. PIERCE. Are they not growing vegetables on the Pacific coast?

Mr. PEYSER. They manufacture some articles.

I yielded for a question, not for debate. Let me say to the gentleman that instead of manufacturing a few things, as the gentleman states now is the case, they will be driven to manufacturing all their goods.

I would like to consider the bill now from the point of view of labor. I have had some merchandising experience,

and I know of many cases where factories have been kept busy during off seasons, where the factory would make quantity concessions in price in order to keep their workmen busy, in many cases with little or no profit to himself, this low-priced merchandise in turn being sold at prices well under the regular scale, the added consumption due to low price keeping labor employed and the consumer getting the benefit.

I favor correcting any evils that may exist, but the bill we are debating does not do that, as I have tried to show you, and I, for one, will not support it.

Mr. MILLER. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. FORD].

Mr. FORD of California. Mr. Chairman, I shall not in anywise discuss the technical details of this bill, but I desire to call the attention of the Members to two or three points which seem to me to be vital in its consideration.

We all know that a number of great merchandising chains have been created in the United States. These vast organizations usually center in New York or the East where the great money pools are located. By reason of their broad capital structures, of their efficient organization, of their power to attract to their service men of outstanding ability in their particular lines, they have been able to do a tremendous volume of business throughout the country. They have built up a great system of merchandise distribution, with the result that they have been enabled to purchase the goods they sell at a price considerably lower than that exacted of the small independent merchants for the same or similar goods. It may be argued that because of their efficiency and ability they should be entitled to these advantages. Possibly a strong argument can be made to support this viewpoint, but this carries with it an implication that goes far beyond efficient distribution by chains. If these chains are permitted to continue in their present trend, we shall at no distant future see the retail trade of this country in the hands of four, five, or six great merchandising institutions. These chains will control the distribution of two-thirds of the food and clothing of this country. They have not yet got into the field of shelter, but even in housing there is a tendency toward mass production, the building of knock-down houses at the mill and shipping them to the point of erection. So the time may come when a half dozen great corporate structures may control the distribution of all the things that go to make up the ordinary necessities of life. This being the case, what would happen? The independent merchant would be put out of business, and unless he could get a job with a merchandising chain he would probably have to go on relief. We must all admit that this is evident, it is plain, and it is coming. What will it mean in the end to the producer, let us say, of foodstuffs, when it gets to the point where these chains control the distribution of potatoes, wheat, corn, vegetables, or any other commodity raised on the farm? These chain managers will say, "We will pay you so much for your produce, and no more"; and the farmer will have to take the price offered. Let us take the case of a commodity that has been kicked around as one of the so-called loss leaders in the chain stores, the cigarette. I have seen cigarettes sold at retail in chain stores on the coast for less than the small dealer could buy them at wholesale. Why? Because the small dealer had to pay the price the wholesaler exacted, while the chain stores were able to get a price from the manufacturer that enabled them to put the small dealer out of business.

While this may be to the consumers' advantage for the period during which the chain was forcing the small dealer out of business, ultimately, as soon as the small dealers are eliminated, the chain stores will say to the manufacturer, "We control the distribution of this product now, so we are going to make you accept our price for that product and that price will be whatever we choose to pay."

We are getting to the point where the great distributing chains in this country are able to dictate the price to the producers of many articles; and when they have eliminated competition they are going to dictate to the consumer the price he pays; and, let me tell you, this price will be all the traffic will bear.

To some extent the chain store saves the average consumer money; yes. There are four or five leader articles sold at a price lower than you can buy them for from the independent merchant; but if you buy a full bill of goods and compare the total price with what you would have paid at the small store, you will find that you have paid as much or more than you would have paid at the small store; and in the small store you would get your full weight, whereas in the chain store you very often do not.

The philosophy of this whole matter was set forth by the very eloquent, the very able gentleman from Texas—I place him in the class of statesmen—Mr. SUMNERS, who, in the short 5 minutes he spoke on this floor, set forth the situation as ably as any man I ever heard in this House. [Applause.]

I am going to vote for the Patman bill, because I believe it will benefit the farmer-producer as well as the honest manufacturer; that it will benefit the consumer; and that it will keep in business the 8,000,000, 9,000,000, or 10,000,000 small dealers who have so far made their own way in this terrifically intense competitive system, but who are now threatened with extinction unless the Congress of the United States comes to their aid and does something for them. I ask my colleagues, therefore, to support this bill because it heads in the right direction and may check a dangerous trend. If we do not stop this trend, a situation will develop in this country that will mitigate against any possible recovery.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for me to read a telegram about the co-ops?

Mr. FORD of California. Yes.

Mr. PATMAN. I have just received the following telegram from Hector Lazo, executive vice president, Cooperative Food Distributors of America:

MAY 27.

Hon. WRIGHT PATMAN,
House of Representatives:

In view of controversy relating cooperatives, want to register with you that 98 retails, owned cooperatives, operating in 37 States and owned by 21,000 individual retail grocery merchants, approve H. R. 8442 as recommended this noon by Judge Miller and will help you carry out its purpose throughout the country.

HECTOR LAZO,
Executive Vice President,
Cooperative Food Distributors of America.

Mr. FORD of California. I do not think the argument can be supported that in its present form the bill is detrimental to the cooperatives. The person who makes that argument is not sympathetic with the measure.

Mr. Chairman, I yield back the balance of my time.

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, within a few days after taking my oath of office in this body I introduced a bill moving in the direction in which this one is moving today. I stand on the fundamental proposition that a business operating in this country which refuses to compete should be regulated. I get this philosophy from the Interstate Commerce Act and from the fact that the public-utilities commissions of the respective States say that a public utility must be controlled because it has no competition. It does not compete, it has no competitors, therefore must be regulated by the public. Now, if it is bad to give secret rebates, concessions, advertising allowances, and quantity discounts to the favored few in the movement of freight or in the movement of passengers, it is bad for the economic body and unsound economic practice to give those things in trade between jobbers, retailers, wholesalers, and manufacturers.

This bill is too broad to deal with, in a general way, within the short space of time of only 10 minutes, so I want to get down to something specific. A lot has been said here about the farmers objecting to the bill. Let me take you on a little visit and show you what is happening to one single farm commodity which is produced in some

16 States and is perhaps one of the greatest headliners there is anywhere in the realm of politics. I refer to sugar made from beets.

The domestic sugar industry in this country rests in, we will say, 18 States; Louisiana and Florida in the Southern States, in which will be found the cane fields, and in the territory north of the line I have indicated on the map, we find the sugar-beet industry. There are two chain organizations in this country, one of which distributes about 8,000,000 bags of sugar per annum, operating mostly in the territory east of the Mississippi River. The other chain operates largely in the same territory.

How do they buy their sugar? Let us start at the beginning, in the sugar-beet fields of the Western States, and Michigan, Ohio, and Indiana. The farmer sells the sugar beets under a participating contract which says that he will take for his labor, in the form of a pile of sugar beets, a certain percentage of the net price received from the manufacturer after he sells the sugar, the pulp, and molasses taken from the beets. In some areas it is on a 50–50 basis—that is, you take the net proceeds (not net profits), giving 50 percent to the processor and 50 percent to the farmer.

Where does he come into this bill? The processor sells the sugar through a broker. Who is the broker? Fundamentally, he is a chain broker who has headquarters up in New York City. He has a beaten path from his brokerage house over to the purchasing department of the big chains. Keep in mind, now, we are dealing with a farm product. I am now talking about the pocketbooks of the farmers up in my own district as well as the pocketbooks of the farmers out in the western and middle-western districts, the fellows who perform the stoop labor in the field.

The broker goes over to the chain store and says, "Let me tell you something, Mr. Chain Buyer. I know a certain beet-sugar mill operator out in the West somewhere who is hard pressed for money. He operates under a tax law which reaches in and states that he has to distribute his earnings; therefore he has not accumulated a reserve for working capital. He needs money for meeting pay rolls, for interest charges, for raw material. His warehouse is full of sugar. I will tell you what let us do. Let us make him an offer for a hundred thousand bags of sugar 20 cents below the market. That is 20 cents a bag. It is $120 a car secret rebate. On what? Why, on one carload of sugar. Think of the rebate on 10,000 bags of sugar or on a hundred thousand bags of sugar.

So they flirt around with the processor, who is going to split 50–50 with the farmer, for a few days, and finally this chain broker, who has an office in Detroit, Chicago, St. Louis, Cincinnati, New Orleans, Atlanta, San Francisco, and Denver, Colo., tells the Michigan processor, "Well, Mr. Michigan Processor, you better sell those 100,000 bags of sugar. If you do not I am going over to a processor in Denver, Colo., and buy from him." He is telling the Denver processor the same story the same day.

They put the processors in the sweatbox. He looks at the 100,000 bags of sugar at $4 a bag, and he thinks of a $400,000 check in one lump sum, shipment within 10 days. What does he do? He sells the 100,000 bags of sugar, makes a secret, confidential price—10, 15, 25 cents per bag under the market, in which the farmers own a 50-percent interest. The sugar is sold to a group of fellows who operate a chain store and the deal is rigged by a group who operate a chain brokerage firm. They buy the sugar at a discount of say $20,000. The farmers lose $10,000 on the one deal.

Who did this? A New York chain brokerage outfit operating through a chain set-up. The local broker is crowded out of the picture. What happens? This same group of farmers depend upon two groups of people for distribution. Who are they? The chain stores and the home-owned grocers, the independent retailer who has helped build the Y. M. C. A. and Y. W. C. A., the one who helps carry the Salvation Army, the one who helps build every local institution that we have in every community in this country; those are the people who have held the American civilization together. The local retail merchant contributed to that building as much as anybody, and the chain store contributes about as little as anybody.

If the chain stores will compete I have no objection to them. If they will buy their sugar and other goods on the same basis that other merchants buy theirs, fine. No one can complain about that, and I shall not complain. You are moving 120,000,000 bags of sugar per annum in this country to be consumed by 127,000,000 people. If you spread the same kind of secret discount over the entire production you would have 20 cents a bag on 120,000,000 bags or, say, $24,000,000. The refiner on the Atlantic seaboard located in Boston, New York, Baltimore, Savannah, and at New Orleans and San Francisco, must sell sugar the same way because the same pressure through the same brokerage outfit and through the same chain-store set-up is being exerted on all refiners and beet-mill operators.

Mr. Chairman, every Member here on the floor can see the chaos and destruction of such practices. The American sugar-beet grower (and I have thousands of them in my district in Michigan) has been paying this kind of tribute down through the years. The rigged machinery of the chain broker and the organized chains can whipsaw the market at all times and take this "bargain-counter secret-rebate sugar" into other markets and destroy the price structure not only on the number of bags so purchased but on thousands of other bags of sugar which have been purchased on the "up and up" at full list price by the independent local jobber and retailer. I could put into the RECORD detail figures on these unfair and repulsive practices that would expose a black page in the history of the sugar industry of this country. The American farmer is totally helpless so long as the processor of the beets continues to submit to the "sweating" of the chain broker and chain-store operator. If the chain stores and the chains brokers will not compete on a fair basis, then let us see if Federal legislation can be designed which will "line them up" just as we have heretofore lined up the railroads. A refusal to compete leaves only one thing to be done, and that is to "regulate." As badly as we hate that word, if it is a choice between "monopoly" and "regulation" I personally will choose regulation. In the long run I have no fear of what the people of this country will choose, once they understand the machinery that is involved.

Mr. EKWALL. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Oregon, very briefly.

Mr. EKWALL. I simply want the gentleman to mention Portland, Oreg. I am from Oregon.

Mr. CRAWFORD. Has the gentleman a refinery there?

Mr. EKWALL. No; but I would like the gentleman to mention my State. [Laughter.]

Mr. CRAWFORD. Very well; we now have Portland, Oreg., in the RECORD.

I want to touch now on one other thing, and that is with respect to the basing-point provision. A lot of people do not understand the basing-point provision and it is easy to understand why they do not. Lots of products are sold f. o. b. a given point. We will take, for instance, sugar. Sugar is sold f. o. b. New York City. The price today of cane sugar is $5 a hundred f. o. b. New York City, and the price of beet sugar is $4.80 f. o. b. New York City. The processor of sugar beets will receive an offer, we will say, at Saginaw or Bay City, Mich., to sell sugar at Bay City at the New York basis of, say, $4.80. The sugar is invoiced to the Bay City wholesale jobber at $4.80 per hundred pounds, plus the freight rate from New York to Bay City, and the Bay City jobber picks up the sugar at the Bay City processor's warehouse. If the sugar is sold to a customer at Cleveland, the price is $4.80 plus the freight from New York to Cleveland, and the Bay City processor pays the freight from Bay City to Cleveland. The freight charges from New York to Bay City are much greater than to Cleveland. Also the freight charges from the Bay City processor's plant to the jobber's warehouse in Cleveland is very high, all resulting in a much

higher net for sugar sold and delivered at Bay City than if sold and delivered by the Bay City processor at Cleveland.

[Here the gavel fell.]

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

Mr. FLETCHER. Will this bill remedy that sugar situation?

Mr. CRAWFORD. Only in part. It is hoped to remedy the secret rebate I have mentioned. The basing-point provisions are to be eliminated from the bill, I understand.

We are going to strike out of this bill the basing-point provision, and if I had the time I could show you where, if that goes out, it may cost the American sugar growers of this country millions of dollars annually, and I know the figures that I am talking about. However, you cannot keep it in this bill and pass the bill, can you, Mr. Chairman?

Mr. MILLER. That is the impression I have.

Mr. CRAWFORD. That is right.

Mr. MILLER. I agree myself that the basing-point practice that has grown up is indefensible, but I do not believe that can be taken care of in this bill.

Mr. CRAWFORD. Neither do I, and I am not going to object to throwing that out of the bill, because we can crawl a little bit at a time and go as far as we can with this bill.

We have not the time to go into this, but I could submit actual figures and show where this bill, if it is workable, will turn back into the pockets of some 80,000 sugar growers in this country literally millions of dollars on the elimination of the secret rebates and price concessions and advertising allowances on that one commodity alone, and yet we have had statements here from farm organizations opposing this bill because they understand that the bill will do thus and so. They were speaking about the bill as it had been explained to them and as it had been read to them in previous prints, and they were not speaking about the bill as we will vote on it in a day or two.

Mr. CELLER. I may say to the gentleman that in my time I read a letter dated yesterday at 6 o'clock p. m., where the farm organizations are still opposed to the bill.

Mr. CRAWFORD. That may all be true, but within the last day or two agreements, I understand, have been reached on certain changes that are to be made before final passage, and I know that the farmers who have not seen their leaders for months, and may not see them for years, think about how they are going to be affected by this bill.

In addition to the elimination of these secret rebates, take this advertising scheme: A chain store will make a deal and say, "Give us a 10-cent advertising allowance on 100,000 bags of sugar, or 10 cents a bag", and they will run a little ad that may cost them $5 in 40 or 50 different papers and they will collect $10,000 as an advertising allowance for this; and then they will take that very ad and say to these farmers what a great factor the chain is in distributing the products of the farm in that particular county where the ad has been run.

Now, I must come back to the fundamentals, because my time is about to expire. If a business refuses to compete, why not regulate it? If it will compete, then there is no reason for any regulation. If secret rebates and advertising allowances and practices of that kind are destructive in the transportation of goods, why are they not just as destructive in the barter and sale of those goods? These are the fundamentals you are dealing with.

A manufacturer does not dare drive out of his distributing machine the independent retail merchant. If he does the other independent retail merchants will boycott him, and inside of 60 days to 6 months his factory will be closed; but the same manufacturer will say to a chain-store operator, "You can have my shirt, you can have my pants, you can have my B. V. D.'s", while he says, by practice, to the little retail merchant who has held the community together, "I will help the chain store drive you out of business by allowing the chain secret rebates, and so forth, and I will give them anywhere from 5 to 25 cents per unit as a secret allowance", playing the cards under the table, while he denies the independent wholesale merchant or the home-owned retail house that is operating in the community where the goods are grown, processed, and distributed the same privileges. This is unfair. This is highly destructive of our entire economic procedure. It goes further than that and eventually, if not checked, it will destroy the present social and economic institutions of our country. I favor checking this drift if there is any constitutional way it can be done, and I believe there is. [Applause.]

[Here the gavel fell.]

Mr. MILLER. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. McLAUGHLIN].

Mr. McLAUGHLIN. Mr. Chairman, it seems to me that the discussion of this bill has been enlightening, but because of the ramifications into which it has run has been at the same time a little confusing. Therefore I am going to ask the indulgence of the Committee in the short time allowed me in attempting to contribute to this debate by clarifying the issues before us in the consideration of this measure.

One might be led to the conclusion after hearing the discussion here that this is a new measure, that we are seeking to establish a new policy and to engage in a new type of regulation. That is not true. In weighing and considering the arguments upon this bill I ask you to bear in mind that it will accomplish only an amendment to existing law which has been on the statute books in this country since 1914.

In other words, this is an amendment proposed to the Clayton Act, an amendment to only one section of that act.

Let me read the section which the bill proposes to amend.

Section 2 of the Clayton Act reads:

> That it shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to discriminate in price between different purchasers of commodities which commodities are sold for use, consumption, or resale within the United States, or any Territory thereof, or the District of Columbia, or any insular possession, or other place under the jurisdiction of the United States, where the effect of such discrimination may be to substantially lessen competition or tend to create a monopoly in any line of commerce.

That is section 2 of the Clayton Act.

And then Congress added a proviso, as follows:

> *Provided*, That nothing herein contained shall prevent discrimination in price between purchasers of commodities on account of differences in the grade, quality, or quantity of the commodity sold—

And so forth. In other words, section 2 of the Clayton Act prohibited discrimination in price, but in the proviso it is provided that discriminations in price are permitted, so that the proviso which was added to that section completely destroyed the section itself.

Now, this bill before us presented to the Judiciary Committee simply does what section 2 of the Clayton Act intended to do. In other words, it provides generally that discrimination in price is prohibited, but sets forth the conditions under which reasonable and proper allowances may be made in price for the specific reasons and upon the particular grounds set forth in the act.

The bill under discussion prohibits the specific abuses which have grown up under the Clayton Act because of the proviso to which I have just referred.

There are three types of discounts used as subterfuges by manufacturers to large purchasers in order to afford to those purchasers a reduction in price as contrasted with the price which the small purchaser is allowed. Those three discounts are advertising discounts, or pseudo advertising discounts, if you will; brokerage discounts or pseudo brokerage discounts, if you will; and quantity discounts. This bill does not prohibit those three discounts. In fact, it clarifies the law and states the terms and conditions under which those three discounts may properly be allowed. Advertising discounts are limited to legitimate advertising discounts, and no purchaser or manufacturer should complain about that. Brokerage discounts are limited to legitimate brokerage discounts and not secret rebates, and no manufacturer should object to that. In fact, I am informed that manufacturers are anxious that this bill be passed in order that they may not be gouged as they have been in the past by large-quantity purchasers who are demanding these unreasonable discounts.

The third is quantity discounts. It has been suggested, but the general impression has been created in connection with this bill, that this bill, if enacted into law, would require that a manufacturer sell to the man who buys a dozen articles at the same rate per article as the man who buys a thousand or a thousand gross of those articles. That is not the case. Quantity discounts are allowed under section 2, as shown on page 6 of the bill, but only for differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchases sold or delivered. So that a manufacturer who can effect a saving in cost of manufacture or effect a saving in delivery in different quantities is allowed to grant a discount on account of such savings. Using, however, the analogy of the Interstate Commerce Commission in fixing rates on interstate shipments by railroad, which has been followed, the bill provides that there shall be a limit beyond which no discount shall be allowed. In the case of the Interstate Commerce Commission the limit was fixed as a carload lot, as we have heard it explained here by those who have preceded me.

It has been suggested and urged, and was urged at the time the interstate commerce law was passed, that Congress should go further and permit discounts beyond that unit for the reason that a railroad can ship more cheaply a trainload than it can ship individually the aggregate of cars that go to make up that trainload. The Interstate Commerce Commission held, and it has been upheld by the courts, and I think we will agree, wisely, that discount beyond a carload would not and should not be allowed for the reason that but very few shippers would be in a position to take advantage of it. Very few shippers would ship in such quantity as to make that discount beyond a carload lot available to them. So this bill allows the Federal Trade Commission, after proper consideration of the facts, to fix the limit of quantity beyond which no quantity discount shall be allowed.

To summarize briefly, this act permits allowance for discount as stated in section 2 on page 6 for difference in the cost of manufacture, sale, or delivery resulting from differing measures or quantities in which the commodities are sold or delivered to the purchasers but allows the Federal Trade Commission to fix quantity limit beyond which no discount will be allowed.

This provision is based upon and follows the theory of quantity limitation, provided for as to transportation in the Interstate Commerce Act.

The bill merely strikes out the proviso in the Clayton Act which renders ineffective as to quantity discounts the provisions of that act prohibiting price discrimination and at the same time makes the Clayton Act effective as a prohibition against improper discounts or rebates under the guise of advertising discounts, or brokerage discounts.

As a member of the Judiciary Committee to which this bill was referred and as a member of the subcommittee which studied and considered this measure, I have listened to the testimony of witnesses and have read the printed briefs and arguments and have reached the conclusion that the measure is designed to protect the independent merchant against unfair practices which, if continued, will ultimately destroy independent merchandising.

I have no desire to shackle legitimate business or to impose unreasonable restrictions upon legitimate business. On the contrary, I am in favor of all possible assistance to the conduct of industry, trade, and business generally in a fair and honest manner.

The time allotted to me does not permit me to touch upon all the phases of the bill or to refer to all of the points made in the arguments thus far on the floor of the House. However, I have pointed out the essentials of the measure and the good which will result from its passage, and I trust the House will pass this act with the committee amendments which have been described by those who have preceded me on the floor in the discussion of this bill.

Mr. MILLER. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. Mr. Chairman, I take it this measure is intended to restore to the American boy the opportunity which has been taken from him by great wealth.

Adolph Hitler, of whom I do not approve much, said that he would sooner have 10,000 Germans owning 10,000 stores than one German owning 10,000 stores. I would sooner have 10,000 Americans owning independent businesses than have one chain company owning 10,000 stores.

A few years ago one of the founders of the A. & P. died in Connecticut, leaving his son $135,000,000. His mother bewailed in loud tones that she was worried lest some designing woman should come along and get that $135,000,000. While worrying about the disposition of that great fortune, the good widow should have also given some thought to the manner of its acquisition. She should have thought of the many small independent merchants who were destroyed and whose families were left destitute by the chain organization of which her husband was a part. These independent merchants were destroyed because there was no law to protect them from the menace of organized wealth.

The very bigness of these chain organizations makes them a menace to our civilization. They have a disregard not only for the laws of the land but for the laws of God. They even attack something sacred to every man and woman in this room. They disregard a day that has been handed down and observed by us for thousands of years—the Sabbath of Moses and the Sunday of Christianity. I want you to show me, if you can, one of these institutions that has any respect for that day.

A great judge in Missouri by the name of Scott, away back in years gone by, said in sustaining the law prohibiting the transaction of business on Sunday: "It is right and proper that this day should be set apart as a day of rest. Why, even the beasts of the field know when Sunday comes because a harness is not adjusted to them."

I am not a Sabbatarian, but I do believe in a proper observation of that day from the standpoint of religion, rest, and pleasure.

In almost every city in this country today you will find a group of chain stores, under the guise of drug stores, selling every article under the sun and keeping open 18 hours on Sunday as well as the day before, the Sabbath of Moses. The underpaid clerks of these gigantic organizations are forced to observe the day set apart for worship, peace, and rest by selling the wares of their mercenary employers. Do we want the civilization handed down to us by our Savior, or do we want to substitute for it this new civilization introduced by the chain organizations who have but one god—money?

I say we are a bunch of cowards if we do not come forward and take steps to correct this evil.

On Easter Sunday I was over at Atlantic City, and I have here a few articles of necessity that were sold to me there that day. I purchased this hammer at McCrory's. I do not know why it should be necessary to sell hammers on the Boardwalk on Sunday unless for the purpose of hitting some fellow on the head after he had indulged too freely in something obtained in one of these modern women's barrooms. [Laughter.] Then I found this belt. There might have been some necessity for this. I bought it at Woolworth's. Then I also purchased this rack at Woolworth's for 20 cents. The label explains what it is to be used for.

There might have been some need for a fellow buying this bath brush on Sunday, but he should have been made to buy it the day before or the day before that.

I also bought this saltcellar, again at McCrory's.

On another Sunday, while in Atlantic City, I bought this jewelry. There was this pair of pierceless earrings, 10 cents at McCrory's; and this pin of indestructible pearls,

10 cents at Woolworth's. Then I went into Henry Ford's elaborate display on the Steel Pier. There I found men putting machines together, while high-pressure salesmen explained the fine points and took orders for the sale of these automobiles.

I next went to the other end of the walk, at the corner of Georgia Avenue and the Boardwalk, and found the display rooms of that great plumbing-fixtures organization, Crane's, which boasts of being the largest concern of its kind in the country. I was taken in, and they showed me 27 different toilet-room arrangements. [Laughter.] All of this was on a Sunday afternoon.

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

Mr. SHANNON. I yield.

Mr. PEYSER. Why did the gentleman encourage them by buying these things on Sunday?

Mr. SHANNON. I bought them to bring them here that you might see them. [Laughter.]

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

Mr. SHANNON. I yield.

Mr. RICH. I happened to go down town the other day after the gentleman spoke about the fisheries and I looked in the front window of a chain store and all I saw was imported fish from foreign countries, instead of using the fish from our own countries.

Mr. SHANNON. Yes; let us strike. Remember you are striking for your child and your grandchild, that he may have the opportunity that you and I had before the damnable chains came into existence in this country. [Applause.]

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

Mr. SHANNON. I yield.

Mr. RANDOLPH. I was much interested in the gentleman's remarks. May I add this observation to what my colleague from Missouri has said relative to Sunday selling: In Washington, D. C., the store of Woodward & Lothrop does not even place advertisements in the Sunday newspapers, and their windows are covered with blinds on Sundays.

Mr. SHANNON. The chains will do something to that concern.

Mr. RANDOLPH. Of course, it is not a chain store.

Mr. SHANNON. I understand. It is an institution that observes the rules of decency.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, ladies, and gentlemen, this so-called anti-chain-store bill before us does not introduce a new principle of law or policy in this country, as I understand it. Many years ago Congress became convinced that some industrial and commercial organizations had become so powerful and were indulging in such discriminatory practices as to amount to unfair and unjust discrimination and created powerful monopolies.

Let us not forget that it was a Republican Congress and a Republican administration that passed the Sherman antitrust law and led in the field of legislation to protect the small-business man and the small concern against monopolies. At that time and under those conditions the great concerns that were charged with being guilty of these discriminations and the development of these great monopolies were engaged in industrial production—steel, oil, sugar refining, and so forth—and in the distribution of these products. The great chain organizations for the distribution of food, drugs, clothing, furniture, house furnishings, and so forth, were unknown. They had not been developed.

As our country developed, it was found that the antitrust laws did not meet a number of new conditions and situations, and therefore in 1914 Congress passed what is known as the Clayton amendment to the Sherman antitrust law. A provision was put in that law, however, that greatly weakened its effectiveness. But for that provision in the Clayton Act, this measure might not now be necessary and we might not have been confronted with conditions that now call for action on this legislation.

The big railroads many years ago developed a practice of secret rebates to large shippers and to favored sections of the country. The railroads, like other great aggregations of brains and capital, refused to compete fairly with their competitors of less capital or give rates comparable to small shippers and other sections, and it was therefore necessary to regulate them. For industry and commerce, we put through the Sherman antitrust law, with the Clayton amendment, and set up the Federal Trade Commission, and to cut out these unfair practices on the part of the railroads we established the Interstate Commerce Commission. I think it is now generally admitted that these measures were necessary and wholesome for the people generally of this country.

Since the passage of those acts we have developed in this country other great giants—great aggregations of brains and capital—the so-called chain stores. They have been engaged in distribution. In the beginning they distributed mainly food products, but the field has widened. Now they handle food, hardware, drugs, furniture, clothing, and even fruits and farm products.

We find billions of capital and a great array of brains controlling these great enterprises. All of us admire the high efficiency of many of these great organizations. A single chain has as many as 14,000 units scattered throughout the length and breadth of the land.

It is not the purpose of this bill to destroy or unreasonably or unfairly hamper any legitimate business institution, however large it may be. May I invite your attention to the announced purpose of this act? The very first line of the bill reads:

An act to supplement existing laws against—

Against what?—

against unlawful restraints and monopolies.

It can be seen at once that it is in harmony with the Sherman antitrust law and its amendment, the Clayton Act. Who is there in this House against enacting laws to restrain and prevent monopolies and unfair trade practices?

The next section provides that—

It shall be unlawful for any person engaged in commerce—

To do what?—

to discriminate in price—

Well, discriminate how far and how much?—

where the effect of such discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce * * * or prevent competition.

Is there anything unfair about that? Democrats and Republicans throughout the years have been declaring in their platforms against monopolies and urging the restraint of monopolies. One of the serious objections to the N. R. A. was that it broke down and suspended the Sherman antitrust law and the Clayton Act. It favored the big business concern and discriminated against the small business concern. It made it possible, and it occurred in thousands of instances in this country under the N. R. A., for the whales in business to destroy and swallow the small fish in business; and one of the great objections to the A. A. A. and the Cotton Control Act was that they benefited the great sugar and cotton plantation owners of the South and the great wheat and corn growers of the West and made it possible in many instances for a single plantation or farm owner to receive as much as a million dollars in benefits while it drove millions of farm tenants and farm workers from the plantations and farms and on relief. The big fellows got the loaf, the little fellows got the crumbs, and in hundreds of thousands of instances they did not even get crumbs.

And we find that the big chains are getting the loaf and the small and even large independent merchants are getting only the crumbs, and in many instances they do not even get crumbs—they are destroyed. They are not being destroyed by competition, but by unfair and unethical trade

practices of the large chains, made possible because of their great aggregations of capital and their tremendous power.

Yes, this bill further says that it shall be unlawful in any line of commerce if such discrimination substantially lessens competition in commerce and tends to create a monopoly in restraint of trade. Who can complain of such a measure that is designed wholly and only to prevent monopolies and restraint of trade?

I was a member of the subcommittee of the Judiciary Committee of the House to which this proposed legislation was referred for investigation. We held hearings and heard those favoring and those opposing this legislation. Our subcommittee, after holding these hearings and investigating the matter, came to the conclusion that the great chains of this country were indulging in unfair and unethical practices that did amount to restraint of trade and that did constitute a monopoly in restraint of trade, and our subcommittee reported this measure favorably to the full Committee of the Judiciary of the House, and the full Committee of the Judiciary, after having given the matter consideration, arrived at the same conclusion and favorably reported the bill to the House.

There were two features, however, on which we were not in full agreement. Many of us opposed section 5, on page 7, of this bill. It is the so-called price-fixing or basing-point provision. It has been unanimously agreed that that section go out; and many of us did not concur in another provision of the bill that might be unfair to the so-called cooperative associations of the independent merchants of the country. An appropriate amendment has cured that matter. Subsection (f) of section 5, on page 9, fully protects the independent merchants' cooperative associations. Some of the farm organizations opposed this measure, but, as I understand it, these amendments have removed the provisions of the bill to which they objected.

Many outstanding Members of this House who represent great farm districts have made very enlightening speeches, pointing out that this measure would be helpful and not hurtful to the farmers, and have urged its passage. Some of the Members of this House who served years ago with me remember the tremendous drive that was made to pass what was known as the branch-banking bill. What was the purpose of those measures? The purpose was to make it possible to have great banking institutions located in places like the cities of New York, Chicago, and so forth, and make it possible for them to have branch banks extending into every State of the Union and into each and every community. They could have had a branch bank in each of the little county seats of your district and in each and every community with sufficient population to sustain a bank.

It was simply a chain-bank proposition. It would have substituted for the board of directors and officers selected by the people of the respective communities of this Nation and made up of business and professional men and farmers some mere factor selected from your community or sent into your community. They would have known little and perhaps cared less about the credit needs and extending credit to the farmers and other people of the respective communities. The money would have been gathered in and transferred to New York or Chicago, depriving your community and mine of the necessary money and credit. A lot of us made a vigorous fight and helped to defeat the chain-bank system in this country.

The chain stores represent great aggregations of capital and brains. They are located in New York, Chicago, or some other great metropolis. They have established units in every county seat and important industrial center or populous community throughout the land.

Now, what are some of the unfair trade practices charged and proved against many, if not all, of the chain stores? False discounts, alleged advertising allowances, various kinds of rebates. It is agreed that these are unfair trade practices and they go outside of legitimate competition, and because of these unfair practices, they create monopolies in their own favor and unduly and unfairly restrain trade in interstate commerce. In other words, they destroy their competitors; and it was the belief of our committee, and I think it is of this Congress, that where any concern gets so big that it is unwilling to compete fairly and seeks to destroy, and does by its unfair trade practices destroy, its weaker competitors, then the only thing for us to do in fairness is to regulate and prevent these monopolies and restraints of trade.

MAINTAIN INDEPENDENCE AND INDIVIDUALISM

I have observed the effect of the powerful chain stores in my community and congressional district, as you no doubt have in yours. Many splendid independent merchants in the county-seat towns and industrial centers in my own county and throughout my district have been swept out of business by the chain stores. In their stead are the chain stores which do not as a rule buy any real estate. They rent some building or place of business. They pay very little taxes to the city, county, or State where they operate. Each day they take their receipts to a bank, make a deposit, and at the same time secure a cashier's check or draft which is forwarded in the first mail in most instances to New York City. I have observed this many times when I was an officer in a national bank in my home town. The money of the community is absorbed just like a great sponge absorbs water. It can be seen at once that this system takes the money and credit from the various counties and communities of the Nation and centers it in the great metropolises like New York and Chicago. About all the service they render to a community is to exchange their goods for the people's money and send the money out of the community.

When some poor person dies in the community, or some widow and orphans need help, or churches or colleges are to be built, or other welfare or civic improvements are to be undertaken in our respective communities, we do not go to the chain stores. They have splendid men and women in charge of them, but they will say to you very promptly and truthfully that they have no authority to make these contributions.

But each community has always been free to call upon the home merchants, the small wholesale house, and their officers for help. In putting out of business the independent merchants and wholesale houses, we have destroyed one of the important sources of revenue in maintaining the city, county, and State governments.

But the biggest thing of all, the chain stores are killing community interest, destroying opportunities for our young men and young women, and destroying individualism throughout the land. Business opportunities ought to be open to the boys and girls and men and women of each community. It develops citizenship and character. It is said that more than a million traveling men have been deprived of their jobs by the chain stores. Think of it—a million intelligent, capable, splendid men and women who have lost their jobs through the chain stores. This is a wonderful group of men and women. I have many times described them as the "go-getters", the first-line-trench fighters in business and development.

If government means anything, it should be ready and willing all the time to encourage and protect the weak and restrain the powerful when the powerful undertakes by unfair trade practices to become a monopoly and to destroy those with less capital and power. Let us protect the community spirit in every community in this country. Let us promote self-reliance and individualism. Let us keep open the door of opportunity for the boys and girls of your community as well as mine throughout the Nation. It would be useless for fathers and mothers to educate and give their boys and girls business training if in the end they find these chain stores, chain banks, and chain railroads chaining commerce and the door of opportunity closed. It has been well said that it means more to this country to have 10,000 merchants with one store each than to have one big chain store with 10,000 branches. This Nation can only be strong insofar as each individual is free and strong. I am anxious to

maintain the homes, the stores, the manhood, the womanhood, and the individualism of my community and in the 17 counties of my congressional district as well as in yours. [Applause.]

A few years ago there were four great tobacco concerns in the world that came to the Kentucky tobacco growers and told us, "Take our price or let it alone." For a long time the hard-pressed and broken-backed tobacco growers of Kentucky took their price. They had to do so; but after a while they got tired of it, and out of that oppression grew the "night riders." Congress failed to help them, and the people felt that they could not help themselves in any other way.

We must preserve individualism and individual opportunities for our sons and daughters, for our merchants, and our people. We must protect them from oppression. The present system makes it possible for some men to leave more than a hundred million dollars at their death to their children; but we must not forget that it is always at the expense of our sons and daughters and the citizens of our communities.

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

Mr. ROBSION of Kentucky. I yield.

Mr. CRAWFORD. The gentlemen brought out one thought about which I desire to ask a question, that is the taking out of a community, a section of the country, or a colony, if you please, the accumulated savings of the people and transferring this money to some far-distant place. When the money is drawn out of the community by the chain-store aggregations moving it to centers of financial capital like New York City, does it not have the same destructive influence on the economic and social welfare of those people as it does when we go into an island like Puerto Rico and draw off the accumulated savings of those people?

Mr. ROBSION of Kentucky. I hope the gentleman will not take too much of my time. I got this additional time to use for myself, although I am glad to have the gentleman's contribution.

What are we trying to get away from these chains? We are not trying to take away from them any rights given to them by the Constitution of this country. What we are trying to take away from them is secret discounts, secret rebates, and secret advertising allowances. We are trying to take away from them those practices that are unfair. We are trying to take away from them the power to destroy the independent merchants and the independent and smaller wholesale concerns. We are trying to keep these large aggregations of capital and brains from forming monopolies. We are trying to keep open the door of opportunity for the small-business man as well as the large. [Applause.]

WILL NOT INCREASE THE PRICE TO CONSUMERS

It is contended that if we pass this measure that it will raise the price to the consumer. That was the same argument made when Congress passed the Sherman antitrust law and the amendment thereto, the Clayton Act. The identical argument was made when Congress passed the act to cut out rebates by railroads and preferences given by railroads to certain big shippers and to certain communities, cities, and sections of the country, and placed railroads under the Interstate Commerce Commission. This is the argument always made by great aggregations of capital when they refuse to compete fairly with lesser competitors and Congress attempts to regulate them and to protect independent and smaller concerns and prevent the larger and more powerful concerns from creating monopolies and engaging in unfair practices in restraint of trade.

This measure gives the Federal Trade Commission the power to investigate any concern that may be engaged in unfair trade practices and by which acts monopolies are created and trade is unfairly restrained.

Mr. MILLER. Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, the community builder in America is passing from the picture. Main Street, his handiwork, is fast becoming a link in a national chain, hooked up to a handful of skyscrapers in a few great cities. The towns and the smaller cities are drying up. Not merely regimentation but extinction is what the independent merchant of America is facing. As a bright young businessman remarked to me as I left home to return to this session of Congress, "We are gone, unless Congress can do something."

Multiplied thousands of businessmen, young and old, are staring into the same future. This is the indisputable picture of thousands of communities in America today, and this is the problem to which this legislation is addressed. Whether it will even approximate that objective, I leave for others to say. On that feature, I feel sure about only one thing; it will not destroy the big fellow. The big fellow always gets by. That is one of my guiding maxims in all legislation in which there is a big-fellow and a little-fellow side to it. The big fellow always gets by. He not only gets by, but he gets bigger. He was only in swaddling clothes when the Sherman antitrust law was enacted in the late eighties; now he "bestrides this narrow world like a Colossus." All the antitrust laws down to now have only succeeded in making bigger if not better trusts. Maybe some day we shall emerge. Maybe now we see only through a glass darkly.

Mr. Chairman, every village, every town, every city, large and small, in the United States, was founded by a pioneer independent merchant. The first building in every one of the thousands of villages, towns, and cities which dot the land, was a rude little store. Then more stores. Then from among these merchants came the men who founded the little banks. They built the mills and the slaughterhouses and the little industries. They built the school systems and the water systems and the sewer systems and the light systems and the streetcar systems. They became the mayors of the towns and the civic leaders. They built the fine homes and the fine business blocks. The man who built that first little store built the fine home on the hill and the fine business block downtown, and every town and city in America is a living monument to him; and all without outside help or capital. He hewed and builded his town out of the earth. He was the foundation of the commercial structure of America. Shall he be preserved or shall he be destroyed? That is the issue. Chain stores, chain hotels, chain theaters, chain banks, chain utilities, chain everything, and all absentee-owned and run by hired men.

Among all the economic changes which have overtaken and even overwhelmed us, nothing is more ominous than the change which within 15 years has converted Main Street into a link in a national chain. The suddenness of this change is illustrated by an incident told me by a man who traveled several western States for a large eastern drug concern. He said that one day while making his rounds he called on a druggist in an enterprising town and during the call he mentioned to the druggist his observation of the rapid growth of the chain system and the danger it held for the independent. The druggist, who owned his own place of business and had the best location in town, laughed at the threat. Three or four years later the traveling man dropped into the same place, and the druggist without waiting for any preliminaries said, "Come out here; I want to show you something", and took him to the sidewalk and pointed out that the chains had practically every desirable location in the block. He said, "They have got me, I am selling out to them, I am going out home and build a little notion shop on the corner of my residence property." Such incidents are valuable, more graphic and educational than a volume of statistics. It has happened in every town. Nor does the process end with the independent. Not only do the chains swallow the little fellows, but they swallow each other. I know this to have happened. A, B, C, and D were chains. B swallowed A, C swallowed B, and D swallowed C. If not already, some day D will be reposing in a bigger stomach.

Even the manufacturer is becoming a victim of the swallowing process.

Mr. Chairman, my thoughts often revert to the first time my attention was directed or at least my thought focused on this phenomenon in our commercial lift. I was driving down the west coast from Seattle to Los Angeles about 15 years ago when I noticed, here and there along the highway, large wooden shells built in imitation of an orange. They were refreshment stands. In each of them was a young man. After noticing the similarity in the dress of these young men, making them as alike as the shells, I stopped at one and told him what I had observed. He replied that there was a string of these stands all the way down the coast owned by a firm in Los Angeles and all the men in them were hired men.

At that time auto camps were just coming in and later on the tour it occurred to me that somebody would string these camps together just like the soft-drink stands, and 2 weeks later I saw in the paper an Associated Press item that a man in St. Louis was going to put in a national chain of auto camps.

I then began to note this development in other lines, and a few months later I was making talks to the local businessmen's clubs, and I recall saying to them that the time will come when you will walk down Main Street and every store you pass will be managed by a hired man. He will have no identity with this community. He will own no home in it. He will contribute nothing to its civic life. His sole interest will be to make a showing that will earn him a promotion to a better town. I named some of the pioneer wholesale firms which had grown from little pioneer stores and whose founders had been the leading citizens of the growing city, the community builders. Some of these concerns were already gone, others were going, drying up, bought out, or frozen out.

I was told the other day that there were no independent tire dealers left in my home town and that one of the last, and a good one, was now running a little repair and vulcanizing shop. Perhaps he is a casualty of the contracts between the Goodyear Co. and Sears-Roebuck, recently reported on by the Federal Trade Commission, involving discounts by the manufacturer to the mail-order house which enabled it to destroy the independent dealers throughout the country handling the products of the manufacturer. Monopoly devouring its own spawn. Multiply this case by tens of thousands and you get the national picture of colossal monopolies flourishing on the ruins of little business.

Now, Mr. Chairman, I am not appraising this change altogether by a yardstick of dollars, but also by a yardstick of men. I am wondering what will be its ultimate effect on the community life of America and upon its citizenship. We cry for individualism, when individualism is dead. We denounce regimentation, but what is this? In the final analysis, what is the difference between the absentee landlord and the absentee merchant? I find it difficult to accept this fundamental change as a sound, healthy, and desirable condition in the economic and social life of the Nation, and both its economic and social life must eventually be profoundly affected and altered.

A Member who recently drove across the country from St. Louis to Washington remarked to me that the towns looked like they were drying up. Nothing but chains. Along their streets are agencies which daily siphon out of them much more than they put in. They are falling victims to a type of mass commerce, gigantic, efficient, machinelike, which may not spend or leave a dollar in the town or in the State, except what is necessary to pay the local overhead. The hinterland is becoming a shell. It is true that these enterprises are no longer so totally aloof from all contacts with the life of the communities they serve as they were some years ago. The local manager may be no longer instructed to show the community chest the door. They have taken counsel of prudence, but even if they replaced every activity of the independent merchant, of the community builder, the question would still remain whether it would be American, whether it would make for the welfare of America, whether it would make for citizenship, to have all the business agencies of every town in the country owned and operated by gigantic corporations, a thousand, two thousand miles away. I recall the model town of Pullman, built and owned by one man. It had everything but liberty. It resulted in an explosion which shook the country for a season. There is a question how much interest a man has in a community in which he owns nothing, and the same is true of a community of people.

Recently in Washington I heard a local radio newsman say that the modern college student looked like "another Ford." All of a pattern. The chain system produces the same thing. Henry Ford is the largest individual employer of labor in America, but he is the only individual in his system. The Ford system will never produce any Henry Fords. The future of the youth of America is wrapped up in this and similar problems. What is that future? A place on the pay roll of a national octopus which will cast him out as soon as his pace slackens? That is all I can see for him. He may be better educated than his father, but will he be that substantial, independent figure walking down Main Street, bearing upon him the stamp of a community builder? Or will he be "another Ford"?

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

Mr. GUYER. I yield to the gentleman from Colorado 5 additional minutes.

Mr. MARTIN of Colorado. Mr. Chairman, what precedent have we for this legislation which proposes to prohibit unreasonable quantity discounts and false brokerage and false advertising allowances, which are in reality rebates, bonuses, subsidies, paid by or extorted from manufacturers, which enable the big buyers to crush and drive out independent competition? For answer we may turn to the history of the railways, of the interstate-commerce laws, and the many State laws which were enacted to abolish secret rebates, and rate and service discriminations, and all the evils which once enabled the carriers to make or break individuals, business enterprises, and communities. The change did not destroy the railways and they themselves would not accept a return to those practices.

This bill is not a Federal invasion of a new legislative field. It is merely amendatory of the Clayton antitrust law. It is merely intended to meet vast-scale commercial developments not in existence at the time of the passage of the original act, an adaptation of existing law to new conditions and abuses. If passed, I predict that its defect will be, not that it overshoots, but that it falls short of the mark.

Perhaps this trend is inevitable. Perhaps this phenomenon of the chain system is only one more milestone on the road to the socialized state. Perhaps when a few large private hands have gathered it all in, a larger hand will reach out. I believe as firmly as I believe anything, that the men who are fighting these monopolistic trends in all lines are making the last stand for individualism in American industry and commerce. I need not even go so far as to say that the independent is the ideal type, the final development in our economic life, but I will affirm that this legislation is an effort to preserve him. The only question to be decided is, Is he worth preserving? [Applause.]

There are no expressed differences of opinion as to the great need for curbing the unfair trade practices which are destroying independent business in this country, and at which the bill is aimed. There are only differences as to the remedy, mainly from those who at the bottom favor no remedy. The object of the bill is all right, they say, but the method is all wrong. It seems to me I have heard this before. I think this question may be safely left to the body vested with jurisdiction of the act. The administration of this law will be in no inexpert hands. The Federal Trade Commission, created for just such purposes, has won an enviable place among the regulatory agencies of the Government and in the confidence of the country. [Applause.]

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. BROWN of Michigan. The gentleman implied that there was a chain banking system in the United States. I want the gentleman to know that there is no chain banking that is authorized by Federal law, except in those States where State legislatures have authorized it.

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

Mr. MARTIN of Colorado. I yield.

Mr. NICHOLS. I can tell the gentleman another story about that. We have chain banks all over the State of Oklahoma.

Mr. BROWN of Michigan. There is no State banking in the United States that is authorized by Federal law.

Mr. NICHOLS. We have chains of 8 or 10 banks in Oklahoma, owned by one or two men.

Mr. BROWN of Michigan. I am talking about Federal chain banks.

Mr. NICHOLS. They are chain banks, whether they are authorized or not.

Mr. MARTIN of Colorado. Mr. Chairman, under leave granted, I insert the following:

STATEMENTS FROM THE REPORT OF THE COMMITTEE ON THE JUDICIARY AS TO NEEDS, OBJECTS, AND SCOPE OF BILL

The purpose of this proposed legislation is to restore, so far as possible, equality of opportunity in business by strengthening antitrust laws and by protecting trade and commerce against unfair trade practices and unlawful price discrimination, and also against restraint and monopoly for the better protection of consumers, workers, and independent producers, manufacturers, merchants, and other businessmen.

To accomplish its purpose, the bill amends and strengthens the Clayton Act by prohibiting discriminations in price between purchasers where such discriminations cannot be shown to be justified by differences in the cost of manufacture, sale, or delivery resulting from different methods or quantities in which such commodities are to such purchasers sold and delivered. It also prohibits brokerage allowances except for services actually rendered, and advertising and other service allowances unless such allowances or services are made available to all purchasers on proportionally equal terms. It strikes at the basing-point method of sale, which lessens competition and tends to create a monopoly.

Your committee is of the opinion that the evidence is overwhelming that price discrimination practices exist to such an extent that the survival of independent merchants, manufacturers, and other businessmen is seriously imperiled and that remedial legislation is necessary.

More than 20 years' experience and observation with respect to the operation of the Clayton Act, together with new methods of trade and industrial organization that have since developed, have convinced your committee of the shortcomings of existing legislation, and of the need for strengthening existing laws and of fitting them more perfectly to the methods and needs of today. This your committee has striven to do with a careful regard to the preservation of full freedom and sound and honest business methods in all its necessary and proper operations, but with a firm resolve not to permit the desire of privilege to masquerade under the claim of right. It has been our effort to disturb nothing that is essential.

Its guiding ideal is the preservation of equality of opportunity as far as possible to all who are usefully employed in the service of distribution and production, taking into consideration their ability and equipment to serve the producing and consuming public with efficiency, and the protection of the public from a threat of monopoly or oppression in the production and manufacture of the things it needs, and the distribution of the same, fairly and honestly without employment of unfair trade practices and unlawful price discrimination.

It is the design and intent of this bill to strengthen existing antitrust laws, prevent unfair price discriminations, and preserve competition in interstate commerce. It is believed to be in the interest of producer, consumer, and distributor. No business institution need have any fear of this legislation if it will conduct its business honestly and without the use of unfair trade practices, and unjust price discriminations.

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, about the time I became politically ambitious some years ago it became necessary, of course, to campaign in every village, hamlet, and city of the Sixteenth Congressional District of Illinois. In the course of that campaign I had my eyes opened. I went into some little villages that at one time were thriving communities and today are merely ghosts of communities. In going in you would see, perhaps, the bank was closed. The stores were closed and boarded up, and for all practical purposes all the life and the virility had left the community.

I had still another experience when the banking difficulty struck this Nation and we had the bank holiday. I do not recall offhand, but I believe there were some 12 or 13 small banks in my district that keeled over and I sought the best I could to render some assistance, to meet with the stockholders and the boards of directors, in the hope those banks might be rehabilitated, because the community life centered around the bank. It was then my privilege to go back after the shades had been drawn in those banking institutions and to note that boards had been plastered over the windows of ever so many stores in those communities likewise. No Member of the House can go through this kind of an experience without becoming reflective and wondering what the development in American communal life has been up to the present time.

I discerned two forces that had developed this country. The first one was a centrifugal force which started away back in the days when the Constitution was formulated and it spewed away from a common center. It picked up these families on the Atlantic seaboard and spewed them away out into the hinterland. It was this centrifugal force, I presume, that sent Fremont into the West, that sent Sutter out into the valleys of California, that sent Lieutenant Pike to Pikes Peak, that sent all of these pioneers out into the hinterland, until finally our frontier was taken to the Pacific Ocean.

When the frontier was gone this centrifugal force stopped and a new force started to generate a different development in America. We then experienced the centripetal force, which is one that operates to throw things into a common center, rather than away from a common center. This force became active and it picked up these disassociated families and individuals dotting the country everywhere and spewed them into common centers. That was the force that gave us great metropolises like Chicago, St. Louis, Cleveland, San Francisco, New York, Philadelphia, and all the rest.

Mr. BLOOM. And Peoria.

Mr. DIRKSEN. And Peoria. So that America has moved forward on these two forces—the centrifugal force, which gave us the pioneers; and the centripetal force, which gave us the large cities.

As we went along we began to gird this Nation with hard roads, fine ribbons of wide concrete, so they would lend themselves to automobiles going along at 75, 80, or 90 miles an hour. As I saw that road-building program in every one of the 48 Commonwealths of the Union, I wondered what it would one day do to the small community. We in Peoria are just as close to Chicago at a distance of 170 miles as we were to a city 10 miles away 40 or 50 years ago. In proportion, as we have annihilated distance, so we have added an incentive for people to take the weekly pay check and, instead of spending it in the town where they live, it is so much easier to jump in an automobile and go 50, 60, or 100 miles to a common trading center, largely because there is that vanity, that magnificent conceit, that makes women, for instance, want to look over great varieties of ready-to-wear and that makes men want to do precisely the same. In proportion, as we have had this development, we leave the little community over here without the breath of life.

I wondered what could be done. As lawmakers, can we do something that will sort of preserve the communal life in those little centers? May I say parenthetically that of the 125,000,000 people in this country, 65,000,000 live in towns under 10,000 or live on the farms. Over half of our population is located in small communities; and I say here and now that I believe those communities constitute the real frontier of democracy. The Congress of the United States cannot do too much within the confines of the Constitution to preserve those communities and preserve that communal life which leaves such an indelible impression upon the whole of this Nation. Is there something we can do to preserve those communities and preserve that business life? I think so. I think we can do it within the terms of this bill.

I think it is rather unfortunate that the words "antichain store" have ever been permitted to creep into this discussion or creep into the efforts of any independent group in this

country, because the Congress of the United States from the standpoint of psychology can never set itself up as being against something which is, after all, intrinsically a legitimate institution. Nobody will say that a chain organization as such is wrongful under the law. It is legal. It has a perfect right to be here. However, it has no right to engage in unlawful practices that flaunt the provisions of the Sherman Act, the Clayton Act, or any other acts that have been placed upon the statute books for the purpose of preserving competition and for the further purpose of preventing monopolies.

So I believe I can go along with this bill and still not subscribe to the idea that this is an anti-chain-store bill, because I believe that is a wrong approach. I do not believe that any independent retailer in this country or any group of retailers who take an intelligent viewpoint or who have an intelligent approach to the problems of the retail business of the future would care to go on record as being against something of this kind or against chain stores because, after all, they are legitimate. However, when large unit groups resort to practices that are in violation of existing law, or when they resort to practices that are essentially immoral, and I use the term advisedly as being against good public policy, then I do believe that the Congress of the United States has the authority to step in and preserve the independent business structure, so that it can go on making their contributions to American life.

The thing has some practical aspects, and we can look at it in this light. I fancy, because of the efficient merchandising efforts used by high-pressure agencies and by our various organizations today, that one group store, for instance, can probably do as great a volume of business as three ordinary stores operated by independent proprietors. If you are going to put these independent stores out of business, then look at the tax resources and tax possibilities that are being gradually destroyed. If you are going to put three retailers out of business in a little community and have their province supplanted by a single, large operating organization, it means you have dissipated tax possibilities that are going to have to be spread over the rest of the community. So we are making a contribution in this respect also in proportion as we do that which is in the domain of the Constitution in order to preserve private enterprise.

Mr. GUYER. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. DIRKSEN. The same thing goes for this great problem of unemployment that stares the Nation in the face today. When I said that 65,000,000 of the people of this country are located in communities of under 10,000, I include also the fact that this embraces some 700,000 retail distribution outlets and embraces some 2,000,000 people. If this development keeps on whereby they flaunt good morals and public policy so that ultimately these independent stores will be eliminated from the scene, we shall have to make some provision for the employment of another half a million people in the next few years. Perhaps we can now take the first step in preserving this communal life and preserving these independent agencies that will minimize the unemployment problem and, possibly, enlarge the possibilities of employment in the future.

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

Mr. DIRKSEN. I yield to the gentleman from Michigan with great pleasure.

Mr. CRAWFORD. Does the gentleman mean to say that our problem will begin and end with simply finding employment for these people who have been thrown out of employment, or does the problem go further than that?

Mr. DIRKSEN. That is just a fragment of the whole unemployment problem, I will say to the gentleman, but the Congress must never be insensible to anything that will contribute to a solution of our unemployment problem, even if it should embrace only 100,000 or 50,000 people. It is at least that much.

Mr. CRAWFORD. What I have reference to is this: Here is a man who has been doing business in a community on a profitable business, putting his profits back into the community, helping in everything that goes toward building up the business and the character of his community. He loses his business or loses his job, and then we have unemployment, plus these other things, to provide for, because that money which is once lost will never come back to the community.

Mr. DIRKSEN. I think the gentleman is correct.

When I say that the small merchant is entitled to this protection from the Congress, I do not mean that it is the function or purpose of the Congress to enact class legislation or to coddle or shelter anyone. Nor am I persuaded that the small merchant desires sheltering. All he wants is a square deal and protection against practices which are discriminatory and against which he has no recourse. Long ago I stated that if so-called chain organizations were sound in principle and practice and could legitimately overcome all competition, they would survive and expand; if they were unsound in principle and could override lawful competition only through favoritism and discrimination, they would ultimately die out. I believe I can still subscribe to that statement because independent merchants can meet every competition that is fair and that places them on a parity basis with the units of large organizations. That fact is borne out by the figures which were quoted in an address by Mr. Carl W. Dipman, editor of the Progressive Grocer, made to the National American Wholesale Grocers' Association in Chicago in January of 1936. In that address Mr. Dipman states that in 1933, when prices and business volume were still declining, the independent merchants lost only 4 percent in dollar volume while the chain organizations lost 6 percent. In 1934, when prices and sales volume were increasing, independent merchants gained 9½ percent as against 6 percent for chain organizations. There you have reasonably conclusive proof that the live, alert, aggressive merchants will hold their own and need no privileges or favors. All they need, and I am sure that all they ask, is protection against unlawful discriminations by way of rebates and allowances. It is the old story of providing equality of opportunity, and this measure may be a step in that direction.

It has been said this afternoon that this measure will inflict a penalty on the consuming public in the form of higher prices. That sounds plausible enough, but is subject to a great many interpretations. Let us look at some of them. First of all, you have almost 1,250,000 single independent stores owned and operated by the proprietors, who, if made conscious of the fact that they are entitled to and can have the protection of the Government against unlawful practices, will shake off the defeatist philosophy and get into the business battle with renewed vigor and vim. Considering that the independent merchants of the Nation, according to the figures of the Federal Trade Commission, do about 73 percent of the retail business, the chances are that the public will have far more to gain than they will to lose if this protection is afforded. What might now be saved on the 19 percent of retail business done by chain organizations might be saved several times over by what the public might save on the 72 percent. But even if there were a loss to the public, I wonder whether as a matter of basic principle we could support any contention that we should not pass remedial legislation to correct unlawful practices because it might raise prices. If we assume that a practice is wrong, then in strict principle it should be corrected even though there was the possibility of a raise in prices.

As I listened to my good friend from New York [Mr. CELLER] and all his dire prophecies of gloom I was almost filled with dismay. From his argument one might infer that if this measure were enacted it would spell ruin and disaster for the entire Nation. But from the past come some rather definite reassurances. In 1887, when railroad rebates were rampant and the Congress, under the spur of public opinion, set up the Interstate Commerce Commission, there were the same prophetic warnings of disaster. Yet we have lived through it and achieved new economic heights, and we are still doing business at the old stand. Back in and around

1914, when States were beginning to adopt workingman's compensation acts, the opponents of those measures prophesied general disaster and insisted that the added cost could not be passed along to the consuming public. Yet one by one the States fell into line, and today workingmen's compensation is well nigh universal. Nor did it ruin or even slow up the economic progress of the Nation. We may therefore accept with much doubt the direful predictions of our good friend from New York.

One of the saving graces about this bill is that the committee on its own motion will remove the anti-basing-point paragraph and the classification paragraph. With reference to the former, the steering committee for this bill will recall that many weeks ago I inserted a statement in the RECORD regarding the basing-point paragraph. It had no place in this measure. It was a wholly separate and distinct substantive proposition which should be treated in a separate measure if such legislation was desired, and it seems to me the committee is to be congratulated on removing those sections of the bill to which there was widespread objection and which would not aid in accomplishing the general purposes of this bill.

In conclusion let me say that the idea embodied in this bill is worthy of a trial. It seeks only to protect business against unlawful practices. It does not prevent differentials or discounts but seeks only to make the giver and receiver of such differentials justfy them as against the other fellow, who also has a right to live. It seeks to write a moral principle into the law. If it misses its objective, if it fails to do what we hope it will do, or if it has a deleterious effect upon business, it can be amended or repealed within a brief space of time. After all, most legislation is speculative in its effect and embodies the hopes as well as the thoughts of legislators. Were it not so we would have no need for a Supreme Court, and the Congress would only have to meet once in a generation.

Mr. MILLER. Mr. Chairman, in order to keep the record straight, I ask unanimous consent that all Members who have spoken or may speak on the bill this afternoon may have permission to revise and extend their remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLER. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Chairman, ladies and gentlemen of the Committee, I certainly hope the lack of attendance on the floor this afternoon does not indicate a lack of interest in this legislation.

This legislation in my judgment is vital; it is vitally important to these United States. I never lived in a great big town or city. I never lived in a town with over 30,000 population.

I now live in a town of 3,000 population, and have lived there for a number of years. From the standpoint of a town of that size and less than that size the corner or community or crossroads store plays a really important part in the upbuilding and holding together of that community.

So this bill means a great deal to the small communities in this country.

You know there is a certain sentiment and romance about the corner or crossroads grocery store. There formerly, and there now, exists the skit and whittle club. You know, where the boys gather around the stove in the winter, sit around its red-hot fire, chew tobacco, spit on the bowl, and listen to it sizzle, and settle the problems of the Nation, and the problems of the community. [Laughter.] There their hopes grow, there they dream the dreams of building the community better, to make it a better place in which they may rear a little family. That thing will apply also in the towns.

When you plant a man in a corner store he carries on his business for the benefit of the community, granting his neighbors credit for the very victuals they eat and the clothing they wear on their backs. He carries them sometimes even to the extent that he sustains losses by reason of carrying them, but with it all there is enough profit to enable him to continue and carry on. He grants them credit knowing that he will lose some accounts, but still is willing to lend a helping hand.

No chain store in my community has ever carried the widow Jones and her two little kids on their books for 30 days or 60 days or any length of time while she was getting together a few pennies to pay for the things which she had to buy from the store.

I live in a cotton country. We only have one cash crop a year. Our farmers go on a credit basis. They only pay their bills once a year. You destroy the independent merchant in Oklahoma and you destroy the cotton farmer. He cannot finance himself. No chain store will carry him on their books for 9 or 10 months.

The only one who will do that is the man who has a real interest in the community, the man who has raised a family there, the man who has invested his capital and who gets his living in that little community.

Now, my distinguished and good friends from New York City, and I have a high regard for them all, for I am very fond of them, tell me they have been working against this bill to protect the farmers of the Southwest and Middle West.

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

Mr. MILLER. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. NICHOLS. Mr. Chairman, they tell me they are very much interested in this legislation because they tell me they are afraid it will hurt the farmer, they are afraid it will raise the prices to the consumers down in my country so much that perhaps they ought to be against the bill. Listen, boys. Let us worry about our farmers. We think we know what is good for them. We live there with them. We have grown up with them and if they are not healthy we are not healthy.

So I say to you, my friends from New York, you who are opposing this bill, if you are doing it by reason of the fact that your heart is beating in sympathy with the farmers of the Middle West, then get out of the way, because we will take a chance and if we are wrong they will defeat us, and not you.

My friends, what are we asking for, for the independent merchant? Are we asking that the chains be stamped out of business? No. All we are asking is that the little man be given exactly the same treatment that the man who is fortunate enough to control a corporation which can control a string of stores is given. Of course this bill does not say that if a chain store purchases a commodity by the carload lot that the independent merchant who buys only a gross shall receive the gross purchase at the same price that the other receives a carload purchase. Oh, no. It does not say that. It simply says proportionately. If they will sell to John Smith a carload of goods for a certain price, then this bill simply provides that they must sell to an independent merchant who purchases in carloads at the same price, and it also provides that of course they cannot hoodwink the independent merchant by entering into a secret agreement, and a secret combination with the chain store and give the chain store secret rebates that the man across the street, the independent, does not get, that they cannot give the chain store rebates for advertising, which money the chain-store proprietor puts in his pocket and does not use for advertising, when they do not afford the independent across the street the same opportunity and privilege. Is there anything unreasonable about this? Is there anything un-American; is there anything undemocratic about our wanting to give the same opportunity to the man who helped build this Nation and helped build the homes and communities of the Nation? Are we wrong in wanting to give him the same opportunity that is given the man who merely comes into our community for the purpose of accumulating huge fortunes in profits and who sends it back to

some other land, takes it out of our community so that it cannot build further? I think surely you gentlemen who are on the floor this afternoon will stand toe to toe and fight with both hands for the passage of this legislation, and I say to you that in my humble opinion you will have rendered a great service to a great Nation when you do it. [Applause.]

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, my purpose in asking for time is to reply to the gentleman from New York [Mr. CELLER] who proposes to speak for the farm organizations of America and array them against this legislation. I belong to all the farming organizations that he mentioned. I have held office in those organizations and have been active in the local and State affairs of all named farm organizations. I have been a granger for more than a quarter of a century. I say to you that farm organizations sometimes are misguided or misinformed on the real import of proposed legislation. The real farm organizations are not opposed to the spirit of this legislation. I have met many times with a little group of Congressmen very sympathetic with the farmers. We have discussed this measure and others in which the farmers are interested. I confess that perhaps our early discussions led to the forming of an opinion by the farm group that this bill would not give necessary protection. I think that practically all of the objections that they may have had have been obviated by the amendments that will be offered here by the committee. I cannot think that the farm organizations of this Nation, or their cooperatives, would want any undue advantage. If there are practices, such as rebates, going on today whereby the farmers are securing unfair advantages, the farmers would be the first among the group that would say to change these practices. The farmers are not asking, through their organizations or individually, for any undue allowance or privilege. They want nothing but fair treatment in this matter.

I am for this legislation. I wish I were as hopeful as many of our colleagues are that it is going to work miracles. I fear it is not. I fear it is just one more attempt to right a wrong. I fear that the big chains will, by some means, defeat the beneficial purpose of the legislation. But it is worth trying. It is a step in the right direction. By passing this bill we are making a bold, open attempt to abolish unjustifiable trade practices. Our colleague from New York argued that the manufacturer would not sell his goods to the independent dealer; that the tendency would be to sell to the chains only who could buy in big quantities, and therefore he feared for the independent merchant. I believe he is mistaken.

There is no question that the chain store and the chain-business idea is wiping out our local trading centers. It is all over my country. We lost our banks in Oregon in the disaster of 1929 and 1930. Chain banks have come in. There are two great chain banks in Oregon. They control practically all of the banking business. While Governor of that State I prevented chain-banking legislation. I was no sooner out of office than they put over, with the Governor's consent, a law which allowed chain banking within the State. Then, of course, the Federal banks took advantage of it, and now two national banks control practically all the banking of the State.

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

Mr. MILLER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MORITZ.]

Mr. MORITZ. Mr. Chairman, it has come about in the city of Pittsburgh that when any Congressman advocates liberal legislation he is considered not only radical but almost a communist. If I have to be regarded as a radical in order to be for liberal legislation, I will be satisfied to be classified as such, because I know the evil of the chain stores. While they do some good as, for instance, the renting of property and the paying of clerks and the fact of having sanitary stores, the fundamental principle of monopoly of controlling food is wrong. It is a monopoly on foodstuffs, pure and simple. Who finances the chain stores? The big financiers, like the Rockefellers and the Mellons and J. P. Morgan, who use their surpluses to garner in foodstuff stores and make you pay the price eventually. Just as it is wrong to have a monopoly on land that produces food, it is wrong to have a monopoly on stores that distribute foodstuffs.

Pittsburgh has always been considered a great place for monopolies. It is bad enough to have a monopoly on luxuries, but when it comes to foodstuffs it is tragic.

The gentleman from Texas [Mr. PATMAN] visited Pittsburgh last fall and before a great audience of independent merchants explained this bill. I was present at the time. I had introduced a bill before this bill was introduced. My bill provided that at the source everything should be the same price, but whether that would be correct or not we have to abide by this bill.

I do not know what our family would have done when I was a child if we had not used the book of the independent store. We used the book of the friendly neighborhood grocery store. We waited until dad got paid and then paid the bill. You cannot do that at the chain store. If that is radical, make the most of it. I believe that chain stores should not only be curbed, but they should be eliminated, because the great harm they do far outweighs the little good they do. They take all the money out of a community, and you cannot get one cent of credit out of them. Why not give the individual a chance? We are talking about giving individuals a chance as against corporations. Here is an opportunity. Give the individual a chance to start up a little business in his home town and let him rear his children and send them to college as they used to do. At the present time you can hardly go a square in Pittsburgh until you find a chain store, and there are usually three of them together, one right next to the other. How they do business is a miracle to me, but they seem to do it. The independent merchant does not have a chance. Of course, his prices must be higher and people go to the chain stores.

Mr. Chairman, in conclusion, I want to say that probably this is the last time I will ever have a chance to speak on the floor of this House. I have gone along on all liberal legislation of the Democratic Party, but through circumstances not controlled by myself I was not nominated; but I have this consolation, that as long as I have been here I have been for the common person, as I am one of them. I believe this bill is another step toward helping the common person. I am glad to rise here and to be recorded as favoring the common people, because I believe that if you not only control the chain stores but forbid them to exist people will have a better chance. There is too much profit on necessary things and too much concentration of wealth. [Applause.]

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, no bill in this Congress has been subjected to so much propaganda as the Robinson-Patman bill. I know of no bill about which more general misinformation has gone to the country. I think I know something about this, because I am a member of the Judiciary Committee, and was also a member of the subcommittee of five which has been considering this subject matter for almost a year. I am heartily in sympathy with the objectives sought. And every act of mine has been in an effort to bring to the House a bill that will be effective, and at the same time a bill that is constitutional, and that will not be a disappointment to those looking forward to this law as a lifesaver. I believe that in this bill as it will pass the House much help will be given. I think this is the general consensus of opinion of those who are truly interested in results, and not in publicity.

I am just as sure in my own mind that the original Patman bill, as introduced, required consideration and change. This fact is today conceded by those originally interested in the bill. In short, the original Patman bill had not had sufficient consideration, and after that consideration all friends

of the measure join now in the advocacy of this perfected measure.

I possibly feel rather keenly about the propaganda above referred to because while the bill was before the subcommittee a notice was sent out to independent dealers throughout the length and breadth of my congressional district which was as follows:

URGENT! URGENT! URGENT!

We are informed Michigan Congressman, Hon. EARL C. MICHENER, opposing action on Robinson-Patman bill in present form. Also trying to amend bill to make it worthless. Suggest you write or wire him today demanding he support bill in present form. Address him at Washington, D. C. Get all merchants in other lines to write or wire him. Understand bill would be on floor of Congress except for MICHENER and a few others. Don't mince words. Let the gentleman know your attitude toward his present opposition. Act now! Passage of this bill is new hope for small businessmen.

DETROIT RETAIL DRUGGISTS ASSOCIATION.

Now this statement was probably sent out in good faith, because the organization in Michigan interested in getting the bill enacted into law did not understand the situation, and possibly listened to a Washington representative or lobbyist who was trying to use high-pressure methods. Propaganda of this nature is discouraging when a Member of Congress in the committee is working night and day and conscientiously endeavoring to accomplish something. This is but a sample of that with which all Members of Congress are ofttimes confronted. In passing, I might say that that notice was responsible for my office receiving more than 100 telegrams and communications on 1 day.

It is a pleasure now, however, to say to these constituents that I have helped perfect this bill, and that in my judgment the Robinson-Patman bill as now drawn will become a law.

Of course, this legislation is not going to do all the things that some of the proponents have lead people to believe. Yet in my judgment it will help, and is headed in the right direction. In the beginning, let us understand clearly that this is not an antichain-store bill. It simply takes from the chain-store systems those unfair advantages which, in good conscience, they should not enjoy.

The original Patman bill was drafted by Mr. H. B. Teegarden, attorney for the Wholesale Grocers' Association. That organization was in the beginning, as I understand the matter, the first sponsor of the bill. Later, retail organizations, especially grocers, druggists, and hardware dealers, espoused the cause and rendered much assistance in perfecting the legislation. An opportunity was given for every group and individual interested to be heard. Dozens of individuals and representatives of organizations were heard. The printed hearings comprise two volumes, and it would be difficult to think of any possible angle of the law that has not been digested and thought through.

The Patman-Robinson bill does not suggest a new policy or a new theory. The Clayton Act was enacted in 1914, and it was the purpose of that act to do just what this law sets out to do. The Clayton Act attempted to make unlawful price discriminations between different purchasers of commodities, which commodities were to be sold for use, consumption, or resale within the United States, where the effect of such discrimination was to substantially lessen competition or tend to create a monopoly in any line of commerce. The act, however, contained a provison that nothing in the act should "prevent discrimination in price between purchasers of commodities on account of difference in the grade, quality, or quantity of the commodity sold."

This proviso destroyed the effect of the act so far as quantity discounts are concerned, and it is primarily to remedy this situation that this bill is before us. In short, this bill provides generally that discrimination in price is prohibited, but sets forth all conditions under which reasonable and proper allowance may be made in prices for the specific reasons and upon particular grounds set forth in the bill.

Some have argued here that the bill, if enacted into law, would require a manufacturer to sell to the man who buys a dozen articles at the same rate per article as the man who buys a thousand or a thousand gross of those same articles. This is incorrect. The amount does allow for the difference in the cost of manufacturing, sale, or delivery resulting from differing measures or quantities in which the commodities are sold or delivered to the purchaser, but allows the Federal Trade Commission to fix quantity limits beyond which no discount will be allowed.

The bill aims at three things: First, fraudulent advertising allowance and discounts; that is, the manufacturer gives to the chain, for instance, the same price that he gives to the ordinary wholesaler. However, he then returns to the chain the manufacturer's check in payment for advertising of the article, which the chain agrees to do. This may mean simply the hanging of a small sign in the chain store. The independent dealer does not get this advertising allowance. The discount is not intended in payment for services but is intended, and so understood, as a discount.

Second, the chain, buying in large quantities from the manufacturer, requires a discount for brokerage allowance, or, in other words, insists on a discount equal to what the commission of the wholesaler would equal.

Third, quantity discounts; that is, in many cases the manufacturer is at the mercy of the chain store, in that the chain store will fix the price that it will pay for a given quantity and the manufacturer is compelled to take the price fixed. In many respects this is much like the manner in which the farmer must sell his product today. He has nothing to say about the price he is to receive. He must take what is offered.

Now, the first and second factors above referred to are easily remedied, but the committee has experienced much difficulty in arriving at a constitutional solution of the quantity discount problem. This same principle obtained in regard to shipments on the railroads, and a number of years ago the Congress passed legislation making it possible for the Interstate Commerce Commission to fix the rates on freight shipments so far as large shipments were concerned—that is, if there are two factories in the same town—one shipping a thousand carloads of freight a week and the other shipping but five carloads of freight a week, it is obvious that the railroad could possibly deliver the thousand-carload shipment for little less than it could the five-carload shipment. Yet, if that practice had not been prevented, the five carload shipper would have been out of business years ago. The Supreme Court has held this act valid, so far as the railroads are concerned, and it would seem that by the same analogy the Congress should have the power to prevent large monopolies, whether they be chain store or otherwise, from destroying and driving out of business the smaller or independent dealer.

I am not going to take any time extolling the virtues of the independent dealer and his value to the local community other than to say that America is made up of local communities, that individual initiative must be permitted and must survive if the door of opportunity is to be open in the future. We have had too much concentration in Washington. We have had too much centralization of industry, and I, for one, believe that the country will be better off with the family-sized farm, with the community grocery store, and the corner drug store, owned and operated by local citizens, who pay their taxes, are the backbone of the churches and local organizations and, in fact, make the home town what it is.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 5 additional minutes to the gentleman from Michigan.

Mr. MICHENER. Understand me, I am not condemning the chain store or efficient business methods. We must have progress, and chain stores are here to stay. They have taught the independent merchant much in merchandising. It seems to me, however, that it is the duty of the Congress, in the interest of all, to go as far as possible in seeing that the independent merchant is protected against fraudulent discrimination. After all, competition in business means the survival of the fittest, and if the independent dealer cannot survive when placed on an equal basis with his competitor, then I do not believe that legislation will help him.

The hearings disclosed that during the last year one large chain store received $8,000,000 bonuses or discounts in the

way of advertising allowances, brokerage allowances, and quantity rebates. It was clearly shown that the dividend requirements of that concern were met entirely by these bonuses and allowances, and that they did not even have to earn a dividend out of regular, legitimate sales, but could pay it and cover it entirely by these discriminatory allowances.

Much has been said, and will be said, about the consumer, and it will be insisted that enactment of this law will increase prices in certain instances to the consumer. Well, now, just who is the consumer in this country? Why, the consumer is all of the people. It is true that the consumer may be placed into several groups. For instance, the last statistics obtainable from the Bureau of the Census show that 36,000,000 of our people are dependent on the mechanical and manufacturing pursuits for a livelihood, 26,000,000 of the people in America are dependent upon agriculture for a livelihood, 18,000,000 people are dependent upon distribution and trade, 11,000,000 are dependent upon transportation and communication, and 9,000,000 are dependent upon the professions.

Each of these groups is dependent upon the other. All are consumers. If the farmer cannot get the cost of production plus a profit for his products, he has little money with which to buy the products of the factories. If the manufacturer cannot get the cost of production plus a profit, he has little money with which to buy the products of the farm. The wage earner buys the products of the factories and the products of the farms and, in fact, everything that is used in living. His purchasing power is dependent entirely upon the size of his wage. Therefore it seems clear to me that even though the public may buy a commodity a little cheaper here or there, yet if the price paid does not represent the cost of the product plus a profit, then everybody is injured. Good prices and decent wages are essential to prosperity in the country. I have always insisted that no group or class of our people can long prosper at the expense of other groups or classes. We must all be prosperous if the country is to be prosperous. Stated in another way, we must be prosperous together or there will be no prosperity.

We are told that the people of America today owe $250,000,000,000. Generally speaking, our tax burden has been fixed for the next 40 years; that is, the minimum tax burden, if we stop our profligate spending, balance our Budget now, and begin to live within our means. Now the question arises, how are we going to pay this $250,000,000,000 in debts and taxes? We certainly cannot pay debts or taxes from any source other than profits; that is, we must live first. If this is correct, then it would seem to me that the only way we will ever recover is by good wages and good prices; that is, the lowest possible price to the consumer, consistent with a living wage to the farmer and the wage earner, together with a fair cost for distribution.

Absentee ownership of business is not good for the country. Large corporations located in New York, owning and operating large farms in Kansas, is not good for the farmer; it is not good for Kansas; neither is it good for the country. Large chain stores, operating entirely from the great cities are not good, especially for the smaller communities. When the independent makes a dollar profit, that dollar is invested in the local community. It is a part of the community. When an absentee owner makes a dollar profit in a community, that profit usually goes to the headquarters of the absentee owner and never again returns to the community where it was earned, except as a small portion might trickle down through the channels of industry. There is no question but that the sentiment of the country favors the retention wherever possible of the independent merchant and local ownership, and the enactment of this legislation will go as far as the Congress can go in a legitimate effort to bring this about.

[Here the gavel fell.]

The CHAIRMAN. The Clerk will read the bill for amendment.

Mr. MILLER. Mr. Chairman, I ask unanimous consent that the original bill may be considered as read and that the Clerk proceed with the reading of the committee amendment which begins at the bottom of page 4.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

Mr. RICH. Mr. Chairman, reserving the right to object, may I ask the gentleman if it is possible for him to place in the RECORD the amendments that he proposes to offer tomorrow to paragraph 6?

Mr. MILLER. I will be glad to do that.

Mr. RICH. So that we will know tomorrow morning what the amendments are.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 2 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, as amended (U. S. C., title 15, sec. 13), is amended to read as follows:

"SEC. 2. (a) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to discriminate in price or terms of sale between different purchasers of commodities of like grade and quality, where either or any of the purchases involved in such discrimination are in commerce, and where such commodities are sold for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States: *Provided*, That nothing herein contained shall prevent differentials in prices as between purchasers depending solely upon whether they purchase for resale to wholesalers, to retailers, or to consumers, or for use in further manufacture; nor differentials which make only due allowance for differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered: *And provided further*, That nothing herein contained shall prevent persons engaged in selling goods, wares, or merchandise in commerce from selecting their own customers in bona fide transactions and not in restraint of trade.

"(b) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to pay or grant, or to receive or accept, anything of value as a commission, brokerage, or other compensation to an agent, representative, or other intermediary in connection with the sale or purchase of goods, wares, or merchandise, where such intermediary is acting therein for or in behalf or is subject to the direct or indirect control of any party to such purchase and sale transaction other than the person by whom such compensation is so granted or paid.

"(c) That it shall be unlawful for any person engaged in commerce to pay or contract for the payment of anything of value to or for the benefit of a customer of such person in the course of such commerce as compensation or in consideration for any services or facilities furnished by or through such customer in connection with the processing, handling, sale, or offering for sale of any products or commodities manufactured, sold, or offered for sale by such person, unless—

"(1) such payment or consideration is offered on proportionally equal terms to all other customers competing in the distribution of such products or commodities; or unless

"(2) the business, identity, or interests of such customer are in no way publicly associated, by name, reference, allusion, proximity, or otherwise, with or in the furnishing of such services or facilities, and the consideration paid therefor does not exceed the fair value of such services or facilities in the localities where furnished.

"(d) For purposes of suit under section 4 of this act, the measure of damage from any violation of this section shall, in the absence of proof of greater damage, be presumed to be the unit amount of the prohibited discrimination, payment, or grant concerned, multiplied by—

"(1) the volume of business involved in such violation in case the plaintiff shall be in competition with the grantor therein in the distribution of the products or commodities concerned; and

"(2) the volume of plaintiff's business in the respective products and commodities, and for the period of time concerned in such violation, in case the plaintiff shall be in competition with the grantee therein, or, in cases under paragraph (b) of this section, in competition with the intermediary or with the person for or under whose control such intermediary shall act therein."

Mr. MILLER. Mr. Chairman, I ask unanimous consent that the committee amendment may be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

Mr. CRAWFORD. Mr. Chairman, reserving the right to object, is it understood that an opportunity will be afforded tomorrow to speak on the various sections of the committee amendment?

Mr. MILLER. Mr. Chairman, as I understand the parliamentary situation, the committee amendment will be considered as having been read and will be open to amendment tomorrow.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The committee amendment is as follows:

Strike out all after enacting clause and insert:

"That section 2 of the act entitled 'An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes', approved October 15, 1914, as amended (U. S. C., title 15, sec. 13), is amended to read as follows:

"'SEC. 2. (a) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to discriminate in price between different purchasers of commodities of like grade and quality, where either or any of the purchasers involved in such discrimination are in commerce, where such commodities are sold for use, consumption, or resale within the United States or any Territory thereof, or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, and where the effect of such discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or receives the benefit of such discrimination, or with customers of either of them; and that it shall also be unlawful for any person, whether in commerce or not, either directly or indirectly, to discriminate in price between different purchasers of commodities of like grade and quality where in any section or community and in any line of commerce such discrimination may substantially lessen competition in commerce among either sellers or buyers or their competitors or may restrain trade or tend to create a monopoly in commerce or any line thereof; all subject to the following provisions:

"'(1) That nothing herein contained shall prevent or require differentials as between purchasers depending solely upon whether they purchase for resale to wholesalers, to retailers, or to consumers or for use in further manufacture; for the purpose of such classification of customers as wholesalers or jobbers, or retailers, the character of the selling of the purchaser and not the buying shall determine the classification, and any purchaser who, directly or indirectly, through a subsidiary or affiliated concern or broker, does both a wholesale or retail business shall, irrespective of quantity purchased, be classified (1) as a wholesaler on purchases for sale to retail dealers only, not owned or controlled, directly or indirectly, by the purchaser; and (2) as a retailer on purchases for sale to consumers.

"'(2) That nothing herein contained shall prevent or require differentials which make only due allowance for differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered: *Provided, however,* That the Federal Trade Commission, after due investigation and hearing to all interested parties, following insofar as applicable the procedure and subject to the recourse of the courts, provided in section 11 of this act, may issue an order fixing and establishing quantity limits and revising the same as it finds necessary, as to particular commodities or classes of commodities, and the foregoing shall then not be construed to permit differentials based on differences in quantities greater than those so fixed and established.

"'(3) That nothing herein contained shall prevent price changes from time to time where in response to changing conditions affecting the market for or the marketability of the goods concerned, such as but not limited to actual or imminent deterioration of perishable goods, obsolescence of seasonal goods, distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned.

"'(4) That nothing herein contained shall prevent persons engaged in selling goods, wares, or merchandise in commerce from selecting their own customers in bona-fide transactions and not in restraint of trade.

"'(5) That the word "price", as used in this section 2, shall be construed to mean the amount received by the vendor after deducting actual freight or cost of other transportation, if any, allowed or defrayed by the vendor.

"'(b) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to pay or grant, or to receive or accept, anything of value as a commission, brokerage, or other compensation, or any allowance or discount, in lieu thereof, except for services rendered in connection with the sale or purchase of goods, wares, or merchandise, either to the other party to such transaction or to an agent, representative, or other intermediary therein where such intermediary is acting in fact for or in behalf, or is subject to the direct or indirect control, of any party to such transaction other than the person by whom such compensation is so granted or paid.

"'(c) That it shall be unlawful for any person to discriminate in favor of one purchaser against another purchaser or purchasers of a commodity bought for resale, with or without processing, by contracting to furnish or furnishing, or by contributing to the furnishing of, any services or facilities connected with the processing, handling, sale, or offering for sale of such commodity so purchased upon terms not accorded to all purchasers on proportionally equal terms.

"'(d) That it shall be unlawful for any person engaged in commerce to pay or contract for the payment of anything of value to or for the benefit of a customer of such person in the course of such commerce as compensation or in consideration for any services or facilities furnished by or through such customer in connection with the processing, handling, sale, or offering for sale of any products or commodities manufactured, sold, or offered for sale by such person, unless such payment or consideration is available on proportionally equal terms to all other customers competing in the distribution of such products or commodities.

"'(e) Upon proof being made, at any hearing on a complaint under this section, that there has been discrimination in price, the burden of rebutting the prima-facie case thus made by showing justification shall be upon the person charged with a violation of this section, and unless justification shall be affirmatively shown, the Commission is authorized to issue an order terminating the discrimination: *Provided, however,* That nothing herein contained shall prevent a seller rebutting the prima-facie case thus made by showing that his lower price to any purchaser or purchasers was made in good faith to meet an equally low price of a competitor.

"'(f) Nothing in this section shall prevent a cooperative association from returning to its members, or a cooperative wholesale association from returning to its constituent retailer members, the whole or any part of the net earnings resulting from its trading operations, in proportion to their purchases or sale from, to, or through such association.'"

"Amend the title so as to read: 'A bill to amend section 2 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, as amended (U. S. C., title 15, sec. 13), and for other purposes.'"

Mr. MILLER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8442) making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys, from exploitation by unfair competitors, had come to no resolution thereon.

Mr. MILLER. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point some proposed committee amendments to the bill H. R. 8442, which will be offered for consideration tomorrow.

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

There was no objection.

Mr. MILLER. Mr. Speaker, the amendments to the committee amendment, which will be offered by the Committee on the Judiciary, are as follows:

On page 6 of the committee amendment strike out all of lines 4 to 17, both inclusive, which is designated as subsection (1) of section 2 of the committee amendment.

This is the so-called classification subsection and the Committee on the Judiciary on May 21, 1936, decided to offer an amendment to strike the same from the bill as reported.

The second amendment which the Committee on the Judiciary will offer is to lines 20 and 23 on page 7 of the committee amendment to the bill, and the amendment will be a motion to strike said lines 20 to 23, both inclusive, therefrom.

This particular section which the committee will seek to strike out is designated as subsection (5) on page 7, and is what is commonly called the basing-point provision.

The third amendment which the Committee on the Judiciary will offer is to subsection (2) of the committee amendment on page 9, and is as follows:

After the word "price", in line 9, page 9, insert the words "or services or facilities furnished." In line 16, page 9, after the word "price", insert the words "or the furnishing of services or facilities." Immediately following the word "competitor", in line 18, page 9, add a comma and the following: "or the services or facilities furnished by a competitor."

This would make subsection (E) of the committee amendment to the bill, on page 9, read as follows:

(E) Upon proof being made, at any hearing on a complaint under this section, that there has been discrimination in price or services or facilities furnished, the burden of rebutting the prima-facie case thus made by showing justification shall be upon the person charged with a violation of this section, and unless justification shall be affirmatively shown, the Commission is authorized to issue an order terminating the discrimination: *Provided, however,* That nothing herein contained shall prevent a seller rebutting the prima-facie case thus made by showing that his lower price or the furnishing of services or facilities to any purchaser or purchasers was made in good faith to meet an equally low price of a competitor or the services or facilities furnished by a competitor.

At the request of the Federal Trade Commission I propose to offer an amendment which will add two new sections to the committee amendment. These have not been presented to the Committee on the Judiciary because I have not had an opportunity to do so, and they will not be offered as amendments bearing the approval of the Committee on the Judiciary, but will be offered by me upon my own responsibility. However, I may add that I do not think the Committee on the Judiciary would have any objection to the amendment. The proposals which I expect to offer, adding sections (2) and (3) to the committee amendment, are as follows:

SEC. 2. That nothing herein contained shall affect rights of action arising, or litigation pending, or orders of the Federal Trade Commission issued and in effect or pending on review, based on section 2 of said act of October 15, 1914, prior to the effective date of this amendatory act: *Provided,* That where, prior to the effective date of this amendatory act the Federal Trade Commission has issued an order requiring any person to cease and desist from a violation of section 2 of said act of October 15, 1914, and such order is pending on review or is in effect either as issued or as affirmed or modified by a court of competent jurisdiction, and the Commission shall have reason to believe that such person has committed, used, or carried on, since the effective date of this amendatory act, or is committing, using, or carrying on, any act, practice, or method in violation of any of the provisions of said section 2 as amended by this act, it may reopen such original proceeding and may issue and serve upon such person its complaint, supplementary to the original complaint, stating its charges in that respect. Thereupon the same proceedings shall be had upon such supplementary complaint as provided in section 11 of said act of October 15, 1914. If upon such hearing the Commission shall be of the opinion that any act, practice, or method charged in said supplementary complaint has been committed, used, or carried on since the effective date of this amendatory act, or is being committed, used, or carried on, in violation of said section 2 as amended by this act, it shall make a report in writing in which it shall state its findings as to the facts and shall issue and serve upon such person its order modifying or amending its original order to include any additional violations of law so found. Thereafter the provisions of section 11 of said act of October 15, 1914, as to review and enforcement of orders of the Commission shall in all things apply to such modified or amended order. If upon review as provided in said section 11 the court shall set aside such modified or amended order, the original order shall not be affected thereby, but it shall be and remain in force and effect as fully and to the same extent as if such supplementary proceedings had not been taken.

SEC. 3. If any part, clause, sentence, or paragraph of this act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the part, clause, sentence, or paragraph thereof directly involved in the controversy or proceeding in which such judgment shall have been rendered.

The above proposals are self-explanatory, but I may add that section 2 will be offered to protect the proceedings that have already been had in the Goodyear Tire & Rubber Co. case, and section 3 is merely the separability amendment.

THE WORKS PROGRESS ADMINISTRATION IN WESTCHESTER COUNTY, N. Y.

Mr. MILLARD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MILLARD. Mr. Speaker, Mrs. CAROLINE O'DAY, Democratic Congresswoman at Large from New York, has seen fit to read into the CONGRESSIONAL RECORD a personal attack on Mrs. Eugene Meyer because Mrs. Meyer has revealed that shocking conditions exist in the administration of W. P. A. in Westchester County, N. Y. The main thing that Mrs. O'DAY seems to hold against Mrs. Meyer is that she has served our county as a public official for 13 years without any other compensation except the satisfaction that comes from work well done. But Mrs. Meyer needs no defense from such attacks as Mrs. O'DAY's other than the valuable contributions which she has made to the welfare and happiness of her fellow citizens. It is only fair to ask, however, what Mrs. O'DAY has ever done for Westchester County that entitles her to criticize Mrs. Meyer's distinguished record.

But Mrs. O'DAY forgets that it is the Works Progress Administration and not Mrs. Meyer that is on trial. Indeed, Mrs. O'DAY does not seem very clear in her mind just what W. P. A. is, for she also refers to it as P. W. A.

It is interesting to see that Mrs. O'DAY and Mr. Bryan, the director of W. P. A. in Westchester County, furnish glowing descriptions of the great abilities of some of the Democratic foremen with whom the W. P. A. pay rolls in Westchester are overloaded throughout the county. If these men were so able, why did Mr. Bryan throw 37 of them off the pay roll in the towns of Rye and Mamaroneck as soon as publicity was given to their presence? And why did the efficiency on the projects in these two towns go up about 25 percent as soon as these so-called able Democrats were dismissed?

In the future it will not be as easy for W. P. A. officials to continue this particular racket in Westchester County, for though W. P. A. tries to keep its pay rolls secret, it has become a favorite sport for the newspapers to ferret them out. Thus the Mount Vernon News of May 19, under the heading "Lucrative Key Jobs Given Faithful Democratic Boys", publishes about twoscore names of Mount Vernon Democratic district leaders and workers, all of whom are being "taken care of" by W. P. A. The News reports, for example, that former Alderman William Bantz, long identified with Democratic affairs, "will continue his W. P. A. post in preference to running for alderman in November."

Mrs. O'DAY is reckless enough to repeat the word "falsehood" concerning Mr. Bryan's remark that he "would be a dog traitor if he did not see that people who are 100 percent for Roosevelt receive first consideration." But the following article in the New York Sun of February 19 will prove to Mrs. O'DAY how much she can rely on her friend Mr. Bryan:

W. P. A. AX FOR ANTI-NEW DEALERS—WESTCHESTER DIRECTOR WARNS HE WILL OUST DISLOYAL FOREMEN "ON A HUNCH"

The article begins:

"I'll have Republicans for foremen—if they're Roosevelt Republicans", John Buckley Bryan, W. P. A. director for Westchester County, told a Sun reporter today in his office in White Plains.

The article continues:

The Westchester director makes no bones about the political preference to be given to "men who are loyal to the President"—

And so forth. Again he says:

I'm going to have men who will be working for me and for the W. P. A. and for the President.

This story Mr. Bryan has never denied.

Mrs. O'DAY excuses the extortion of subscriptions from relief workers for the Standard Democrat, a new weekly paper, because, as she artlessly puts it—

The need for a Democratic paper becomes acute as the time comes for a Presidential election.

Nor does she think it shows moral turpitude when Democratic clubs "spring up like mushrooms" with forced contributions from relief workers, nor to give Democratic dinners to which they are obliged to buy tickets.

But the most unpardonable slur which Mrs. O'DAY permits herself is about the mythical case of F. M., as she calls it. For this man, Felix Minnetti by name, is her own townsman; and if he had not felt that it is useless to appeal to Mrs. O'DAY for help against her friends in the Federal administration, he would have done so long ago. This man, as Mrs. Meyer states in her report, supports a wife and seven children of whom one is bedridden. He is highly competent as he has been a superintendent of construction since 1906. W. P. A. first gave him a job on the Midland Avenue Playfield, where he was suddenly told that there were too many supervisors and was discharged. Immediately, however, his place was filled by a Democratic garbage collector who was not a relief case. After giving Felix Minnetti relief for a time, the town of Rye secured him a job on the sea wall, but here again he was discharged May 8, while other men, one of them a general foreman, a nonrelief steamfitter by trade, were kept on. Mrs. O'DAY sees fit to deny W. P. A. discrimination but this man, like many another Republican, received $93.50 on the sea wall to feed his seven children, although he was made to do foreman's work, while the Democratic protégés, doing less responsible work, got $130. When he was asked whether his full name could be used to substantiate his experiences, he replied:

> Why not? Nothing worse could happen to me than has happened already.

A more shameless instance of the ruthless cruelty of W. P. A. can scarcely be imagined. I only hope Mrs. O'DAY does not know conditions in Westchester County as well as she says she does, for otherwise her townspeople and neighbors are sure to ask here whether she thinks she was sent to Congress to protect her constituents or to protect the unjust practices of the Federal administration.

Mrs. Meyer's articles "have been answered point by point", says Mrs. O'DAY; but how can she or Mr. Bryan, or anybody, answer the fact that Mrs. Meyer offers actual subscriptions extorted from relief workers to Democratic papers that do not even exist, proof of Democratic club meetings they must attend on pain of dismissal, and the lists of Democratic foremen in definite towns, all of whom were unnecessary to the progress and positively disastrous to the morale of the work projects? In these two towns about $5,000 a week was stricken off the pay roll and off the Democratic campaign fund when W. P. A. officials became alarmed at the sudden publicity given their political activities. As all the projects throughout the county are equally overloaded, that means at least $50,000 or $60,000 of the taxpayers' money similarly wasted in Westchester County alone. Figure out for yourselves what the losses and the graft must be on this basis for the entire country where similar conditions prevail.

Mrs. O'DAY presumes to say that Mrs. Meyer has defended her county and its relief workers against these intolerable conditions because—I quote: "Mrs. Meyer is an ardent Republican worker", and was "piqued because Republican prestige began to wane."

Mrs. Meyer has taken no part in county politics since she became chairman of the Bipartisan Recreation Commission, 13 years ago, and, as for the Republican enrollment in Westchester County, I am glad to inform Mrs. O'DAY it was never higher than it is now. Indeed, we gained another Republican supervisor at the last election, though with a 3-to-1 majority we scarcely needed more.

It is noticeable that Mrs. O'DAY says little to defend the cruel hardships which have been endured by relief workers in Westchester County owing to the long-delayed pay rolls resulting from W. P. A. incompetency in handling its accounts. She merely says "delays are ended" because she is ignorant of the fact that on May 20 an army of relief workers in Westchester County was still 2 to 6 weeks in arrears. Mrs. O'DAY forgets that on April 22 in the Mount Vernon Argus, and on many a previous occasion, Mr. Bryan has said "delays are ended" only to disappoint the destitute relief workers again and again. Last week, owing to the unwelcome publicity which these chaotic financial conditions were given, Mr. Bryan succeeded for the first time in paying the city pay rolls, but when relief workers came in from the rural districts to ask when their checks could be expected, they were still given the favorite reply of W. P. A. clerks, "Your guess is as good as mine."

What Mrs. Meyer is trying to do is to secure more protection and better working conditions for the unemployed of Westchester County, and in this her articles have already been partly successful, as hundreds of messages of thanks and gratitude clearly indicate. The unfortunate relief worker in Westchester County will therefore be surprised to hear that Mrs. O'DAY thinks his lot needs no improvement and that everybody has "a lively appreciation of what the administration is doing through P. W. A."—quotations are Mrs. O'DAY's, not mine. Equally surprising will the people of Westchester find her conclusions concerning Mrs. Meyer and Mr. Bryan that—

> The choice must be made between the statements of a person obviously biased and bitter, having no official position, and a public official chosen for outstanding and well-known qualifications.

There Mrs. O'DAY betrays herself and her case, for Mr. Bryan has yet to prove his "outstanding qualifications", whereas Mrs. Meyer has held an official position for 13 years with marked success. No judge could hesitate between these two pieces of evidence nor would the citizens of Westchester County hesitate between these two witnesses. Mr. Bryan's unsubstantiated fulminations meet with the suspicion that is natural toward a paid Federal employee having no reason for loyalty toward Westchester County; Mrs. Meyer's judicial and fully documented statements carry additional weight because of her long and unselfish devotion to the county and because of the confidence which the people of Westchester have acquired in her competence and her integrity.

COINAGE OF 50-CENT PIECES IN COMMEMORATION OF THE COMPLETION OF BRIDGES IN SAN FRANCISCO BAY AREA

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 12397) to authorize the coinage of 50-cent pieces in commemoration of the completion of the bridges in the San Francisco Bay area.

The Clerk read the title of the bill.

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

Mr. RICH. Mr. Speaker, reserving the right to object, is this another coinage bill?

Mr. COCHRAN. This is a bill introduced by the gentleman from California [Mr CARTER] and is one in which the entire California delegation is interested. It provides for the coinage of 50-cent pieces in commemoration of the construction of two of the largest bridges in the world.

Mr. RICH. Mr. Speaker, I would like to favor my colleagues, the gentleman from California and also the gentleman from Missouri, but may I say to the Members of the House that this is about the thirty-fifth new coinage bill that has come before the House this year for consideration. I am going to suggest to the gentleman from Missouri that we place on the one side of this coin the face of Mr. Farley, Democratic National Committeeman; then turn the coin over and place on the other side of it the face of Mr. Farley, the New York city committeeman; then when you flop coins you will always have the head of Farley.

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

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in commemoration of the completion of the bridges in the San Francisco Bay area there may be coined at the mints of the United States 250,000 silver 50-cent pieces of such design as the Director of the Mint, with the approval of the Secretary of the Treasury, may select; but the United States shall not be subject to the expense of making the models or master dies or other preparations for this coinage. Not less than 25,000 silver 50-cent pieces shall be coined at one time.

SEC. 2. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the purchase of material, for the transportation, distribution, and redemption of the coins, for the prevention of debasement or counterfeiting, for security of the coin, or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage authorized by this act.

SEC. 3. The coins authorized by this act shall be issued only to the San Francisco Bay Exposition, Inc., or its duly authorized agent, and upon payment to the United States of the face value of such coins.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNIVERSARY OF ARRIVAL OF MARCUS AND NARCISSA WHITMAN IN WALLA WALLA VALLEY, WASH.

Mr. KNUTE HILL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 11555) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the arrival of Marcus and Narcissa Whitman in the Walla Walla Valley, Wash., and the founding of the Waiilatpu Mission.

The Clerk read the title of the bill.

Mr. SNELL. Mr. Speaker, reserving the right to object, I would like to know in whose honor these 50-cent pieces are to be coined. I could not tell from the reading of the title.

Mr. KNUTE HILL. Marcus Whitman and his wife, Narcissa Whitman, who come to the Walla Walla Valley 100 years ago, and were mainly instrumental in the great Northwest Territory becoming a part of the United States.

Mr. SNELL. I think they ought to have a 50-cent piece, too.

Mr. RICH. Mr. Speaker, reserving the right to object, I am going to suggest to the gentleman from Washington that, while we are Walla Walla-ing around and do not know where we are going, we put on one side of these coins the Democratic Members of Congress and on the other side Mr. Farley and then when we flip the coin we will surely have heads again.

Mr. BLANTON. Mr. Speaker, reserving the right to object, if the gentleman from Pennsylvania would follow Mr. Farley around awhile he would know exactly where he is going. [Laughter and applause.]

Mr. RICH. I may say to the gentleman from Texas that if I followed him I would go crazy. [Laughter.]

Mr. BLANTON. By not following him, the gentleman possibly is somewhat that way already.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, in commemoration of the one hundredth anniversary of the arrival of Marcus and Narcissa Whitman in the Walla Walla Valley, Wash., and of the founding of the Waiilatpu Mission, there shall be coined by the Director of the Mint, 25,000 silver 50-cent pieces, such coins to be of standard size, weight, and fineness of a special, appropriate design to be fixed by the Director of the Mint with the approval of the Secretary of the Treasury, but the United States shall not be subject to the expense of making the models for master dies or other preparations for this coinage.

SEC. 2. Coins shall be issued at par, and only upon the request of a committee of not less than three persons duly authorized by the officers of the Whitman Centennial, Inc.

SEC. 3. Such coins may be disposed of at par or at a premium by the committee, duly authorized in section 2, and all proceeds shall be used in furtherance of the commemoration of the founding of the Waiilatpu Mission.

SEC. 4. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same; regulating and guarding the process of coinage; providing for the purchase of material, and for the transportation, distribution, and redemption of the coins; for the prevention of debasement or counterfeiting; for the security of the coin; or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein directed.

SEC. 5. The coins authorized herein shall be issued in such numbers, and at such times as they may be requested by the committee, duly authorized by said officers of the Whitman Centennial, Inc., and only upon payment to the United States of the face value of such coins.

With the following committee amendment:

Page 2, beginning in line 22, strike out section 5.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. O'MALLEY, for 1 week, on account of death of his father.

To Mr. POWERS, to attend the funeral of the late Randolph Perkins, of New Jersey.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 11454. An act to incorporate the Veterans of Foreign Wars of the United States.

The SPEAKER announced his signature to a joint resolution of the Senate of the following title:

S. J. Res. 209. Joint resolution authorizing the presentation of silver medals to the personnel of the second Byrd Antarctic expedition.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 11454. An act to incorporate the Veterans of Foreign Wars of the United States.

HONEST CONGRESS-CONTROLLED MONEY OR WALL STREET BANKER'S DISHONEST COLLAPSIBLE MONEY? COUNTERFEIT FEDERAL RESERVE BANKER THIEVES HAVE PROMOTED WAR, MURDER, CRIME, STARVATION, POVERTY, AND UNEMPLOYMENT FOR 22 YEARS, SINCE 1914

Mr. BUCKLER of Minnesota. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BUCKLER of Minnesota. Mr. Speaker, the Frazier-Lemke farm-refinancing bill would provide $3,000,000,000 for a revolving fund for long-time, low-interest loans to refinance farm mortgages. This plan is far better than the existing method of paying 3 percent or so to private Federal Reserve bankers for using their manipulated and unconstitutional credits on a racketeering basis, dealing in Government bonds.

Bankers' bondage bonds tighten our slavery chains. They create vast, dishonest wealth and untold poverty and unemployment.

Refusal to issue sufficient money is a crime. Refusal to permit farm owners, home owners, and all citizens to have the use of Congress-coined and issued constitutional money is a double crime. Refusal to return to every farmer and every citizen the wealth he was robbed of during the deflation period, which started late in 1920, is worse than a crime.

The big banker swindlers who have illegally issued money and robbed our citizens are our greatest criminals. They have confiscated most of our national wealth. Their greed has almost destroyed our democracy, and now almost has doomed their own monopoly rackets.

Big banker money changers and their puppets lie about inflation and expansion.

Advocates of dishonest inflation oppose honest currency expansion provided by the Frazier-Lemke plan.

Wall Street's and bunco banker's fraudulent inflation, like that built up under Coolidge, Mellon, Hoover, has been rigged up in all financial channels again.

Tens of millions of irredeemable fake values have been rigged into the gambling chips, markers, stocks and bonds, by Wall Street's racketeering money swindlers.

Du Pont stocks, Liberty League promoted stocks, United States Steel, Bethlehem, Chrysler, General Motors, other motors, Standard Oil, telephone and other stocks have been pumped with fake inflations month after month.

Inflated deposits run nearly twenty-five billions in 5,000 national banks. An increase of eight billions in 2 years.

New York City banks (152) alone report deposits of over $16,000,000,000 (mostly fictitious bank inflation stage money) to help back up Wall Street's fraudulent inflations.

Mr. Joseph Kennedy, a Wall Street operator, who was chairman of the Government's Security Exchange, is "a gambling club, a monoply"; a "gambling place" dealing with "dice" where insiders look at the customers' "cards"; "records of thousands of swindles"; "reams and reams of stocks and bonds must have been printed on paper that contained 90 percent water, for that's about what these securities contained."

Out of more than two hundred billions of money changers' inflations in recent years, 90 percent was treated as water and manipulated to rob nearly every citizen with savings in the United States.

Senator FLETCHER's committee investigation of Wall Street swindlers reports in volume 17, pages 7923–7929, that 33 of the biggest big bankers in the United States were guilty of pool-operation inflations.

All the biggest American banks and bankers found themselves together on a communistic bankers' basis, on a community of interest monopoly basis.

All the big money changers worked in harmony, concert, and cooperation in criminal pool stock-rigging deals with the J. P. Morgan gang of stock-jobbing partners, Rockefeller's Chase National Bank, the George Baker-Jackson Reynolds First National, and other Wall Street banks.

Judge Woolsey, Federal Court of the Southern District of New York, in *United States* v. *Brown* (5 Fed. Supp. 81), November 23, 1933, dealt with pool operations in his exhaustive decision which he traced back to a British case 120 years before as his base. Artificial pool operations were decreed to be criminal.

A court indictment charged that artificial manipulation by means of pool and fictitious sales to raise prices constitutes fraud.

Judge Woolsey ruled:

> If * * * a group of insiders, to profitably dispose of their holdings, are artificially raising quoted prices on the only market a man to buy resorts * * * then (he) hence is a victim of unfair dealing by the insiders. But he is entitled to fair dealing and should get it.
>
> * * * Even a speculator is entitled not to have any present fact * * * misrepresented by word or act.
>
> Judges have properly set their faces sternly against any practices by which the right of fair dealing between man and man is in any way infringed, and whenever there is any false representation * * * it is held to be a fraud, contracts illegal and against public policy.

Judge Woolsey decreed:

> I hold, therefore, that the indictment states a crime * * * to meet the requirements of the criminal law.

In violation of the coin and issue money powers of the Constitution, and in violation of our criminal laws, the big bankers of Wall Street became responsible for thousands of millions of the greatest inflations and the greatest financial crimes of history.

Criminal pool operations, promoted and shared by three dozen of the largest banks and their bunco agents in the United States set the pace and fanned the flames for scores of billions of faked, counterfeit and inflated bankable values in worthless stocks and other banker stock-market securities.

Congressman ADOLPH SABATH's committee that has been busy many months investigating the money changers' receivership and protective committee swindling operations, reports approximately twenty billions of deflated values juggled by the big banker dealers in, and receivers of, stolen wealth, or wealth confiscated under cloak of the law.

Fraudulent inflation and deflation in the many thousands of millions of dollars have been juggled out of millions of our thrifty citizen investors in first-mortgage bonds. Billions of dollars were thus taken away from innocent investors by crooked money changers and their conniving lawyer accomplices through operation of a fraudulent money system.

Another $40,000,000,000 of inflation and deflation was juggled in and out of only two dozen Wall Street stocks by the big banker money changers and their accomplices. A summary of this particular forty billions of fakers' inflations is given in the House Banking and Currency Committee hearings on the Banking Act of 1935, pages 789 and 790.

Congressman RAYBURN's committee that investigated electric power holding company racketeers reported over $20,000,000,000 of inflation among power-company highjackers alone.

Senator HIRAM JOHNSON's committee, that investigated foreign bond swindlers, disclosed over $7,000,000,000 of mostly bunco inflation by New York banker gangs of racketeers. More than twice this much additional American wealth was dumped into Europe through Wall Street's bankers and repudiated. A total of more than an additional twenty billions of inflation for foreigners.

Most all of the New York Stock Exchange and Curb Exchange stocks were added to the Rockefeller, Morgan, Baker, and other bunco bank stocks, to Sam Insull, and other fake stocks, to pile up a total of over two hundred billions of wind, water, and air inflation that circulated through all American banking and financial channels. These inflations robbed nearly everybody in the United States and produced the 7 years of misery, depression, and poverty.

A system of debt and a system of stifled freedom and liberty were built up by the money changers the past twenty-odd years. Now, Herbert Hoover falsely says the Roosevelt administration is responsible for these false systems even when we note that it happened during Republican administrations, more so than Democratic.

These destructive systems were developed by counterfeit monopoly money changers who issued money for their own exclusive use to enslave the American people and bring themselves tremendous profits.

Unlimited license for the few to steal the wealth of the many was developed through control of the private racketeer owners of the Federal Reserve bank system, operated through Wall Street thieves and their counterfeit associates.

The biggest banker money changer fakers in America have done and still Congress seems to lack courage to coin money constitutionally. Congress should drive the money changers out of our temples and regain control of our Government.

Congress should have the courage to put out of business or to correct the methods of the fraudulent operators of the privately owned and privately controlled Federal Reserve banks.

Congress lacks courage to curb the Supreme Court, which the Constitution says "shall have appellate jurisdiction both as to law and fact, with such exceptions and under such regulations as the Congress shall make."

Congress must curb judicial usurpations, must dethrone the money changers, must abolish financial slavery, and take back control of our Government for the benefit of all the people.

Senator NYE's Munitions Committee proved that the money changers are war makers and murderers who drove us into the World War for greedy bankers' profits.

Senator NYE's speech on the Nye-Sweeney bank bill proves the Federal Reserve money changers are slave masters of the American people, and that Wall Street banker criminals are our greatest criminals. His arguments clearly show how the wealth of the American people has been absorbed and stolen by a small group of banker bandits and brigands. His speech clearly shows how banker bandits inflated and deflated and ruthlessly destroyed prosperity to rob farmers and home owners, and the people generally, of all or most of their wealth.

As a result of all the crimes revealed by Senator NYE we have had for a long time an unendurable volume of debt, a system of fake bankers' inflation, and a system of unlimited license to ruthlessly rule by small cliques and classes of money changers.

Under a fraudulent system of money control the money changers' aristocracy of plutocratic parasites have brought about our most important crisis—a major crisis in our civilization, with tens of millions of victims.

Private Federal Reserve money changers, who illegally and unconstitutionally issue money fraudulently, have virtually wrecked our fundamental concepts of government, of organized society, and of our democracy.

The wealth of all the American people a few years ago was estimated to be about $350,000,000,000. It was largely irredeemable, inflated boom wealth. It has become tremendously deflated.

Debts, unbearable and at present irredeemable, now exceed $250,000,000,000. Europe was allowed to cancel her debts, but not America. They must be greatly reduced or eventually they may have to be repudiated. Easier money conditions to wipe out debts will help to establish a necessary balance between our present wealth and existing debts. More money must circulate. Congress only can legally circulate enough money.

One way to reduce debts then is by placing a sufficient amount of currency in circulation.

The old Hebrews understood the philosophy of debt. Periodically they erased all debts. The Chinese still follow the custom of erasing debts.

Borrowers, forced or tricked into borrowing, become the virtual slaves of the lenders. Congress has provided no escape for debtors in 150 years. Financial slavery has constantly increased: our financial slavery today affects 30 times as many people as Negro slavery affected. We have today over ten million families being driven into poverty and pauperism, more than forty million citizens.

When our voters send representatives to our next Congress as their carefully chosen agents who will have the courage to coin money for all our States, as prescribed by the Constitution, then we can have production for mutual use and mutual profit to take the place of our present scarcity, and the poverty production now regulated by a few monopoly money masters who seek only their personal gain.

With representatives of the people in control of Congress, we will be able to satisfy human needs with service to all. Then it will not longer be necessary for millions of citizens to spend the night without enough clothing and covering, or without decent shelter, or hungry, and be driven "like wild asses in the wilderness to hide themselves."

ADJOURNMENT

Mr. MILLER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 56 minutes p. m.) the House adjourned until tomorrow, Thursday, May 28, 1936, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON IMMIGRATION AND NATURALIZATION

The Committee on Immigration and Naturalization, room 445, will hold public hearings at 10 a. m., Thursday, May 28, on a group of private bills relating to fraudulent birth certificates and visas at time of entry.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

853. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 20, 1936, submitting a report, together with accompanying papers on a preliminary examination and survey of Big and Little Suamico Rivers, Wis., authorized by the River and Harbor Act approved August 30, 1935 (H. Doc. No. 498); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

854. A letter from the Chairman of the Federal Trade Commission, transmitting various reports in regard to the textile industries; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine and Fisheries. House Joint Resolution 597. Joint resolution authorizing an investigation by the Bureau of Fisheries of the California sardine (pilchard) fishing industry; with amendment (Rept. No. 2822). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 11152. A bill to extend the retirement privilege to the Director, Assistant Directors, inspectors, and special agents of the Federal Bureau of Investigation; without amendment (Rept. No. 2823). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEMPSEY: Committee on the Public Lands. S. 32. An act to establish a national military park to commemorate the campaign and Battles of Saratoga, in the State of New York, without amendment (Rept. 2824). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 6679. A bill extending the classified executive civil service of the United States; without amendment (Rept. No. 2825). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 12717. A bill to provide for the right of election by employees, subject to the provisions of the Civil Service Retirement Act, of a joint and survivorship annuity upon retirement; without amendment (Rept. No. 2826). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. S. 2712. An act to promote the efficiency of the Bureau of Engraving and Printing; with amendment (Rept. No. 2827). Referred to the Committee of the Whole House on the state of the Union.

Mr. GASQUE: Committee on Pensions. H. R. 12758. A bill to increase the pension to certain veterans of the Regular Establishment on the rolls March 19, 1933; without amendment (Rept. No. 2828). Referred to the Committee of the Whole House on the state of the Union.

Mr. ENGLEBRIGHT: Committee on the Public Lands. H. R. 1994. A bill to provide for the selection of certain

lands in the State of California for the use of the California State park system; with amendment (Rept. No. 2829). Referred to the Committee of the Whole House on the state of the Union.

Mr. PETERSON of Georgia: Committee on the Public Lands. H. R. 11180. A bill to extend the boundaries of the Fort Pulaski National Monument, Georgia, and for other purposes; without amendment (Rept. No. 2830). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOTT: Committee on the Public Lands. H. R. 11536. A bill to provide $25,000 for the restoring and preserving of the home of Dr. John McLoughlin at Oregon City, Oreg.; without amendment (Rept. No. 2831). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H. R. 12800. A bill to regulate interstate commerce in bituminous coal, and for other purposes; with amendment (Rept. No. 2832). 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. FARLANE: Committee on Naval Affairs. H. R. 10509. A bill authorizing the President to present in the name of Congress a medal of honor to Harold R. Wood; with amendment (Rept. No. 2821). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MONTAGUE: A bill (H. R. 12870) to aid in defraying the expenses for the celebration of the bicentennial of the birth of Patrick Henry to be held at Hanover Courthouse, Va., July 15, 16, and 17, 1936; to the Committee on the Library.

By Mr. DIMOND (by request): A bill (H. R. 12871) for the protection of oyster culture in Alaska; to the Committee on Merchant Marine and Fisheries.

By Mr. DISNEY: A bill (H. R. 12872) to provide revenue for the importation of crude petroleum and its products; to the Committee on Ways and Means.

By Mr. EKWALL: A bill (H. R. 12873) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. DEROUEN: A bill (H. R. 12874) to enlarge and extend the authority of the Secretary of the Interior under the acts of June 9, 1916 (39 Stat. 218), and February 26, 1919 (40 Stat. 1179), and for other purposes; to the Committee on the Public Lands.

By Mr. PIERCE: A bill (H. R. 12875) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. BANKHEAD: A bill (H. R. 12876) to waive any exclusive jurisdiction over premises of resettlement or rural rehabilitation projects; to authorize payments to States, political subdivisions, and local taxing units, in lieu of taxes on such premises; and for other purposes; to the Committee on Ways and Means.

By Mr. McSWAIN (by request): A bill (H. R. 12877) to provide a commissioned strength for the Corps of Engineers, United States Army, for the efficient performance of military and other statutory duties assigned to that corps; to the Committee on Military Affairs.

By Mr. DICKSTEIN: Resolution (H. Res. 527) to authorize an investigation of the Black Legion, and for other purposes; to the Committee on Rules.

By Mr. BLOOM: Joint resolution (H. J. Res. 606) amending section 5 of Public Resolution No. 6, Seventy-fourth Congress, approved March 4, 1935; to the Committee on the Library.

By Mr. DINGELL: Joint resolution (H. J. Res. 607) to provide that no veteran shall be denied work-relief benefits by reason of benefits received under the World War Adjusted Compensation Act or the Adjusted Compensation Payment Act of 1936; to the Committee on Ways and Means.

By Mr. DOUGHTON: Joint resolution (H. J. Res. 608) extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1938, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the war claims arbiter; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BARRY: A bill (H. R. 12878) for the relief of Charles F. Tashlein; to the Committee on Military Affairs.

By Mr. CULKIN: A bill (H. R. 12879) granting an increase of pension to Selena M. Combs; to the Committee on Invalid Pensions.

By Mr. FOCHT: A bill (H. R. 12880) granting a pension to Lillie Haupt; to the Committee on Invalid Pensions.

By Mr. GAMBRILL: A bill (H. R. 12881) for the relief of Allen Blow Cook and William Hawley Sewell; to the Committee on Naval Affairs.

By Mr. PEYSER: A bill (H. R. 12882) for the relief of Anastasios Nicholas Pagoulatos; to the Committee on Immigration and Naturalization.

By Mr. SNELL: A bill (H. R. 12883) granting an increase of pension to Jane Currier; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10995. By Mr. COLDEN: Resolution adopted by the Central Labor Council of San Joaquin County, Calif., May 18, 1936, protesting against the practice of dry drilling in silica rock at the Kennett Dam project of the United States Bureau of Reclamation in California, and calling attention to the similarity of conditions there to those which existed at Gauley Bridge, W. Va., where the practice of dry drilling in silica resulted in many cases of silicosis and a number of deaths, which might have been avoided by wet drilling; to the Committee on Mines and Mining.

10996. By Mr. CULKIN: Petition of the New York State Senate, petitioning Congress to retain a tariff of at least 3 cents per pound on coconut oil; to the Committee on Interstate and Foreign Commerce.

10997. By Mr. DORSEY: Petition numerously signed by residents of the Fifth Congressional District, Pennsylvania, in support of House bill 7122 which provides that all blind persons who are 21 years of age and upward, whose annual income is less than $1,800 per annum, shall receive a pension of $75 per month; to the Committee on Pensions.

10998. By Mr. KING: Petition of the Woman's Christian Temperance Union of the Territory of Hawaii, opposing the merger of the Bureau of Narcotics into the Secret Service Division; to the Committee on Ways and Means.

10999. By Mr. KRAMER: Resolution of the Los Angeles County committee of the Young Democratic Clubs of California, relative to endorsing the radio application of the

Metro Broadcasting Co., Voice of Labor Station, for a permit to operate a radio station in Los Angeles under the control of the Central Labor Council; to the Committee on Interstate and Foreign Commerce.

11000. Also, resolution of the City Council of the City of Maywood, relative to the construction of the proposed Federal building for the city of Maywood, etc.; to the Committee on Public Buildings and Grounds.

11001. By Mr. O'CONNELL: Resolution relating to the Nye committee investigation concerning the manufacture of munitions in privately owned plants; to the Committee on Rules.

11002. By the SPEAKER: Petition of the Central Labor Council, Stockton, Calif.; to the Committee on Irrigation and Reclamation.

11003. Also, petition of the American Historical Association, Washington, D. C.; to the Committee on Printing.

11004. Also, petition of the Cleaners, Dyers, and Pressers Union, Local No. 17960; to the Committee on Banking and Currency.