COMMISSIONER GENERAL, GREAT LAKES EXPOSITION

A. Harry Zychick, of Ohio, to be United States Commissioner General for the Great Lakes Exposition.

PROMOTIONS IN THE NAVY

MARINE CORPS

Maj. Charles I. Murray to be a lieutenant colonel in the Marine Corps from the 1st day of October 1935.

Second Lt. Eustace R. Smoak to be a first lieutenant in the Marine Corps from the 9th day of February 1936.

The following-named midshipmen to be second lieutenants in the Marine Corps, revocable for 2 years, from the 4th day of June 1936:

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

CONFIRMATIONS

Executive nominations confirmed by the Senate May 12, 1936

POSTMASTERS

CONNECTICUT

Ralph W. Bohannon, Guilford.
Nina P. Hudson Arnold, Haddam.
Charles T. Kelly, Oakville.
Thomas J. Maher, Old Greenwich.
Hans M. Hansen, Jr., West Willington.

KENTUCKY

Wayne Damron, Catlettsburg.
J. Hampton Burch, Fancy Farm.
D. Lawrence Johnson, Owenton.
Philip B. Hyden, Russell.

MAINE

Tobias L. Roberts, Bar Harbor.
Argie S. Henderson, Brownville.
Natt R. Hubbard, Kittery.
Marion Jordan Ricker, Lisbon.
Wesley H. Carver, Ridlonville.
Louis S. Marquis, Springvale.
Harold T. Ricker, Stratton.

MICHIGAN

Alva C. James, Central Lake.
Bert A. Dobson, Jonesville.
Harry A. Newcomb, Kalamazoo.
George H. Walters, Laingsburg.
William H. Coffin, Levering.
Matthew O'Toole, Merrill.
Thomas W. Jackson, Pontiac.
Nelson Joseph Coash, Romulus.
Frank H. Lynch, Rosebush.

TENNESSEE

Wilson L. Tollett, Pikeville.
Theron Myers, Sewanee.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 12, 1936

The House met at 12 o'clock noon.

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

Almighty and everlasting God, we hail this bounteous, radiant day; wood and grove, hill and dale tell of Thy glory. We thank Thee for the sunlit sky and the blossoming earth, for the springtime flowers that border our paths with loveliness, and for happy bird song, lifting our hearts to responsive joy and praise. Heavenly Father, Thy voice is as the voice of many waters; let us hear its melodies in the deeps of our souls. May it touch every hidden desire and purpose, making us more grateful, more heroic, going forth conquering and to conquer. We pray that we may enter heartily into our manifold duties, ever cherishing a serious view of life. Always keep us from the murky depths of low thinking, feeling, and action, rejoicing in an inner light and assurance that fill the heart with peace and certainty. Through Christ our Savior. Amen.

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

THE FRAZIER-LEMKE BILL

The SPEAKER. The Chair may say that under the rule nothing is in order this morning except the consideration of the bill which was provided for by rule yesterday. However, with the unanimous consent of the House, the Chair will recognize Members to correct the RECORD. The Chair does not believe that, technically speaking, anything is in order this morning except the consideration of the bill just mentioned.

The Chair may make the further statement that under the rule adopted yesterday it is provided that the Chair recognize the Representative at Large from North Dakota [Mr. LEMKE] to call up the bill H. R. 2066 and to move that the House go into the Committee of the Whole for the consideration of the bill. It is further provided that the time shall be equally divided and controlled by the Member of the House requesting the rule for the consideration of H. R. 2066 and a Member of the House who is opposed to said bill, H. R. 2066, to be designated by the Speaker.

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

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. The rule refers to the gentleman who requested the rule. Personally, I have not been able to interpret that, and I do not know whether it means the gentleman who introduced the rule or the gentleman who requested a hearing before the Rules Committee.

The SPEAKER. The Chair has determined to recognize the gentleman from North Dakota [Mr. LEMKE] to make a motion to go into the Committee of the Whole, and has so construed the rule. The Chair will designate the gentleman from Texas [Mr. JONES] to control the time in opposition.

Mr. RICH. Mr. Speaker, may I correct the RECORD? Yesterday there was a roll call, no. 91, on the resolution offered by the gentleman from New York [Mr. TABER] to correct the RECORD. The roll call shows yeas 115, nays 239, which was in opposition to correct the RECORD. It seems to me if the House wanted to do the right thing the Members would have voted to correct the RECORD. This they should have done.

The regular order was demanded.

The SPEAKER. The Chair cannot recognize the gentleman for such a request.

Mr. RICH. Mr. Speaker, yesterday the gentleman from New York offered a resolution to correct the RECORD.

The SPEAKER. Does the gentleman say that the RECORD is incorrect insofar as the record of the vote is concerned?

Mr. RICH. The RECORD is incorrect.

The SPEAKER. In what respect?

Mr. RICH. In the statements that were made yesterday in connection with the resolution offered by the gentleman from New York [Mr. TABER] and admitted by the gentleman from Colorado [Mr. MARTIN].

The SPEAKER. The House has disposed of that matter by a formal record vote.

Mr. RICH. Nevertheless the RECORD is incorrect.

The SPEAKER. The gentleman is taking issue with the entire House which voted on the matter.

Mr. RICH. I am taking issue with the entire House. Right is right and wrong is wrong.

The SPEAKER. The gentleman does not present a question in connection with correcting the RECORD.

Mr. CELLER. Mr. Speaker, may I ask unanimous consent to extend my own remarks in the RECORD?

The SPEAKER. The Chair will not recognize the gentleman for that purpose without the consent of the gentleman from North Dakota [Mr. LEMKE].

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Under the express provisions of the rule there is nothing in order this morning except a motion by the gentleman from North Dakota to go into the Committee of the Whole for the consideration of the bill. The Chair is not responsible for the rule, but it is up to the Chair to construe it.

Mr. RANKIN. Mr. Speaker, I wanted to propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. I want to propound a parliamentary inquiry whether or not when general debate is concluded the bill will be taken up under the 5-minute rule.

The SPEAKER. The rule expressly provides that shall be done.

Mr. LEMKE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2066) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a board of agriculture to supervise the same.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 2066, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. LEMKE. Mr. Chairman, I yield myself 30 minutes.

In the first place, I wish to thank all of the Members who signed petition no. 7 and permitted us to bring this bill up for consideration, and I want to thank all of those who were liberal enough yesterday to vote with us, both on the Democratic and the Republican side, for the reason that this is strictly a nonpartisan measure, if there ever was one.

I want to say at the very beginning that I want all those who opposed the resolution yesterday to give us the careful consideration we are entitled to. I want to say there never was a bill before this House that had the support of the public that this bill has, and I may also state that yesterday this Capitol radiated hope, joy, and aspirations to every State in this Union. The telephone and the radio talked and the telegraph sputtered the news that we were finally to be permitted to get a vote on a bill that has been before the Congress for 5 years and has not been permitted to come up for discussion on the floor of the House.

I appeal to each and every Member to follow this discussion, because I can truthfully say that there are not 100 Members on the floor that know what this bill is. They have accepted erroneous reports about it, they have accepted misleading statements about it, and I want to say that the bill should be judged upon its merits, the bill itself and not upon what somebody has said about it. I think this is fair.

I want to say in concluding my statement before I start in to discuss the details of the bill, this morning there was sent to every Member of the House a document coming out of the Farm Credit Administration which I consider unfair and unjust, because the Governor of the Farm Credit Administration has been before the Senate committee. I have the statement here. He was asked by Senator FRAZIER whether he wanted to discuss this bill and he said he did not, and he made the suggestion to us that it was for Congress to consider.

When we had the heavens before the Committee on Agriculture of the House, I phoned the Farm Credit Administration, but they did not appear. They did not appear in opposition to this bill, but at this late moment, this very morning, using the funds of the Government to lobby with, using the Government of the United States to send information here that we have not time to analyze and explain, this document goes to every Member, and I submit it is not fair practice, and I hope that the Black Lobbying Committee will include, before they get through, salaried lobbyists. They are the most dangerous to representative government. [Applause.]

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

Mr. LEMKE. No; I will not yield to anybody until I get through with my explanation, and then I shall be pleased to yield.

I am doing this so there may not be any misunderstanding because there are Members who want a correct explanation of this measure.

With these remarks by way of preface, let us take up this bill and let us find out what it is, and I wish to say to the Members of the House that before I get through I shall convince you this bill is not inflation unless every Federal Reserve bank note that has ever been issued is inflation.

I want you who hesitate on this point to follow carefully the statement that this bill is not inflationary, that we are not doing anything in this bill that the Federal Reserve bank has not been doing, not for 4 percent of the people as this misguided misinformation stated this morning, but for one hundred-thousandth of 1 percent, or for a few international bankers. There is not anything we are going to do that the Federal Reserve bank has not already been doing for a handful of individuals, but we are going to ask that the Federal land bank be permitted to get just a small part of the power that the Federal Reserve bank has. Is there anything wrong with this? Is not the Federal land bank as great an institution as the Federal Reserve bank? Will it not use its discretion and its good judgment as to how much of this $3,000,000,000 it needs the same as the Federal Reserve bank uses its discretion as to how many Federal Reserve notes they are going to ask for when the sky is the limit for the Federal Reserve bank and this bill limits us to $3,000,000,000. We are asking only a small part of that same power for the Federal land banks representing 32,000,000 of our population. Not only this, but in asking this power for the Federal land bank we are willing to pay 1½-percent interest, whereas the Federal Reserve bank pays nothing but the cost of printing, and I challenge anybody opposed, who questions this statement, to make it here on the floor and I will quote the law to him.

The Federal Reserve bank gets its Federal Reserve notes for absolutely nothing except the cost of printing or seven-tenths of 1 cent per bill, or 30 cents for $1,000, which is the average cost. The farmers are willing to pay $15 for a thousand, not only 1 year but for 47 years, if you please. In other words, under this act the Federal land bank will pay 50 times as much the first year for a thousand dollars of Federal Reserve notes as the Federal Reserve bank now pays. I am not denouncing that system, but I am calling the attention of those of you who have voted for the Federal Reserve Bank System that you are not fair or just to the Federal land bank when you deny the same privilege to the Federal land bank that the Federal Reserve bank has, when we are willing to pay 50 times as much the first year for the same service.

Now, I say that the Federal land bank has already been doing this same thing only in a roundabout way.

What is the roundabout way? When the Federal land banks cannot sell their bonds the Federal Farm Mortgage Corporation Bank buys their bonds and borrows the money from the Government. It has borrowed as much as $700,000,000. Where did the Federal Government get the money? I say to you there are only two ways to get it. One is to go into the Treasury and take it out and then the Government borrows more of its own money back from the Federal Reserve banks, who put up more bonds of the United States and get more money issued to them. Then they loan this money back to the Government and the Government pays interest on its own credit.

Well, I am not condemning the System, but let us be honest and give a part of that same power to the Federal land banks. There can be no question about the fairness of that.

Remember that we are not doing anything that the Government has not already done, nothing that the Federal Reserve banks have not been authorized to do, and that this Congress and the Government has not already authorized the Federal Reserve banks to do.

All we want to do is to liberalize it so it can go direct to the people without the limitations and red tape so that we can save 2,000,000 homes in these United States.

I do not care what the Farm Credit Administration says in regard to this question, but when the head of that institution refuses to discuss the bill and then at the last moment becomes a lobbyist, we will take the liberty to show that in 1935 they took away 13,000 homes from farmers.

Oh, they say, that little percentage does not make any difference. I want to say that there is not a man or woman in this body who has probably not received hundreds of telegrams and letters from men and women, begging them to save their homes which the Federal land banks are not doing and could not do under the present law.

Why should we permit one who wrote the Farm Credit Act, now Governor, to try to influence a Member of Congress when he is not subject to cross-examination?

But I understand that has all gone by. This body is now going to write its own laws from now on and save 2,000,000 farm homes.

Now the Farm Credit Administration and the Department of Agriculture come and tell you there is more activity and more farms are being sold. We were selling those farms? The Farm Credit Administration and the other mortgagees that took the homes away from the men and women who wanted those homes. They are the ones selling them, not the farmers themselves. One million, five hundred thousand dollars of farm homes were foreclosed prior to this administration. Of the remaining $8,000,000,000, the Federal land bank has refinanced about one-quarter—two billion and something, let us say three billion—out of the $8,000,000,000. They took the cream, and nobody dare come up here and deny it. They took the cream. They mortgaged and took the mortgages on these three billions and left the rest that wanted to be refinanced to their mercy, so that you have $5,000,000,000 that the Federal land bank has not and cannot and will not take care of. What are you going to do with them?

They tell us that this bill will help only 4 percent of the people. I say to you Members that that is not a correct statement of the facts. Those five billion represent at least fifteen or twenty million men, women, and children. That is the way we count population. If what they say is true, if the percentage is too small, then let us wipe out the Federal land bank, because, if their statement is correct, that $3,000,000,000 represents only 4 percent. Then, since two billion represents the loans that they have made, they have no business to exist. But no one is ignorant enough to believe the slush that is printed in this pamphlet.

Now, I have it from high authority connected with the Federal land bank that the bigger part of this five billion will be liquidated by mortgage foreclosure unless this bill is passed. I am not going to mention any names, because I do not want anybody to lose his job. I have it from good authority that some of them are trying to resign because they see that the present situation cannot work out. And it cannot.

Now, what does the Frazier-Lemke bill do? It provides that the United States Government shall refinance existing farm indebtedness at 1½ percent interest and 1½ percent principal by selling bonds at 1½ percent, tax exempt, the same as the others. I do not like that, but that is what we have been doing. Then, if those bonds are not readily sold, the Government of the United States, through the Federal Reserve System, issues Federal Reserve notes, the same as we do now on Government bonds and other security; but this time it is secured by farms, the best security on the face of the earth—real estate, if you please. That is the situation.

Now we are doing this same thing. There is not any inflation about it, but we are going to offer an amendment that I hope will be accepted, but I will discuss that later.

Now, that is the machinery of the Frazier-Lemke refinance bill. There is absolutely nothing new about it. The Government of the United States sold several hundred million dollars of bonds recently at 1½ percent and they were oversubscribed. If they cannot sell them for 1½ percent, let us put agriculture on its feet and then they can sell all these bonds. It would be 3 years at least before we would issue the full amount of three billion under this act. This Congress would be in session at least three times before all that money is issued.

Now, let us take the bill.

Section 2 of is no importance, except that it outlines the policy just as I have told you.

Section 3:

> The Farm Credit Administration is hereby authorized and directed to liquidate, refinance, and take up farm mortgages and other farm indebtedness.

Now, in that section, beginning with line 19, we will strike out everything on that page, because that refers to bankruptcy. Let us take all that refers to bankruptcy out of this bill. We do not need it. We want to pay our debts. The farmer does not want any moratorium. A moratorium just means that he is going to stand still for 3 years. So our steering committee has agreed that we cut the following language out:

> In case such farm mortgages and other farm indebtedness to be liquidated and refinanced exceed the fair value of any farm and 75 percent of the value of insurable buildings and improvements thereon, then such farm mortgages and indebtedness shall be scaled down in accordance with the provisions of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. Such loans shall be made at a rate of 1½ percent interest and 1½ percent principal per annum, payable in any lawful money of the United States.

We have agreed to cut that out. It has nothing to do with the bill, and we are willing to let the farmers go through bankruptcy on their own account if they want to.

Now, we come to the next provision under section 4, with reference to livestock. The steering committee has agreed to cut out all of section 4, which relates to livestock, because we feel that the cooperative farm-credit banks can and ought to take care of the livestock situation. So we will cut out livestock. There will not be any livestock provision in this bill if the amendment approved by our steering committee is accepted. So we will have nothing but real estate back of these mortgages.

Section 5 makes an appropriation of $100,000 for administration. Another inaccurate statement made in this lobbying pamphlet is that it will cost 1 percent to administer the farm indebedness. That is not true. The bill provides that all of the expense shall be charged against the farmers, and that that be done from time to time, so that the Government gets net 1½ percent interest and loses nothing out of it.

Recently they pulled a red herring across the road when they said that the Government pays 1 percent interest to the Farm Credit Administration on farm mortgages. The farmer does not want the Government to pay 1 percent to the coupon clippers. The farmers want to pay their own interest. Therefore, we are willing to charge all expense, under the provisions of this bill, to the farmer.

Section 5 tells you how it is to be charged against them. I will read:

> The necessary and actual expenses incurred in carrying out the provisions of this act shall be apportioned and prorated and added to each individual mortgage and such sums so added shall be paid to the Farm Credit Administration for administrative purposes.

That is a clear statement of what the bill says. Read the bill. Study it carefully, and the reports and hearings thereon, and you will have no trouble in knowing what these hearings are. We have plenty of them. There is a book containing the hearings both in the Senate and in the House on that bill, and every intelligent person ought to be willing to read those before jumping at conclusions.

Then we come to section 6. We cut out all that part of section 6 that refers to livestock, and we suggest several immaterial amendments.

Then section 7 is the section we find so much dispute about. That is the section that the international bankers do not like but that 95 percent of the American people want.

SEC. 7. In case all of said farm-loan bonds are not readily purchased, then the Land Bank Commissioner shall present the remainder to the Federal Reserve Board, and the Board shall forthwith cause to be issued and delivered to the Land Bank Commissioner Federal Reserve notes to an amount equal to the par value of such bonds as are presented to it.

Now, my friends, those of you who are opposed to this because it is inflation, let me say to you that is exactly what the Federal Reserve bank is doing right along. Why should we deny this same right to the Federal land bank with limitation? That is all we are asking. The Federal Reserve bank can go as high as it wants to, get as many notes as it has bonds, but we are limiting the Federal land bank to $3,000,000,000; and, in addition to limiting the Federal land bank to $3,000,000,000, we are making them pay 1½ percent interest, or 50 times as much for every $1,000 as the Federal Reserve bank pays for the same privilege. I submit to you this is more than fair. We do not ask the same privileges that the Federal Reserve bank enjoys.

Then what follows? I want you to follow me carefully now. I may say that the steering committee was unanimous that the farm mortgages were better security than gold. They were unanimous in saying that it is not necessary to add any amendment to this part of the bill, but in order to satisfy a public psychology that is still wedded to yellow metal, the metal that we buried, and I hope forever, in Kentucky; and I hope you Kentuckians get it all, and I hope you will keep it there, we can get along without it; but in order to satisfy that psychology we give the President authority, if he wishes to put the same amount of gold—not gold, but pretended gold, make-believe gold, back of this bill as you have back of the Federal Reserve notes. That is fair enough, is it not? So we proposed this amendment, or they, the steering committee, accepted it, not that we need it—I prefer it were not there. I do not think we should fool people all the time, but some people must be fooled or they will die; they think gold is money. So we said, "Let us go ahead with it and give them the same security they think they have now behind the other money", and we put in the following proviso:

Provided, however, That the President, in his discretion, by Executive order, may set aside a gold fund in the Treasury, as a reserve for such notes, out of free gold in the Treasury or out of the exchange stabilization fund created by section 10 of the Gold Reserve Act of 1934, and maintain such a reserve fund in an amount equivalent in dollars to not less than 20 percent of such notes outstanding.

We give the President this authority if he wants to use it in order to satisfy a false psychology, if you please, that many people have. It is wrong for me to assume that we can take a goldbug who has been trained and raised all his life up to the age of 60 to believe that gold was the only kind of money; it is more than one can expect to change his belief in 1 year; it would be unfair to him. So we give him the same thing he is getting at the present time.

We come now to the machinery that is set up for this act. I may say that as to the machinery we create a farm agricultural board. This board is created in order to relieve you and me from answering all those letters we get. It is a board that represents the farmers. According to amendments we have agreed on, the board has no power except to advise the Farm Credit Administration, perhaps, not to send that kind of slush that they sent to us this morning when we are to vote on a bill when it ought to be here a sufficient time beforehand that we could study and analyze it. The farm agricultural board has only advisory power and it represents the farmer. If it is to represent the farmer, why should not the farmers select their own representatives rather than to have the places filled by ward politicians? When this board is set up and I get 100,000 letters complaining, I will just hand them over to the board and say, "This is your job." It is an executive committee of three here in Washington, and stands between the farmers and their representatives and the bureaucrats up here as the representatives of the other end of Government. There is nothing wrong about that. We have amended it to make its powers advisory only. Surely no one can object to that.

I have given you a rough outline. I want to call your attention to a few things. The statement has been made that the Federation of Labor is against this bill. I challenge the accuracy of this statement, because I was present and know that the late Mr. Truax got the statement from Mr. Green that neither he nor his organization were fighting the Frazier-Lemke refinance bill; that they had no objection to it. That was in May 1934, and it has not been repudiated in writing. Mr. Green did give out a statement that he was against inflation, but he knew enough to know, as I assume—I did not talk to him—that this bill is not inflation.

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

Mr. LEMKE. Just a minute, if the gentleman does not mind.

Mr. KVALE. If my memory serves me correctly, the late Mr. Truax made the statement himself from the well of the House.

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

Mr. LEMKE. Very briefly.

Mr. CONNERY. I looked up this matter last night and find that the only record made by the American Federation of Labor was in 1934 during their annual convention, when the executive committee issued a resolution against uncontrolled inflation. Mr. Green in his statement recently came out against uncontrolled inflation, but you will find no record from the American Federation of Labor placing it on record against the Frazier-Lemke bill. [Applause.]

Mr. DUNN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. DUNN of Pennsylvania. Why should the American Federation of Labor be opposed to legislation that is humane and progressive?

Mr. LEMKE. May I make the statement that this is the same kind of misinformation that has been given to the Members of Congress in regard to this bill so far as inflation is concerned all the way through. This is not inflation at all. It is not any kind of inflation, let alone uncontrolled inflation. No one is for uncontrolled inflation. We are simply asking for expansion of the currency under the same rules and regulations that you have expanded it by the issuance of $4,000,000,000 of Federal Reserve notes.

Mr. DEEN. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Georgia.

Mr. DEEN. The gentleman knows I am one of the Members who signed his petition, and the gentleman also knows it was on condition that we would consider the bill and perhaps amend it if we could. Will the gentleman tell the House whether or not he is in favor of this proposition? In the event a bond cannot be sold is he in favor of having the money issued by the Treasury on chattel mortgages taken on livestock, cattle, hogs, goats, sheep, and use that as a basis for the money? Will the gentleman tell us whether or not he expects the House to vote for the bill in that condition?

Mr. LEMKE. I appreciate the good work the gentleman has been doing, and may I say to him that we are getting that kind of money right now, through these cooperative banks, and this was brought out in the Senate hearings on this bill. They are lending money on cattle. However, we are going to take that paragraph out entirely so that there will be no question about that. We will wipe it out.

Mr. DEEN. In other words, the gentleman is going to eliminate the provision which will require the issuance of money on livestock of any kind or description?

Mr. LEMKE. That is correct.

Mr. BARRY. Will the gentleman yield?

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

Mr. BARRY. Under section 17 of this measure, it states that the benefits of the bill shall be extended to any tenant or member of his or her family who desires to purchase part or all of the farm lost or another like farm provided he or she has lived on and operated a farm as a tenant for at least 2 years prior to the enactment of this act. In other words, this bill permits any tenant who has operated a farm for 2 years prior to the enactment of this measure to obtain money. Will the gentleman tell me just how many tenant farmers in the United States would be eligible to obtain money under this act?

Mr. LEMKE. I may say the question is impossible of answer, because there are a lot of tenants who do not want to own a farm. As far as I am concerned, we are willing to do the same as the Federal land bank has done; that is, go as far as the bill possibly can, so far as taking care of the people is concerned. I may say we are putting a limitation in there taking out the unencumbered part, and our steering committee will accept that as an amendment. I may say to the gentleman from New York, that there never has been a bill offered that covered all of the cases or put all the people on an equal basis. When we passed the Home Loan Act in this Congress, we permitted the people living in cities and town to mortgage their homes.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield myself 15 additional minutes.

Mr. BARRY. Is it not a fact that under this section, regardless of what the gentleman may say, there are enough people eligible to obtain money to absorb the entire $3,000,000,000 that the act provides for?

Mr. LEMKE. No; because I am satisfied, if we have a proper rate and if we have the same power as the Federal Reserve banks, that they will be glad to buy these farms. In fact, there is enough money in the banks now if they would just use it to take care of the whole bond issue.

Mr. DOXEY. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Mississippi.

Mr. DOXEY. The gentleman has made references in his speech to the steering committee. Do I understand that is the regular steering committee of the House?

Mr. LEMKE. No; it is not.

Mr. DOXEY. Let us get the record straight.

Mr. LEMKE. The steering committee to which I refer is composed of men and women who are in favor of the Frazier-Lemke bill. It is an unofficial steering committee, but it will be official later on.

Mr. DEEN. Can the gentleman tell us whether or not he expects the membership of the House to vote for the provision of this bill which sets up a farm board to be elected by the people of the respective counties and parishes of the different States? In other words, the gentleman does not expect me to vote for a proposal which would turn this whole thing into the greatest political organization in the history of the Nation? I could not vote for a matter of that kind; neither could I vote for that livestock proposition.

Mr. LEMKE. I am not suggesting that this be a political machine. It is the same kind of machine as the Federal land bank has, which sends out scores of collectors and spends the farmers' money. There are so many collectors that the farmer does not know which way to turn. We are amending the bill to make that only advisory. Surely the gentleman would have no objection to his farmers getting together and selecting someone who will advise them as to the best method of liquidating the mortgages on their farms and someone to cooperate with the Farm Board?

Mr. DEEN. The gentleman knows that the land bank and the Farm Credit Administration, as well as the Federal Reserve banks, do not hold elections to elect people to operate this whole business.

Mr. LEMKE. Unfortunately they were supposed to under the original Farm Land Bank Act, and that is what the gentleman from Nebraska [Mr. BINDERUP] will tell you about before he gets through. But that has been taken away.

Mr. FULMER. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from South Carolina.

Mr. FULMER. Is it not a fact that under the original bill that was the whole purpose of the bill? But today they are sending men into the various land-bank districts who have never been in those districts, and they are running the affairs of the Federal land banks.

Mr. LEMKE. That is correct.

Mr. DONDERO. Will the gentleman yield?

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

Mr. DONDERO. Under section 17 of the bill I notice that it extends to any farmer or member of his family who lost his or her farm by foreclosure since 1921 certain benefits. Now, suppose the gentleman had foreclosed a mortgage for a client of his in 1922 and the redemption period has become absolute. The farm has been sold to a third person. How would this bill apply to a situation of that kind?

Mr. LEMKE. I am afraid the gentleman has misread the bill. The farmer may buy a similar farm. It says, "similar farm", expressly. The gentleman is misconstruing the intent of the bill. That is not the intent and we are going to amend that and bring it up to about 1925 or 1928.

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

Mr. LEMKE. I yield.

Mr. BOILEAU. The clear purpose of that provision is to permit a farmer or a person who has lost his farm to buy it back, provided the person who now holds it wants to sell it.

Mr. LEMKE. Yes.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Does not this bill purely and simply give the farmer an opportunity to reorganize his capital structure to meet present-day conditions? This Congress voted for section 77B, which permits business to go into court and reorganize its capital structure downward, and does not this measure give the farmer the same opportunity?

Mr. LEMKE. It gives the farmer the privilege of reorganizing at such a rate of interest that he can make good. It takes into consideration ability to pay, rather than the rate of interest involved.

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

Mr. LEMKE. I yield.

Mr. CELLER. Is it or is it not true, according to the paper we received from the Farm Credit Administration, that only 66 percent of the farms of the country are not mortgaged?

Mr. LEMKE. I would say that is not true.

Mr. CELLER. How many farms are mortgaged, by percentage?

Mr. LEMKE. I would say that depends on what you consider to be a farm. If you take the acreage, I would say about 80 percent is mortgaged; but if you include the little, small farms and consider it from the standpoint of individual farms, including the little chicken and truck farms, and so forth, of those who live near the large cities, as is being done in that statement, then a lesser number are mortgaged; but I want to take it by acreage, and I would say that 80 percent or more of the acreage of the Nation is mortgaged.

Mr. CELLER. How many farms are there left that are not mortgaged?

Mr. LEMKE. I do not know, and neither does the Farm Credit Administration.

Mr. COLDEN. Mr. Chairman, will the gentleman yield for two questions?

Mr. LEMKE. Yes.

Mr. COLDEN. The gentleman's bill provides, as I understand it, for about one-third of the farm indebtedness of this country. What is the gentleman going to do about the other two-thirds?

Mr. LEMKE. I may say that this refinancing under the bill will be under the control of the Farm Credit Administration, and at present it has been unable to take care of them all; and we will take $3,000,000,000 more out of the $5,000,000,000 it has not seen fit to take care of, and then we will use the money that comes in as a revolving fund and continue this plan until we get all the farmers of this Nation out of debt; and suspend all this resettlement business where it costs $18,000 to settle a farmer in Alaska, when if the same amount of money had been given to the farmers here in this country they would be the richest people in the Nation.

Mr. COLDEN. And you are going to charge one class 4 and 5 and 6 percent and another class 1½ percent.

Mr. LEMKE. You have always done that, and some are now paying 6 and 7 and 8 percent and some are paying less.

Mr. COLDEN. As I read the bill, there is no limitation on the amount you are lending to each farmer.

Mr. LEMKE. The limitation is already fixed by the Farm Credit Administration.

Mr. COLDEN. What is the limit?

Mr. LEMKE. I think $25,000.

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

Mr. LEMKE. I yield.

Mr. CARPENTER. According to my experience, the greatest difficulty the farmer is up against today is the high rate of interest he has to pay. Does the gentleman agree with that?

Mr. LEMKE. Yes.

Mr. CARPENTER. And one of the greatest benefits the farmer will get out of this bill will be lower rates of interest.

Mr. LEMKE. Lower rates of interest, and not only that but the preservation of 2,000,000 farm homes in this Nation.

Mr. CARPENTER. And is it not the gentleman's judgment that one of the main reasons for the opposition to this legislation is the opposition of the banks and mortgage companies to the lower rates of interest as proposed in the legislation?

Mr. LEMKE. I do not know where the opposition comes from. It seems to be an underground channel, and I have not been able to discover it.

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

Mr. LEMKE. I yield.

Mr. FULMER. I would like to state to the gentleman, in line with the statement made by the gentleman to my right that you are discriminating as to $6,000,000,000 worth of farm mortgages; is not that the case today with the Federal land banks?

Mr. LEMKE. Certainly.

Mr. FULMER. They have refinanced about $3,000,000,000 worth and under this bill we would continue to take that same type of loan just as fast as any other and the farmers are now paying 5, 6, 7, and 8 percent.

Mr. LEMKE. Yes.

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

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

Mr. CRAWFORD. With reference to mortgaged farms, under date of May 9, the Farm Credit Administration addressed me and sent me five tables. Table no. 5 states:

Number of farms in the United States, January 1, 1935, census of 1935, 6,812,049.

Estimated number of mortgaged farms, 2,300,000.

Number of tenant farms, including croppers, in the United States, January 1, 1935, census of 1935, 2,865,155.

Mr. LEMKE. I thank the gentleman for the information.

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

Mr. LEMKE. I yield.

Mr. ASHBROOK. I want to say to the gentleman that I am sympathetic, as you know, and expect to vote for this bill, but I would like to ask the gentleman a question for information.

I had a wire this morning from a constituent of mine who lives in my home county. He bought a valuable farm at peak price. He has a loan on it with the Federal land bank. Due to the depression and the slump in the value of real estate and farm commodities he has been unable to meet the payments and the farm is advertised to be sold on the 23d of this month. I would like to ask the gentleman in what way will this bill benefit and help that farmer?

Mr. LEMKE. I do not know what the law is in your State but if he has a year redemption then he would have an opportunity to refinance up to the present value of that farm. If he cannot make an arrangement there is no relief because we cannot compel the creditor to accept less than the amount due unless he has the good judgment and decency to take another loan on the farm and put the man on a self-sustaining basis.

Mr. ASHBROOK. Do I understand if the farm is sold on the 23d of this month and this bill became a law, which I hope it will, that within a year he will have an opportunity to refinance the farm at present values?

Mr. LEMKE. Absolutely.

Mr. GILLETTE. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. GILLETTE. Section 3 authorizes the liquidation of farm mortgages and 75 percent of the value of the insurable buildings. What is the limit?

Mr. LEMKE. The limit is the lien indebtedness. The lien, perhaps, on his home. It puts the limit on his indebtedness as the present value of the farm.

Mr. GILLETTE. The limit is the loan indebtedness?

Mr. LEMKE. Yes.

Mr. McFARLANE. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. McFARLANE. The question of interest is the main question here involved in this bill as I see it. Since the Federal Government loans to the Federal land banks at the actual cost of printing—about 30 cents a thousand dollars—why should anybody object to a farmer paying 50 times as much—1½ percent interest?

Mr. LEMKE. That is what the farmers cannot understand.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. MARTIN of Colorado. I want to ask this question as bearing on the alleged inflation. The gentleman said that the Reconstruction Finance Corporation had issued four billions in notes. I want to ask the gentleman where is the money; has it not all been reabsorbed by the banks?

Mr. LEMKE. The money is in the banks, but they cannot loan it out because there is no credit left.

Mr. MARTIN of Colorado. This money will go into the banks, too, will it not?

Mr. LEMKE. It will ultimately find itself in the banks, and it will wipe out some of the three hundred billion too much public and private debts, and you will not have to be looking for new cows to milk in order to satisfy the tax-eaters of this Nation. [Laughter and applause.]

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

Mr. LEMKE. I yield.

Mr. CELLER. I would like to ask the gentleman this question: We come from the city. We would like to know whether or not the gentleman would be willing to include in this bill city dwellings; and if so, what would be the total cost to the Government?

Mr. LEMKE. I may state you cannot include everything in one bill. If I had the power to draw a bill that would make everything perfect for all the future, I would decline to do it, because I want our children to have something to do. [Applause.]

Mr. CELLER. Does not the gentleman think we should have some relief in the cities?

Mr. LEMKE. You have had the H. O. L. C. A similar bill to this was introduced in the Seventy-third Congress by Congressman Swank, of Oklahoma, and it has not been followed up by any of these people who wish to help the city home owners. I have been fighting just as hard and will continue to fight for the city people. I want the homes preserved wherever they are. You do not expect the Federal land banks to make loans in the city any more than we expect the H. O. L. C. to make loans on farms. You have to keep these two institutions separate.

Mr. CELLER. But we pay 5 percent on loans in the city.

Mr. LEMKE. Why do you not introduce a bill to lower it? I am with you. [Applause.]

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

Mr. LEMKE. I yield.

Mr. KENNEY. The gentleman has made a statement which has gone unchallenged, which is a source of some concern to me. It has to do with section 7 of the bill. It is there provided that the bonds that are not readily purchased may be taken to the Federal Reserve Board and Federal Reserve notes may be issued against them.

The CHAIRMAN. The gentleman has consumed 45 minutes.

Mr. LEMKE. I yield myself 5 additional minutes, please.

Mr. KENNEY. In that connection the gentleman has stated that is no more or less than a privilege accorded to the Federal Reserve Board at the present time.

Mr. LEMKE. That is correct.

Mr. KENNEY. Will the gentleman tell us whether or not there is not a distinction there in this case: That we are forcing the Federal Reserve Board to issue notes against securities that have not been purchased, and for which presumably there is no ready market, whereas today, under the principle in vogue, currency is issued only against bonds which have already been purchased and which presumably are marketable.

Mr. LEMKE. I will state that the bonds against which Federal Reserve bank notes have been issued, we have been informed, were backed by Insull bonds, and some of those may be back of some of the notes that we have in use now.

Now, I must limit myself because there are others who want to speak on this bill.

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

Mr. LEMKE. I yield.

Mr. AYERS. The gentleman allowed one question to go unanswered that must be answered before this House. The question was asked where the opposition to this bill came from. The opposition comes from the same people who opposed the original Patman bill, and secured a bond issue in order to pay the bonus bill, so that the banks would secure the privilege. It comes from the Liberty League. It comes from people outside of this House, organizations in this country who have fought every relief measure that this administration has put over. That is where it is coming from. It is coming from people who are not for the people of this Nation.

Mrs. GREENWAY. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mrs. GREENWAY. Am I correct in understanding that the city home cannot be used as a parallel issue for the reason that the home in the city is an expression of money earned, while the farm is an expression of the basis of earnings?

Mr. LEMKE. That is correct. They should be treated separately in separate bills. The problems are different and must be kept entirely separate for administrative purposes. The loan on a farm home is an entirely different problem than a loan on a city home. There should be a bill drawn to cover urban homes.

Mr. MARTIN of Colorado. And is it not a fact that a home owners' amendment would not be germane to this bill?

Mr. LEMKE. It would not be.

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

Mr. LEMKE. I yield.

Mr. MICHENER. There is some difference of opinion. For instance, I do not agree exactly with the gentleman from Montana [Mr. AYERS] on this question of inflation. The gentleman whom I am interrogating and I possibly do not agree on the question of inflation, but I have been told recently that the gentleman has a bill prepared, and that it is his purpose, if this bill passes, carrying $3,000,000,000—call it inflation or whatever you want to; to introduce that bill covering city property, and that Members from the city here are being asked to vote for this bill with the understanding that the city property will be taken care of in the follow-up bill. Is that true?

Mr. LEMKE. That is not correct. I have offered to draw a bill for some of these people who have opposed this bill and who have taken their names from the petition, if they would introduce it. If they do not know how to draw it, I will draw it for them. [Laughter and applause.]

Mr. MICHENER. There are some who do not fear $3,000,000,000 as inflationary, but there are some of us who fear unlimited inflation which another bill might mean.

Mr. LEMKE. One further word in regard to labor's position, because a number of statements have been made on this subject that are very misleading. I have a letter from Hon. I. M. Ornburn, former member of the United States Traffic Commission, and now secretary-treasurer of the Union Label Trades Department of the American Federation of Labor. He has endorsed this bill. The Union Label Trades Department comprises 43 out of 110 national and international unions, including over 1,000,000 members of organized labor. On January 15 of this year Mr. Ornburn sent me the following letter:

> I heartily endorse the Frazier-Lemke bill, the purpose of which is to refinance the farm mortgages at a lower rate of interest. I do not know of any security for Government loans better than first mortgages on the productive land owned by American farmers. Surely if the farms that produce our raw material are not good security—nothing else is.
>
> The opponents of the Frazier-Lemke bill point out that if it is passed, more money will be put into circulation. I do not know of any better method of restoring prosperity than by increasing purchasing power, especially when such money is based upon sound security.
>
> Cordially yours,
>
> I. M. ORNBURN.

[Applause.]

[Here the gavel fell.]

AMENDMENTS TO H. R. 2066 PROPOSED AND ACCEPTED BY THE STEERING COMMITTEE

Section 2

Page 2, line 4, beginning with the word "and", strike out all down to and including the word "annum" in line 6.

Section 3

Page 2, line 13, strike out "farms" and insert in lieu thereof "farm lands."

Page 2, line 14, strike out "farms" and insert in lieu thereof "farm lands."

Page 2, line 19, beginning with the word "In", strike out all down to and including the period in line 3, page 3.

Section 4

Page 3, strike out lines 6 to 17, both inclusive.

Renumber sections 5 to 19 as sections 4 to 18.

Section 6

Page 4, line 7, strike out the first comma and all that follows down to the period in line 9.

Page 4, line 13, strike out "the duty of" and insert in lieu thereof "lawful for."

Section 7

Page 4, line 19, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 4, lines 23 and 24, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 5, line 1, after the word "reserve" and before the period, insert a colon and the following: "*Provided, however,* That the President, in his discretion, by Executive order, may set aside a gold fund in the Treasury as a reserve for such notes, out of free gold in the Treasury or out of the exchange stabilization fund created by section 10 of the Gold Reserve Act of 1934, and maintain such reserve fund in an amount equivalent in dollars to not less than 20 percent of such notes outstanding."

Section 8

Page 5, lines 5 and 6, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Section 9

Page 5, line 11, beginning with the word "Whenever", strike out all, down to and including the word "the" in line 12, and insert in lieu thereof "The."

Page 5, lines 13 and 14, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 5, line 17, strike out the figure "2" and insert in lieu thereof the figure "3."

Section 13

Page 7, line 8, strike out the figure "5" and insert in lieu thereof the figure "4."

Section 14

Page 7, line 21, strike out the figure "5" and insert in lieu thereof the figure "4."

Section 16

Page 8, line 8, beginning with the word "and", strike out all down to and including the word "by" in line 10.

Page 8, lines 10 and 11, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 8, line 17, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Section 17

Page 9, line 1, strike out "1921" and insert "1925."

Page 9, line 4, strike out "an encumbered farm" and insert in lieu thereof "a farm not exceeding $10,000 in value."

Page 9, line 5, strike out the word "two" and insert in lieu thereof the words "three consecutive."

Section 18

Page 9, line 7, beginning with the word "executive", strike out all down to and including the word "Agriculture" in line 8, and insert in lieu thereof "Farm Credit Administration."

Mr. JONES. Mr. Chairman, I yield 15 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, while this controversy does not involve the issue of life and death, at the same time it is of vital importance. It is important to me because it is important to the people whom I have the honor of representing. Regardless of the outcome of this debate, I believe that all of us, Republicans and Democrats alike, can well afford to center our hopes in the rising glories of this great Nation of ours. Surely we are making progress and our leadership has declared, "We shall not retreat." I do not believe this Congress will subvert or destroy, but, on the other hand, that it will at all times seek to reconstruct and to save the great American system, that system which has been builded upon the everlasting and immutable principles of justice and "equal rights to all men with special privileges to none."

I come from one of the great agricultural districts of this country, and I am bold and frank to state that as a Congressman my first love is the farmer of my district, my State, and my Nation. I regard agriculture as the mother of all arts and the nursemaid of all industry. It animates every species of industry; it creates and maintains manufacturers; it gives employment to navigation; it furnishes the material for commerce; it is the art of arts and the most honorable employment of man; it is the bedrock of well-regulated society and is the surest basis of internal peace.

Coming as I do from one of the great agricultural sections, I am anxious at all times to devote my time, my attention, and my talent to the solution of the great problems facing the farmers of this country today. It was because of my interest in agriculture that I wanted to be elected by you as a member of the House Committee on Agriculture, so that I might have an opportunity to consider all legislation which was proposed which might affect the welfare and the happiness of those people who earn their living on the farms. But, my friends, I hope that I will not permit my zeal to become intemperate to the extent that I will depart from the leadership of the great party now in power to follow some fantastic monetary scheme which is advocated, not by this administration, not by the Farm Credit Administration, or the Treasury, but by a Republican leadership which seems for the moment to have taken over the control of this Democratic House of Representatives. [Applause.]

I take the position that this bill is not fair, that it is not just. Why, this bill discriminates within the very class it seeks to benefit. If this $3,000,000,000 of additional currency is not an expansion of the currency, if it is not inflation, why limit the amount to $3,000,000,000 when the farm mortgages of the Nation amount to approximately $9,000,000,000?

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

Mr. COOLEY. No; I must decline to yield.

Mr. RANKIN. The gentleman asked for an answer to his question.

Mr. COOLEY. I do not yield. The gentleman can answer it in his own time.

Mr. RANKIN. I shall be very glad to do so. It can very easily be answered.

Mr. COOLEY. It stands to reason that the Government, under this measure, will be called upon to take over the bad mortgages. We know that by no act we may pass here today or at any time in this Congress, in the light of the decisions of the Supreme Court, can we impair the obligations of an existing contract. We know that a majority of the land mortgages of this Nation are held by the insurance companies and the banks. We know further that the effect of this bill will be to "bail out" the insurance companies and the banks to the extent of the bad loans they now have on hand, because they will not be willing to surrender the good loans which pay a higher rate of interest. Yet how can it be suggested that this bill, which will benefit the banks and the insurance companies to the extent of relieving them of their bad mortgages to the extent of the full value of the property which is encumbered by the mortgage, is opposed by the banks and that the bankers have any interest in defeating it.

Notwithstanding the propaganda, notwithstanding the radio speeches, notwithstanding the activities of the National Union for Social Justice and the Catholic father in the Shrine of the Little Flower, and notwithstanding the speeches that have been made here and elsewhere, I have not received a single letter from a single farmer in the Fourth District of North Carolina asking me to put my stamp of approval upon this bill.

Mr. DUNN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. No; I have only a little time.

I do not own any stock in any insurance company or bank; I have no interest in any bank or insurance company, and my only interest is to try to do the right thing.

The author of this bill complains about propaganda. Does he stop to think about the propaganda that has emanated from the sponsors of this bill, who now complain about the information given by the Farm Credit Administration, which they call slush? What part of it is slush? What part of it is false? What part of it is misleading? They can answer this when their time comes. You cannot point out wherein it is false or wherein it is misleading. O Mr. Chairman, there has been a desperate effort made to bullwhip and browbeat some Members of this Congress into voting for this bill. Why, they told me that the general assembly of the great State of North Carolina had memorialized me to vote for this bill. Yes; and the general assembly of my State of North Carolina has done other foolish things, my friends. One day during the last session its members memorialized me to vote for the repeal of the processing tax, the one thing that brought more happiness to the farm homes in North Carolina than any other act that has ever been passed by the Federal Congress. [Applause.] But when they realized what they had done and the effect of that act on their part, about 2 or 3 days later they sent us another memorial requesting that we not consider the memorial sent earlier urging us to vote against the processing tax.

The proponents of this bill have brought pressure to bear from every nook and corner. Shall the legislature of my State dictate to me what I should do as a Representative of the people of the Fourth District? No, Mr. Chairman; I have no control over any votes in this House except one, but, thank God, I have control over that vote, and I will not be bullwhipped, browbeaten, or intimidated by even the general assembly of my own State, and much less by the Catholic priest of Michigan.

We may as well be fair in the consideration of this matter. Are we going to discriminate to the extent of helping only one-third of a class? If this is not expansion of the currency, or inflation, why not put it up to the limit and make it $9,000,000,000? What about the city man who comes to me as a Member of Congress and says, "You gave the farmers an interest rate of 1½ percent. What about the poor city dweller?" The humble citizen who is living in a hut in a city, trying to earn a livelihood for his little brood, striving to pay off the mortgage on his house in order to give shelter to his children, are we going to deny him the same fair treatment you are asking for the farmer?

Mr. Chairman, I could not be so unfair. I could not be so unjust. Then, if we are going to embrace city mortgages, it will not be just $9,000,000,000, but somewhere near $29,000,000,000, and even the most ardent inflationist in this House would throw up his hands in holy horror at any such suggestion as $29,000,000,000 in new currency. Yet we Democrats are asked today, after hearing the Governor of the Farm Credit Administration ridiculed and denounced on the floor of the House by a Republican, to turn our backs, not only upon the leadership of the House, not only upon the Democratic Party, but upon that great President who now occupies the White House. I know not what course the other Members may choose, but, Mr. Chairman, I prefer to stand by MARVIN JONES, of Texas, and Franklin D. Roosevelt, who I know are friends of the farmers, than to stand by LEMKE and FRAZIER, the Republicans from Dakota. [Applause.]

What will happen to the financial structure of this Nation? When Uncle Sam holds a mortgage on every poor man's farm and on every poor man's home in America, either by virtue of this legislation or otherwise, what will be the situation then? Uncle Sam will be called a Shylock, the cruel holder of the lien, and will not be permitted at any time to foreclose or collect. There will be cries for moratorium after moratorium, and ultimately there will be a demand for cancelation, which can end only in chaos. This program will lead us down the primrose path of inflation and bring chaos to this Nation. Do not forget that it is being sponsored by a gentleman who delights in opposing the present occupant of the White House and who would rejoice in his defeat. Shall we repudiate our President and follow a new leadership? The gentleman sponsoring this bill seems to be very much excited about helping the farmers of this Nation, but back of it all is money—money.

Mr. Chairman, this bill is not a solution of our farm problem. It leads us not to equality for agriculture. The Federal land banks and the land bank commissioner have refinanced practically all of the debt-burdened farmers of my district. We could give the farmers an interest rate of 1½ percent, but still the great problem would confront us tomorrow just as much as it did yesterday. We should enact legislation which will bring to the farmers of this Nation a fair and just price for the commodities they produce by their sweat and toil, a price that will return them a fair profit for their labors. Then you would not hear the farmers complaining about an interest rate of 1½ percent or 3 or 4 or 5 percent. We must find a market for the tremendous surpluses produced by this great Nation and when we find that market, either at home or abroad, or when we can give the farmers of the Nation even the price they received under the A. A. A., they will pay the 3½-percent interest rate, they will retire their loans, they will pay their taxes, and they will not be calling upon Congress to pass relief bills for them. Therein is the solution, and instead of our talking so much about this measure, if we would devote our time and attention to a solution of the surplus problem of this country we would be making headway. [Applause.]

I believe that the present administration is fostering the highest form of democracy, that it is sincerely seeking to find a new freedom for the men and women who work in the fields and factories of the Nation, and is sincerely striving to solve the titanic problems confronting a complex civilization. This administration has brought a degree of relief to the farmers of the Nation and will continue in its efforts in the direction of equality for agriculture. Again I repeat, shall we repudiate that leadership and place our stamp of approval upon a half-baked proposition which is sponsored by Republicans?

The low rate of interest which this bill proposes to give to approximately one-third of the debt-burdened farmers, would be unfair to the remaining two-thirds who must continue to pay interest rates varying from 3½ to 8 percent. The same injustice will be visited upon future generations of farmers, who, of course, will not be benefited by the pending bill. The contemplated low rate of interest would, in effect, put a premium upon mortgaged property and penalize the thrifty while benefiting the unfortunate. The difference in the rate of interest which will be paid by those whose property is mortgaged and who are fortunate enough to refinance under the pending measure, and the rate of interest which will be paid by the ordinary citizen who has been thrifty and whose farm is not mortgaged, and by those whose farms are mortgaged and who are unable to refinance under the bill, would be more than sufficient to pay the taxes upon the property. The effect of the measure, therefore, would be to make the farms refinanced under the bill tax free while other farmers are tax burdened. Is this just? Is this fair? The premium placed upon the mortgaged property would naturally increase its resale value to such an extent that the benefits of this bill would be more than offset by the increased price which subsequent purchasers would have to pay. The only benefit, therefore, would go to the owner of the property which is now mortgaged and which is refinanced under the bill. The two-thirds of the farmers whose farms are now free and clear of debt, as well as farmers who could not refinance under the bill, would obviously be hurt rather than helped by this proposed legislation. No individual or private agency could compete with the Government in this field. The result would be, to illustrate what I mean, if a prospective purchaser desired to purchase a farm, say of the value of $10,000, which is encumbered with the Frazier-Lemke mortgage, for its full value, at the rate of interest of 1½ percent, the principal to be repaid over a period of 47 years, and another man owns a $10,000 farm which is unencumbered, which he is willing to sell upon reasonable terms, the deferred payments to bear a reasonable rate of interest, but who is unable to finance the deferred payments at 1½-percent interest and over a period of 47 years, certainly, it is only natural to suppose that the prospective purchaser would prefer to purchase the mortgaged farm with the low rate of interest and easy terms. Certainly, it would be difficult, under these circumstances, for a thrifty man, whose farm was not mortgaged, to dispose of it profitably in the event he desired to sell.

Since only approximately 66 percent of the farms in the United States are mortgaged, and since the amount contemplated by this bill is only approximately 33⅓ percent of the amount of the outstanding farm mortgages, the $3,000,000,000 provided under H. R. 2066 would take care of approximately 30 percent of the farmers whose farms are mortgaged at the present time and would, therefore, provide benefits for less than 15 percent of all of the farmers of the country at the expense of the 85 percent remaining, of the farmers and other taxpayers.

FEDERAL LAND BANK SYSTEM WOULD BE RUINED

If a substantial percentage of land-bank borrowers refinanced their loans under the provisions of H. R. 2066, the Federal land banks would receive cash for the mortgages so refinanced, which cash they would have to hold, since they would be unable to call outstanding issues of farm-loan bonds, most of which bear interest at from 3 to 4½ percent and are not callable for from 8 to 10 years. Since there are no sound securities in which the banks could invest the cash thus obtained on a basis which would yield an amount sufficient to pay the interest on their bonds, they would inevitably be forced to default, which would mean receivership and eventual liquidation of the system. This would mean the loss of the $113,000,000 capital stock investment of some 600,000 farmer borrowers through the system, as well as some $217,000,000 which the Government has invested.

ACCOMPLISHMENTS UNDER PRESENT LEGISLATION

Nearly 750,000 loans for approximately $2,000,000,000 have been made by the Federal land banks and the land bank commissioner since May 1, 1933. Estimated scale-downs in connection with these operations approximate $200,000,000. Annual interest reductions as a result of such refinancing amount to $38,000,000 on the basis of the contract rate. When temporary interest reductions are added, the total saving to the farmers of the country for the year ending June 30, 1936, will approximate $74,000,000.

Liberal provision has been made for deferring principal payments and for granting an extension of time on past-due items where farmers, through no fault of their own, have been unable to meet their obligations.

With decreased interest charges and improved prices the amount of farm products required to pay interest charges has decreased materially. Whereas in 1932, 25.5 bales of cotton were required to pay the interest on a $10,000, 6½-percent farm mortgage; the interest charges on a $10,000 Federal land-bank loan in 1935 could be paid with only 5.9 bales of cotton. Similar improvement has taken place in other lines of agricultural production.

For the country as a whole, 9.6 percent of the gross farm income was required to pay the interest on the farm-mortgage debt in 1932. In 1935 the corresponding figure was 4.5 percent, the lowest during the 10-year period, 1926–35.

The number of delinquent Federal land-bank borrowers has declined substantially. As of December 31, 1933, approximately 47 percent of all Federal land-bank borrowers were delinquent; as of December 31, 1934, 34 percent of such borrowers were delinquent; while as of December 31, 1935, only 27 percent of all borrowers were delinquent.

During 1935 the farmers of the country voluntarily repaid principal to the Federal land banks in an amount greater than they would have been required to pay had no deferment privilege been granted.

During 1926 it is estimated that there were 18.2 foreclosures per 1,000 farms in the United States. In 1932 the figure reached 38.8 foreclosures per 1,000 farms. By 1935 the number had decreased to 19 foreclosures per 1,000 farms.

I am consistent in my opposition to the pending bill in its present form. I voted against reporting it by the Agriculture Committee. I was anxious to have an opportunity to study the feasibility of lowering the rate of interest now given to farmers by the Farm Credit Administration and, if possible, to vote for and to support some measure which might bring some equitable relief to the farmers of the Nation at large, but a vote was demanded and the bill was reported. The Rules Committee was discharged and the bill is now before the House. I can only express the hope that it may meet with defeat. While I have no desire to urge unduly the Members of the House to cast their vote against this measure, I do urge you to give it the benefit of your very best thought. I may be wrong and I may be mistaken. If I am, the error can some day be corrected. [Applause.]

Mr. JONES. Mr. Chairman, I yield 15 minutes to the gentleman from Maryland [Mr. LEWIS].

Mr. LEWIS of Maryland. Mr. Chairman, this bill proposes an immediate inflation of the currency by more than 50 percent. I cannot vote for the bill, worthy as its intended beneficiaries are, and I want to give my reasons.

There are 33,000,000 life-insurance policy-holders in the United States. These policies average $2,000. And their paid-in value aggregates over $20,000,000,000, more than the total value of the railroads of the United States. Nearly one in every four of the population holds such a policy or is interested in its benefits. Some 328 insurance companies are conducting this massive business, and it may be said with patriotic pride for them that they have in recent years passed through the most crucial financial test that insurance companies might have ever successfully met.

Sir, in Austria, in Germany, in France, and in Italy, before the war they had like life-insurance companies equally well managed and discharging a similar great function of saving for the people; but what happened to them? Following the war, under an inflation of the currency of these countries, the entire value of the Austrian insurance policyholders was lost. Eighty percent of the paid-in value of the French insurance policyholders was lost, 75 percent of the Italian policyholders was lost, and 90 percent of the German policyholders was sacrificed.

What was the occasion of tragedies so Nation-wide and so utterly devastating to such a worthy part of their population? Ah, it was the policy of paying public debts and marketing public policies with printing-press money by inflation statesmen in those countries. In Germany, for example, although they came out of the war with less than 37 billion marks, later inflation raised the currency to 2,000 billions in 1922 to 28 quadrillion marks in September of that year and by December to the superastral figure of 497 quintillion marks.

Mr. Chairman, this stupendous inflation of these currencies occurred not because anybody wanted it to occur, not because anybody intended that it should occur, it occurred because once inflation got started down its toboggan, nobody could stop its headlong descent to financial anarchy and perdition.

In Germany, for example, the purchasing value of the mark began rapidly to fall. At length employers and employees found it necessary to readjust their wages monthly; soon they had to readjust wages weekly; then, at length, every day; and near the tragic end of the chapter the workmen were allowed an extra hour at noon to go out and spend the day's wages, in order that they might get some value for their toil before the day's inflation had destroyed the fruits of the morning's labors. Depositors, sensing the situation, withdrew their savings out of the savings banks to spend them before they became valueless, and within a year all the savings banks were empty and have not yet fully recovered.

The farmers—yes, the farmers, too—were victims, for when they sold their products they immediately had to spend. They bought diamonds—diamond rings—and stockbrokers bought carpenter tools in order that at the end of the insane frenzy of inflation they should have something real in their hands to trade for their needs. All kinds of pensions existed over there, earned pensions as well as public pensions, and what happened to them? In Austria a $50 pension, for example, dropped to a value of $7.35 a month and never got back beyond the point of $25.

Now, perhaps, you say, "Oh, well, Mr. LEWIS, this was all due to the war." It was not due to the war. It did not happen in Great Britain, that suffered as much from the prosecution of the war as Italy, France, Germany, or Austria. It was due to the falsity, implicit and inescapable, in the inflation philosophy.

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

Mr. LEWIS of Maryland. I cannot yield.

Now, in this measure there is an immediate issue of $3,000,000,000 involved. I want to say to you sober Representatives of the American people, this is the largest first step in inflation ever undertaken in history. If it succeeds in this measure, it will be followed by others. We will then be on the toboggan with Austria, Germany, Italy, and France, and when once on that toboggan, our statesmen will no more be able to control the subsequent train of events than the inflation leaders of those countries.

My God, have we not had enough of the lessons of inflation in the fields of both public and private finance? We know what such inflation, printing-press stocks and bonds, did in the field of private investment. We know the story of 1929, 1930, 1931, and 1932—what followed that false philosophy which closed every bank in the United States. After all, what is it we want—the restoration which we all seek so urgently? It is confidence. Businessmen must have, not only confidence in Government—thank God, that confidence we fully have—but they must have a confidence in one another and especially in the financial instrumentalities of commerce.

We ourselves have worked earnestly to restore the purpose of the confidence essential in commerce, in industry, and in our financial organization. But the passage of a bill like this, ladies and gentlemen, would, by one act, utterly wreck this work of restoration during the last 3 years. It would destroy all reasonable hopes for years. I dare not now pull back the curtain to disclose the financial anarchy that would ensue with another break-down of the financial credit of both the Government and our private financial organizations.

Sir, there are two motives impelling this measure. I shall speak of the worthy one first. It is that appeal which the farm makes to all human beings. Yes, the farm was the cradle of civilization. Yes, the farm is still the best man maker and the best woman maker on the face of the earth. Certainly there could have been no government, no religious or ethical system without their development on the farm throughout the ages.

(The time of Mr. LEWIS of Maryland having expired, he was given 2 minutes more.)

Mr. LEWIS of Maryland. We all acknowledge that, but I want to say that this bill provides no remedy for farm injustices. Give the farmers a just price for their product; that is the remedy. [Applause.]

Now, another motive actuating this measure is politics. If the American people do not soon go on strike against politics, they may wake up some morning to learn that they have no Government left to play politics with. It is true that no Philip of Macedon has ever horsed his way over the North American Continent; and firmly we Americans are resolved that no ambitious and unscrupulous imitator of Stalin, Hitler, or Mussolini ever shall. Yet if ever the work of Washington shall be undone, charge it now to irresponsible legislation of this character.

Now, my fellow Members, I thank you warmly for the patience with which you have heard the reasons why one Member, representing, as I think, one of the best agricultural districts in the United States, finds it necessary to so differ with the proponents of this bill. [Applause.]

Mr. LEMKE. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Chairman, I listened with great interest to the speeches of the gentleman from North Carolina and of my distinguished friend from Maryland. I think it is a pity that this discussion cannot avoid emotion, because if there ever was a matter which required intellectual processes, it is the matter now before the committee.

My distinguished colleague from Maryland, in his impassioned appeal about inflation, lost sight of two fundamental facts which stand out through all history from the beginning of time until the present moment. One of these facts is that inflation has never occurred anywhere at any time in a stable government. The second fact is that inflation cannot occur until all the wanted goods and services which can be produced have been distributed or are being distributed. These two fundamental facts are entirely lost sight of by the eloquent gentleman from North Carolina and by my colleague from Maryland.

Now, let us see whether or not some of those who find it necessary to vote for this bill are inflationists. When we began to consider the Banking Act of 1935, we found that the excess reserves of the member banks of this country amounted to $2,700,000,000. We found that the necessary reserves amounted to $2,700,000,000. We realized that there was danger of a tremendous inflation, because these excess reserves, when used by the banks, could be multiplied by at least 15 and result in $40,000,000,000 of loanable funds. So the House committee, when it introduced the bill, provided that the Federal Reserve Board, in order to prevent excessive inflation or deflation, should have control of the reserves of member banks and raise and lower them as they saw fit, in order to prevent inflation and deflation.

We did two other things in the House in order to prevent inflation. We knew that the reserves of the Federal Reserve banks amounted to $4,200,000,000. We realized that meant that the Federal Reserve banks had available to lend to member banks two and one-half times that amount, or over $10,000,000,000. We realized that if that money was borrowed by the member banks and expanded 15 times when loaned, it would amount to more than $150,000,000,000. We realized that combining the two potential inflations of the member banks and the reserves of the Federal Reserve banks, we would have the tremendous sum of over $190,000,000,000. So what did the House Committee on Banking and Currency do? We tried to give the entire right to raise the reserves to the Governors of the Federal Reserve Board. But what we were finally able to do over the opposition of the conferees on the part of the Senate, and over the bankers' opposition, was to give the Federal Reserve Board the right to raise the reserves up to 100 percent. With that right to raise the reserves up to 100 percent, it could wipe out the $2,700,000,000 of excess reserves of the member banks, and prevent that $40,000,000,000 inflation. That is what the House Committee on Banking and Currency and the conferees, supported by the House, did to prevent inflation. That is one of the things. And realizing the tremendous potential inflation because of the $4,200,000,000 of reserves of the Federal Reserve banks which could be translated into $157,000,000,000, we succeeded, after days and nights of toil, in getting into the bill a provision that the Federal Reserve Board should control the rediscount rates, which means that the Federal Reserve Board can so raise the rediscount rates as to entirely prevent this $157,000,000,000 inflation or any part of it.

Did you ever hear of the Liberty League, did you ever hear of the Economy League, did you ever hear of the great credit structure which has its apex in Wall Street denounce the condition we found when we began to consider the 1935 bill? No. We had to fight that element every inch of the road in order to prevent this great inflation. They do not care anything about inflation so long as it is inflation created by debts to them. And they come in here and talk about inflation, involving the relatively insignificant sum of $3,000,000,000 in real money. God save the mark!

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

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

Mr. GOLDSBOROUGH. Mr. Chairman, it has been impossible up to this time to create the substantial medium of exchange in this country except by debt. This debt is mounting hundreds of millions of dollars a year. The backs of the American people are bowed down by it. Under this system, instead of the masses of the people getting the benefit of what the people can produce, we are destroying production that is needed by millions of people who do not know where their breakfast is coming from 10 days from now. While I could not have introduced a bill like this, arbitrary in its provisions, unscientific in its demonstration, yet it serves notice on the great creditor class that the people of the United States are beginning to find out there is some way they can transact their business without going from the cradle to the grave with a burden of debt on their shoulders, which their children for the next generation, and for generations yet unborn, will have to bear.

So, Mr. Chairman, it is because of that broad principle, because of the fact that this socialization of credit constitutes a beginning of understanding that there is no reason in a rich country like this why we should transact our business based on debt, that I am supporting this bill. There is another reason. For 50 years I have been watching the farmer. When I was a little boy driving around with my grandfather, who was a country doctor, I saw how they were burdened with debt. I know of hundreds of cases where that same debt, as I said before, has been transmitted from generation to generation; and whenever I can help them I propose to do it. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Chairman, I grew up on a farm, remained on it, and worked on it until I was 25 years of age. I went from the farm to the practice of law and in connection with it had the privilege of serving at the head of a national bank for more than 20 years. When the inflation, or deflation, or whatever you call it, came to us in 1933 and all of the banks in this country were closed, the one with which I had been associated for 20 years stood like the Rock of Gibraltar and paid out at the back door while the President's Executive order was in existence in order to keep people from starving. That was because we had adopted a rule early in the history of the institution that we loaned money on real-estate mortgages based upon 50 percent of the fair market value of the farm. The Frazier-Lemke bill, in violation of the banking rule, and of the rule of insurance companies that have made millions and billions of dollars of real-estate loans, authorizes the Federal Government to lend money based upon not the fair and reasonable value of land but upon the fair value of the land. It authorizes loans to be made based upon 75 percent of the value of the buildings and improvements. It authorizes loans to be made upon 65 percent of the value of livestock—something that is transitory, something that is liable to be carried away, liable to to be lost; in fact, it is perishable property, just like the buildings are perishable, as they may be lost through fire and things of that kind. Having grown up on a farm, having worked with my hands as a toiler for low wages from the age of 10 to 25, having been associated with banking circles, having had long years of experience in the law practice, I feel that I am in position to know something of the danger of this character of legislation, and I feel that I am able to speak with some feeling of confidence on this subject. I want some of the proponents of this legislation to answer this question, Whether the Federal Government has done more for any other group of our people than it has done for the American farmer? And whether or not the Seventy-third and Seventy-fourth Congresses have done any more for any other class of people than we have done for the American farmer? I am glad to have voted for and supported all farm-relief legislation since I have been a Member of this body.

I, therefore, as a Democrat, and as one who believes in the fundamental principle of equal and exact justice to all men with exclusive privileges to none, believe it is infinitely unfair to say to about 85 percent of the American farmers who have borrowed from the Federal land banks and from the Federal Land Bank Commissioners at 5 and 6 percent interest that we will lend to another class of American farmers at 1½ percent interest. I believe in equal treatment to all and special privileges to none. I am afraid—desperately afraid—that after this Congress—and when I say this Congress I mean the two sessions of the Seventy-fourth Congress—has laid upon the back of the Federal Government a bonded indebtedness of $21,000,000,000, that if we thrust upon it through these loans another $3,000,000,000 we may bring the terrible monster of inflation upon this country that will make it necessary for the people of this country—what people?—the laborers of America, the working people, numbering in all the crafts and trades more than 40,000,000 of our citizens, to do what the people of Germany had to do during their period of inflation. Following the World War the streetcar conductor who worked on a wage base of $5 per day had to get off his streetcar in the evening and take a market basket full of German marks to the store before he could buy enough food for one meal. This is the thing we are coming to if this character of legislation is passed. I do not care whether the President of the United States be Herbert Hoover or Franklin D. Roosevelt, I would follow him in opposition to this bill because I believe first in the foundation stone of the great American Republic that is laid upon the great doctrine of equal and exact justice to all men, with exclusive privileges to none. [Applause.]

Let us see what else they do in this bill. They will, of course, never come to do it unless this Congress has gone crazy or unless I have gone crazy; and I hope I have not; but if I should vote for this bill I would feel as though I had.

Do you believe it is fair to me as a farmer to require me to pay even 5-percent interest on a farm loan and then say to my neighbor just across the fence that you will lend him money at 1½ percent? What happens to the 85 percent of our farmers who have not borrowed from the banks? Sixty-six percent of them have no mortgages at all. This 85 percent of the farmers who have not borrowed from the banks would be up against the worst sort of discrimination any man could conceive. Why? Because you know that a loan extending 47 years at 1½-percent interest is far below a reasonable rental value of any farm, and the result of it would be that there would be a market for the man whose loan extended 47 years at 1½ percent, and no market for the man who is paying 6 percent. So it would discriminate against 85 percent of the farmers in order to help 15 percent of them. If you are going to lend $3,000,000,000 in this country to 15 percent of the farmers and make it on a 47-year basis, at 1½ percent, you are going to leave out of consideration $21,000,000,000 of indebtedness on urban and city property that is under mortgage at from 4 to 6 percent.

Let justice be done to all our farmers without discrimination. Inflation is always followed by an era of destructive deflation, such as we have experienced since October 1929, for which we are now having to pay the penalty in billions of dollars. Who were the greatest sufferers under the deflation that followed that credit inflation? It was the laborer and the consumer. The laborer in lower wages and resulting inevitable suffering. The consumer in higher prices and less to eat and wear. Notwithstanding my great sympathy for the farmer, this is such a dangerous and discriminatory character of legislation that I cannot support it. I must stand by the toilers and wage earners and with the President of the United States. [Applause.]

If it is not inflationary, then let us bale out all of the banks and insurance companies that hold these mortgages. If it is not inflationary, let us put on top of the $20,000,000,000 that we have already put the Government in debt another twenty or thirty billion dollars; then we will have a sure enough problem on our hands. We will have not merely inflation but chaos.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MAY. Mr. Chairman, I want to answer the distinguished gentleman, who is a member of the Banking and Currency Committee.

Mr. WHITE. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Idaho.

Mr. WHITE. Was not the same condition practiced by the Reconstruction Finance Corporation? Did they not lend money cheaper to one borrower than the borrower could get from outside sources? The Reconstruction Finance Corporation did all the things the gentleman has been complaining of.

Mr. MAY. If the gentleman is going to answer, I will not have time to answer my colleague. The Reconstruction Finance Corporation laid down certain rules and regulations covering industries, which rules and regulations were based on sound banking rules and the Reconstruction Finance Corporation followed them. But if it be true that Reconstruction Finance Corporation has discriminated, is that a reason why we should? In this instance we are adopting a rule which provides for 1½-percent interest, based on the full value of the farm. If the farmers are as hard up as they say they are, and everybody knows they are doing better than they have done in the last 10 years, they will move off, abandon, and leave their farms.

Mr. KLEBERG. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Texas.

Mr. KLEBERG. Following the question asked by the gentleman from Idaho [Mr. WHITE], my distinguished friend, does the gentleman think that because the Reconstruction Finance Corporation might have practiced some little discrepancy or discrimination that makes it right for us to go ahead with this kind of legislation and continue that sort of practice?

Mr. MAY. I should say that was the basis of the gentleman's argument and the reason for his statement. His position is perfectly in harmony with this bill.

Mr. Chairman, I want to answer the gentleman from Maryland, who is a member of the great Banking and Currency Committee of the House. He says there has been no complaint from the Federal Reserve Bank, there has been no complaint from insurance companies, and there has been none from Wall Street. Of course, they do not complain because they expect the Federal Government to bail them out on a lot of stale loans. [Applause.]

Mr. LEMKE. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, there seems to be some apprehension on the part of the preceding speaker that the passage of this legislation will bring on inflation. I would direct the attention of the Members of the House to section 6, on page 4, which provides for refinancing farm indebtedness through the issuance of bonds, and only in the event the bonds fail to sell will currency be issued, and then in an amount not to exceed $3,000,000,000.

I look upon this measure as the remedy necessary to bring agriculture back to a reasonable level of prosperity. We may legislate until we are black in the face in an attempt to restore prosperity in this country, but I say there will be no prosperity, and there can be no prosperity, until we have restored the buying power of the farmers. You cannot expect the farmer to regain his buying power so long as the greater part of his income is devoted to the payment of taxes and interest. The gentleman from Maryland [Mr. GOLDSBOROUGH] referred to the fact that he had known several generations of farmers in his State, most of whom passed on debts from one generation to another. That is the case all over the country. The children of farmers inherit debts rather than property, and it has been my observation that these debts increase with time.

We reduced the interest rate for the farmer a short time ago, but the reduction was not sufficient to be of assistance. The farmer must get money at the rate that the Frazier-Lemke bill provides if he is going to work his way out and again become a contributing factor to the welfare of our country. There is no class legislation involved in the pending measure.

Can any Member of this House give any good reason why a farmer should not get money at the same rate of interest that is carried by much of the commercial paper put out by corporations? Surely no Member of this body will contend that a conservative farm mortgage is not better than any other form of security. I would say that a farm mortgage is even better security than Government bonds, because all wealth comes from the soil.

During the war we loaned billions of dollars to the Allies at 1½ and 2 percent. It has turned out that those advances have resulted in total loss through repudiation. Shall it be said that we are more considerate of foreign nations than we are of the people who raise the food for our tables and provide us with clothing?

The Frazier-Lemke bill deserves to pass both Houses of Congress with an overwhelming majority. It is one of the most beneficial pieces of legislation that we have ever had before us. I regard it as the best possible insurance for the perpetuation of the Republic.

One-third of our farmers are renters, according to the census of 1935. We may pass laws without number prohibiting the teaching of communism and other forms of destructive radicalism, but all of them combined will not contribute as much toward the maintenance of our institutions as will the passage of the Frazier-Lemke bill, because under its operation our tenant farmers would become farm owners, and property owners are never radical. I pass this thought on to you conservative Members who represent city constituencies.

Mr. Chairman, I have no fear that the passage of the Frazier-Lemke bill will bring on inflation, as I have discussed it with several sound financiers, who have assured me that there is not the least possibility of that happening unless the measure is materially broadened. Of course, no one wants inflation. We saw what happened in Europe following the war, and no Member of this body would vote to bring on such a condition in this country. I feel that this legislation is necessary to the welfare of our country, and I strongly urge every Member of this body to vote for it. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Chairman, the discharge rule on the pending bill has caused me a great deal of trouble, because as a result of my refusing to sign the discharge petition I had opposition in the primary and the people in my district are voting on my case today. I have been out in my district for the last 2 weeks, and I have told the people that I was going to vote against this iniquitous bill. [Applause.] So they know where I stand. I would like to let the Members know where we stand as a Democratic Party if we pass this piece of legislation.

The Democratic Party in only one instance in its history has even gone off on the proposition of sound money. The Democratic Party in its platform of 1932 declared for sound money, and this bill violates every principle of sound money. It does more than that, Mr. Chairman; this bill violates a monetary principle that has come down to us through the centuries; that is, that money belongs to the people and does not belong to the state. This bill contemplates that money belongs to the state. If you set aside the principle that has come down through the experience of the centuries, then we are indeed going down the primrose path that was suggested by my friend, the gentleman from North Carolina.

The Committee on Agriculture voted this bill out of committee without any great studies made of it, and this bill was never passed upon by the Banking and Currency Committee of the House. They never had it up for consideration, and we are sitting here today being asked to change a principle, without competent committee consideration, that has come down through all the ages.

Mr. Chairman, Mark Sullivan, a week ago Sunday, in the Washington Star, had an article, and I want to read a small part of it, because I believe it tells what is going on and what is likely to happen in this country.

> One of two major dangers which the depression brought to America, I have said, was violent inflation of the kind which after the war took place in several European countries. This danger still exists. I do not wish to overemphasize it. I would not make a 50–50 bet that it will take place, though some competent judges would.

And competent judges, as Sullivan says, will know more about it after we take a vote on this bill in the House.

> This danger of violent inflation to whatever extent it exists, involves within itself the other danger, the danger of a new form of society and government, for, if inflation should really come in America and go on to a catastrophic stage, the result would be a collapse, a collapse much more serious than the depression, and after the collapse would come a period of chaos in which we would again be subject, as we were in the depression and to a greater degree than by the depression, to the danger of falling into or being taken into a changed form of society and government.

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

Mr. FIESINGER. I cannot yield.

> So that it is not possible to consider the two perils separately, one, the danger of inflation contains within itself the other, the danger of a changed form of society and government.

This is what you are voting for under this bill. You are voting in the final analysis for a changed form of government and I predict you are going to have a dictatorship in America. First, you will have chaos and then a dictatorship.

Mr. Chairman, the Roosevelt administration has with unusual and unrelenting vigor attacked the farm problem. The farm problem, in large measure, grew out of the fact that farm products had been left while industrial products were more or less restricted in their economic play, due to trade barriers, trade agreements, and monopoly. The result was that agriculture received too little and industry received too much out of the common reservoir of income; to express it another way, the farmer's dollar bought too little of what industry had for sale, and industry's dollar bought too much of what agriculture had for sale. Because of this abnormal condition, in large part due to the fact that agriculture was subject to different and more hazardous play of economic forces than industry, it cost more to finance agriculture than it did industry.

Now, as I said, the Roosevelt administration has attacked the problem, attempting to give agriculture some of the privileges enjoyed by industry, to wit: Regulation of supply to demand, to the end that higher prices may be enjoyed; lower rates of interest on money needed to finance itself, and by the institution of reciprocal-trade agreements, that industrial prices may be kept in check if not lowered, and also as a means of giving purchasing power to people abroad to buy our agricultural products and thus relieve agriculture of too much restriction in product, and thus moderate the cost thereof, which falls heavily upon the Federal Treasury. That the economic system has responded to this treatment is borne out by the recovery we have had during the past few years. That these policies, in view of the whole economic picture, are essentially sound and helpful, hardly anyone will deny, except those who have adverse political motives, or those who, because of special economic pressure, are chasing rainbows in a field of proposals, which are, to say the least, in conflict with administration policies. This bill would wreck the whole Roosevelt recovery program.

Mr. Chairman, some weeks ago when I was being importuned to sign discharge petition no. 7 that was upon this desk, I tried to make a fair and impartial analysis of the Frazier-Lemke bill, and presently I am going to give the House and the country the result of my effort.

Before I begin, let me say that I have been interested in lower rates of interest on farm mortgages and I went down recently to the Farm Credit Administration and had a talk with Governor Myers, and I pleaded with him to recommend that we have lower rates upon farm mortgages. Governor Myers seemed to take the position, and with sympathy for the farm debtor, that it would disturb the fiscal policy of the Government. It is claimed by the proponents of this bill that 30,000,000 people—that is practically the entire farm population—in the United States are back of its enactment, and that some 29 State legislatures have petitioned the Congress that it be made into law. There is no doubt a considerable force is in favor of this bill. On the other hand, there is a very substantial force, including farmers, who are against the bill; but among those who have voiced their approval, how many would have done so if they had known just what consequences this bill would produce?

Fortunately, information and data is available to indicate the possible confines of those most likely interested in the measure. The following data was elicited from reports of the Department of Agriculture of a very recent date:

The number of farms in the United States is 6,800,000; mortgaged farms, 2,300,000; farms not mortgaged, 4,500,000.

According to the above there are 6,800,000 farms in the United States, and of this number about one-third are covered by mortgage debts. Of the 2,300,000 farms mortgaged, 800,000 are financed through the Federal land banks at the lowest rate of interest ever known for farm mortgages in this country or any other country.

I should think it reasonable to assume that the farmers without mortgage debt would not be interested in this measure, and those who are financed through the Federal land bank at the lowest rate of interest ever known would be only passively interested. The remaining owners of farms may have an active interest in the measure, although of this group not all, by any means, are in distress, for great numbers of them are now financed by banks and insurance companies.

In other words, it was estimated that of the farmers in this country, not over 10 or 15 percent were in distress, and we are changing a monetary principle that has come down through the experiences of the ages to satisfy 10 or 15 percent of the farmers of this country, and I noticed in the document handed to us this morning that has been criticized here, that out of a thousand farms in 1926 there were 17.3 foreclosures, while the number went up in 1933 to 38 farms per thousand, and in 1935 it came down to 21, while this year it is estimated the number will be back to 19, or almost equal to the 1926 figure, which was what we consider a normal year for agriculture. In that year agricultural prices were in parity with industrial prices.

Now, I do not wish anyone to infer from what I have said that I have not sympathy for the farmer, or anyone else for that matter, who may be in distress. I wish it were possible never to have another foreclosure, but that is impossible, and there are limits beyond which the Government may not go. The Government must at all times be just to all its citizens, including our churches, schools, and colleges which pay 4.5 and 6 percent, and if it accorded preferential treatment to a limited group of farm people it most certainly should extend the same consideration to all farm owners and to city home owners and other classes who can meet reasonable qualifications. The size of such an undertaking must serve to reveal the absurdity of such a proposition.

The liquidating and refinancing of these mortgages under the plan proposed in this bill would not establish parity on the part of agriculture with industrial prices. The use of banking credit under the plan proposed by the bill would most likely inflate all prices, industrial as well as agricultural, in like degree and continue any disequilibrium that may now exist. Its only effect would be to shift the burden of debt of the farmers benefited to the backs of the farmers not benefited and to the wage earners, savings-bank depositors, holders of insurance policies, and people having and living upon fixed incomes. But this is not the worst of it. These same classes would pay toll to speculators and holders of corporation equities who would reap a rich harvest.

This measure is class legislation. It is discriminatory without helping agriculture, and it injures every other class.

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

Mr. FIESINGER. I will yield if I have the time.

And, again remembering that but one-third of the farms would be entitled to benefit under this bill, the owners of these farms would receive an unjustifiable, competitive advantage over the other two-thirds not entitled to participate, for immediately farms entitled to participate would reflect in value the advantage of a subsidized interest rate and long-term conditions of payment under amortization.

For example: A and B have adjoining farms of equal size and value. A is entitled to benefit under the terms of the bill. B is not. A's buyer would probably receive little or no advantage, because A's loan or right to secure a loan at less than half the rate of interest that long-term money commanded, would command a premium for A, measured by B's disadvantage. We cannot make fish of one farmer and flesh of another—class legislation is un-American.

The bill provides that the liquidation and refinancing undertaken is to be done through the use of the machinery of the Farm Credit Administration and the Federal Reserve Banking System. I submit that it is not machinery that is intended to be used, but the machinery facilities and credit of those institutions.

The bill would compel the refinancing of farm mortgages up to the fair value of farms and 75 percent of insurable buildings and improvements thereon. That is contrary to all experience and practice. I submit that would hardly place any restraint upon human nature. It is within a farmer's power to skin the land of its fertility, allow the buildings and fences to decay, and then depart, for unless he has sentimentalities there is little, if anything, to hold him. Bonds based upon such security would not float in open markets except at considerable discount, nevertheless national banks and Federal Reserve banks are required in the bill to invest all their surplus and undivided profits in those bonds, which are to be used as collateral to secure up to $3,000,000,000 of Federal Reserve notes. And notwithstanding the fact that the bonds which are secured by these mortgages and Federal Reserve notes are dependent for their stability upon the payments of interest and amortization payments, the executive committee shall have the power, in case of crop failures and in other meritorious cases, to extend the time of payment on loans under this act from time to time for a period of 3 years, provided the mortgagor keeps up the payments of all taxes on the mortgaged property. There seems to be no limitation here. The executive committee may extend payments of interest and amortization for 3 years and then extend it again for 3 years, and then again for 3 years, provided the mortgagor keeps up his taxes. The bill places no limitation upon indebtedness other than it must be farm indebtedness and exist at the time of the act. That it may not be due, or that Congress could not accelerate its due date, or violate contracts between debtor and creditor, seems not to have bothered the writers of the proposed legislation.

The bill provides that the Farm Credit Administration, through the Land Bank Commissioner and the Federal land banks, shall issue bonds in the manner now provided by law, which bonds in full face amount shall cover farm and chattel mortgages in full face amount. These bonds are to be delivered to the Farm Credit Administration, which may offer them for sale at not less than par to any individual or corporation or to any State, National, or Federal Reserve bank or to the Treasurer of the United States.

Two of these classes mentioned may not exercise their free will to refuse the offer of the bonds, for Federal Reserve banks and national banks are required to invest their available surplus and net profits in the bonds. This procedure and the procedure as to Federal Reserve notes are perfect examples of forced loans. Such loans are not new to history, and became so obnoxious to English freemen that they long ago imbedded an inhibition against such practice in the fundamental law of England, and our constitutional fathers following their examples have provided likewise in the Constitution of the United States. Not to mention other features, this feature alone renders this bill clearly and unmistakably unconstitutional.

All bonds not sold freely or forced upon unwilling purchasers shall be presented to the Federal Reserve Board, which shall forthwith cause to be issued and delivered Federal Reserve notes in an amount equal to the face of the bonds, and the bonds are deemed sufficient collateral to secure the Federal Reserve notes, which shall not exceed at any one time $3,000,000,000. This amount is in addition to the amount taken by forced loans against the Federal Reserve and national banks, which are compelled to invest all surplus and profits after dividends. National banks under this bill are placed at a serious disadvantage compared to our State banks.

Federal Reserve banks are depositories for the reserves of member banks. Deposits are made by banks with Federal Reserve banks in about the same manner that one deposits money in his home-town bank. Outside of the stock and surplus account these deposits are the principal assets and liabilities of Federal Reserve banks. To liquefy these deposits, Federal Reserve banks must be kept absolutely liquid at all times. These banks are the last refuge of liquidity, and as such are the keystone to the whole banking and commercial structure.

Now, in compelling the Federal Reserve banks to issue these notes secured by farm mortgages, and in compelling Federal Reserve banks and national banks to invest their surplus and undivided profits in these bonds and absorb about all their liquid assets, what would happen?

Most sensible persons dislike to predict what the future holds, but I am sure most eminent authority in such matters would predict that the mere making of this bill into law would carry potentialities of wrecking the monetary and banking structure of the United States, causing widespread panic, trade stagnation, unemployment, bankruptcy, and a host of economic ills. Our currency must be sound and stable, our credit high among the nations of the earth, or our people have no hope of enjoying prosperity.

Mr. Chairman, I could not vote for a bill that even carries the potentialities of such frightful consequences. Heretofore I made the statement that these bonds would not float in financial markets except at a discount, that discount may be measured as to their security compared with Government bonds, and Frazier-Lemke bonds are not guaranteed by the Government, and the interest coupon is less than one-half of the average the Government has had to pay for money for the last 20 years, which average was approximately 3⅜ percent.

The bill further provides that all payments of interest and principal on bonds covered by Federal Reserve notes shall be paid to the Treasurer of the United States, and shall be kept by him for the purpose of redeeming said Federal Reserve notes, but in the meantime it shall be used as a sinking fund and invested in farm-loan bonds issued under the terms of this act. This means that principal and interest payments on bonds covered by Federal Reserve notes are not to be used in retiring the notes, but such payments are to be used for further investment in the bonds.

Mr. THOM. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. THOM. Suppose the $9,000,000,000 in farm mortgages held by farmers were offered to this new institution in order to obtain 1½ interest rates. Which of these $9,000,000,000 would be recognized; which man would have the loan taken care of. There is only $3,000,000,000 authorized in this bill.

Mr. FIESINGER. The bill does not say anything about that.

Mr. THOM. Then there would have to be discrimination, would there not?

Mr. FIESINGER. Of course.

Mr. McFARLANE. The same proposition was made to the Farm Board and the Farm Credit Administration; why was not the same question raised then?

Mr. FIESINGER. We took care of that by orthodox financing. We were not violating a monetary principle which has come down through the ages.

Mr. WHITE. Will the gentleman yield?

Mr. FIESINGER. Yes; I yield to the gentleman from Idaho.

Mr. WHITE. Did not we finance the Federal Reserve System in the same way?

Mr. FIESINGER. No; by all means, no.

Mr. WHITE. And did not that bill violate the monetary principle?

Mr. FIESINGER. No; it does not. In answer to that question, I say this: I have been accused of talking one way and voting another. I stand strong on what I have always advocated in this House. I am as strong today as I ever was, and that is this, that the Congress of the United States should do its constitutional duty. [Applause.] That is, to coin money and regulate the value thereof. It has never done its duty and it is today allowing the bankers to do it, and I am against that just as strong today as I ever was.

But this bill does not reach that problem by any means.

Mr. WHITE. The Federal Reserve currency was issued against Federal obligations.

Mr. FIESINGER. I cannot yield further.

Mr. KENNEY. I think the gentleman ought to answer the gentleman from Idaho.

Mr. FIESINGER. I did not hear the gentleman's question.

Mr. WHITE. I said the Federal Reserve currency was issued against Federal obligations.

Mr. FIESINGER. But they were not forced on them. These are forced loans which the Constitution of the United States inhibits. You are changing the whole monetary structure and putting on the Federal banks and the national banks forced loans.

Mr. WHITE. What about the farm loans made by the farm-loan bank?

Mr. FIESINGER. There is no forcing of loans there. If those loans were forced the Supreme Court of the United States would say that the authority was unconstitutional, as they will say under this bill. I was about to answer that question. I will go on. I know my time is getting short. I want to talk about this board of agriculture.

Mr. MAY. Mr. Chairman, will the gentleman yield for a question?

Mr. FIESINGER. Yes; I will yield.

Mr. MAY. On page 4 of this bill there is a provision which provides that the Federal Reserve banks and national banks shall invest all their earnings and all payments of dividends in these bonds.

Mr. FIESINGER. Yes. What the proponents of this bill want is inflation. It is the same old wolf in sheep's clothing that has been snarling at the door of Congress ever since I have been here.

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

Mr. FIESINGER. I yield.

Mr. BOILEAU. An amendment will be offered to make it permissive instead of mandatory.

Mr. FIESINGER. It is rather perplexing for me, because I do not know what proposals are going to be offered. But in its final form it will either be inflation leading the way to uncontrolled inflation or saddling the debts, or part of the debts, of indebted farmers on the Government, which is what the bankers and insurance companies want.

Mr. BOILEAU. If it is made permissive, it certainly would not be an obstacle.

Mr. FIESINGER. If you make it permissive this bill will fall flat, because no Federal reserve bank and no national bank nor anybody else will ever invest in these bonds, because they will only be worth 50 cents on the dollar. Put mortgages upon farm land at full value, plus 75 percent of the insurable value of the buildings, and these bonds will go down to 50 cents on the dollar. There is no question about that in my mind.

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

Mr. FIESINGER. I yield.

Mr. WOLCOTT. In that respect, may I call the gentleman's attention to the fact that under the Banking Act of 1935 we provided in the open-market provisions of that bill, authority whereby the Federal Reserve Board can compel banks, if it adopted as a policy, to take these or any other bonds that the Government may issue.

Mr. FIESINGER. Have you tried that out before the Supreme Court of the United States?

Mr. WOLCOTT. It is generally conceded that the Federal Reserve Board has the authority.

Mr. FIESINGER. I would like to see a decision of the Supreme Court of the United States on the proposition of forcing these banks which own the private money of this country. I would like to see the authority sustained by the Supreme Court of the United States.

Mr. WOLCOTT. That is what we provided for last year in the Banking Act of 1935.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. FIESINGER. There is set up by the bill a board of agriculture to be composed of one member from each State elected by delegates selected by mass conventions of farmers in each county or parish within the United States who are indebted and declare it to be their intention to take advantage of this act. This could hardly be called democratic government, for only those who are indebted and declare it to be their intention to take advantage of this act are entitled to vote. A farmer having no indebtedness is not entitled to vote, nor is a creditor entitled to vote, although he may have long-term contracts with those entitled to vote. No representative of the Government, the Farm Credit Administration, the Federal banks, the Federal Reserve Board or banks, or national banks are entitled to vote. This is a government entirely of debtors and their elected State representatives shall elect members of the board of agriculture, one from each State, which, in turn, elects an executive board of three members, none of whom shall be members of the board of agriculture. This executive board or committee, as it is named in the bill, has some very extraordinary powers.

The members of the board of agriculture shall keep in touch with and report to the executive board on the progress made in liquidating and financing farm mortgages, and in doing so they shall cooperate with county or parish or State organizations, and with all farm and cooperative organizations within their respective States, and county or parish organizations shall at all times cooperate with and assist the board of agriculture, the Farm Credit Administration, the Federal land banks, and national loan associations. This executive board, with its disconnected network of cooperation, assistance, and report as a background, shall advise and supervise the work of liquidating and refinancing farm mortgages and farm indebtedness by the Farm Credit Administration and the Federal Reserve Board, and they, the said executive board, shall cooperate with the Federal Farm Administration, and so forth, and so forth.

The executive board is tied, and responsibly so, to the board of agriculture, because its tenure of office is subject to the will of the board of agriculture. The bill gives the executive board the power to advise with and supervise the work of liquidating and refinancing farm indebtedness by the Farm Credit Administration and the Federal Reserve Board. To advise with and supervise gives this board powers in connection with the purposes of the act greater than like powers conferred upon the President of the United States. It would give this board the power, in plain words, to boss the Farm Credit Administration and Federal Reserve Board. Let us take an example that no doubt would frequently happen. Suppose the Farm Credit Administration reported an appraisal of a farm at $5,000 and the executive board said the appraisal should be $10,000. Under its power to supervise, which means to have general oversight over, to superintend, inspect, the board's authority would no doubt be controlling; and if any member of the Farm Credit Administration or the Federal Reserve Board did not heed its supervisory power, the executive board would then report such member to the President of the United States for neglecting, hindering, or delaying the carrying out of this act. Before the President acts, cause must be shown; but the cause is shown when the Federal Reserve Board refuses to accept the executive board's judgment as to the fair value of the land and 75-percent value of the insurable buildings.

In other words, that farm board, that executive board, has more authority, as is provided in this bill, than the Federal Farm Credit Administration or the Federal Reserve Bank. Yes; more than the President of the United States.

Permit me to say this in conclusion: Our Government is inflating price levels through what is known as the credit route along orthodox lines. Credit inflation has never ruined a people, but, historically, at times it has become uncomfortable. Because of this experience this administration has set up certain banking controls by which it hopes to avoid many of the discomforts suffered in the past. This bill adopts a policy of monetary inflation. History records no single instance of monetary inflation that has not wrecked the people using it, and the worst of it is that the poorer classes and wage earners suffer most. The rich escape better than the poor because they know better the method of escape. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. LEMKE. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. MILLER]. [Applause.]

Mr. MILLER. Mr. Chairman, I am one of those Members who signed the petition. I voted to discharge the Rules Committee from consideration of the rule. I expect to vote for this bill. I will vote for it just as it is, if it is necessary, to get it. There are some provisions of the bill, of course, that we would all probably like to see amended, but the important question before us is this, and, in my opinion, one cannot sit here and listen to this debate and reach any other conclusion.

The question is this: Who is in control of the money of this Nation and what is money created for? Is the money created to serve mankind or is mankind created to serve money? That is all that it amounts to. What has been our policy during the last 50 years? Why is our economic condition such as it is in this Nation today? Whom has money been serving?

WHO IS THE FORGOTTEN MAN?

We have heard a great deal about the forgotten man. We heard a lot about him a year or two ago; we shall probably hear more about him in the next 6 months. We have heard a lot about relief for farmers in years gone by, and we shall probably hear more about it in the next 6 months. After all is said and done, the American farmer is the last great individualist in our Nation, and unless he is given an opportunity to sustain his individualistic character, individualism will fade away. He cannot compete, he cannot survive, under the present economic conditions. The farmer is the only class of man, farming is the only class of business of a substantial nature, that has to pay as high a rate of interest as is being paid on agricultural indebtedness. In Arkansas today the average is 8.1 percent. Other States are paying almost as high a rate of interest. It is no argument to say there are a lot of men who do not owe anything; that there are a lot of farms not mortgaged. This is true, of course. It is just as foolish to argue that this bill is a discrimination against the man who does not owe. It is not going to discriminate against the man who does not owe. Nobody wants to be in debt. Not a farmer in the United States wants to be in debt. How can the man who is not in debt be discriminated against by his neighbor who is in debt receiving a loan?

There are some things that just simply do not coincide with common sense. You may sit here and listen to these arguments and talk about inflation and all that kind of stuff, but let me tell you there is no danger in inflation if the property values are there, not a bit in the world. Upon what is the money of this country based if it is not the property values in this Nation? If you destroy the American homes you destroy the value behind our money. Some of you gentlemen who are so anxious to fly to the defense of the Federal Reserve banks and the banking interests in this country answer me this question: What are you going to do when you destroy the morale of the farming class in this Nation? When you, by defeating this bill, destroy agriculture, where is the value of your property and what is there behind the money of the country, be it inflated or not inflated? [Applause.]

ARGUMENTS AGAINST BILL ANSWERED

I am well aware of the arguments that have been advanced for the last few years by those opposed to this bill. They claim that it is inflationary—that it is unsafe and unwise for the Government to engage in the task of refinancing the farm indebtedness of this Nation. The claim is made that during recent years agriculture has received preferential treatment by the Congress and that a general bill for the refinancing of the farm indebtedness is not necessary. Men whose sincerity I do not doubt argue that the Government is not financially able to refinance this indebtedness, and that it is not for the best interests of the farmers themselves for the Government to do this. These same gentlemen talk earnestly about the necessity of preserving the financial integrity of the Government. They advocate that political philosophy that teaches that the monetary policies of the Government should be dictated by the financiers and by Wall Street. This policy has been followed by this Government for the last 50 years, with the result that money has become the master of man. People are compelled to serve the moneyed interests because of the political philosophy of the gentlemen who are opposing the passage of this bill. They overlook the fundamental principles upon which this Government is based and for which it was inaugurated.

EQUAL RIGHTS FOR ALL

This Government was set up as an instrument to promote the general welfare of our people, and in order to do this it is necessary that equal rights and opportunities be afforded to every class of citizens, regardless of whether they may be engaged in agricultural pursuits or some other pursuit. Money is merely an instrumentality that serves the needs of man, and unless we recognize this fundamental truth there cannot be any well-ordered and sustained prosperity in this Nation. [Applause.]

NECESSITY FOR BILL

It is not necessary to quote statistics and figures to show the absolute necessity for the enactment of this bill. We all personally know the actual conditions that exist in our own districts. We should face these conditions and not be led astray by any theories or by the arguments that are advanced against this bill.

This bill does not propose to create any new or additional interest-bearing tax-exempt securities. It does provide that the credit of the Government shall be used to refinance the farm indebtedness of this Nation in an amount equal to the fair value of such farms, if such an amount is necessary. The true wealth of this Nation is not in the stocks and bonds owned by the favored few, but all of our wealth rests upon the value of the property of the citizens. The bonds that are to be issued for the purpose of this act will be secured by the value of the property of this Nation. If the property is valueless, then our whole financial structure will crumble. We can only guarantee the value of the property of our citizens of this Nation by providing a means whereby those citizens can own the property and enjoy the fruits thereof. If the present conditions continue as they have in the last past several years, the morale of those engaged in agricultural pursuits will be undermined and destroyed. The farms will cease to be the homes of this Nation, and when that day comes we may expect the farmers of this Nation to demand that the Government discharge its plain obligations to them.

Farm tenancy is on the increase and will continue to grow unless this or a similar bill is enacted which makes it possible for the present landowner to continue to own and operate his farm.

Gentlemen claim that there has been a decline in agricultural indebtedness, but this decline since 1928 was not the result of normal liquidation, but it is the result of foreclosures and bankruptcies. It is not necessary for me to call to your attention the fact that present conditions cannot be tolerated much longer. The temporary measures heretofore enacted by the Seventy-third Congress and by this Congress are mere palliatives, and the invalidation of the Agricultural Adjustment Administration is only another indication and another reason why this bill must be enacted and should be enacted this session.

HOMES MORE SACRED THAN POLITICS

We Democrats are told that we are following a Republican in supporting this bill. Personally such an argument does not appeal to me. This is a question of giving actual relief to agriculture. It is, in my opinion, of greater concern than partisan politics. The responsible Democratic leadership of this Congress has failed to sponsor a bill to give relief to my people; the present bill does give relief to them and is a step in the right direction. I am more concerned about the welfare of the people of this Nation than I am about mere politics, and therefore I expect to continue my fight for the bill. It may be that this bill will be defeated in this session of the Congress, although I, for one, think we should stay here until this bill is passed. I have an opponent, just like many of you have, who is now busily engaged in a campaign against me, but the welfare of our people is more important than the political fortunes of any one man or any political party, and we should stay here until this bill is enacted.

A LIFE AND DEATH STRUGGLE

This is a death struggle for the economic freedom of agriculture, and those who vote against this bill should not be heard in the future to say that they want to grant relief to agriculture. The supreme test is at hand, and I call upon all of you who really and truly believe in providing equality for agriculture to vote for this bill. [Applause.]

It is argued that $3,000,000,000 will be required to finance the operations under this bill. Suppose it is true that $3,000,000,000 or more is required. We have, during this session of the Congress, appropriated more than a billion dollars to maintain our Army and Navy. Heretofore we have spent billions of dollars on great reclamation projects. Millions have been spent on flood-control projects, on roads, and other internal improvements, but we have overlooked and have utterly failed to provide a means for those whom we expect to live in the reclaimed areas and on the farms of this Nation to pay their indebtedness and at the same time provide through their own industry a reasonable living for their families. Agriculture is feeding America today and those engaged in other pursuits do not have the legal nor the moral right to enjoy the fruits of agriculture without sharing with those engaged in agriculture some of the things that make life worth while.

OTHER LEGISLATION DOES NOT ANSWER PURPOSE

We have heretofore enacted a social-security law by which the Government undertakes to aid in the payment of an old-age pension; we have appropriated billions of dollars to provide employment for those without means of livelihood. As a rule, farmers have been excluded from sharing in these billions that were appropriated for work relief upon the assumption that the farmers had work to do on his farm. It is true that the farmer does have work to do upon his farm, but if he cannot retain that farm, and if the produce from the farm cannot be sold for a sum sufficient to support himself and family, then the discrimination becomes unbearable. We cannot expect the farmers of this Nation to continue the struggle to pay the exorbitant rates of interest that they are now compelled to pay upon the indebtedness and the high land taxes, and unless this bill is enacted it will be only a few years until agriculture is reduced to a state of peasantry.

Everyone within the sound of my voice knows the fight that I have made for a reasonable and adequate old-age pension upon such terms as will guarantee to those entitled thereto their economic freedom in their declining years. It is not necessary for me to review the record in this instance because the record speaks for itself of the fight that has been made to obtain this objective for our people. Neither is it necessary for me to call your attention to the fact that I have devoted days and weeks to the fight for the control of the flood waters on our streams, for the building of reservoirs in an effort to bring to those living in the valleys of the tributaries the same protection that is accorded to those living along the Mississippi River.

I have always made every effort to prevent the exploitation of the natural resources of our country by Wall Street controlled corporations. My fight for the development of hydroelectric energy in the White River Valley and other similar valleys of our Nation is sufficient to convince anyone that I believe that this Government must aid our people, and not the corporations, to conserve and develop the resources that we have if we are to continue to promote the best interests of our people as a whole. [Applause.]

All of these activities on the part of the Government and all of these great projects for the betterment of the living conditions of our people must and do necessarily depend upon the stability of the American homes. There can be no stability to our agricultural homes as long as the spectre of oppressive debt is hanging over those homes. I plead with you to join with us from the rural sections of our Nation in this fight to give to our people the opportunity to emancipate themselves from the crushing burden that is now theirs. By so doing we will in fact give those who want to work an opportunity to build and save their homes. We will be adding strength to the foundations of our greatest American institution, the home. [Applause.]

Mr. JONES. Mr. Chairman, I yield 8 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, at the outset I want to pay a tribute to our colleague the gentleman from North Dakota [Mr. LEMKE] for the time, the energy, and the ability he has displayed and his consistency in trying to bring this farm-mortgage refinance bill before the House of Representatives. It was reported a year ago by the Committee on Agriculture and has been held up by the House majority and the Rules Committee. This is one of the most important bills that has come before the House in this session. It should have been brought before the House in an orderly way by the Rules Committee. You might just as well write over the door of the Rules Committee: "Abandon hope all ye who enter here", when important legislation of this kind cannot be presented for the consideration of the Members on the floor of the House of Representatives.

My views and sentiments are very much divided on this bill. I do not expect to vote for it on account of the inflationary machinery that is set up; but there is a fundamental principle in this bill that is vital that I would like to vote for because it upholds our American system, almost our American system of government founded on the ownership of private property. We cannot afford in times of depression or any other time to rob the farmers and the home-owners and make them pay such high rates of interest as 6 percent and amortization of 3 percent where they make only $800 a year with the help of all members of their families on the farms working 10 and 12 hours a day. If you want to promote communism and socialism in America, drive the farmers and the home owners out of their farms and their homes, destroy their savings; and then you will communize and socialize this country quicker than in any other way.

I would like to vote for this bill, but I cannot do it because I am firmly opposed to inflation. I propose to offer amendments which I assume will be voted down. I propose to offer an amendment for a 3-percent interest rate and then one for 2¾-percent interest rate, because we have already sold long-term bonds at 2¾ percent. I may even go to 2½ percent, but I do not propose to vote for any bill which carries, as the pending bill does in its present form, inflation to the amount of $3,000,000,000, a 50-percent increase in the currency of the United States.

What we need in America is an inflation of confidence, not an inflation of the currency. If you pass this bill, and if I were impelled only by political motives, I would like to wish this bill upon my neighbor's lap at Hyde Park with the 1½-percent interest rate and inflationary features without amendments. If I were to follow merely partisan views and wanted to hurt the Democratic Party, I would vote for this bill. Any number of people have come to me and said, "Why not vote for the bill? Pass it on to the President. Let him take the responsibility before the people. If he signed this bill in its present form, he would not carry an Eastern State." But, after all, I believe that we have a duty to perform as Members of Congress, and that duty is to legislate, to legislate honestly on the merits of the propositions presented and to the best of our ability to perfect legislation. I am one of those who voted to discharge the Committee on Rules. I did that gladly and would have voted for the rule, because I believe the time has come when the Members of Congress should legislate for themselves instead of being rubber stamps and taking orders from the "brain trust", or even from the White House. That is why I voted to bring the bill out on the floor of the House for consideration and that is why I propose, under the 5-minute rule, to offer various amendments which I hope will be discussed upon their merit and voted either up or down.

Gentlemen get up here on the floor of the House and talk in a sneering way about the great creditor class and try to make out that just a few millionaires in Wall Street are the sole creditors in the country. May I point out who the creditors are? The creditors are the American people—the wage earners and 125,000,000 consumers. They are the real creditors of this country. Eighty-five percent of all the income of the country goes to 40,000,000 wage earners who will suffer if we pass this inflationary bill. If you increase the currency by $3,000,000,000, all wage earners, consumers, people of small incomes, life-insurance policyholders, and those millions of Americans with savings accounts, disabled veterans, widows, and orphans, all will suffer financially.

Someone said that the American Federation of Labor was not for or against this bill. I do not know whether they are or not, but I know that William Green, president of the American Federation of Labor, has repeatedly spoken against inflation. American labor is fully awake to the urgency of the situation and has expressed its stand in no uncertain terms through its president and spokesman, Mr. Green, who defined labor's attitude when he recently said:

> Labor knows that this is a problem that affects us vitally, because we know that when dollars are cheapened commodity prices rise but wages stand still. We have not forgotten how our workers in other nations in Europe suffered because it required on some occasions an amount of money that would fill a bushel basket in order to buy just an ordinary commodity.

That is still the position of the American Federation of Labor.

My main objection to the bill is if you pass this ruinous inflationary bill in its present form, recovery will be greatly retarded and business confidence destroyed. That is what is lacking in this country today. [Applause.]

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. MORITZ].

Mr. MORITZ. Mr. Chairman, in this instance the people say to the Government, "Here are our farms—lend us $3,000,000,000", and we will pay you 1½-percent interest on the loan. We stipulate 1½ percent because we know it is impossible to pay 6 percent. Mr. Chairman, this is a fair deal. Why is it necessary to pay any interest? All the interest at one time was considered usury. It is only by custom that we countenance it now. Is not the vital question at present to help out our own citizens? Or is the vital question a matter of profit?

If our citizens are prosperous, will not the state of the Union forge onward to greater success and glory? The question often arises, What about the city home owner? Is he expected to pay 6 percent when the farmers are asked to pay only 1½ percent? There is no question but that the city dweller should have some help.

The tragedies and sorrows written over my home-town papers, for instance the Pittsburgh papers, every month for the last 4 years bespeaks this relief. Page after page of foreclosure advertisings appear monthly. It means many good citizens who aspired to be home owners have ended up in bankruptcy.

In this Frazier-Lemke bill we are marching to our first great battle against the racket control of the international bankers. This skirmish is likened to the Battle of Lexington where the shot fired that day was heard "around the world." Be assured our votes today will mark every man a friend or foe of the people.

Big interests financed by big bankers have consistently thrown into the eyes of the people the poison gas and bug-a-boo of inflation.

They would have the people believe that this is the first step of wholesale inflation as was witnessed right after the war in Germany. The truth is that the bankers have practiced inflation for years for their own benefit. Think of taking a borrower's most precious asset, his home, and in return giving the borrower only bookkeeping money and not real money.

It is about time we break up this unlawful special privilege and give the farmers, the backbone of our country, a fair deal. During the period after the war, when money seemed to be floating through the air and there was a seeming prosperity in the cities, the poor farmer, after laboring long and tirelessly on the sunbaked farms, was forced to pay high prices for his needs from the city, and the produce of his farm oftentimes could not find a market.

We read in the old law of Moses that almost every 50 years there was a tangle up of the societies' economics. Moses solved this problem by declaring a jubilee in which the mortgagee was forced to break his hold on the land and restore the land back free of encumbrances. Unless the people have access to the land there can be no real recovery. This Frazier-Lemke bill, in a mild manner, attempts to restore the land to the people who are willing to produce wealth instead of merely sitting idly by waiting for the necessary but harmful relief check. [Applause.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Chairman, I am only going to touch upon one aspect of this bill, because, manifestly, in 10 minutes it would be impossible to cover all the different points that this bill contains. I am going to speak today on the question of currency issue by the Federal Government as provided in this bill.

The gentleman from North Dakota [Mr. LEMKE], in his address today, used a great many of the arguments which we are accustomed to hear from those who wish an additional amount of currency to be issued by the Government. It is the speech that we have been accustomed to hear from the gentleman from Texas [Mr. PATMAN] on numerous occasions.

The chief points in the discussion which we hear so often are that the issuance of currency is a Federal function; that it is a function surrendered by the Congress to private bankers; that it is something of advantage to the bankers; and that other people in the country besides bankers should have the same advantage and be able to make the same use of it. I believe there is a well-known radio priest who talks along these lines every so often.

Mr. LEE of Oklahoma. Will the gentleman yield?

Mr. HOLLISTER. I am sorry I cannot yield now, but if I have time I will yield to the gentleman when I have finished.

Mr. Chairman, the sole purpose of currency is for the convenience of the people of the country in carrying on their everyday business activities. Currency will expand and contract as the needs of the country are made evident. At the time of the bank holiday the outstanding currency exceeded $7,000,000,000, because more people wanted currency to carry in their pockets than before the bank holiday. In 1929, when the business of the country, as is well known, reached probably a greater volume than ever before, and there was a theoretical prosperity to which we sometimes like to look back, the outstanding currency in the country was about a half billion dollars less than it is today. This was chiefly because more people used checking accounts, and therefore less people needed to carry currency around in their pockets. If through custom or because of other reasons more people want currency, it is available in the banks and can be issued. If the habits of the people change so that less currency is needed from day to day, that currency goes back into the banks.

The quantitative theory of money, based on the idea that as times improve more money is actually circulating, is absolutely fallacious. It is equally fallacious to think we can improve the times by putting more money into circulation. The question is entirely separate from the question as to whether or not the issuance of currency is to be done by the Government or done by private banks. If the Government should take over the banking functions of the country, if it should take over the issue of currency instead of having it done through the Federal Reserve banks as it is being done today, under Government supervision, there would still exist the same situation. There would still be the necessity for the amount of currency to be issued which the people needed to carry on their daily transactions, and the Government itself, operating these banks, would merely issue the currency that the people wanted. When people had more currency than they needed it would automatically come back.

Mr. Chairman, the understanding that currency should be put out in some arbitrary way is wrong. Even when $1 is put out, to that extent there is an arbitrary inflation of the currency. I do not mean to say by that that the effects are immediate. I do not mean to say that the issuance of $1, $1,000, $1,000,000, or even $1,000,000,000 can be traced immediately in its effect, but as soon as we depart from the idea that currency is to be used as a convenience, as the medium of exchange for business done in this country, just to that extent we weaken the whole financial set-up.

Now, this bill provides, it is true, that Federal Reserve notes shall be put out, I suppose similar to other Federal Reserve notes. They are to be issued by the Federal Reserve Board as a branch of the Government. Let me answer here another argument which we hear from time to time, that if the Government has the right to issue a bond, which is a promise to pay, and on which it must pay interest, why should it not, instead of issuing a bond and paying interest on it, issue a piece of paper which we call a note, on which interest would not have to be paid? This argument, of course, followed to its logical conclusion means we could take some $30,000,000,000 of Federal Reserve notes or whatever you may wish to call the promise of the Government to pay, with them redeem our bonds on which we pay interest and thereby, perhaps, save ourselves almost $1,000,000,000 a year in interest. The answer, very briefly, Mr. Chairman, is this. The only way in which a government, just the same as an individual, can secure the wherewithal to pay its debts is by drawing on the wealth of the country, drawing on the accumulated resources that you and I and others may have gotten together in the past by our labors.

When the Government from day to day is spending more than it takes in, naturally, it must have to borrow this money from somebody. It does not borrow from any other country, it borrows from its own people, the same as you and I may borrow from somebody else. There is, and should be, the same relationship of debtor and creditor. If you borrow a horse from somebody for a year, you pay rent for the horse; and if you borrow a thousand dollars from somebody for a year, you pay for that thousand dollars. The Government, Mr. Chairman, is no different. If the Government hires your horse for a year, it pays you for it. If the Government hires your money for a year or more, it pays you for it, and that is a bond.

Now, the instant that the Government in paying for articles which it has to have or for services rendered, instead of borrowing from the accumulated wealth of the country, proceeds by fiat to issue a piece of paper which it compels you to take—and the compulsion may be concealed, but is nonetheless there—the instant this happens, at that instant the Government is making a forced loan, and forced loans are things which free peoples have fought against for many thousands of years. The instant you force anyone to take the promise of a government to pay, the instant it ceases to be a matter of free barter between borrower and lender whereby the Government offers you a bond on which the return is adequate to induce you to lend the accumulations of your savings to the Government—the instant you depart from that business transaction and force the person who has the money to take something which they would not freely and willingly take, that instant you have made a forced loan, and that instant the credit of the Government is impaired.

Now, I know it will be said that "Here is a Federal Reserve note. Would you not take a Federal Reserve note if the Government offered it to you?" Of course, because the only way today in which the Government gets Federal Reserve notes is by drawing them from some bank where the Government may have a credit set up in some legitimate way. The instant, however, that the Government manufactures by fiat of Congress a credit which did not arise from a legitimate transaction, the mere fact it issues against it Federal Reserve notes or issues against it any other kind of promise, that instant the Government is compelling the people of this country, even if they may not be the initial takers from the Government, to accept something which does not naturally belong in circulation, and that is the beginning of inflation.

I repeat, Mr. Chairman, that there is no group of economists we have in the country today, no group of economists the world has ever known who can tell you the exact time when you have exceeded what may be, apparently, a safe situation in the issue of additional currency. You all know what Gresham's law is. If you have two kinds of money outstanding, the more valuable will go into hiding and the less valuable, going down in value, will stay in circulation.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. HOLLISTER. I just want to finish this thought.

I realize it will be said that one Federal Reserve note is as good as another and therefore Gresham's law would not operate. I will be asked why if the Government issues them the new ones are not just as good as the notes outstanding. You have, however, basically the same fundamental error, and that is that there is more money in circulation than is demanded by the people to carry on their ordinary activities, and when that condition is once created by Government fiat, then you have taken the first step. The evils may not be in evidence, but the evils are nonetheless there. The consequences are inexorable and can be predicted by no one. [Applause.]

I now yield to the gentleman from Oklahoma.

Mr. LEE of Oklahoma. The gentleman pointed out that the Government retires currency as it is not needed.

Mr. HOLLISTER. I did not say that the Government retired it at all. The Government does not retire it.

Mr. LEE of Oklahoma. I understood the gentleman to say that the Government retired it and only as it was needed kept it in circulation.

Mr. HOLLISTER. When not in circulation, it remains in the banks.

Mr. LEE of Oklahoma. Why cannot the Government do that as was provided in the Patman bill?

Mr. HOLLISTER. If that is sound, why cannot we buy up all the outstanding bonds with currency and retire them immediately?

Mr. LEE of Oklahoma. They are not due.

Mr. HOLLISTER. But we could call them all.

Let me analyze another statement frequently made by those who urge the issue of additional currency by the Government for one purpose or another. We hear that the bankers acquire bonds from the Government and in payment for them open up a credit on their books in favor of the Government. It is therefore argued that the banks have paid nothing for these bonds. We are then told that these same banks take these same bonds and deposit them as part security for Federal Reserve notes, the inference being that the bankers by this legerdemain have created something of value at the expense of others, and that this same something of value should be equally available to others as well as to bankers.

The first fallacy in this argument is as to the question of payment for the bonds. When the banks acquire bonds from the Government they acquire them either for resale to their own customers or for investment. If the banking system is to exist, it must be profitable. That means that the deposits of a bank's customers must be put to work earning money and this is done by lending or investing. The buying of bonds by banks from the Government is only a method by which the accumulated wealth of the country's citizens as expressed in their deposits in the banks is loaned to the Government at a time when the current revenue collections of the Government are insufficient for its needs. When the depositors need their money they draw it out, and the bank must call its loans or sell its investments.

The same thing is, of course, true of Government deposits in a bank, whether they represent a credit opened up on the books of the bank in payment for bonds, or a credit set up in some other way. In either case the Government may draw this deposit down the very next day and the bank must pay it out. As a matter of fact, the proceeds of recent sales of bonds by the Government have been to a great extent deposited, not in the banks that bought the bonds but in the Federal Reserve banks themselves.

The second fallacy in this familiar argument is the implication that the right to issue currency is of itself of actual value, and that banks rush to deposit their bonds as security for the issue of Federal Reserve notes. As a matter of fact, the gold certificates, which were the property of the banks, and which, though not in circulation and inconvertible, are still held in the Federal Reserve banks as security for Federal Reserve notes, make up the great part of this security, and there is only a small portion of the Federal Reserve notes outstanding today which are secured by the deposits of bonds.

There is no advantage to a bank to have the right to have currency issued to it, for its sole use for this currency is to supply the convenience of its customers. It is just as profitable for a bank, which lends a man a thousand dollars, to open up a deposit for that man as it is to give him $1,000 in currency.

We thus get back to our starting point—that currency is a convenience for the use of people in trade; that the amount outstanding should never exceed that which is needed by the people generally for their daily use; and that any arbitrary issuance of it in excess of these needs is to the extent of such issue a dilution of the currency, and therefore a real inflation, though, if limited to small amounts, only inflation to a small degree. The only trouble is that no financial expert and no economist has ever been able to predict how far such a process may be followed without disastrous results, concerning which other speakers will tell you.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. MITCHELL].

Mr. MITCHELL of Tennessee. Mr. Chairman, ladies and gentlemen of the Committee, I do not think there is a great deal in the proposed legislation that should seek to agitate gentlemen on either side of the House to the extent that some of our colleagues seem to be agitated as to the effect of this bill. I am glad to be a member of the Committee on Agriculture. I am glad to have worked alongside these distinguished gentlemen, some of whom favor the bill and others oppose it. Certainly it is due the House that legislation of this kind should have thoughtful consideration by the Members of the House representing our common country.

I am interested, as you are interested, in trying to help the American farmer retain his home; and I am interested, as you are interested, not to have undue inflation. I see nothing about this bill that is alarming.

I find in the bill that we now for the first time seek to do for agriculture what has already been done for other lines of business in this country. The railroads, municipalities, and corporations have refinanced their indebtedness. One-third of America are home-owning people. They are farmers, and they are the foundation stone upon which must rest the future security and prosperity of 125,000,000 people in America.

What do we propose to do in this bill? Simply use the credit of the people of the Nation. Let us not misunderstand one another. You talk about extending credit of $3,000,000,000 to do what? To help $100,000,000,000 worth of real estate in America.

What is the borrowing credit of these farms in America? I doubt if any statistician can tell what it is. A few years ago I noticed in a census report that there were $77,000,000,000 of value in the farm homes in America. A few years thereafter it seems to have been reduced in value to $33,000,000,000. That was back in 1935.

Let us be courageous. This great administration has done much in the depression to help the farmers in giving them liberal credit through the Federal land banks. We have helped all industry in an effort to make credit available to those institutions in America.

What is wrong with this bill? Not a thing. The maximum of inflation that is referred to could only be $3,000,000,000. What you are undertaking to do now is to lend a helping hand to the folks who have needed it so long and been so long neglected in America.

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

Mr. MITCHELL of Tennessee. I yield.

Mr. BARRY. The gentleman said the maximum amount it is possible to use under this bill is $3,000,000,000. I refer the gentleman to section 17:

> This bill shall also extend to any tenant, or member of his or her family, who desires to purchase an unencumbered farm, provided he or she has lived on and operated a farm as a tenant for at least 2 years prior to the enactment of this act.

There are millions of tenant farmers in this country who can qualify.

Mr. MITCHELL of Tennessee. I understand what the gentleman is referring to. You will not have any trouble to understand that. There never was a perfect piece of legislation brought on any floor of any Congress. If this bill needs amending there are 435 sovereign, thinking lawmakers here. I would not say it is perfect. Propose your amendment, if you have it in mind. I am talking about the principle behind the measure. All you are doing is to loan money to agriculture, to the farmers of this country at 1½ percent interest.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Tennessee. I yield.

Mr. MARTIN of Colorado. Is there not a limit set at the top of page 5 of the bill in the language, "The outstanding Federal Reserve notes issued under this act shall at no time exceed $3,000,000,000"?

Mr. MITCHELL of Tennessee. That is specifically stated in the bill. It is "much ado about nothing." I think I am pretty close to the leadership on this side of the House. I have not had anybody pulling at my coattails about this bill. I think we are free and sovereign, and trying to meet and work out a constructive program to help the American people.

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

Mr. MITCHELL of Tennessee. I yield.

Mr. McFARLANE. Has the gentleman heard anybody, as spokesman direct from the White House, say that the President is against this bill?

Mr. MITCHELL of Tennessee. I believe it is the best Democratic measure that could be passed, because the Democratic Party is the friend of the common people in this country. [Applause.]

Mr. BARRY. Will the gentleman yield further?

Mr. MITCHELL of Tennessee. I would yield, but I would rather see the gentleman wait until we reach the amendment stage of this bill. Some men can ask questions that a wise man cannot even answer. [Laughter.] The Bible tells about that kind. [Laughter.]

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

Mr. MITCHELL of Tennessee. I will yield to the gentleman from Kentucky, who has the unhappy faculty so often of getting on the wrong side of every proposition. [Laughter and applause.] If I could get my friend right on this bill, I would love to put my arms around him and hug him, because he is as baldheaded as I am. [Laughter.] I yield to the gentleman from Kentucky.

Mr. MAY. The trouble with the gentleman is that he has not hugged the right person. [Laughter.]

Mr. MITCHELL of Tennessee. The gentleman might not have been on the scene. [Laughter.]

Mr. MAY. I want to ask the gentleman from Tennessee, considering the testimony of the Secretary of the Treasury, a few days ago, that we will have a deficit of $6,000,000,000, Where are we going to get the money, in the language of the gentleman from Pennsylvania [Mr. RICH], to loan to the farmers?

Mr. MITCHELL of Tennessee. I appreciate, of course, when I made reference to my good friend from Kentucky, that he is a hard-working and fine Member of Congress, but you talk about the psychology of money. There is not any of us who understands it. [Laughter and applause.] I never saw a man who did, and the man who thinks he does understand money is fooled worse than anybody else. [Laughter.]

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

Mr. MITCHELL of Tennessee. Mr. Chairman, I ask unanimous consent to be permitted to extend my remarks, and I should like to include a part of this report filed by the Committee on Agriculture, pages 1 and 2.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MITCHELL of Tennessee. Mr. Chairman, during the past 6 years the American farmer has been hard pressed for money. The bill under consideration proposes to do for the farmer exactly what every corporation, every railroad, and many municipalities in the country have already done, and that is to simply refinance the present outstanding indebtedness and to enjoy a cheaper interest rate. The indebtedness would be spread out over a long period of years and the carrying charges on the farmer's indebtedness would be commensurate with the present value of farm land and the average income which the farmer receives from the same.

The Government places itself in the role of a benefactor by loaning its credit behind the refunding operation and, in turn, receives full protection by holding a lien against the land itself. This is the best security we have in America and is the oldest and soundest basis for credit in the world.

There is nothing inflationary about the plan to save the American farmer from the bankruptcy court. It is sound common sense. It is justice to the farmers and the producers of what we eat and wear. The farmers provide for those engaged in manufacturing or commerce by purchasing the output from mills and factories.

It was not called inflation when we voted $4,800,000,000 for relief 2 years ago, and neither was it called inflation when we voted a billion five hundred million dollars a few days ago for the same purpose, but now it is called inflation if we are called upon, as this bill provides, to loan money to the farmers over a period of years with a reduced interest rate, when the maximum amount of money that can be provided for in the bill to relieve the farmers is $3,000,000,000. It is not consistent in those who oppose the bill to claim that it is inflationary. If so, it is needed and helpful inflation.

The fear I have is that the bankers and big interests will so influence the Congress as that the bill may not ultimately become the law. It is not inflation that I fear so much as deflation. The farmers in my district in Tennessee suffered greatly because of reduced farm prices, not only on their land but livestock and produce as well, from 1929 until the beginning of the New Deal legislation in 1933, which has resulted in a stimulation in prices. I hope that this may continue. One-third of the people of this Nation are engaged in work on the farm, and they produce that which feeds the remaining two-thirds of the population. Nothing would add so much to America just now as to have the farmers once again prosperous. When they are financially able, they spend money and make investments that keep the wheels of industry moving. When they cease to buy or cease to have an income, then bankruptcy overtakes industry.

This bill is not intended to increase farm indebtedness. No one should be encouraged to go into debt. The legislation proposed is to refinance outstanding farm mortgages at low rates of interest and so extend the indebtedness that the farmer can keep his home for himself, his wife, and children, and not suffer them and him to be cast out by the collector. No farm debts are increased because of the bill, but it will come to the relief of worthy farm people who are engaged in the all-important industry of agriculture. There are too many opportunities for the farmer to get in debt now, and what we seek to do by this bill is to get him out of debt.

The bankers and money sharks have had him and his earning capacity under mortgage for all too many years in the past. The farmer has been forced to work for the bankers and money interests longer than Jacob served for Rachel. He has been in bondage long enough; and while this bill may not lead him into the "promised land", it will lighten his burdens and reduce his interest rate and enable him to pay his debts and to keep his home and farm. This duty we owe the producers of the wealth of this country. Then, and not until then, will they acquire buying power and be enabled to go on the market and take part in business activity and in the restoration of prosperity to all classes of people. There has been but slight decline in farm indebtedness since 1928. The drop in farm-commodity prices brought about the destruction of many farmers. With a reduction in prices of farm products likewise came a reduction in farm values. Federal land banks have helped some, but they have not been adequate to care for the situation. Many legislatures have passed laws declaring a moratorium on debts to prevent the farmers from being sold out under the hammer and more of our people thus seeking shelter in charitable institutions. The passage of this measure will help to rid the country of bread lines. It will give a new faith and a new hope to agriculture, and the farmer can work with the assurance that his home can be kept from foreclosure and that his family may be made secure in the years to come. Surely there is nothing inflationary about making a happy and contented rural population in this country. Alone is their security for the United States when we have a contented farming people. No other people on earth work such long hours as do the farmers. They have no vacation, winter or summer, but theirs is a 7-day-a-week work proposition in many instances and with 14 hours per day as the average day's toil, without any fixed or guaranteed income. They are subject to droughts, storms, and pestilences. They are subject, in the sale of their commodities, to the speculator and the gambler. If they are to continue to pay tribute to the bankers and money changers, then their days are numbered. The farmers have been overwhelmed by conditions for which they were not responsible, and they have exhausted their resources. They are loath to permit their homes to be taken away from them and to see their loved ones sacrificed because of insolvency and foreclosures. The farmers believe in living up to their contract, and they believe in keeping their promises and their obligations. They are loyal to their country. They keep and preserve its laws. Along with this, surely the Government can lend him a helping hand and help rescue his wife and children from bankruptcy.

If he is thrown out of his home and put on the cold charity of the world, he becomes despondent and broods over his losses and loses confidence in his country and its flag. He becomes resentful and is no longer in love with the institutions that he formerly cherished and fought for. Despair and desolation will drive any of us to desperation. Those who eat the bread of the American farmer owe it to him to be willing to share his burden so as to bring about better conditions for him and make his home life more pleasant and reestablish him and his family in society on a basis of decent, bountiful, intelligent, and religious citizenship.

The things the farmer must buy have risen in value to a greater extent than have the prices increased on his farm products. No one can dispute this. Likewise his taxes have increased and during all this time the farmers, while going through bankruptcy and foreclosure, have been called upon to pay their taxes in increased amounts to help feed the unemployed and to furnish relief to 10,000,000 of our folks who are not farmers but are dependent upon Government bounty and Government doles.

This bill provides that farm indebtedness may be refinanced through the use of existing governmental machinery at an interest rate of 1½ percent and the further payment of 1½ percent annually to amortize or pay the loan incurred. It will require 47 years to pay such indebtedness, and during this time the debtor would make a yearly payment of $30 on the principal for each $1,000 borrowed. Provision is made to issue bonds which will be secured by first mortgages on the farm lands of the country. The bill has been approved by the national farm organizations in practically every State of the Union. It has been endorsed by the leaders of the Veterans of Foreign Wars and by the American Federation of Labor and by the National Union for Social Justice. It has also been endorsed by 29 State legislatures that have petitioned Congress to pass the bill, including my own State of Tennessee. Our people want this legislation passed during the present session of Congress. The realization of their hopes should not longer be delayed. The best interest of America will be served when the bill is passed and the tenure of the Democratic Party in power at Washington will be assured so long as beneficial legislation of this type is written into law.

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Michigan [Mr. DINGELL] 15 minutes.

Mr. DINGELL. Mr. Chairman, as a Representative of the Fifteenth District of Michigan, which is composed of an element entirely urban, I desire while discussing H. R. 2066, known as the Frazier-Lemke bill, to make clear that I am not assuming a narrow or provincial attitude.

I am mindful that the benefits of this bill are intended solely for the farmer. I have proved my friendship toward the farmer by voting for every measure intended to grant him relief, and shall continue to do so in the future.

Moreover, Mr. Chairman, I have been on the firing line with my old friend, Tom Howard, of the Farmers' Union, doing everything possible for the benefit of the farmer, a long time before I came to Congress.

Let me first analyze the objectives and intended benefits of this bill. Its primary objective is the inflation of the currency system in an amount of at least $3,000,000,000. As I look upon and interpret section 9, it is quite apparent that considerable latitude is allowed above the figure of $3,000,000,000 contained in section 7.

I am not at all opposed to the bill because I fear controlled inflation. On the contrary, I believe in an elastic currency system which will meet the needs of the people. The wealth of this Nation as represented by its farm lands is sufficient to justify the amount, if it is found necessary. Over and above that, the Treasury of the United States has in its vaults at the present time an unprecedented amount of gold which might be used to secure any issue of additional currency. Thus even the gold adherents need not fear this phase of the bill.

The question, however, of necessity must be definitely proved before I can subscribe to inflation. In this instance inflation is absolutely necessary to the successful carrying out of the terms of the bill. Without it the bill is a rank failure, and its proponents know as much.

It is significant that the American Federation of Labor voices its opposition to the Frazier-Lemke bill. The liberal president of this great organization, Mr. William Green, contends that the inflationary provision of the bill would increase the cost of living and decrease the purchasing power of the wage earner.

The bill provides a smoke screen for the issuance of bonds which can be sold, but the bill further provides under section 7 that in case all of said farm-loan bonds are not readily purchased, then the Land Bank Commissioner shall present the remainder to the Federal Reserve Board and the Board shall forthwith cause to be issued and delivered to the Land Bank Commissioner Federal Reserve notes in an amount equal to the par value of such bonds as are presented to it.

The reason this provision is inserted is because the proponents of this bill know that the extremely liberal appraisal of land values, of such farms as are under mortgage and subject to the terms of the bill, will, in itself, impair the marketability of such bonds. Add to this the fact that bonds will be issued for a period of 47 years, the long pull being a further risk because the life of the bonds exceeds the normal life expectancy of the borrower. At the present time the life expectancy, according to the 1930 census of Commerce Department, is 59 years. So it is evident that when a farmer, not less than 21 years of age, applies for refinancing of his farm under the terms of this bill, he would be 68 years old at the time he completes his payments. This exceeds the normal span of life by 9 years. Taking as an example an older farmer applying for such a loan, the excess of years beyond his normal expectancy of life is correspondingly increased.

The drawback to the sale of the bonds is not confined to the long pull or the character risk. The lack of attraction will be further accentuated by the low return and lack of guaranty of the Government of the principal and interest. The request in the form of legislation for guaranty of principal and interest will come later.

The bonds, if secured by mortgages on farms, are to pay interest at the rate of 1½ percent per annum, and a similar amount to reduce the principal payment, making a total of 3 percent, payable annually.

I shall not deal here with the chattel mortgages on livestock. The weakness in that connection is about on a par with the basic provision of the act.

Many very sincere people have become interested in this bill because the proponents of the measure have very skillfully sold the idea that it is intended to relieve the distress among the farmers. That is only part of the bill, and certainly no one would object to that. The bill, however, provides for the refinancing of all farm mortgages. It does not take into account the ability or the inability of a rich farmer to pay his contractual obligation to the holder of his mortgage. The bill makes no distinction between a large incorporated farm and a small, individual-owned farm. In fact, all that is necessary for a farmer to refinance, and to benefit by the scaling down of the amount that he owes, is to apply to the agency of the Government established for the purpose of making these loans.

Members of this House, whether from rural communities or from the cities, cannot justify their action if they vote for this bill as it stands because it is unjust and one-sided. A farmer who is able to meet his principal and interest payments and who is otherwise prosperous is not in need of any relief. Members residing in the cities cannot justify their vote for this bill because there are thousands of mortgages held by poor, hard-working citizens who have suffered as much or more than did the farmer. I have never seen nor heard of bread lines on the farms, nor a farmer starving to death, but I have seen bread lines and starvation among the workingmen in the cities.

Why is it that these great humanitarian proponents of this measure did not include the city dweller in their plan of relief from high interest rates?

I insist that there be no favoritism shown. The man in the city should and must be included before I could vote for this bill.

Why is it that the proponents of this bill did not see fit to provide for a means test? This House under President Roosevelt has been extremely liberal and a means test could be provided which would square with the liberal view of the Members. According to this bill, however, the only means test is that a prospective applicant for these low refinancing rates must be a farmer and no other qualifications are necessary. He need not be in distress. In fact, he may be prosperous. He may be able to meet his interest and principal payments. That would make no difference. He would be entitled to refinance his mortgage regardless of his financial condition or character.

As I view this bill, such indiscriminate refinancing, using the $3,000,000,000 as a revolving fund to refinance approximately $9,000,000,000 of farm mortgages—only a part of which could be classed as distress cases—would work a tremendous hardship upon thousands of individual mortgage holders residing in the cities.

For example, let us assume that a laborer named Smith, living in my district, working in a brass foundry or an automobile plant, over a period of years saved $5,000 with which to educate his son. Laborer Smith goes to his banker where his savings are on deposit and drawing interest at the rate of 2½ percent. He tells his banker that he would like to invest this $5,000 life's savings in some reasonably safe security. His banker takes out the portfolio containing mortgages and discovers a farm mortgage held by the bank in the amount of $5,000 at 6 percent. For a nominal commission the banker sells Laborer Smith the mortgage. It is to produce $300 in interest per year, which might pay the tuition of his son.

Upon the passage of this bill this farm mortgage becomes subject to refinancing. Although the farmer may be prosperous and quite able to meet his principal and interest payments, he goes to his new mortgage holder, Laborer Smith, and says to him: "I demand that you scale down the $5,000 which I borrowed originally to $4,000, and that you agree to accept 1½ percent per annum in interest and extend my payments from 3 years to 47 years, or I shall have to go to the Government and obtain the money with which to pay you off."

The proponents of this bill argue that there is no injustice, in that Laborer Smith will get his money if he does not accept the proposal, and that he can immediately reinvest it. That contention is either deliberate misrepresentation of fact or gross ignorance. With billions of farm mortgages ultimately placed in the hands of the Government, the investment market cannot possibly absorb any investments of this nature at a rate higher than that which prevails, which would be 1½ percent. In other words, there will be a common level established except in extremely speculative investments. The interest rates will be at or about 1½ percent; and on this score let me say I have no objection to reduced interest rates, but it must not be at the expense of the unfortunate individual mortgageholder who resides in the city.

Moreover, I must insist that any plan proposed to relieve the farmer must at the same time include the urban population in my district. I cannot allow that Laborer Smith should lose $1,000 in cash by scaling down and reducing the earning power of $5,000 from $300 in interest per annum to $60. It is unfair to cause him a deliberate loss of $240 per annum. This means the difference between an education and no education for the son of Laborer Smith.

Now let us analyze the situation as it applies to banks, insurance, and trust companies. We remember the tragic days of the national bank holiday, when thousands of our banks were closed; when millions of depositors faced the total loss of their life's earnings, which at a great sacrifice they put aside for a rainy day. I hold no brief for the banker. I was extremely critical of the banker, because I contend that he was, by his negligence and short-sightedness, to a great extent responsible for the impairment of the bank structure of this Nation. The heroic efforts of this administration, however, have placed the banks on a sound and sure footing once again.

In the 3½ years of the Roosevelt administration the total number of bank failures approximate the number of bank failures in 1 day under Mr. Hoover's administration, and of these not one dollar of loss was sustained by the depositor. We do not want to create a condition which will wreck the banks and destroy the deposits of our people. We most certainly would not permit the impairment, much less the destruction, of the insurance companies. While the insurance companies are great corporations, they are as a general rule mutually owned and belong to the policyholders.

I am told by the proponents that the insurance companies have no objection to the Frazier-Lemke bill. Some people even believe the insurance companies expect to be bailed out with this printing-press money. That is not so. Insurance companies are positively opposed to it, and it is not due to selfishness on their part or narrowness of viewpoint, but because insurance companies know it will destroy the equities of policyholders and the earning power of their investments.

There are approximately 63,000,000 persons in the United States holding one or more insurance policies, which makes a total of approximately 128,000,000 life-insurance policies in force. Taking into account the beneficiaries of these policyholders, it is estimated that the number of individuals protected by life insurance in the United States is about 94,000,000.

During 1935, Americans purchased approximately fourteen billion five hundred million of new life-insurance protection from United States legal-reserve companies. This is 1.5 percent more than in 1934. There is a notable extension of life-insurance companies' stewardship. At the end of 1935 the total amount of insurance in force reached the staggering amount of $101,000,000,000. These figures were gathered from a statement made before the Association of Life Insurance Presidents at New York in 1935. There are approximately 32,779,000 people living on farms, and approximately 6,812,350 farm operators, according to the census of the Agricultural Department on January 1, 1936.

So that for every farmer who might benefit under the terms of this bill, regardless of whether he needs assistance or not, three policyholders will be either wiped out or their equities dangerously reduced. Many insurance companies will certainly go to the wall and the policyholders will sustain the loss.

Thus the plan of a provident father and husband to secure the future of his loved ones will be destroyed. Widows and orphans, many of the latter not yet born, will suffer because of the iniquitous provisions of this bill. For the same reason trust companies as legal trustees for estates, large and small, will sustain severe losses or be likewise wiped out.

This week of May 11 to the 16th is life-insurance week. An Associated Press dispatch from New York dated May 9 places the admitted assets of all life-insurance companies of the country as of December 31, 1935, at $23,828,173,000, the highest on record. This is a gain in the asset level of around $2,000,000,000 over the years 1932 and 1933.

The assets of the same life-insurance companies in 1929 amounted to $17,482,308,607.

It is interesting to note that during the six depression years these companies paid out to policyholders and beneficiaries approximately $18,200,000,000, or the equivalent of $10,000,000 each business day for that period.

In the face of such forceful facts, are we going to undermine these companies which have had a stabilizing effect upon business and employment? Are we not aware of the fact that these companies are for the most part mutual and as such owned by the policyholders who live in the cities and on farms?

Because of the interest of the National Union for Social Justice in this bill, I have given a great deal of time and study before making my decision to oppose it. My course is clearly defined. I will vote as my conscience dictates.

I cannot reconcile myself to support a bill of this kind because it is unfair to my people, because it will destroy more than it will produce, because it favors the farm element and discriminates against the man in the city, because it makes no distinction between the farmer in distress and the prosperous farmer.

When we passed the Home Owners' Loan Act for the relief of the home owners, a definite means test was provided. It was specifically stated that relief was intended for only those in distress, and it cannot rightfully or truthfully be stated that the farm element as a whole is in distress.

If $9,000,000,000 of farm mortgages are to be refinanced at 1½-percent interest, I contend that twenty-one billions in home mortgages throughout the United States must also be refinanced at the same time and at the same rate of interest.

Is there a man on this floor, a Representative of either a city or farm district, who can justify the asinine provisions of section 17, which states as follows?—

> The benefits of this act shall also extend to any farmer, or member of his family, who lost his or her farm through indebtedness or mortgage foreclosure since 1921, and who desires to purchase part or all of the farm lost or another like farm. It shall also extend to any tenant or member of his or her family who desires to purchase an encumbered farm, provided he or she has lived on and operated a farm as a tenant for at least 2 years prior to the enactment of this act.

Under the terms of this section a farmer who lost his farm through indebtedness or mortgage foreclosure at any time since 1921 can repurchase either the whole of that farm or perhaps the choicest part thereof, or, if he lost this farm willfully because he did not want it, he can obtain one of like value in that or another locality. Uncle Sam will finance Mr. Farmer with no questions asked.

This section further provides that the loaning facilities of this Government agency shall be available to any tenant farmer so that he can acquire by purchase an encumbered farm. The only qualification in addition to an expressed desire is that he shall have operated a farm as a tenant for at least 2 years prior to the enactment of this act. The question of his character, credit rating, or any other reasonable qualification is not even mentioned or provided for. Bonds founded upon such a basis cannot attract capital. These loans cannot be financed by bonds sold in the open market. There is no assurance in the deal. Your Uncle Sammy would have to guarantee the bonds or make them eligible as backing for printing-press money. In either case the taxpayer will be the goat.

Why not permit the people of my district who have lost their homes since 1921 the privilege of repurchasing their homes, or any part thereof, or another like home, as provided in this section for the benefit of the farmer?

I have been an advocate of low interest rates for the home owner and for the farm owner, particularly during these times, when through no fault of their own, urban and rural citizens find themselves in distress. It is my contention that the only agency able to grant relief is the Government, and I am willing to support any reasonable measure which will relieve all those in distress.

The liberality of this House has been shown repeatedly. The farmers have been the special beneficiaries. Under the Federal Farm Loan Act and the Farm Credit Act of 1935, we passed legislation providing for loans on farm mortgages at the rate of 3½ percent. The law about to expire was again extended for a period of 2 years under the terms of the bill H. R. 10101, introduced by Mr. GILLETTE, of Iowa. Contrast this rate of 3½ percent with 5 and 6 percent being paid by the people in the cities. We must first provide relief for the workingman in the city by reducing the interest rate which he is called upon to pay.

I cannot and I will not, under any circumstances, support a bill which without any means test whatsoever will aid a prosperous farmer at the expense of the people in the cities. I will not destroy the equities held in trust by insurance companies and trust companies upon which the widows and children of provident husbands and fathers, who worked hard to establish them, are dependent. I will take no part in any move, legal or otherwise, which will undermine and destroy the bank structure of this country, thus wiping out the savings of millions of our citizens.

Mr. Chairman, it is my contention that it is not necessary to refinance the mortgages of any individual, be he a farmer or a resident of a city, who is capable of meeting his just obligations.

The provisions of this bill will revolutionize the entire scheme of life in this country, and I am certain that if the people are brought about to understand the pernicious provisions of this measure they will express themselves in opposition in such a way as to be thoroughly understood by those who have been erroneously led to support it.

During the period of agitation conducted by a small group of Members, who are not responsible to this administration nor to any responsible party, I was approached by Edward E. Kennedy, secretary of the Farmers' Union, by Messrs. Collins and Ward, representing the National Union for Social Justice, and likewise by Mr. LEMKE, the father of the bill. We conferred in my office, we lunched together and discussed the provisions of this bill. There has been no concrete argument produced which could convince me of the righteousness of this measure.

I was opposed to signing the petition to discharge the committee for various reasons. The first reason, but not the determining one, was because the bill had been favorably reported by the Agriculture Committee, and this is the first time in the history of Congress that the "blasting process" had been applied after a committee having jurisdiction reported such bill favorably. The chairman of such committee could have requested a rule and thus made the consideration of said bill in order. I was opposed to signing the petition on the grounds that the bill was a fake, that it was unfair, that it was destructive, that it would do infinitely more harm than good, and in addition the bill plays one element, the farmer, as a favorite against and at the expense of another element, the city dweller.

I agreed in the final analysis to sign the petition in order to give the bill a hearing, to show it up in all its comic raiment; but I specifically reserved the right to vote against it and to do everything legitimately possible to bring about its defeat. These Representatives whom I mention understood and readily admit the correctness of this statement.

Accordingly I have notified a number of my constituents who have written me in the premises, and who asked me to vote for the bill, that I could not agree to do so. I informed my correspondents, who are voters in my district, precisely how I feel about the measure, as I would not under any circumstances mislead them. Thus no registered voter in my district need labor under a misapprehension as to where I stand nor be misled in order that I may get his vote.

If this bill is amended to include the distressed home owners residing in the cities and in the country towns, and if the means test of actual distress is provided for in the bill, and the bond method of financing similar to the plan provided for in the Home Owners' Loan Act stipulated in this measure, I shall be most happy to support it. I will not, however, lend my support to this bill and thus destroy the banks, the insurance companies, the trust companies, and the savings and investments of millions upon millions of hard-working urban citizens, and much less would I permit the wiping out of the equities of the widows and orphans.

Anyone who advocates relief of a farmer according to the terms of this bill must think that my district is composed of a lot of uninformed rubes. The bill as now written is a sham and hoax. It must be defeated. [Applause.]

Mr. BOILEAU. Mr. Chairman, in behalf of the gentleman from North Dakota, I yield 10 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, I first wish to answer the gentleman from North Carolina [Mr. COOLEY], who, in his opening remarks, referred to this measure as a Republican bill, simply because the gentleman from North Dakota, Mr. LEMKE, who introduced it, happens to be a Progressive Republican. In answer to the gentleman from North Carolina, I desire to say that we who are supporting this measure are just as good Democrats as he is, and, coming from the State of Mississippi, I think I would probably have the last word, as my State has always gone Democratic and his went Republican in 1928. [Laughter.]

Besides that, Mr. Chairman, the author of this measure supported Franklin D. Roosevelt in 1932, stumped his home State of North Dakota for Roosevelt, and helped to carry it for him by an overwhelming majority; and no one has shown that the President is opposed to this bill.

Personally, I have no apologies to make to any man for supporting legislation that is sponsored by a Progressive Republican, when I know that it is right and in the interest of the distressed farmers of this country.

In the greatest fight in which I have engaged since I have been a Member of this House, and the one that probably meant more to the toiling millions of this world than any other battle I have gone through, was the struggle for the creation of the Tennessee Valley Authority, which is by far the outstanding accomplishment of the Roosevelt administration. In that contest I was carrying on at this end of the Capitol the same fight that was being waged in the Senate by Senator GEORGE W. NORRIS, of Nebraska, a Progressive Republican, and one of the best friends the common people of America ever had in either public or private life. [Applause.]

He was the author of the bill to create the T. V. A. He introduced it in the Senate and I introduced it in the House. That is why it is referred to as the Norris-Rankin bill. Without him and his untiring efforts at the other end of the Capitol we never could have passed such a measure. I went through that battle with him, and, as you Members know, if it had not been for my efforts here in the House section 12 of that measure would have been left out and the people in the T. V. A. area never could have enjoyed the full benefits of cheap electricity from Muscle Shoals, nor would any other dams have been built. It would have meant the death knell of rural electrification so far as this generation is concerned.

I was glad to work with a Progressive Republican for the benefit of my people then, and I am glad to do it now. The farmers in my district are practically all Democrats, but they expect me to support legislation that will benefit them and help to save their homes, whether it is introduced by a Progressive Republican or a Progressive Democrat, for nothing that will do the farmers any good will ever come from the Old Guard reactionaries in either party.

The gentleman from Maryland [Mr. LEWIS] referred to this bill as wild, radical, and fantastic, and following in the wake of Germany. Why, the gentleman from Maryland [Mr. LEWIS] has been one of the chief sponsors of what is known as the Guffey coal bill, one of the most fantastic, wild, and unconstitutional measures that has ever passed the American Congress—one that would pile upon the backs of the consumers of coal in this country millions and millions of dollars in extra costs of coal to keep them warm. Instead of following Germany, that was probably following in the wake of Russia. [Applause.]

If the gentleman from Maryland could support that wild and unconstitutional measure to help the coal industry, he certainly ought to be able to support this sane, reasonable, and constitutional measure to help the farmers.

I am supporting this legislation for the simple reason that the farmers I represent, as well as the farmers of the whole country, are in dire distress. Their homes are being sold from under them and they are driven from the land. People who own some of the richest farm land in America are being driven from their homes today by foreclosures—driven from homes their people have occupied for 100 years—driven from their homes in crop time, when their wheat, corn, cotton, and other crops are in the field. Not only are they notified that they must leave, but they cannot even repurchase the land or rent it for another year—although it is often resold on credit to others for less than the real owner owes on it, and is willing to pay if given time and opportunity to do so.

They preach to us about the prosperous condition of the farmer, and the high prices of wheat, and corn, and cotton. Listen to this, you Democrats from agricultural districts: Wheat, and corn, and cotton prices are lower today than they were during the Taft administration, when the people rebelled in 1912 and drove that administration from power.

Yet the farmer's taxes have multiplied three, four, or five times since 1912, and everything he has to buy has increased in price in proportion since those days. Yet when he asks for this legislation, men who have voted to appropriate billions for relief, a large portion of which goes to people who are not even American citizens, denounce this legislation and try to stir up partisan prejudice against it. These farmers are Americans, let me remind you. [Applause.]

They are the ones who fight the Nation's battles in times of war and sustain its institutions in times of peace. You deny them this relief and yet vote money to take care of 1,500,000 aliens who are not American citizens, and have never tried to become American citizens, and the children of these farmers are going to have to help pay the bill.

Notwithstanding this, some of you arise and point out little discrepancies in the bill. You can amend this measure if you want to, and I will help you amend it, for I am not altogether satisfied with it in its present form. But 6,000,000 farmers in this country are appealing to us for help, and this is the only bill we have before us at this time that reaches their trouble. It is open to amendments to correct anything that is wrong with it. So do not vote to kill it and then try to make your farmers believe you did so because of some feature which you can correct by amendment if you really are sincere in your desire to do something for the farmers.

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

Mr. RANKIN. Yes; I yield.

Mr. BARRY. Is the gentleman conscious that there are other distressed groups?

Mr. RANKIN. Yes, and let me say to the gentleman from New York [Mr. BARRY] that we have poured more money into their hands than we ever gave the farmers of this country. The gentleman from New York, and others who train with him, are perfectly willing to take money out of the Treasury and give it to aliens in their own districts, but are unwilling to vote this aid to farmers for fear it will raise the prices of the things the farmers have to sell, although it will not cost the taxpayers of the country a nickel. They do not want to pay them what their produce is worth.

Now, Mr. Chairman, let me tell the gentleman from New York another thing. We have heard a great deal about the wolves of Wall Street, but it does not matter to the farmer whether he is skinned by the wolves of Wall Street or torn to shreds by the tigers of Tammany. Nor does it matter to him whether this legislation is defeated by petrified Democrats or putrified Republicans, he and his children will pay the penalty. [Applause.]

I would very much prefer to be caught voting for this measure in company with a few Progressive Republicans, than to be caught voting against it with the old reactionary Republicans, every single one of whom will vote "no!"—and lick their lips. [Laughter.]

Oh, but they say this will mean "uncontrolled inflation", which is nonsense, pure and simple. It will simply mean the possibility of a reasonable, controlled expansion of the currency, which cannot exceed $3,000,000,000, without the imposition of a single dollar for extra taxes. But it would raise the prices of wheat and corn and cotton and hogs, and cattle and land, and lumber and labor, and hay and vegetables, dairy products, and everything else the farmer produces, and make it possible for the farmers to live and pay their debts and taxes.

This same condition confronted Abraham Lincoln during the Civil War. He issued $346,000,000 of United States currency, which is still in circulation and on which we have saved $11,000,000,000 in interest since that war closed, and have not been taxed a dollar to redeem that currency.

They talk about the gold standard; we have enough gold to issue about four times the amount of money at present in circulation, without in any way impairing our gold reserve—if we were really on a gold standard. With $8,000,000,000 in gold, which we have at the present time, with a gold coverage requirement of 40 percent under the Federal Reserve Act, our present supply of gold would support a currency of $20,000,000,000, whereas today we have considerably less than $6,000,000,000 of currency in circulation.

As I have shown before, we have had inflation or expansion of the currency before. I wonder where the gentlemen who have been criticizing this proposition were from 1914 to 1920? In 1914 we had in circulation in this country $34.93 per capita. Cotton and wheat and corn were at the same prices they are now. Then we inflated or expanded the currency through the Federal Reserve System—almost the same proposition as that contained in the measure pending before us. By 1920 the per-capita circulation was $53.21. We had expanded through the Federal Reserve banks from $34.93 per capita in 1914 to $53.21 per capita in 1920. It was profitable for the big Wall Street banks to inflate then. They would do so now if the same profits were in sight.

What was the result? You remember the effect it had on the price of raw materials? Cotton went from 11 cents to 30 cents a pound; wheat went from 90 cents to $2.50 a bushel; corn, hogs, land, labor, lumber, and other raw materials went up in proportion; and for a time the farmers were prosperous. On those price levels we not only contracted debts but we fixed our tax rates, our wage scale, and our standards of living. Then in 1926 they squeezed the currency, contracted it, and drove prices down, and are now demanding that these farmers pay debts that were contracted and taxes that were levied on a basis of 30-cent cotton and $2.50 wheat with 11-cent cotton and 90-cent wheat. It cannot be done.

This bill will give them relief. It will raise the prices of farm products to their normal levels and restore the prosperity of the people who till the soil. It will restore their purchasing power, enable them to pay what they owe and buy the things they need. That will start the wheels of industry, relieve unemployment without taking money out of the Treasury to do so, and in that way restore prosperity throughout the whole country. [Applause.]

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

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, may I say to my colleague from Mississippi that although I am wearing stripes today I do not happen to be one of the Tammany Tigers.

Mr. Chairman, I yield to no one in my desire to see legislation enacted that is in the interest of social justice. During my short time as a Member of this House I have supported and voted for every measure that I believed was in the interest of the distressed people of our country, regardless of what group or class they belonged to.

The Frazier-Lemke farm bill has been heralded for a long time as an important social-justice measure. For that reason I have probably given it more consideration than I have any other piece of legislation this session.

I have examined it with the principle in mind that justice means "giving to everyone the same advantage, privilege, or consideration as is given to any other", and I regret to say that my conclusion, aside from the question of whether or not the method of raising the money under this bill is sound, is that it is one of the most unjust pieces of class legislation that has ever been proposed in Congress. It is not only class legislation, but in view of the financial condition of our country, it practically precludes the distressed people of 75 percent of our population from receiving any further help from Congress.

For instance, there are many more millions of home owners in the United States than there are farmers, and they have a mortgage indebtedness three times as great as that of the farmers, and they have just as much right to help as the farmer has. In fact, at the present time the farmer can borrow money at 3½-percent interest while the best the home owner can get is 5 percent. If anyone has a claim for further relief it is the latter.

I have discussed the injustice of this situation with some of the sponsors of the Frazier-Lemke bill. They lamely tell me that after their measure is passed they will support a similar measure for the home owners. When one considers that this bill provides for only approximately a third of the outstanding farm mortgages and that a similar measure for a third of the outstanding mortgages on homes would require an additional appropriation of $7,000,000,000, their position is absurd and untenable.

I further contend in connection with the amount of money required for this legislation that section 17 of the bill, which permits any farmer or any surviving relative who lost a farm since 1921 as well as any person who never owned a farm but who operated one for any 2 years prior to the enactment of the Frazier-Lemke bill to obtain money to buy a farm, makes it possible to spend the entire $3,000,000,000 without refinancing any farm mortgages at all. Nobody knows how many people are eligible to qualify under that section.

I represent a district containing approximately 1,000,000 people. At least 85 percent of them live in one-family homes. During the past 4 years over 100,000 of them have lost their homes as a result of foreclosure. Despite the good work of the Home Owners' Loan Corporation the percentage of foreclosures in 1935 decreased but slightly.

I have stated that I will support this measure if it is amended so as to give the same benefits to the home owners as it does to farmers, and I will if it is so amended. However, I have been informed that in all probability such an amendment will not be germane. If subsequent events prove that to be the fact, I will consider my vote for this bill or that of any Representative from an urban center a betrayal of the people we represent. [Applause.]

Mr. BOILEAU. Will the gentleman yield?

Mr. BARRY. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. Who made the promise to the gentleman that someone would introduce legislation along the line the gentleman has just suggested?

Mr. BARRY. The gentleman from North Dakota [Mr. LEMKE] told me if I proposed such an amendment he would not oppose it. The gentleman from North Dakota [Mr. BURDICK], with whom I spoke the other day, told me if this goes through there will be a hue and cry from the home owners and we are bound to get such legislation.

Mr. BOILEAU. The gentleman from North Dakota said he would not oppose it. That is an entirely different matter from sponsoring such legislation.

Mr. BARRY. He told me he would support legislation for the home owners.

Mr. LEMKE. I told the gentleman I would support the legislation of home owners and would support them all in the future regardless of where they were located, whether in the city or out on the farm, but suggested that the gentlemen who are so interested in the home owners should themselves introduce further legislation.

Mr. BARRY. May I say that during the first or second week of this session I introduced a bill to reduce the interest charged by the H. O. L. C. to 3½ percent, and I introduced a second bill to give the owners in the H. O. L. C. a moratorium for 1 year.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield such time to the gentleman from Nebraska [Mr. STEFAN] as he may desire.

Mr. STEFAN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point and to include therein a brief table on farm imports.

The CHAIRMAN (Mr. BLAND). Is there objection to the request of the gentleman from Nebraska?

Mr. MAVERICK. Mr. Chairman, reserving the right to object, is the gentleman going to extend his remarks on the Frazier-Lemke bill?

Mr. STEFAN. Yes.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. STEFAN. Mr. Chairman, the bill we have under consideration today is of great importance to the people in the Third Congressional District of Nebraska, which I have the honor to represent. The State Senate of Nebraska and the Nebraska House of Representatives have endorsed this bill by resolutions sent to me. More than 30 other State legislatures have endorsed it. I have hundreds of letters from farmers in my district asking that the bill be passed. I feel that a majority of people in my district want this kind of legislation passed by this Congress. Many businessmen, and even some bankers, have told me they favor the passage of a lower-interest-rate measure for farm-mortgage refinancing. Laboring men who realize that they cannot hope to secure steady employment unless the farmer is successful also demand that this legislation be passed.

I feel that unless farmers secure a lower rate of interest to refinance the mortgages on their homes, the future of the American farmer is doomed. Farm income has dropped from around $19,000,000,000 in 1920 to around seven billion in 1936. Farm-land values have declined over 32 percent; nearly half of the farms in my State are not owned by the farmers who work on those farms; hundreds of farmers are on the relief rolls because they lost their farms because they could not refinance the mortgages; the amount offered to our farmers by the regular Government lending agencies is far under the amount of the mortgages.

Farmers are unable to borrow the difference between what the Government will loan them today and the total of the mortgage held by the loan companies. As a result there are many foreclosures, and farmers are being driven off their farms and away from their homes by the thousands. A refinancing of these farm mortgages at a low rate of interest with a long time in which to pay will relieve this situation. There is no other remedy to this problem, in my opinion. There is no other real farm relief offered today. Unless this bill is passed and enacted into law the present farm problem will never be solved.

Loans have been made to private industry, to the railroads, to the private shipping industry, to banks and corporations in order to refinance their business in order to keep it from collapse; private banks loan money at very low rates of interest to packers and other industry. But the farm industry is neglected. Unless it is saved from its present plight, the collapse of the farming business is very near. Unless something is done immediately, we will have a country of tenant farmers working for loan companies who hold the mortgages or who eventually will own all of the farms of our land. Individual ownership of these farms by the farmers who work the land is the only answer to future prosperity in this country. A refinancing of these mortgages at a low rate of interest is the only answer to this problem.

Mr. Chairman, the happiest farmers are those who have individual liberty and own their own land. They look to the future in order to raise happy families and to lay by for a rainy day and to provide a start in life for the future generation. Let us give them the same opportunity to do that as our pioneers had when they plowed up the raw prairie and made it bloom with the fruits of Mother Earth. Today there is slavery on our farms. Men and women who have been digging a living for our country out of the ground are penniless. They are being driven from their homes by foreclosures to seek charity on the relief rolls in the towns and cities of our country.

Under the provisions of this bill these farmers are not asking for charity. They are asking the Government to loan them money with which to pay their debts. They want the same opportunity to borrow money from their Government as is given to more power industry. They want to pay that money back at a lower rate of interest. Their Government will not be giving them charity. They will give their Government the best security in the world for these loans—land; good land—from which the world's living comes. The Government will be making money in this venture. It will be securing interest on this loan, which is backed by the best security in the world—land.

Private industry will never continue to be prosperous until the farmer is prosperous. I have called attention of this great body of representatives several times that no town or city will ever continue to be prosperous unless the farmer is given an opportunity to get the same advantages from his business as is given to the businessman in the town. The merchants demand a fair return on their investments. The factories demand at least cost of production for their products plus a reasonable profit. The farmer is the biggest businessman in the world, yet he is the poorest paid for his work and for his products. He seldom gets cost of production for his products.

Towns and cities have been moved as close to the farms as possible for one reason and one reason only: to wait for the farmer to dig something out of the ground and bring it into the town to trade or sell. When he sells, he buys from the merchant; and the merchant in turn sends this money through his bank to the larger centers of factory towns to buy more goods to sell to the farmer.

My district of 22 counties, known for years as the richest agricultural district in the world, was once made up of farmers who owned their own farms. They are the best farmers in the world. They are frugal, hard-working, industrious, and honest. All they ask is to make a decent living for their families. All they want is to raise enough for the feeding of the livestock which they keep on their farms and for the human beings who operate the farm. A little to lay by for the rainy days and for protection against droughts and hard times; a little to leave behind for the children who follow them. This most of them have been able to do until recent years. They now find themselves in a worse plight financially than many of the great business enterprises which have been refinanced. They now call on their Government for the same opportunity, the same advantages as are given to other businesses of our land.

Give the farmers who need now to refinance their mortgages a lower rate of interest and they will pay it back to the Government tenfold. They will pay back the principal and the interest plus the knowledge that happiness has again returned to the men and women who dig the food out of the ground for you to eat. They will pay it back tenfold, because thousands of them will return to the land from the bread lines and from the relief rolls. They will pay it back tenfold because there will again be happy families united on farms where today there is much misery and suffering.

Thousands of letters from high-minded farmers telling of their present financial plight have reached me. I should like to quote many of these letters to prove to you that conditions are bad and that these conditions must be remedied. I am personally acquainted with many of the writers of these letters. I know them to be men and women of high standing in their communities. Many of them are men and women who have been working on those farms for 20 to 30 years, only to find now that they cannot refinance the mortgages on their homes and that they have been ordered to leave the place where they have lived most of their lives. Refinancing under the Frazier-Lemke idea will save these people.

One letter I quote from:

> This is to ask you to do all you possibly can to have the Frazier-Lemke bill, or one better, passed at this session of Congress. We need immediate aid as our farm home is about to be foreclosed. It just seems unjust that people who have always tried by diligence and care and thrift should lose their lovely home which they have worked years to attain. Especially does this seem terrible when parents have children, small boys, such as we have, who must be provided for in order to have them grow up to be good citizens. They must have a sense of security which the present conditions are not giving them. We must have immediate aid or lose our home.

This comes from the farmer and his wife in my district. From a family representative of the fine, stanch American citizens who make up the citizenry of my district and who I am proud to represent in this national body. We cannot and we must not refuse to listen to these pleas from these good people. They are looking to us for the same consideration that we have been giving to other people of our land. They are entitled to this consideration.

Mr. Chairman, since I have been in Congress I have fought for the solutions of the many problems which face the people who live on the farms and in the towns of my district. I discovered early that powerful industrial organizations are not helping the farmer. Neither are they helping the smaller towns and cities of our land. I have endeavored to represent my district from a nonpolitical party standpoint. I have worked and voted for those things which I believed to be for the best interests of all the people of our land, whether these things were sponsored by Democrats or Republicans. I have gone along with either side when I believed their suggestions and their legislative proposals were in my opinion for the best interests of all the people. But I have fought against all of those things which I believed were not good for all of the people, no matter by which party these things were sponsored. I have fought hard against useless expenditure of the taxpayers' money; I have fought and voted against legislation which would place class against class; and I have endeavored to bring before this body those problems especially confronting our farm population. I have learned early that our committee meetings are our workshops and that our House meetings are mostly showrooms.

I have the honor of being a member of three important committees—Educational, Buildings and Grounds, and Insular Affairs. Through work on these committees and the work with the Prairie State group, of which I have the honor of being one of the first members, I learned early that the farm States' representatives have great obstacles to overcome if they hope to keep the interests of farming communities before the attention of this legislative body. I have learned that already great organizations have developed campaigns to take from the farmer the market entitled to his grain by the importations of blackstrap molasses which they hope will be a substitute as the basis for future industrial and beverage alcohol in our land. I have learned, too, that great organizations are planning to take over through the importation of coconut oil the market to which the product of the farm cow is entitled. I learned early to fight against the importation of great quantities of foreign-produced farm products to compete in the American market which rightfully belongs to the American farmer. There are many contributing factors to the present plight of the penniless American farmer. The so-called depression may have much to do with it, but continual importation of farm produce from foreign lands, the inroads of foreign substitutes for real American farm produce have much to do with the present conditions. The present farm relief apparently does not contemplate a remedy of this evil. How much the importation of foreign farm products into our land at this time contributes to the plight of American farmers can be seen in official figures of imports.

These importations come directly in competition with the products of American farms and forests. They have a value of approximately 25 percent of the total cash income of the American farmers for 1934, less the benefit payments. Nearly every dollar's worth of these products can be produced on American farms, provided always the Congress and the President will protect the American farmer in his fundamental right to produce these commodities.

The following official figures on imports of farm products for the years of 1932 and 1935 demonstrate more forcibly than mere words what has been taking place since the present administration has been in power, and more particularly to what extent President Roosevelt, through his reciprocal trade-agreement treaties, has surrendered the American market for farm products to the foreign farmer:

Product	Unit	1932 imports	1935 imports
Corn	Bushels	347, 627	43. 242, 296
Oats	Bushels	58, 786	10, 106. 903
Wheat	Bushels	10, 026, 320	27, 438, 870
Barley, malt	Pounds	52, 532, 636	320, 622, 537
Rye	Bushels	87	9, 642, 523
Tapioca (starch substitute)	Pounds	130, 000, 372	202, 112, 319
Hay	Tons	13, 858	67, 171
Soybean	Pounds	36, 568, 700	107, 463, 044
Cottonseed (cake and meal)	Pounds	1, 058, 945	59, 743, 572
Butter	Pounds	1, 052, 598	22, 674, 642
Cattle	Number	95, 407	364, 623
Hogs	Pounds	28, 875	3, 414, 317
Fresh pork	Pounds	1, 657, 500	3, 922, 609
Hams, bacon, etc	Pounds	3, 015, 489	5, 297, 335
Fresh beef	Pounds	796, 594	8, 584, 114
Canned meats	Pounds	24, 638, 261	76, 653, 242
Total meat products	Pounds	45, 706, 926	115, 059, 124
Eggs in shell	Dozen	243, 784	432, 076
Dried yolks	Pounds	726, 400	3, 952, 664
Frozen yolks	Pounds	422, 060	1, 199, 772
Egg albumen	Pounds	1, 275, 790	1, 876, 445
Wool and mohair	Pounds	56, 535, 176	202, 732, 658
Dried milk	Pounds	596, 448	2, 743, 349
Hides	Pounds	188, 013, 286	303, 475, 633
Inedible molasses	Gallons	155, 888, 307	235, 161, 684
Beet sugar	Pounds	1, 139, 134	1, 681, 598
Sunflower-seed oil	Pounds	16, 456, 724	37, 051, 732
Palm-kernel oil	Pounds	2, 938, 209	7, 977, 812
Peanut oil	Pounds	1, 512, 682	80, 723, 225

This table does not show the tremendous loss to the American farmers resulting from the annual importation of 4,500,000 tons of sugar, valued $405,000,000, every pound of which could be raised on American farms if our farmers were permitted to do so. Nor does it disclose the reprehensible administration program under which the American production of sugar is curtailed.

The fact that we grow and refine only 30 percent of the sugar we consume is given no consideration whatever by the bureaucrats now regimenting the sugar industry. They go merrily on their crackpot way, taxing our people to pay the farmers to take out of production millions of acres of fine agricultural lands upon which we might well produce those foreign products now flooding the American market and ruining the price the American farmer receives for the products of his labor and investment.

It is announced that the President has completed negotiations with the Republic of France for another trade agreement. This treaty has already been signed, sealed, and delivered, and no American citizen is allowed to know until May 15 a single thing incorporated in the treaty, no matter how adversely he may be affected by its provisions. We may be sure, however, that this treaty will still further open our gates to the French, who give us something in return, and also to the 77 other nations who give us nothing in return. This "hoss trading" engaged in by Mr. Roosevelt and his Secretary of State is of a quality to make even the most unenlightened "hoss trader" seem a veritable mental giant in comparison.

How all of these contributing factors deal with the life on the farm should be taken into consideration by those who claim a refinancing of present farm mortgages is not timely. These contributing factors must be taken into consideration by those who claim on the floor today that we have done too much for the farmer; these factors must be taken into consideration by those who are fighting this refinance bill and who were so eager to vote to appropriate money to refinance other business—business which owes its very existence to the farmers, because all industry depends upon how much the farmer can raise and sell and how much the farmer can buy back to keep his farm in operation.

Farmers of my State will not be satisfied until their farm business is on a paying basis. It will never be on a paying basis until this farm business is given the same opportunity for refinancing as is given to other business in our country. I hope, Members of this House, that you will join with us today in refinancing the real business of America—the farm business.

Mr. LEMKE. Mr. Chairman, I yield such time to the gentleman from North Dakota [Mr. BURDICK] as he may desire.

Mr. BURDICK. Mr. Chariman, in view of the fact I have spoken five times in this Congress on the pending bill, I deem it only fair that other Members should have a chance to be heard on this subject. I therefore ask unanimous consent to extend my own remarks in the RECORD at this point and to include a table of the Liberty bond loans sold in this country, as prepared by the Secretary of the Treasury, and also tables that I have prepared myself as to the settlement of those debts and how they were settled in foreign countries.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

SHALL WE RELIEVE THE DEBTORS IN THE UNITED STATES? DID WE CANCEL LOANS MADE TO FOREIGN GOVERNMENTS DURING AND IMMEDIATELY FOLLOWING THE WORLD WAR?

Mr. BURDICK. Mr. Chairman, I desire to place before Congress and the country a statement concerning the loans made to foreign governments during and immediately following the World War, the amount loaned, the terms of the loan, the various settlements made since, the amount paid, and the amount outstanding today.

At the same time it will be necessary to show how this money for these loans was raised in this country and the condition today of the obligations incurred.

In the development of the scope of this inquiry, it will be necessary to show something of the cost of that war to the people of this country.

If all these real truths were brought home to the people of this country, it would put a stop to future wars so far as this country is concerned, unless there should sometime be a war of self-defense brought to our own shores.

Many people in this country are much concerned because the Federal Budget is out of balance. When we consider that drought and flood and other acts of God have been to a large degree responsible for much of the relief expenditures, we can well say that the Budget in relation to ordinary expenditures is not far from being balanced today. The relief expenditures added to the ordinary expenditures throws the Budget out of balance. What we have spent for relief—and any just government should always stand ready to make these expenditures—is not a drop in the bucket when compared to war expenditures from 1917 to 1919. During that period the people of this country were actuated with a sort of wild hysteria to go ahead with war expenditures. Today, with the relief situation acute in many sections of the country, and suffering more acute than that ever before known in war or peace times in this country, we find the press—especially the metropolitan press—demanding that we put a stop to these expenditures. There is much merit in saying that the money for relief has been improperly, unfairly, unjustly, and politically expended, but this does not justify the statement that all further relief expenditures must be stopped. As a matter of fact, we shall be obliged to spend more billions for relief before we are through with this war of depression.

HOW THE MONEY WAS RAISED TO LOAN TO FOREIGN GOVERNMENTS

From June 1917 to May 1919, five Liberty loans were issued by the United States, in a total amount of $21,432,924,700.

On March 31, 1936, all of the Liberty loans had matured, and were paid, or refunded into other issues. On that date $125,000,000 of these loans had not been presented for payment and were, therefore, outstanding. A large percentage of these bonds will probably never be presented for the same reason that money is not all presented. Since the Government started, we are about $500,000,000 ahead on the issue of money for the reason that that amount has been lost, burned, or sunk in the oceans, and has never been and will not be presented for payment. The Government will come out many millions ahead in the issue of these Liberty bonds.

HOW THE LIBERTY BOND STANDS TODAY

Total	$21,432,924,700
Paid and retired	10,276,196,800
Refunded into other bonds	11,039,650,450
Outstanding	117,077,450
Total	21,432,924,700

The interest rate on the various Liberty loans was as follows: First issue 3½ percent, and the rates of interest on conversion and other issues is fully set forth in the tables below.

In this connection it should be remembered that in reality the Government did not loan its own money to any foreign government. The proceeds from the sale of Liberty bonds came from the people of this country. The people put the money in. In many instances good citizens were forced to buy these bonds, even when they did not have the money. In the tables below the number of people who purchased these bonds are listed. In the last sale—the Victory Liberty Bonds—11,803,895 people bought these bonds. In my section of the country, thousands bought bonds by borrowing money at the banks and giving as security their livestock, machinery, and land. Many farmers really were coerced into buying for fear that they would be charged with being German sympathizers. In fact, thousands of citizens were arrested, when the only evidence against them was that they had not bought bonds. Some of the purchasers never saw the bonds—they were left with the banks as security. Being actually forced into the bad business of going into debt, many people now wonder why the farmer today has a debt structure hanging over him which never can be paid.

When the Federal Reserve Board manufactured the depression in 1920, for no reason at all, and the bottom fell out of farm prices, including land, the farmer was forced to sell his Liberty bonds to raise ready cash. When the farmer got that far along, he found out that he must take a discount on these bonds, although he bought them at par. Discounts of 10 percent were common, and in many sections it ran up as high as 28 percent. At any rate, the farmers and workers lost their bonds but were forced to pay the purchase price in full. Countless numbers of first farm mortgages were made in this country for the sole purpose of paying the purchase price of these bonds.

While the people paid for the bonds the money was squandered, as we shall soon see, and still over 50 percent of the bonds or reissues of them are still outstanding and drawing an average rate of 4¼ percent. They must be paid, and the only way they ever will be paid is through taxation. Thus the people will pay for the bonds a second time. What has been paid was paid by taxation against the people. In addition to that, the interest charges on these bonds extracted annually from the people another $910,000,000 until the first bonds were paid. Since 1919, when the last Liberty Loan was made, this interest charge has amounted to $10,470,000,000. Adding this to the principal of the Liberty bonds issued, we have the following figures:

Principal	$21,432,924,700
Interest to date	10,470,000,000
Total Liberty-bond debt for the war	31,902,924,700

WHAT WAS DONE WITH THE PROCEEDS OF THESE BONDS

It will be interesting now to see how lavishly the Government handed out the people's money. Remember again, it was not Government money. At the time this country entered the World War, England and France had floated bond issues in this country, which were either held by the banks who floated the loans or by their customers. England's debt was $354,000,000. France owed $290,000,000.

The House of Morgan saw a chance to collect this money, and one of the very first uses made of the people's money—Liberty-bond proceeds—was to pay off this debt. There are many reasons assigned by the Government why this was done, but the one outstanding, undisputed reason is that these debts were actually paid. Money was advanced to foreign governments from the proceeds of these bonds in the amount of $9,610,405,575.45. Remember again, this was the people's money.

The money thus loaned, can, for the purpose of a complete understanding of the matter, be divided into two classes:

Pre-armistice loans amounting to	$7,077,114,750.00
Post-armistice loans amounting to	2,533,288,825.45
Total	9,610,405,575.45

These loans were made on demand, and drew interest at the rate of 5 percent.

To the above amount loaned to these governments must be added the following items:

Surplus supplies in Europe sold	$599,122,733.21
Relief after the war	84,093,963.55
Relief under the act of 1920	56,858,802.49
Principal as given above	9,610,405,575.45
Total loans	10,350,479,074.70

The next question the American people want to know is how much of their money is outstanding and not paid, and what has been done about it. A statement from the Treasury Department under date of January 10, 1936, presents the whole story:

> In 1921 and 1922 the world was in a state of financial disorder. No debtor nation could have paid its debts to the United States (the people) had payment been demanded. Many of them were unable to pay the interest at 5 percent called for in their obligations. Only with time and more stable conditions could the possibility of settlement arise.
>
> Recognizing that the debtor nations could not pay on demand, Congress originally authorized the debts to be funded (recontracted) on no longer than a 25-year basis and at not less than 4¼-percent interest. The act of February 9, 1922, created the World War Foreign Debt Commission, consisting of five members, with authority—

And so forth. This meant that this Commission had authority to carry out the provisions of the act of Congress.

Through subsequent acts of Congress the Commission made the following settlements respecting these foreign debts:

The total debt at date of funding	$11, 586, 820, 828. 53
Less payments made from 1917 to 1923, 1925, 1926	9, 559, 943. 53
	11, 577, 260, 885. 00

There are people in this country who still assert that we did not cancel any of these debts. The Government still makes this claim, although the facts to which they agree demonstrate beyond the province of argument that the Government did actually give away over 50 percent of the people's money, and in effect all of it, in these settlements in the following particulars:

First. The time was changed from demand to 62 years.

Second. The interest was reduced from 5 percent to as low as four-tenths of 1 percent.

Third. Payments were arranged over this long period.

Fourth. The cash value of the paper they received in lieu of the old obligations was only $5,888,000,000 instead of $11,577,260,885, or a net loss of $5,689,260,885.

In addition to this, the story is not half told. For every dollar of this money loaned, the people of the United States are paying on Liberty bonds, and will pay for years to come, 4¼ percent, while the interest rate fixed for France was 1.6 percent, Italy four-tenths of 1 percent, England 3.3 percent. For years to come the people of the United States will have to pay this additional interest for all of the countries who settled for a lower interest rate than that which the people are required to pay on the Liberty bonds of their reissue.

I submit, for the purpose of illustration, the funding settlements with England, France, and Italy:

Data on war-debt settlements

	England	France	Italy	Average and grand total
Date of settlement	Dec. 15, 1922	June 15, 1925	June 15, 1925	
Total debt at time of settlement	$4,715,310,000	$4,230,777,000	$2,150,150,000	$11,096,237,000.
Total debt after settlement	$3,296,001,690 (cut of 30.1 percent).	$1,697,618,369 (cut of 60.3 percent).	$425,729,700 (cut of 80.2 percent)	$5,041,349,759 (average, 51.34 percent).
Total payments to be made over period of 62 years.	$7, 105,965,000	$6,847,674,104	$2,407,677,500	$16,361,316,604.
Original rate of interest	5 percent annually	5 percent annually	5 percent annually	
Rate of interest after settlement	3.3 percent	1.6 percent	Four-tenths of 1 percent	Average, 2.51 percent.
Total indebtedness to United States Jan. 10, 1936.	$4,950,595,391	$4,041,152,328	$2,014,065,749	$11,005,813,378.
Excess interest paid by people of United States over all payments received.	$1,517,827,582	$1,977,756,125	$968,649,958	$4,464,233,665.

(1) Only 3 large debtors are included.
(2) The carrying charge to the people of the United States on these debts figured at 4¼ percent.
(3) Source of information; (a) Memorandum of the Secretary of the Treasury, revised Jan. 10, 1936: (b) combined annual reports of the World War Foreign Debt Commission, 1922–26.

WHAT IS THE PRESENT SITUATION OF THESE FOREIGN OBLIGATIONS?

How much is still due, although we discounted the total 50 percent and gave away in the next 62 years billions of interest which the American people will have to pay?

Funded debt unpaid	$11, 229, 078, 286. 95
Unfunded debt unpaid	204, 851, 113. 64
Total	11, 433, 929, 400. 59
Interests postponed by moratorium agreements	184, 164, 561. 52
Interest due and unpaid	810, 743, 068. 22
Total due Jan. 10, 1936	12, 437, 837, 030. 33

Since the last funding date in 1925, with the exception of Austria and Greece, this foreign war debt has not been reduced, but actually increased from $11,577,260,885 to $12,437,837,030.33, or an increase during the last 11 years of $860,576,145.33.

In addition to the above debt of	$12, 437, 837, 030. 33
We must add the debt due us from Germany for the expenses of our army of occupation, amounting Jan. 10, 1936, to	1, 332, 250, 360. 95
Total debt	13, 669, 087, 391. 28

If these governments actually paid us the interest they agreed to pay, over a period of 62 years, the American people would lose on interest the difference between that rate and the rate of 4¼ which they have to pay on this debt of nearly $14,000,000,000.

In the case of Italy we lose annually interest on $2,150,150,000, the difference between 4¼ percent and four-tenths of 1 percent, which amounts to 3.85 percent. Annually this amounts to $82,780,775. If this process were kept up for 62 years, the loss in interest to the American people would be $5,132,408,050. But that is not all. Italy will probably never pay a cent of this debt, as it can better afford to use its money in wars of conquest than in paying its just debts.

At any rate the American people will have to finance foreign loans to the extent of nearly fourteen billions at the rate of 4¼ percent, while the average interest which foreign governments agree to pay—but have not—is 1.76 percent, representing an annual loss in interest of $350,000,000. Since these governments, or most of them, are paying no interest at all, the American people support those obligations at 4¼ percent annually, or an annual toll of $630,000,000.

In figuring the present value of the securities which we received on the date of settlement was only 50 cents on the dollar, in light of what has happened in the last 11 years, the present value of those obligations could not be more than 33 cents on the dollar. In the further light of the developments in Europe, I have no confidence whatever that, outside of a few governments, any of these debts will be paid. At the end of the 62-year period it is possible that we shall collect enough to pay 25 percent of the interest the people of this country will have to pay on the same amount of money represented by outstanding bonds.

Where is the informed, thinking Member of this Congress who will rise in his seat and deny that we have made a complete cancelation of the $12,000,000,000 of the people's money which this Government loaned to foreign countries?

There were many good reasons advanced why we should enter into these funding settlements. I present here some of them:

Speaking of the settlement with Great Britain, the Debt Commissioners, including Mellon, Hughes, Hoover, Smoot, and Burton, said in February 1923:

> It has not been the thought of the Commission that it would be just to demand over a long period the high rate of interest naturally maintained during the war and reconstruction, and that such an attempt would defeat our efforts at settlement. Beyond this the Commission has felt that the present difficulties of unemployment and high taxation in the United Kingdom should be met with suitable consideration during the early years, and therefore the Commission considers it equitable and desirable that payments during the next few years should be made on such basis and with such flexibility as will encourage economic recuperation not only in the countries immediately concerned but throughout the world.
>
> This settlement between the British Government and the United States has the utmost significance. It is a business settlement fully preserving the integrity of the obligations, and it presents the first great step in the readjustment of the intergovernment obligations growing out of the war.

Would not such a pronouncement, in regard to the affairs of the people of the United States, be in order now? We are now, as Great Britain was then, burdened with unemployment and mounting taxes. Would it not be in order now in this country to extend our obligations over a long period of time and reduce what the commission called "high interest rates"? Would it not be in order to give the debtors of the United States a plan of debt payment that shall have in it the "flexibility" proclaimed for Great Britain by the august commission?

Would it not be a business settlement, preserving the integrity of obligations, to permit our farmers and home owners to have access to a system of finance that shall not take from them their last nickel to keep up an unconscionable and unbearable rate of interest?

When this commission canceled, according to the admissions of the Treasury Department, 50 percent of the foreign debts, they called it a business settlement, although the written contract provided for full payments with 5-percent interest annually. I wonder just where the "inviolability of contracts" which every court in America subscribes to was when these settlements were made.

I wonder how it came about that the present Chief Justice of the United States forgot the "inviolability of contracts", the "sacredness of contracts", when he subscribed his name to settlements, in clear and positive violation of contracts. When the Frazier-Lemke Farm Bankruptcy Act came before the same Justice, the principle of the inviolability of contracts, when applied to citizens of this country, came back in full force and significance. Even the presence of a great emergency where all farmers were helplessly mired in financial disorder, through no fault of their own, did not prevent the full and complete working of the American court custom of the "inviolability of contracts." Yes, the "sacredness of contracts" must be preserved, even though 10,000,000 farm people must be dispossessed to maintain this great principle of law.

Listen to President Harding on the debt settlement with Great Britain, under date of February 7, 1923:

> But here is a great nation acknowledging its obligations and seeking terms in which it might pay. So your Commission proceeded to negotiate in a business way for a fair and just settlement.
>
> It is the recommitment of the English-speaking world to the validity of a contract.

The contract of Great Britain—the original contract to borrow money, the note, the bond, the mortgage—was absolutely canceled and a new one substituted. If it was not, if the same contract was to be kept, why did Great Britain seek terms of payment? The terms were fixed in the bond. Yet, President Harding had the audacious nerve to say to Congress that this new contract maintained the principle of "validity of contracts."

The farmers of the United States want to pay; they will pay when they can. But they must have, like England, a reduction of the interest and a long period of time in which to pay. That is all. Under the debt contracts which they now have, this cannot be done, because the "inviolability of contracts" will be raised against them in the Supreme Court of the United States and there be sustained. Great Britain was a mighty nation seeking terms in which it might pay. We granted it. Today the farmers of the United States, involved in a great war of depression—a war that has lost them $47,000,000,000 in land values alone—are "seeking terms in which they may pay." The only possible way it can be done, in view of the "inviolability of contracts" doctrine of the courts, is to discharge the old contracts—debts—and enter into new contracts that will permit them to pay.

It is a sad commentary on American justice, if we shall be accused of funding $12,000,000,000 of debts to foreign countries but will now fail to fund $9,000,000,000 owed by the farmers of the United States.

Let us do here in this Congress what the Debt Commission did in those settlements. They said then, what we say now:

> This is a business settlement, fully preserving the integrity of contracts, and it presents the first step in the readjustment of, not inter-Government obligations, but the farm-debt obligations growing out of the war.

Do that and pass this bill providing for a just, a safe, a reasonable, and equitable, a constitutional, plan of farm refinance that will permit the farmers of the United States to retain their homes, protect their families, and taste again that spirit of American liberty which was kindled in the home. Permit them to pay their just debts—give them a chance to do it. Give them cause to respect this Government and if need be lay down their lives for it. Make them again, as they always have been, the unswerving defenders of American liberty. In that farm home is the spirit that no foreign invader can subdue; in that home live the men and women who produce the Nation's food—that thing that wins all wars. From that home come the gallant young soldiers who bare their breasts to the enemy fire, the men who go over the top, the men who have always preserved this Government and always will—if this Government will return to them a portion of that protection which they have always offered to their country. Destroy the homes in this country by whatever means you will—foreclosure, dispossession, unbearable interest burdens, and this great country will take its place with other failures of government whose records now lie forgotten among the musty pages of ancient history.

The tables above referred to are as follows:

THE LIBERTY LOANS (LIBERTY BONDS AND VICTORY NOTES), JUNE 30, 1935

FIRST LIBERTY LOAN OF 1932–47

Original issue of First 3½'s, dated June 15, 1917; subsequently in part converted (or reconverted) into other First Liberty Loan bonds bearing higher rates of interest. The date of maturity of all the bonds of this loan, whether of the original issue or a converted issue, was June 15, 1947; the bonds were callable for redemption on and after June 15, 1932, on 3 months' notice. On March 14, 1935, the outstanding bonds of this loan were called for redemption on June 15, 1935, on which date interest ceased.

First 3½'s—original issue June 15, 1917:		
Offered for subscription		$2,000,000,000
Subscribed		3,035,226,850
Allotted—final (issued)		1,989,455,550
Retired on conversion:		
To First 4's	$568,318,450	
To First 4¼'s	7,570,550	
To First-Second 4¼'s	3,492,150	
		579,381,150
Redeemed:		
Uncalled before Mar. 14, 1935	17,848,150	
Called since Mar. 14, 1935	1,317,667,200	
		1,335,515,350
		1,914,896,500
Outstanding June 30, 1935		74,559,050
First 4's—converted issue Nov. 15, 1917:		
Issued on conversion from First 3½'s		$568,318,450
Retired on conversion to First 4¼'s		547,641,750
Redeemed		20,676,700
Uncalled before Mar. 14, 1935	$15,674,250	
Called since Mar. 4, 1935	3,839,200	
		19,513,450
Outstanding June 30, 1935		1,163,250
First 4¼'s—converted issue May 9, 1918:		
Issued on conversion:		
From First 3½'s	$7,570,550	
From First 4's	547,641,750	
		555,212,300
Redeemed:		
Uncalled before Mar. 14, 1935	22,723,200	
Called since Mar. 14, 1935	463,667,400	
		486,390,600
Outstanding June 30, 1935		68,821,700
First-Second 4¼'s—converted issue Oct. 24, 1918:		
Issued on conversion from First 3½'s		3,492,150
Redeemed—called since Mar. 14, 1935		3,234,500
Outstanding June 30, 1935		257,650
Total First Liberty Loan bonds outstanding June 30, 1935 (payable on presentation)		144,801,650

SECOND LIBERTY LOAN OF 1927–42

Original issue of second 4's dated November 15, 1917; subsequently largely converted into second 4¼'s dated May 9, 1918. The date of maturity of these bonds was November 15, 1942, but the bonds were callable for redemption on and after November 15, 1927, on 6 months' notice. On May 9, 1927, the outstanding bonds of this loan were called for redemption on November 15, 1927, on which date interest ceased.

Second 4's, original issue Nov. 15, 1917:		
Offered for subscription (with right reserved to allot up to one-half the amount of any oversubscription)		$3,000,000,000
Subscribed		4,617,532,300
Allotted—final (amount issued)		3,807,865,000
Retired on conversion (into second 4¼'s)	$3,707,936,200	
Redeemed	99,313,050	
		3,807,249,250
Outstanding June 30, 1935		615,750
Second 4¼'s:		
Issued on conversion from second 4's	3,707,936,200	
Redeemed	3,706,815,750	
Outstanding June 30, 1935		1,120,450
Total second Liberty Loan bonds outstanding June 30, 1935 (payable on presentation)		1,736,200

THIRD LIBERTY LOAN OF 1928

Third 4¼'s, original issue May 9, 1918; matured for payment Sept. 15, 1928, on which date interest ceased:

Offered for subscription (with right reserved to allot full amount of any oversubscription)	$3,000,000,000
Subscribed	4,176,516,850
Allotted—final (amount issued)	4,175,650,050
Redeemed	4,172,846,500
Outstanding June 30, 1935 (payable on presentation)	2,803,550

FOURTH LIBERTY LOAN OF 1933–38

Fourth 4¼'s—Original issue Oct. 24, 1918. The date of maturity of these bonds was Oct. 15, 1938, but the bonds were callable for redemption on and after Oct. 15, 1933, on 6 months' notice. All outstanding bonds of this loan have been called for redemption as follows: First call (Oct. 12, 1933) for redemption on Apr. 15, 1934, included bonds bearing serial numbers ending in 9, 0, or 1; second call (Apr. 13, 1934) for redemption on Oct. 15, 1934, included bonds bearing serial numbers ending in 8 or 2; third call (Oct. 13, 1934) for redemption on Apr. 15, 1935, included bonds bearing serial numbers ending in 5, 6, or 7; fourth (final) call (Apr. 13, 1935) for redemption on Oct. 15, 1935, includes bonds bearing serial numbers ending in 3 or 4. The interest on bonds included in each call ceases on the day fixed in each instance:

Offered for subscription (with right reserved to allot full amount of any oversubscription)	$6,000,000,000
Subscribed	6,992,927,100
Allotted—final (amount issued)	6,964,581,100

	Total amount	Total redeemed	Outstanding June 30, 1935
Uncalled	$722,344,250	$722,344,250	
First called (due Apr. 15, 1934)	1,880,428,200	1,868,737,150	$11,691,050
Second called (due Oct. 15, 1934)	1,246,231,800	1,228,925,850	17,305,950
Third called (due Apr. 15, 1935)	1,869,346,100	1,809,606,250	59,739,850
Fourth called (due Oct. 15, 1935)	1,246,230,750		1,246,230,750
Total	6,964,581,100	5,629,613,500	1,334,967,600

NOTE.—Fourth Liberty Loan bonds (temporary coupon, permanent coupon, and registered) were numbered serially beginning with no. 1 for each denomination, and all bonds have been issued in this serial order. Accordingly the outstanding bonds were divisible into 10 approximately equal series as determined by the final digits of the serial numbers, and this approximate division has been the basis for separating the amounts included in each of the four calls. It follows that the amounts above stated for each call are approximate amounts, subject to adjustment as bonds are redeemed.

VICTORY LIBERTY LOAN OF 1922–23

Victory 3¾'s and Victory 4¾'s: Two series of interconvertible notes, dated May 20, 1919; maturity date, May 20, 1923; but either or both series callable for redemption in whole or in part on June 15 or Dec. 15, 1922, on 4 months' notice. Victory 3¾'s called for redemption on June 15, 1922; Victory 4¾'s in part called for redemption on Dec. 15, 1922, the balance matured May 20, 1923. Interest ceased on such respective dates:

Offered for subscription		$4,500,000,000
Subscribed		5,249,908,300
Allotted—final (amount issued)		4,495,373,000
Victory 3¾'s:		
Original issue	$672,585,100	
Issued on conversion	424,666,750	
		1,097,251,850
Retired on conversion	505,068,900	
Redeemed	592,172,050	
		1,097,240,950
Outstanding June 30, 1935		10,900
Victory 4¾'s:		
Original issue	$3,822,787,900	
Issued on conversion	505,068,900	
		4,327,856,800
Retired on conversion	424,666,750	
Redeemed	3,902,417,450	
		4,327,084,200
Outstanding June 30, 1935		772,600
Total outstanding June 30, 1935 (payable on presentation)		783,500

RECAPITULATION—FIVE LIBERTY LOANS

Liberty loan	Subscribed	Issued	Redeemed	Outstanding June 30, 1935
First	$3,035,226,850	$1,989,455,550	$1,844,653,900	$144,801,650
Second	4,617,532,300	3,807,865,000	3,806,128,800	[1] 1,736,200
Third	4,176,516,850	4,175,650,050	4,172,846,500	[1] 2,803,550
Fourth	6,992,927,100	6,964,581,100	5,629,613,500	[2] 1,334,967,600
Victory	5,249,908,300	4,495,373,000	4,494,589,500	[1] 783,500
Total	24,072,111,400	21,432,924,700	19,947,832,200	1,485,092,500

[1] Matured, on which interest has ceased.

[2] $88,736,850 matured on which interest has ceased; $1,246,230,750 called for redemption on Oct. 15, 1935, on which date interest will cease. (See note under Fourth Liberty Loan of 1933–38.)

Estimated number of subscriptions

First Liberty Loan	4,000,000
Second Liberty Loan	9,400,000
Third Liberty Loan	18,302,325
Fourth Liberty Loan	22,777,680
Victory Liberty Loan	11,803,895

TREASURY DEPARTMENT,
Office of the Commissioner of the Public Debt, July 26, 1935.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. PEYSER].

Mr. PEYSER. Mr. Chairman and ladies and gentlemen of the Committee, I am going to consume but 5 minutes of your time. There is one point I would like to bring to the attention of the Committee that has not been touched upon Although there was reference made to the fact that there were 63,000,000 life-insurance policyholders in this country, the subject as to how they would be affected was not particularly touched upon.

Prior to the passage of the first Frazier-Lemke bill, which has been held unconstitutional, I then expressed the belief that that measure would hurt instead of helping the farmer.

I believe that I have been justified in that belief, because I have the figures of one life-insurance company alone that in their annual report for the year 1933 showed $220,000,000 of farm loans. In 1935 that was reduced to $110,000,000.

Whether that result was reached as the result of the company bailing out, as some proponents claim, or not, it is my belief that the reduction was due to the fact that the company withdrew from purchasing farm mortgages.

I believe if this measure should become a law the result would become more hazardous, not only to the farmers but the 63,000,000 people who hold life-insurance policies.

These companies today set up a rate based on the combined table of mortality, using 3-percent interest. Some companies have 3½ percent and some 4 percent. How in the world can they exist where the style has changed and the interest has been reduced to 1½ percent?

It means only two things: It means that the policyholders in mutual companies will be deprived of their dividends and the companies will be forced to have policies in force based on 1½ rate of interest, instead of 3, 3½, or 4 percent, as called for when the policies were issued.

It means bankruptcy for those who come under that plan. Further, it means scuttling of all insurance rates in the country.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. PEYSER. No; I have only a few minutes. I claim under this bill that the farmer will be even worse off than before. It is not only life-insurance companies that invest in mortgages. The country banks and savings banks that formerly paid 3 and 3½ percent on deposits would be forced to cut the interest rate.

I hope this bill will be beaten here in the House and relieve the minds of millions of people now in fear of the inflation that would surely follow.

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include some brief quotations.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. REED of New York. Mr. Chairman, I am opposed to this bill because of its inflationary purposes. I do not think the Frazier-Lemke bill presents a partisan question. I believe that every vote cast in this House should be based upon the individual's honest conviction as to whether or not the bill is a good thing for the country as a whole. I believe that the House should, whenever it can in considering legislation, turn back the pages of history and see whether or not similar experiences have been tried and whether they have been successful or whether they have failed.

I do not suppose I can make very much of an impression upon any Member here. You, no doubt, have determined now how you intend to vote. I know how I am going to vote, and I am basing it very largely upon experience that various nations have had in years gone by, including our own.

I want to take you back about 200 years to the time when a great financial genius by the name of John Law lived. He was the son of a Scotch banker. He had given considerable study to the question of money and he had come to the definite conclusion that you can maintain the value of money by backing it with land, or purely as a credit money, rather than with metal.

He could not interest the Scotch bankers in his scheme. He went over to Amsterdam and tried to interest Dutch bankers, but they turned him down. Then he traveled into France and approached Louis XIV, who also declined to entertain his scheme. Later, when France was in desperation, the regent of Orleans showed sympathy for John Law's scheme for issuing paper money based upon land or credit, and just 220 years ago a bank was established and John Law was put in charge of it, the function of the bank being to issue paper money, and it did issue paper money to the ruin of France. This paper money rapidly diminished in purchasing power, inflation came, and one issue followed another until finally, to divert attention from the approaching fiscal disaster, he plunged into the Louisiana scheme where he had promised investors to open up mines of great wealth. This scheme also collapsed and he had to flee from France, and later died a dissolute gambler in a foreign land.

Now, you would have supposed that France would have learned a lesson from that experience, but such was not the case. Eighty years later, in 1790, the National Assembly met. France was in debt. The Government was spending more than it was receiving in revenue. The statesmen decided to again resort to the plan of issuing currency backed by land. The National Assembly confiscated all church property, valued at a billion dollars, which constituted one-fifth of the richest land in France. A motion was made in the National Assembly by Talleyrand, Archbishop of Autun, and seconded by the greatest orator of the time, the great leader, Mirabeau, to issue paper backed by the church land, and it was carried. The Assembly proceeded to issue currency, and it passed a resolution that never under any circumstances would they issue currency in excess of the value of the land; that they were going to restrict the issue to about $400,000,000 in our currency.

No sooner was that currency off the press than all kinds of metal, the smaller coins that were in circulation, disappeared. Then came a demand within 3 months—of course, under pressure of the paper-money groups—for more money, and the legislature again issued more paper money; and that kept up for a period of 5 years, until just one item, a pound of bread, cost $16 in our money, and everything else cost in proportion. It took 40 years to rebuild the industry and capital structure of that country. Yet, at the time of each issue of this paper money, starting in a small way at first, there was great enthusiasm displayed. The people held torchlight parades to celebrate the so-called new influx of wealth; chambers of commerce and various municipal organizations sent in resolutions commending the Assembly for issuing more and more of this paper money, but the periods of joy became shorter as the issues became more frequent.

We had an experience in our own country. We had an experience right after the Revolutionary War. The little State of Rhode Island found itself burdened with debt. The farmers had mortgages on their places, and they had their share of the national debt to carry. The farmers thought they saw a way out of their difficulty by issuing paper money backed by farm mortgages. They proposed to the Assembly of Rhode Island that it establish a paper-money bank, that it issue money based upon mortgages on the farms of Rhode Island. They went to the assembly with the proposal and it was turned down. Finally their groups grew larger and they went to the assembly again in 1786, but the assembly defeated their proposal by a vote two to one. Then what did they do? Exactly what political groups do today. They went out into the country districts and organized a paper-money party, with the result that they swept Rhode Island in the next election. They had control of the assembly. They immediately established a paper-money bank capitalized at 100,000 pounds. They provided that any farmer who wanted money could, by simply pledging twice the amount of farm property, receive currency. The farmers flocked in to get this new printing-press money. They, too, held celebrations. They saw great prosperity as a result of this so-called influx of new wealth. When the new money was issued it started to depreciate. The farmers took their produce into Providence and Newport; then when the farmers endeavored to buy goods the merchants refused to receive the new money at par.

The farmers would not sell at a discount. Finally the pressure became very great and the merchants in desperation closed their shops or else they sold by barter. They would not accept the new money. Then the assembly came to the rescue again and started passing forcing acts. They passed an act which provided that any person who refused to take this paper money at par could be fined for the first offense about 6 to 30 pounds, and for the second offense still more, and finally the penalty of imprisonment was imposed. A butcher refused to take this paper money for meat. He was hailed into court. Leading lawyers appeared on both sides and argued the question all day. The court held that the act was unconstitutional. Then the assembly summoned the court before it and finally removed four of the judges. Still the people would not take that paper money. They refused to take it, even in the face of the drastic forcing acts. The farmers would not sell their produce, unless the people would take the money at par. Finally the cities had to borrow money and procure produce outside to keep the citizens from starving to death. There were riots and bloodshed on the street, but still the people refused to take this money. Finally the assembly formulated an act that required every person to take an oath to take the money at par. Otherwise a man could not run for office, a lawyer could not practice law, a ship captain could not take a boat in or out of the State, and it went on down the line; but the assembly had started to reflect; its members decided they would not assume full responsibility for it, instead they submitted the proposal to a referendum vote throughout the State, with the result that the people, realizing the futility of this paper money backed by land, voted it down. Only three townships in the whole State voted in support of this oath.

We are traveling, Mr. Chairman, in the same direction; and just as surely as you inflate the currency by starting the printing press by printing $3,000,000,000 you will have one group after another demanding more issues of fiat money. You are now traveling the same course that has been traveled by every country, even our own, which has tried this form of inflation. [Applause.]

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 3 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, I have written up carefully what I wanted to say on this bill, because I knew the time would be short and perhaps I would not get much. I therefore ask unanimous consent that I may revise and extend my remarks and add thereto a short letter containing some questions that were asked by a constituent of mine, together with resolutions from the grange of which he is master.

Mr. SNELL. Mr. Chairman, I am sorry, but I shall refuse unanimous consent except to the gentleman revising and extending his own remarks.

Mr. MAVERICK. Mr. Chairman, reserving the right to object, several Members have asked permission to extend their remarks, and I have asked myself if it was on the Frazier-Lemke bill and did not object when it was. In other words, I thought this battle was just on the basis of matter extraneous to what we are debating.

Mr. SNELL. Mr. Chairman, if the gentleman's question is addressed to me, I will say there is no argument about any question. If we cannot be protected in correcting the RECORD when it is false, nothing except what goes on on the floor and the usual revision and extension of a Member's own remarks will go into the RECORD by unanimous consent.

Mr. MAVERICK. The gentleman will remember that he objected——

Mr. SNELL. I do not remember anything.

Mr. MAVERICK. That he objected to a unanimous-consent request to correct the RECORD. The gentleman himself objected to that.

Mr. SNELL. No; I did not. I objected to outside matter going in, not to the gentleman revising and extending his own language.

Mr. PIERCE. Then, Mr. Chairman, I ask unanimous consent to revise and extend my own remarks.

The CHAIRMAN. Is there objection to the gentleman revising and extending his own remarks?

There was no objection.

Mr. PIERCE. Mr. Chairman, I listened with interest to our historian friend, the gentleman from New York [Mr. REED]. There is a clear-cut answer. I have read it; I have taught it in school; and I hope somebody who is going to speak tomorrow will take occasion to prepare himself and express it in the words in which it has been expressed by brilliant men who have handled this very subject.

Recently my friend, the gentleman from Colorado, and I were talking to a man high in authority in the Government, and he said to us that for every $100 in currency outstanding in the United States there is today $130 in gold to redeem it in the Treasury, making of it the strongest currency in the world.

What does this bill do? This bill simply calls for the issuance of money that we provided for, months ago, in 1933, when in the act we passed we provided that the President could issue, through the authority he was granted, three thousand millions of currency; and, if it is issued and the bill is amended as the author intends to amend it, there will be 100-percent backing in gold against all currency outstanding. Then where is the inflation?

The forced consideration of the Frazier-Lemke refinancing bill marks an epoch in the legislative procedure of the Congress of the United States. A bill openly and bitterly opposed by certain groups in both parties is by a petition of 218 Members brought before the House for open discussion and final disposition. From my point of view, this is a proper procedure under representative government.

The Frazier-Lemke refinancing bill—H. R. 2066—now under consideration, is drawn to give the farmers of the United States the opportunity to refinance their farm-mortgage indebtedness. It states in section 1 that it shall be known as "The Farmers' Farm Relief Act." The bill creates an elective national board of agriculture representative of the borrowing farmers of each State. This board will control the administration of the law, cooperating with the Farm Credit Administration and the Federal Reserve Board. The bill provides that the farmer may have his farm appraised for refinancing, and money will be provided at an annual interest rate of 1½ percent, with an additional annual amortization or payment on principal of 1½ percent.

Under the original bill, a loan for the full appraised value was to be granted, but proposed amendment agreed upon by friends of the bill will somewhat reduce the amount. It is provided that bonds to finance the loans shall be offered at 1½-percent interest. These bonds will probably not be sold to the public but will be held in the Treasury because of the low-interest rate, then currency may be issued to the amount of $3,000,000,000, backed by the farm lands, the faith and credit of the United States, and pledge of the gold in the Treasury. The total amount of lending for mortgage refinancing under this bill is limited to $3,000,000,000.

The farmers of Oregon are earnestly demanding the passage of this bill so that they may be able to save their homes. I shall vote for the bill for several reasons which I desire to discuss with some care because of the importance of the proposed plan in its permanent influence on our farm-credit system.

FARM CREDIT AGENCIES

This administration, when it came into power in 1933, found many agencies of Government undertaking to extend credit to the farmers—the land banks, the cooperative banks, and the intermediate credit banks. In 1933, the crop-production associations were inaugurated and the entire farm-credit system was welded together under the Farm Credit Administration. Interest rates were reduced, loans provided for cooperatives, land bank commissioner's loans on second mortgages were added, to an amount of 75 percent of appraised value. We have made distinct progress through legislation, but many of the benefits hoped for through this legislation have been nullified by administrative interpretations. It was, no doubt, the intention of Congress that the borrowers should control the operation of the Federal land banks, but this has not transpired. A governor, not provided for in the original act but included in the administrative set-up, is now sanctioned by law. Rules and regulations now adopted have entirely changed the temper of the act which was originally supposed to allow the farmers to manage their own institution, for which they had provided the capital. It should never be forgotten that the farmer has no other source of credit. I know that the claim is made that life-insurance companies are again in the field, but their loans are so few and far between and so conservative that they are of practically no value in solving the problem of farm credit.

The Farm Credit Administration gives a great array of figures showing the large amounts loaned, but I judge it cannot be doing more than 10 percent of the business in farm mortgages that was done in 1926, 10 years ago, when private lending agencies were really in the field and doing business. In other words, the Farm Credit Administration, by its extreme conservatism, has done much to depress farm values and build up the urgent demand for this bill, now pending.

I repeat, this bill is a protest against the restrictive and overconservative methods of the Farm Credit Administration which has not fulfilled our expectations in providing for agriculture the money necessary to prevent wholesale foreclosures. I am well aware of the fact that the success or failure of the Farm Credit Administration is dependent on commodity prices. If there is to be no advance in commodity prices, then many of the mortgages that have already been made, since 1929 as well as prior to that date, will be foreclosed by reason of the fact that the farmer, regardless of all the sacrifices he may make, will not be able to earn enough to pay the interest and amortization to keep his loan with the Farm Credit Administration in good standing. Foreclosure, in thousands of cases, must necessarily follow.

FARM INTEREST RATES TOO HIGH

The breathing spell mercifully provided by the Seventy-third Congress in remitting the semiannual payments on principal to the Federal land banks has indeed been a lifesaver. It is possible this must be further extended or adjusted if farm prices do not come back. The reduction of interest on Government farm loans, under this administration, to 3½ percent was also a blessing. The farmer has, however, never been able to understand why his basic industry was originally, and is now partially, indirectly financed by borrowed money—bonds privately owned—necessitating interest rates vastly higher than those granted on Government funds lent other industries, financially more hazardous. He knows these other more-favored borrowers of public funds were privileged solely because of the power to demand and to coerce governmental bodies, legislative and administrative. We must have a more satisfactory farm-credit system and a more democratic organization worked out before the day of reckoning comes for payment of principal. This bill is offered to meet that emergency.

The farmer reads about ship subsidies, loans to banks, favors to railways, legislation to bail out mortgage companies under the guise of benefactions to home owners, Government-financed housing programs for the industries, and cheap money for great utility concerns. He becomes cynical and bitter when he reflects upon the tight-fisted governmental agencies through which he is financed. Screws are turned on the farmers, and their interest rates are higher, because they have not yet organized to speak loudly and firmly. The time is not far distant when they will organize and speak in a voice that will be heard across the country. It may be as a political party and it may be as an economic unit, but we shall then be wise to refrain from suggesting compromises.

I am for this bill because it is so decidedly advanced on the matter of interest. In future years when some economic student records the doings of this period, undoubtedly that historian will give high interest rates, far beyond the ability of the people to pay, as one of the principal causes of the crash of 1929 and the heart-rending incidents that have followed in its wake. Many times in the well of this House and on platforms in the Pacific Northwest I have denounced high interest rates as one of the major causes of the great break in our prosperity. I have announced, time and again, my belief that interest on money should never be higher than the increase of wealth when measured through a series of years, which would be from 1½ to 2 percent annually. The 1½-percent annual interest added to the 1½-percent amortization provided in the pending bill makes an annual charge of 3 percent for the use of money. This is all the producers of the foods and fibers of America can afford to pay, possibly more than they can or should pay. One of the lasting benefits of this legislation will be permanently lower interest rates for farmers.

I have always doubted the wisdom of compelling the borrower to guarantee his neighbor's mortgages to the amount of 5 percent of a loan as now required. I am well aware of the fact that the managers of the Farm Credit Administration believe this forces cooperation among the agricultural communities, and helps to hold down fraud and collusion. I think it has just the opposite effect. The borrower, in most cases, bids goodbye to the 5 percent taken out of his loan and feels that it is higher interest taken from him by the Government just as heartlessly as extra commissions were taken from him by private lending companies a few years ago.

FARM APPRAISALS UNFAIR

In recent months the Farm Credit Administration from coast to coast has adopted rules and methods of valuation, undoubtedly coming from headquarters in Washington, of such restrictive nature that it is practically impossible for many farmers to refinance themselves through the Federal land banks.

In the Pacific Northwest we never were affected by the extremely high price of agricultural lands which prevailed during the boom period in the Middle West, so we did not have to write off inflated valuations. There was an advance, but nothing comparable to the advance in states like Iowa and Illinois. In the extreme height of the boom in 1929, the very peak of prices on the best of farming lands was about $200 an acre. This has since fallen until, if the lands can be sold at all, the average price will not exceed $75 an acre.

When the Farm Credit Administration, through its appraisers, applies the yardstick which has undoubtedly been supplied from Washington, the values of these lands are forced down to, perhaps, $50 an acre, and a first loan of $25 is all that is granted. Then the Commissioner's second-mortgage additional loan, provided by the Seventy-third Congress, at 75 percent of the appraised value, would, perhaps, bring the loan up to about one-half of what the land would sell for, if a purchaser could be found. In other words, the Federal land bank, through its administrative methods, has practically nullified the law of Congress granting the commissioner's loan up to an amount of 75 percent of the appraised value. This is one cause for the agitation which has accentuated the demand for the passage of this Frazier-Lemke bill.

The Federal land bank has been generally administered, throughout the Nation, by men who lost their all in some banking crash, and perhaps in their earlier business ventures they were unduly optimistic. They are now certainly unduly pessimistic. They are thoroughly imbued with the bankers' viewpoint and generally look upon the farmer who seeks credit as a failure and a business incompetent. Most of them are, by political and economic faith, opposed to the present administration. Again I repeat that the administration of the Federal land banks and the attitude of its employees has had more to do in bringing about the strong agrarian movement in favor of the pending bill than any other one thing.

MORTGAGED FARMS

It has recently been stated in this House that farms are being foreclosed today at the rate of 20,000 a month. If present conditions continue, foreclosures will be wholesale and farmers will generally be trespassers on the very land their energy, skill, and labor has made fit for human habitation. It is still an open question, even if this bill becomes a law, whether the steady march of the farming people toward peasantry can be stopped. This bill and other laws must be passed soon in order to assure reasonable prices for farm products and to avert serious trouble.

I know that it is published and asserted and reasserted that only a very small percentage of the farms of America are mortgaged. I have seen statements that only 25 percent are under mortgage. It is now stated on this floor that 66 percent of all farms are not mortgaged. I do not know where the authors of such statements get their figures. Perhaps they count as a farm every acre of garden patch throughout the entire country. I do know that in the real agricultural West and Middle West, nearer 90 percent of all farms are mortgaged, and in many sections the percentage is close to 100.

MONEY AND THE MEASURE OF VALUE

Now we come to the real heart of the matter and the reason for the outcry against this bill. Some of our friends fear the subject of money as politically dangerous. Others cry "inflation", because they have no understanding of the subject or because they are not willing to go along on the program for adequate and satisfactory farm credit. Privileges which have been accorded industry and have made it powerful and dictatorial and dangerous must not be extended to farmers, so they think. I grant that some honestly interested in justice to agriculture fear this proposed legislation, and I address myself to this group in an effort to assuage their fears and dispel their illusions.

To one who believes as I believe that the management of money and credit had much to do with the crash of 1929, the bill is most welcome, because it does bring into the campaign of 1936 the subject of money. I welcome the discussion. Until we go before our people facing openly and unafraid our major problems of money, unemployment, and concentration of wealth, we cannot ask for the allegiance of those who understand our critical situation and realize the imperative need for remedial legislation. Yes; it may be experimental, as science and economics are alike, dependent upon experiment for advancement. Such legislation must be based on research and experiment, supplemented by the determination to use all our governmental powers for betterment of our economic and social conditions.

In our intellectual progress we have delved deep into the secrets of Nature; we have invented machines which extend and increase all our natural faculties. We are enjoying the arts of civilization. We are happy in comforts and conveniences far exceeding those of the preceding generations. What a pity that we have failed, miserably failed, to divide, with any degree of equity, the products and rewards of human toil! I think it is largely owing to the control of the medium of exchange, money and credit. We cannot revert to the days of barter and maintain any degree of our marvelous civilization. I have been amazed, during the past few years, at the quick return to barter and exchange. We cannot contemplate a longer period of such procedure.

The farmer must have some more equitable and stable measure of the value of the things he produces and takes to market. There must be some just and assured system by which those products may be exchanged for the finished products of the factory which he must have for his own satisfaction as well as for the prosperity of the manufacturer. We have not yet offered a solution of this difficult problem. The Brookings Institution has made a real contribution in its series of studies, which set forth the situation and clearly propound the questions, but afford no sufficient answer. Our legislative bodies are groping in the dark passages of ignorance, tradition, and prejudice. Is the answer to be found in the commodity dollar with its varying value based upon the rise or fall in the prices of a certain number of commodities? This may be the solution. We cannot cast it aside. We must consider it. Is it to be sought under continuation of the present system of a managed currency? If so, what group is to be the powerful manager?

ADDITIONAL CURRENCY ALREADY AUTHORIZED

Our opponents say that this bill is highly inflationary. Did those who are so vehemently using that argument today, use the same argument when, in 1933, the Seventy-third Congress provided by law that the President might issue the same amount of currency, three billions, as provided in this act? Did those men who voted for that measure know that the President would allow that law to remain upon the statute books unused? Those who voted for the measure might never have been called upon to consider the Frazier-Lemke bill if the currency had been issued.

I am for this bill because it will bring into existence and circulation those three billions in currency authorized by congressional action many months ago, and based on the faith and credit of this Government. We now know that we have, in fact, an ample gold base for such an issue. If the farmers are given the chance this bill provides, that money will go into circulation. It will be used to buy the products of industry, and then those who work in factories and industries will be able to buy the products of the farm. The natural tendency will be to raise commodity prices. The issuance of more money is not the only thing necessary to increase commodity prices, but it is one of the contributing factors toward higher price levels. Do I hear you ask, what is the use of higher prices for everyone? Well, if you put a mortgage on your place you will certainly pay it more easily if you get more dollars for your products. I admit that the benefits will accrue chiefly to the debtor, whose debt was incurred before the crash. His load of debt has ever since been one of the main obstacles to farm recovery. This bill is reflationary. It will help to bring back normal prices, prices that will enable the farmer again to buy products of the factory, thus helping labor. I find progressive labor leaders in this House and elsewhere supporting the bill because they believe that what helps farmers will help them, and they desire to continue cooperation with the farm world. He will be able again to pay interest and taxes, and to take his proper and dignified position as a self-respecting, independent producer.

SILVER LEGISLATION AND HIGHER PRICES

I want higher prices for farm commodities not only in the United States but in the world's markets. When a cargo of wheat is sold in one of the world's markets, it is paid for in ounces of gold, or if sold in a silver-using country, then in ounces of silver. I believe that if the Government were, by law, to give to anyone the privilege of bringing silver bars to the United States Treasury to be coined into dollars at a ratio not greater than 16 to 1 as measured in gold, or, better still, to deposit the silver in the Treasury and have issued against it silver certificates, it would undoubtedly raise the price of silver. One of the causes of the agitation for this bill is low prices of farm commodities in foreign as well as in domestic markets. It seems reasonable to conclude that real silver legislation might have forestalled the movement for this bill.

SOUND MONEY

This administration deserves our commendation for many epoch-making achievements. In the economic field, I give first place to the courage with which it faced nullification of the gold clause in contracts, and the reduction of the number of grains in the gold dollar. This, undoubtedly, has been one of the real factors in the increase of commodity prices. Yes; bankers may strive to dictate otherwise, and editorial sanctums may ring with denunciations, but nothing can keep the money question out of this coming campaign of 1936.

We hear much about "sound money", and so far we have failed to get any understandable definition of the phrase. "Sound money" sounds well; it appeals to the ear, and undoubtedly has some effect upon the unthinking. Suppose the Government should retire one-half of the money outstanding today, what effect would it have? Do you think the channels of business would be full to overflowing? Do we not all know that stagnation would follow? Some of my good friends across the aisle say, "You want inflation." That is the bugaboo that is raised to scare the uninformed and the timid.

Someone will say, "Do you want to go like Germany and issue money in such quantity that it has no value, that it will take a million dollars to buy a dinner?" Nobody wants to follow that road. It is a well-known fact, and it will be admitted by all in a few years, that Germany deliberately and intentionally, with malice aforethought, issued untold quantities of paper money and ruined the value of her currency, thereby wiping out much of her debt. Germany, through sale of her marks, took millions upon millions of ounces of gold out of other countries, including the United States, vastly increasing her own real wealth. Then Germany issued another kind of currency based on gold in limited quantities with an inadequate base. Germany has recovered from the disaster she suffered in the Argonne in 1918, rearmed, and is again a menace to world peace. No such speedy economic revival is to be found anywhere in history. We are not proposing the German method. We have an adequate gold base and a totally different economic and political situation. It is not fair nor intelligent nor honest to try to brand this bill with the German label.

Someone else says, "You have heard of the Continental money of the American Revolution. Do you want to issue paper money in such quantities as will call forth again the expression, 'not worth a continental'?" What else could our fathers have done in the dark days of the Revolution? No gold nor silver was obtainable. They had to have money of some kind with which to pay the soldiers so they might provide the necessities of life for their dependents. It was simply one of the devices used to win independence. Then came the Civil War and the issuance of Confederate money. What else could the South do? They were making a life-and-death struggle. They had no gold and silver, and could get none to pay their soldiers and buy munitions of war. They staked their all on the fate of battle, and lost. Such citations are not conclusive proof, by any means, that the banker group of the Atlantic border should continue to dominate the financial affairs of the National Government to the detriment of our farming population.

THE GOLD BASE

Our opponents ask, "What is behind this currency?" I reply, "The farmers' farms, the faith in the credit of the Federal Government and the gold buried in our Treasury." There is a far larger percentage of gold on deposit in the Treasury of the United States than is to be found in the vaults of any other country, larger in total and in ratio to the currency. The United States owns and has in its vaults almost one-half of the monetary gold of the world. I believe that the theory that all currency should have a metal base of gold or silver makes a fetish of metals. It is true that our ancestors have had, for countless generations, great veneration for gold and silver, and this has become imbedded in our thought. We shall shed it in time, but it will take time and economic leadership. Millions have believed and still naively believe that there is intrinsic value in gold and silver, and that they were especially designed by the Creator for use as money.

Long centuries ago when our ancestors first commenced to exchange the products of their labors they bartered; then gold and silver were used as one measure of the value of the ox sold or the slave purchased, and gradually came to be the only measures of value, or the constant medium of exchange. Those people who possessed large quantities of these precious metals had an advantage which gave them a commanding place in the world. The search for precious metals became the incentive which sent men forth on uncharted seas and opened up geographic knowledge of the earth. Gold and silver still play the leading part in commerce. The gold ounce is still the measure of the balance in the world's trade.

The careful student of history will find many times when prosperity was achieved without the help of the precious metals. Generally speaking, when gold and silver have come in quantity from Mother Earth, and have been poured into the channels of business, there has been a revival of prosperity, and when these metals have disappeared from circulation or gone into hiding or have been accumulated in a few hands man has retrograded in the arts of civilization. Our fathers could clearly recall the impetus toward material progress by reason of the discovery of gold in California and Australia 87 years ago. Many on this floor are old enough to remember the difficult financial days of 1893 and 1894. We who were then active know that a new and prosperous period dawned when out of South Africa came the tons of gold which went into the channels of business. Then from the frozen North came more gold found by the boys who climbed the Chilkoot Pass in the dreary days of 1898.

For many years legal money has, in most countries of our western civilization, been limited to gold through legislative act. The gold of the world was quadrupled from 1890 to 1898 and doubled again before the World War broke out in central Europe. In the light of these historic facts, it is no wonder that a great number of the American people still believe in metal money and are enchanted by the luster and glamour of gold and silver. I cannot think that civilization would disappear from the earth if gold and silver were to come in such quantities that they would be as cheap as wood or coal or if they were to disappear altogether.

Gold and silver are valuable in the arts and sciences and convenient as mediums of exchange, but that they are the nucleus of civilization is pure fiction. Being somewhat of a realist, I think it better to deal with this frailty of belief as we find it, rather than to attempt to disregard age-old traditions. Hence, I welcome the proposed amendment to this bill which provides that a gold reserve may be created in the Treasury for a substantial percentage of all currency issued under its terms. This gold is to be a security in addition to the mortgaged farms and the faith and credit of the Government of the United States.

According to its May 6 statement, there is in the United States Treasury $10,248,949,352 in gold. This same statement gives $4,467,568,907 as the amount of outstanding currency issued against the gold base, only a relatively small portion of which is earmarked for other purposes.

It was admitted to me by high authority a year ago that there was in the Treasury $130 in gold to redeem every $100 in currency outstanding. If that was true a year ago, and I have every reason to believe it was underestimated, the amount of gold and silver in the Treasury to redeem every outstanding hundred dollars in currency is nearly $200 today. The law requires a 40-percent base for the issuance of currency. In the light of this, why is it necessary to carry 130 or 200 percent, or whatever it may be? By all who know anything about it, it is admitted that there is more free gold in the Treasury than there is currency outstanding. Suppose a great gold strike should come, and tons of gold should come from Mother Earth. Ever in the past such an influx of money has meant prosperity, business, happiness. Under the present arrangement that stream of the yellow metal would simply move into the vaults in Kentucky, into the ground from which it came, and would have no appreciable effect upon prices or upon business. I think a fair analysis of the daily statement of the United States Treasury shows that if this entire currency issue of three billions is issued and loaned to farmers, as provided under the terms of this bill, there will still be hundred-percent backing or base against every dollar of currency outstanding. How, then, can it justly be called "phoney money" or unjustifiable inflation?

WORLD TRADE

Many on this side of the aisle approve the efforts of our Secretary of State to revive world trade, but we bitterly resent his often-repeated sacrifices of agricultural prices to promote the foreign sale of the products of industry. We of the Pacific Northwest deeply regret that he found it necessary to reduce the duty upon the importation of lumber, cattle, and grain from our neighbor on the north for the benefit of the automobile manufacturers in Detroit. Many who voted for the reciprocal tariff which placed in his hands this great power will refuse to vote to continue that power if the desire to promote amity and friendship with foreign countries leads to the sacrifice of the man behind the plow. He should not be called upon to bear all the burden of trade revival. If national isolation must come—and many believe it is inevitable, though deplorable—we must prepare ourselves to bar from our land everything we can produce here and reserve American markets for American industry, and agriculture as well. Prices paid for farm products must be such as to leave not only the cost of production but a fair margin of profit. If the days of isolation must come, the only solution will be along the lines of the pending bill.

FARM-RELIEF LEGISLATION

The majority of the farmers of America are ready to admit that the Triple A worked marvelous results, especially for the larger farmers. These same farmers have great hope that the present temporary law for soil conservation will prove beneficial. We must supplement it with further credit legislation as embodied in this bill, and we must particularly care for the small farmer. The thinking and the observing farmers realize full well that our agricultural problems are not yet solved. They know that if America is forced to give up its foreign markets for surplus agricultural products, drastic forms of production control must come in some form. It has been constantly reiterated that agriculture is basic. Those who face the storms and perform the labor, those who raise the foods and the fibers, have a right to try this method of refinancing their debts, especially in the face of the partial failure of other methods. Should this measure be defeated, there will be such a storm of protests and discontent that I fear attempts in some places to set aside the due and regular processes of the law. Disheartened, discouraged, and financially wrecked farmers, having lost confidence in government, may lose self-control. The banking group of the Atlantic border, which has reigned supreme here in Washington since the days of the War between the States, should not forget that organization and methods of communication are so highly perfected that people cannot now be kept in ignorance of the facts about their public affairs. The banking and financial world of America must take its choice between increased commodity prices or wholesale repudiation of debts and final bankruptcy, not only for farm but factory as well.

WILL HELP END UNEMPLOYMENT

No thoughtful person can view with complacency the present desperate situation of our country in regard to unemployment. Times are better for thousands and millions, but there has not been the expected decrease in the unending line of the unemployed. There has been practically no decrease in the immense sums that must daily flow from the Federal Treasury to feed the hungry and clothe the unfortunate. Every effort has been made to solve this major problem, and it has been faced with sympathy and courage, but it still baffles us. This legislation will keep thousands upon thousands from the dreaded breadline. It will afford opportunity for thousands to return to farm life. It will, many of us believe, be the forerunner of a degree of prosperity and advancement in the agricultural communities that will stimulate the entire Nation.

WILL RESTORE FARM CONFIDENCE

This bill is the spearhead of the rise of the agrarian West against the dominating and governing banker group of the Atlantic border. In this bill is wrapped up the hopes and ambitions of thousands of broken, despondent people. Its passage by this Congress and its enforcement will be the opening of a new era in the affairs of America. No one who has not had the experience can realize the despair and hopelessness of the farmer and his family when the service of summons and complaint is made by the mortgagee. It means taking his home as well as his business and setting his family out on the highroad—all because of conditions over which he has no control. The conditions imposed upon him made it impossible for him to gather a sufficient number of bushels of wheat, pounds of pork, or whatever products he may have, to buy in the markets of the world the necessary number of ounces of gold or silver or their equivalent, with which to pay the annual debt of interest and principal. His life has been blighted by debt and that fateful heartless mortgage—a word made from two Latin words, "mort" meaning death and "gage" meaning grip.

This is not the first fight the farmer has made, nor will it be his last battle. Some of us were on the firing line during the prolonged struggle to shift a part of the tax burden from real property to incomes. Our adversaries were the same groups now denouncing this legislation. Before long the farmer will center his attention on the matter of farm machinery. He is now demanding the facts regarding the relative price movements of farm machinery and farm products since 1914. He wants to know about the concentration of control of the manufacture and distribution of such machinery and equipment.

As a Representative and a farmer acquainted with the life and struggles of farmers, I ask for your votes in support of this measure. In a certain sense it may be revolutionary; in another it is simply putting into effect the law we have already upon our statute books. Much has been done for farmers by this administration. Something more must be done to make the life of the American farmer more tolerable. He must have more opportunity to enjoy "the durable satisfaction of life." He must find it possible to realize some of his aspirations. He is entitled to security and stability in his important work. He demands it. He will see that he gets it.

Those who refuse to support this bill must accept the responsibility of a substitute satisfactory to the farming world. No such substitute has been offered. This bill cannot safely be rejected with indifference as to the result.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Chairman, no measure has been before Congress in years which has had such strong support among the people of Wisconsin, and the Northwest in general, as the Frazier-Lemke bill. The interest in the bill, and the demand for its passage, due to conditions which compel the people of that section to ask for this form of national legislation. The demand for it has not been confined to farmers alone, nor has its support been given only by the Farmers Union, the Grange, the Farm Federation, and other farm organizations. County boards in many counties of our State, commercial organizations, and city councils have united in asking for the legislation. The Wisconsin Federation of Labor is heartily back of those demands.

The Federal Government has been extremely liberal in extending credit facilities to the railways, banks, trust and insurance companies, and even to large industrial organizations which have borrowed liberally from the Federal Treasury through the R. F. C. to enlarge their plants and equipment, and to build new industries. The amount which has been loaned to these agencies is far in excess of the total farm debt.

When it comes to the farm-mortgage situation, however, its activities have been limited to less than two billions of dollars of land-bank credit. Local banks, because of strict Government regulations, have been denied the opportunity of easing the farm-mortgage situation. In the past few weeks, foreclosures have been proceeding at the rate of 2,000 per week. About one-fourth, or 500 foreclosures per week, have been brought by the Federal land banks, which have been extremely arbitrary in the making of loans, even more arbitrary in the extension of loans, and have set an example of hard-boiled attitude as to farm borrowing.

At the rate we are proceeding in this calendar year, over 100,000 farm mortgages will be in the process of foreclosure. Within another year 100,000 farmers, or approximately 500,000 farm people, will have been evicted from the title to their lands. In other words, within a year the country faces the possible eviction of more people from their farm homes than now reside in the entire city of Washington.

Much has been said about the continually increasing number of unemployed and the number on the relief rolls. No Government agency, however, has undertaken to ascertain how many have been driven from farms already foreclosed. Even in the plans of the Resettlement Administration for the rehabilitation of farmers on marginal lands, options are being taken on the lands which have been sold under foreclosure to provide new homes for those desiring rehabilitation, and many will be purchased for that purpose. In every such instanace they are driving another farmer from his farm and home into the ranks of the unemployed.

The Government has been extremely liberal in the extension of foreign credit. Over $12,000,000,000 are due our Treasury from foreign governments for war debts, and no attempt whatsoever is being made to enforce collection of the principal or even the interest on those loans. Many of those loans were made at a lower rate of interest than is provided in the Frazier-Lemke bill. Over a million dollars a day of American taxpayers' money is being put into the Treasury because of the interest on debts which the European nations owe us. In fact, that portion of our national debt represented in the European war loans calls on the taxpayers of this country for an annual interest charge nearly as great as the interest on all the farm-mortgage loans. There is no attempt being made of compelling those nations which are spending billions for new armaments and ostensively forcing our Government to spend its billions for the same purpose, to pay their indebtedness to us.

Objections are made to various features of the Frazier-Lemke bill. Those who are the objectors, however, fail to offer any other plan of refinancing the farm-mortgage indebtedness and saving the farms to our farmers. Their objections are to extending the Government credit to farmers while continuing to extend it to foreign countries and to our own commercial and industrial organizations. In other words, the Government which spends billions for the relief of many of those hard pressed by the depression, closes the door in the face of the farmers who are pleading for an opportunity to retain their farms, lessen the depression, and help bring back a period of prosperity.

Unless the Frazier-Lemke farm refinancing bill shall be passed at this session, there will be no measure passed. The acute condition which exists in the northwest sections of our country will grow even worse. The land banks of this country in the past 2 years have advanced $57,000,000 to pay the local taxes on farms on which they hold mortgages. The Federal land banks now hold thousands upon thousands of farms which they have obtained by foreclosure proceedings, and they are continuing to add to that number.

This situation is due not only to the depression, nor to the dry years culminating in the drought of 1934. Farmers long have been forced to compete in the markets of their own country with foreign farm products, which in the past 4 years has caused our country to send to foreign farmers for farm products more billions than are asked for in this farm-refinancing plan as contained in the Frazier-Lemke bill. Continuing to sacrifice their markets by tariffs too low for proper protection, the negotiation of reciprocal-trade treaties, which further limit our domestic markets for our own producers, and many other policies, have resulted in conditions back of the demands for the passage of the Frazier-Lemke bill. If it fails to pass, these conditions will grow so much worse that a greater agricultural problem than we now have will face future Congresses and the Nation.

I have worked earnestly from the beginning of this Congress for the enactment of this legislation. I shall vote for it, and shall continue to work for it, with the hope that Congress will not turn a deaf ear to the millions of farmers and millions of other rural people who are being driven to the wall through no fault of their own. [Applause.]

Mr. LEMKE. Mr. Chairman, I yield 7 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, there may be some gentlemen farmers in this House who own farms and someone else does the farming for them, who may be against this bill, but I challenge the membership of the House to show me one single man who has been on a farm, who has done the farming himself, who has had to do his own plowing, his own planting, his harvesting, and his selling, who is against this bill. Show me one.

Mr. FADDIS. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Pennsylvania.

Mr. FADDIS. I am one.

Mr. BLANTON. The gentleman quit the farm, did he not? He found out he could not make a living there.

Mr. KLEBERG rose.

Mr. MAY. And here is another one.

Mr. BLANTON. Every few years the farmer who has to get his living out of the ground found some money lender was taking a part of his acreage away from him under a mortgage. He had to quit and get out and come to Congress in order to make a living. [Applause.]

Mr. Chairman, I have been on a farm. I have seen just as fine a young crop of cotton as you ever saw, a crop that promised a yield of a bale per acre, and then the drought or the boll weevils or the bollworm came along and there would not be a pound to the acre. I have seen a fine crop of corn that promised a yield of 60 bushels to the acre. You could ride down the corn row on a big horse and it would be above your head. The first thing you knew the grasshoppers came along and ate it all up and you would not get a bushel to the acre. I have seen fine fields of wheat and oats. Rust would come in or a storm would come along and there would not be a bushel to the acre. The farmer of the country has more natural enemies than any other person who has to make his living. The farmer has to suffer the drought. He has to suffer too much rain. He has to contend with early frost. He has to contend with this enemy and with that enemy, and when he appeals to Congress the cry is "inflation."

Are you fellows over here who are against this bill, who helped to vote for the law that gave Charley Dawes the right to borrow $90,000,000 for one bank, and the money has not been paid back yet, afraid of inflation? Why were you not afraid of inflation when you did that for Charley Dawes and other big bankers of the country? You are much afraid now.

Mr. Chairman, I want to do something for the farmers of this country. For 50 years I have seen them growing poorer and poorer. I have seen them forced to give up their farms. I have seen the money lenders take the acreage away from them. The time has come when we should do something for the farmers, and I am going to give them my vote on this bill. I do not care what it costs me in my district. [Laughter and applause.]

Mr. Chairman, the Agricultural Committee is one of the responsible committees of the House. Some of the leading Members of the House form this committee. What are we going to do about this bill when a committee like the Agricultural Committee votes for a bill, reports it out, and puts it on the calendar? Has my distinguished colleague from Texas, the head of the committee, filed any minority report against this bill? No. I have been looking for it. There is not a minority report filed against it. If it is a bad bill, I look to him as my leader on the Agricultural Committee to tell me what is the matter with it. He should tell me in a minority report if it is a bad bill. Then I shall follow him, but he has not done this, and I am following his committee that has reported out this bill and put it on the calendar, and I was not afraid to sign that petition, although they told me the bill did not come from a Democrat. It did come from a distinguished former attorney general of his State. [Applause], and whether it came from our side or not, it comes from a proper source. It has the proper stamp of approval on it. It has the stamp of the Democratic Committee on Agriculture of this House, and I am going to vote for it, Governor, just like you are.

Mr. PIERCE. Good for you.

Mr. BLANTON. And we are going to help to pass it, and we are going to tell agriculture we are behind them.

Look at this. Here is a letter I have just traced, received from the Treasury Department—the Bureau of Customs—

which tells me that on the steamship *American Legion* that arrived in port March 12, 1936, from the Argentine they brought 74,040 cases of canned beef.

From the Argentine—to compete with the beef that is raised in my district. Oh, I saw thousands of good calves in west Texas—up in the Amarillo country and in the Abilene country—taken out and shot; and they would not even let the poor people eat them. Henry Wallace shot them, and now he is permitting 74,000 cases of canned beef on one little boat to come in here from the Argentine. It ought to stop. We ought to protect the farming interests of this country better than that. [Applause.]

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I ask unanimous consent that every Member who has spoken on this bill today may have permission to revise and extend his remarks, and also that I may extend my own remarks, including therein the amendments that the steering committee has approved so that the Members may know the amendments that are going to be offered to the bill.

The CHAIRMAN. The Chair is advised that a request of such a general character is usually made in the House.

Mr. LEMKE. Then, Mr. Chairman, I ask unanimous consent to extend my remarks and include therein the amendments I referred to in my remarks this morning during general debate.

Mr. MAVERICK. Mr. Chairman, reserving the right to object, if any similar objections are going to be made on the other side I shall object to this request, too.

Mr. BOILEAU. These are the remarks of the gentleman himself setting forth the amendments he has prepared and which he expects to offer to the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. LEMKE. 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. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H. R. 2066) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve banking system, and creating a Board of Agriculture to supervise the same, had come to no resolution thereon.

EXTENSION OF REMARKS—FRAZIER-LEMKE BILL

WHO RUNS THE COUNTRY—THE BANKERS OR THE PEOPLE?—BY THEIR VOTES YOU SHALL KNOW THEM

Mr. HOEPPEL. Mr. Speaker, my experience and observation in the Congress has but confirmed the views that I had before I became a Member; that is, that the bankers of the United States have more influence in the Congress than do the people themselves.

I left the Republican Party in 1932 because I considered that there was more promise for the people in the Democratic Party than in the Republican Party under the leadership of the "old guard." I stood beside Mayor LaGuardia, of New York, and only a short distance behind the President, on March 4, 1933, when he delivered his inaugural address, in which he promised to drive the money changers from the temple. Mr. LaGuardia, a Republican and former Member of Congress, appeared to be as enthusiastic as I in reference to the pronouncements of the President, and I am satisfied that millions of our citizens felt the same as we did—that here, at last, we had a President who represented the people and who would drive the money changers from the temple.

I cannot speak for these millions or for Mr. LaGuardia, but I can speak for myself, and I believe that I reflect the views of many of my fellow citizens when I state that in my opinion not only have we failed to drive the money changers from the temple but they are now more firmly established in the halls of finance than ever before, and thus far absolutely no effort has been made to prevent them from continuing their trespassing on the rights of the people and their usurpation of the constitutional prerogative of the Congress to coin money and regulate the value thereof. People throughout the land are asking themselves this question: What keeps the money changers in the temple? The answer is simple—money changers. The international banker and his fellows are still working at the same old game, exchanging money for propaganda to perpetuate the system which permits them to exact their pound of flesh from our distressed citizens, home owners, and farmers.

THE THREE P'S OF THE POLITICIANS—PARTISANSHIP, PATRONAGE, AND THE PUBLIC

Many officeholders appear to be actuated primarily by partisan considerations. They are influenced, if not actually controlled by patronage, and although they profess to have a sincere interest in the public, they appear to conveniently overlook that interest when it comes to a question of an issue between the people and the bankers.

We read a great deal about the Magna Carta of personal liberty. I am hopeful that before this session of Congress concludes we may give to the people a magna carta of financial and monetary liberty so that our Nation may go forward under the Constitution and in the observance of every provision thereof.

LET THE PEOPLE DECIDE

The vote on the Frazier-Lemke bill will show to the world the Members of Congress who are interested in the people and it will show just as decisively the Members who feel that the private, international banker should control the finances of our Nation. We might well reorganize our political parties, separating the sheep from the goats on the basis of their vote on this important measure, undeniably in the people's interest, which has been held up in the Congress for the past four sessions, and which comes to us now for a vote only after a determined battle on the part of the distinguished gentleman from North Dakota [Mr. LEMKE] and those of us who have cooperated with him. We shall soon know whether the controlling vote of the Congress represents the voice of the people or the voice of the money power.

If the Frazier-Lemke bill carries in the House, I advocate the circulation of a resolution, which I will be pleased to head, pledging the signatories to hold Congress in session until the Frazier-Lemke bill has been acted upon by the Senate, and if passed by the Congress, until it has been acted upon by the President, so that there will be no danger that after passage by the Congress it will die aborning in a pocket veto. In my opinion, this is an issue of the people versus the bankers, and as a Democrat who left the Republican Party because, under the "old guard", it had sold out to Wall Street, I hope that my own party, the Democratic Party, will show itself today in the Congress to be the champion of the people's cause against the selfish interest of the financial power, and that the faith which the people have in us may thus be confirmed and strengthened.

WHO IS RESPONSIBLE FOR THE CONTINUED ISSUANCE OF TAX-EXEMPT BONDS?

I was present on the floor of the Congress and witnessed a battle there between the chairman of the Committee on Banking and Currency and the chairman of the Committee on the Judiciary in which both were clamoring for jurisdiction of a bill which had been proposed to abolish tax-exempt bonds. The Committee on the Judiciary was given jurisdiction of such legislation, and thus far has failed to act. I was recently informed that the failure of the committee to take up legislation to abolish tax-exempt bonds may be attributed to administration pressure against its enactment.

If this is true, it appears the administration is in favor of the continued issuance of tax-exempt bonds, to which all thinking Americans must object.

There is no reason why the American people should pay interest on their own credit, and it is for this reason that I am so anxious to see the enactment of the pending Frazier-Lemke farm refinancing bill, which, if enacted into law, will bring mortgage relief to our distressed farmers and at the same time will bring billions of dollars of profit to our Government in interest payments, which under our present system accrue to the private banker. Furthermore, the enactment of the Frazier-Lemke bill will set an admirable precedent for the enactment of similar legislation in the interest of the urban home owner and also for the extension of credit to legitimate business at not over 1½-percent interest. God help the American people if we as a people are to continue to be subject to the power of unearned, entrenched wealth in the hands of the international banker and his fellows!

Those opposed to the Frazier-Lemke bill have sought to defeat it by terming it "inflationary" without the slightest basis of fact for such a charge. Under existing law—made by the bankers—we are authorized to coin two and one-half times as much paper money as there is gold in the Treasury. Today we have over $10,200,000,000 in gold which we are soon to bury in the ground for safekeeping, and we have only one-half of this amount in circulation in paper money. Under existing law, which, I reiterate, the bankers made, we are authorized to print approximately $25,000,000,000 Treasury certificates or notes, yet the Frazier-Lemke bill, which calls for only $3,000,000,000 in Treasury notes, is termed inflationary. If we enact this bill, there will be only 80 cents in paper money for every $1 in gold which we have buried. This certainly cannot be considered as inflationary if we have 20 percent more gold than we have paper money in circulation.

We should bear in mind that Treasury notes cannot be destroyed by the Federal Reserve System in lieu of bonds. It is for this reason that the bankers oppose the Frazier-Lemke bill. They do not want money in circulation except such "rubber" Federal Reserve notes as they can issue or destroy, at will, to control prices for their advantage.

I have not yet filed for reelection to Congress. The enactment of the Frazier-Lemke bill and a constitutional amendment forever abolishing tax-exempt securities is of more interest to me than partisan politics. I look to the national convention of our party in the hope that our party platform will declare for a constitutional amendment forever abolishing tax-exempt bonds and establishing a more equitable system of taxation whereby those who have the wealth will be called upon to carry at least their proportionate share of our increased and increasing tax burden. If we are to have "equal justice under law", we also should have equal taxation, and no man's wealth should be tax exempt.

Let us consider for a moment the Frazier-Lemke bill in comparison with the discredited A. A. A., which I opposed. It must be admitted that the Frazier-Lemke bill will give real, substantial assistance to the distressed farmer and that at the same time, as a result of such assistance, a profit will accrue to the National Treasury in the interest payments. Contrariwise, under the A. A. A. the distressed mortgagees, farm tenants, and sharecroppers received very little benefit, while the opulent landholders, and in many instances foreign absentee landlords, obtained "agricultural relief" as high as $1,000,000 or more per individual or corporation. A comparison of these two measures shows how much more effective and just is the Frazier-Lemke farm-refinancing bill than was the A. A. A., under which a large share of the benefits which were intended for the distressed farmers were absorbed by wealthy landlords. Unlike the A. A. A., which increased the prices of farm products to the consumer—we are still suffering from the high price of meat attributable to this act—the Frazier-Lemke bill is not an indirect sales tax on foodstuffs but it is a real, legitimate aid to the farmer, without the intervention of the international banker, and the profits under this bill will go to the Government and not to Wall Street.

I for one am proud of the opportunity to cast my vote in support of the Frazier-Lemke bill. If we are to progress we must legislate for the people who are in distress and not for those who have brought about our present depression and who thus far have profited out of all proportion in so-called relief measures. In the storm which has overtaken our economic ship of state the financial interests have ensconced themselves safely in the lifeboats and have been given every possible assistance, while the unfortunate shipwrecked citizens who are floundering in the waters of depression, millions of them without life preservers of any kind, have been considered as "the least among these." I hope that before this Congress adjourns a life line strong enough to bring them safely to shore will be thrown to these unfortunate struggling citizens who, notwithstanding their desperate plight, still have the utmost faith in our promises to save them.

Shall we dissipate their hopes? Shall we play the part of hypocrites and tell them with one voice that we are concerned over their plight and will do all in our power to rescue them and provide for them "the abundant life", while at the same time we ignore their immediate needs and give every aid and succor to those who are already safely in the lifeboats and who have more than enough of this world's goods? If we abandon them now, they will be indeed "the forgotten men."

I reiterate, the Frazier-Lemke farm-refinancing bill, free from profits to the international banker, is the real magna carta of financial and monetary liberty, and the action we take on this measure and on the abolition of tax-exempt securities will stamp every one of us with the brand we deserve—either for the people or for the bankers.

CALENDAR WEDNESDAY

Mr. BANKHEAD. Mr. Speaker, I desire to submit a unanimous-consent request. I ask unanimous consent that business on Calendar Wednesday tomorrow may be dispensed with so that we may conclude the pending bill.

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

There was no objection.

HOUR OF MEETING TOMORROW

Mr. JONES. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection?

Mr. SNELL. I shall not object, but I should like to ask the majority leader if he will tell us what the program is for the rest of the week and why it is necessary to meet at 11 o'clock tomorrow?

Mr. BANKHEAD. I will state that there are several conference reports which we are anxious to dispose of and which have been pending for a long time. We hope that after the pending bill is disposed of we can take up the conference reports, one of which is the Interior Department bill, which is rather controversial and will take probably a day.

Mr. SNELL. You will take that up on Thursday?

Mr. BANKHEAD. Yes; if the pending bill is concluded.

Mr. LAMBERTSON. I have understood that the gentleman from Colorado [Mr. TAYLOR] will not be back until the first of the week.

Mr. BANKHEAD. The last information I had was he would be able to be here this week. I will say that there is no other legislative program yet arranged because we hope to take up the conference reports.

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

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. HANCOCK of North Carolina. Mr. Speaker, I ask unanimous consent that on Thursday after the reading of the Journal and disposition of matters on the Speaker's table I may be permitted to address the House for 10 minutes.

The SPEAKER. The Chair will entertain that request in the event that the pending bill is completed.

Mr. HANCOCK of North Carolina. My request is made on that understanding.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their own remarks on the pending bill.

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

There was no objection.

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address by the Assistant Secretary of the Interior.

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

Mr. SNELL. I object.

SENATE JOINT RESOLUTIONS REFERRED

Joint resolutions of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. J. Res. 226. Joint resolution authorizing the President to invite foreign countries to participate in the San Francisco Bay Exposition of 1939 at San Francisco, Calif.; to the Committee on Foreign Affairs.

S. J. Res. 229. Joint resolution providing for the contribution by the United States to the expense of the celebration by the State of Arkansas of its admission to the Federal Union; to the Committee on the Library.

SENATE ENROLLED BILL SIGNED

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 3161. An act to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia, and so forth", approved March 3, 1925, as amended.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 21 minutes p. m.), the House under the order just adopted adjourned until tomorrow, Wednesday, May 13, 1936, at 11 a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. DUFFY of New York: Committee on the Judiciary. H. R. 12329. A bill to reenact section 259 of the Judicial Code, relating to the traveling and subsistence expenses of circuit and district judges; without amendment (Rept. No. 2607). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLER: Committee on the Judiciary. S. 3043. An act for the relief of the State of Maine; without amendment (Rept. No. 2608). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. House Joint Resolution 583. Joint resolution authorizing the Veterans' Administration to prepare and publish a compilation of all Federal laws relating to veterans of wars of the United States; without amendment (Rept. No. 2610). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. S. 3440. An act to amend certain acts relating to public printing and binding and the distribution of public documents and acts amendatory thereof; without amendment (Rept. No. 2611). Referred to the Committee of the Whole House on the state of the Union.

Mrs. GREENWAY: Committee on the Public Lands. H. R. 12062. A bill to authorize the Secretary of the Interior to accept unsurveyed lands in numbered school sections in the State of Arizona in exchange for certain other lands, and for other purposes; with amendment (Rept. No. 2612). Referred to the Committee of the Whole House on the state of the Union.

Mrs. GREENWAY: Committee on the Public Lands. H. R. 11183. A bill to provide for the acquisition of certain lands by the town of Benson, Ariz., for school and park purposes; without amendment (Rept. No. 2613). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEVER: Committee on the Public Lands. S. 3805. An act to authorize the Secretary of the Interior to reserve certain lands on the public domain in Nevada for addition to the Walker River Indian Reservation; without amendment (Rept. No. 2614). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEVER: Committee on the Public Lands. S. 4230. An act to amend section 28 of the Enabling Act for the State of Arizona, approved June 20, 1910; without amendment (Rept. No. 2615). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. S. 4026. An act to amend the National Defense Act of June 3, 1916, as amended; without amendment (Rept. No. 2616). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. S. 4190. An act to amend the act approved February 7, 1913, so as to remove restrictions as to the use of the Little Rock Confederate Cemetery, Arkansas, and for other purposes; without amendment (Rept. No. 2617). 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. GREEVER: Committee on the Public Lands. S. 4374. An act for the relief of Ruth Edna Reavis (now Horsley); without amendment (Rept. No. 2609). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 1464. An act for the relief of Frank P. Hoyt; without amendment (Rept. No. 2618). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 3067. An act for the relief of A. J. Watts; without amendment (Rept. No. 2619). Referred to the Commitee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 3128. An act for the relief of Daniel Yates; without amendment (Rept. No. 2620). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 3663. An act for the relief of William Connelly, alias William E. Connoley; without amendment (Rept. No. 2621). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. Senate Joint Resolution 110. Joint resolution authorizing Brig. Gen. C. E. Nathorst, Philippine Constabulary, retired, to accept such decorations, orders, medals, or presents as have been tendered him by foreign governments; without amendment (Rept. No. 2622). 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. DEMPSEY: A bill (H. R. 12676) to provide for the establishment of an agricultural experiment station within the Middle Rio Grande Conservancy District in the State of New Mexico; to the Committee on Agriculture.

By Mr. HAMLIN: A bill (H. R. 12677) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of York County, Maine; to the Committee on Coinage, Weights, and Measures.

By Mr. O'MALLEY: A bill (H. R. 12678) to provide for the control of floodwaters in the Wisconsin Valley, to improve navigation on the Wisconsin River and its tributaries, to provide for the irrigation of arid and semiarid lands, and for other purposes; to the Committee on Flood Control.

By Mr. ROBINSON of Utah: A bill (H. R. 12679) to correct the description of a portion of the Fort Douglas Military

Reservation, State of Utah; to the Committee on Military Affairs.

By Mr. LEA of California: A bill (H. R. 12680) to regulate the transportation and sale of natural gas in interstate commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON (by request): A bill (H. R. 12681) to amend section 1 of the act of Congress entitled "An act to fix the salaries of officers and members of the Metropolitan Police force, the United States Park Police force, and the fire department of the District of Columbia", approved May 27, 1924, and for other purposes; to the Committee on the District of Columbia.

By Mr. O'CONNELL: A bill (H. R. 12682) authorizing the construction and operation of two American trans-Atlantic airships; to the Committee on Interstate and Foreign Commerce.

By Mr. BUCKLER of Minnesota: A bill (H. R. 12683) authorizing the Secretary of Commerce to establish a fish-cultural station in northern Minnesota; to the Committee on Merchant Marine and Fisheries.

By Mr. CASTELLOW: A bill (H. R. 12684) providing for the sale of certain lands within the Fort Benning Military Reservation, Ga.; to the Committee on Military Affairs.

By Mr. GASQUE: A bill (H. R. 12685) granting the consent of Congress to the county of Horry, S. C., to construct, maintain, and operate a free highway bridge across the Waccamaw River, at or near Red Bluff, S. C.; to the Committee on Interstate and Foreign Commerce.

By Mr. McLAUGHLIN: A bill (H. R. 12686) authorizing the Chief of the Weather Bureau to enter into 3-year contracts for airplane observation flight services; to the Committee on Agriculture.

By Mr. MAVERICK (by request): A bill (H. R. 12687) to provide for the protection of workmen on public buildings; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. CANNON of Missouri: A bill (H. R. 12688) granting a pension to Hattie B. Roberts; to the Committee on Invalid Pensions.

By Mr. McLAUGHLIN: A bill (H. R. 12689) for the relief of William McKinley Gill; to the Committee on Military Affairs.

Also, a bill (H. R. 12690) authorizing the President of the United States to present, in the name of Congress, a Medal of Honor to Thomas E. Langdon; to the Committee on Military Affairs.

Also, a bill (H. R. 12691) granting a pension to Harriett M. Hughes; to the Committee on Invalid Pensions.

By Mr. SHANLEY: A bill (H. R. 12692) for the relief of David W. Morgan; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10871. By Mr. CULLEN: Petition of the Bricklayers' International Union, Local No. 9, Brooklyn, N. Y., endorsing and supporting the Wagner-Ellenbogen housing bills (S. 4424 and H. R. 12164); to the Committee on Banking and Currency.

10872. By Mr. HILDEBRANDT: Resolution of the American Legion, favoring the construction of a veterans' hospital at some point east of the Missouri River; to the Committee on World War Veterans' Legislation.

10873. By Mr. JOHNSON of Texas: Memorial of G. P. Todd, of Ennis, Tex., in behalf of the Smith resolution, regarding payment of cotton-pool certificates; to the Committee on Agriculture.

10874. By Mr. KENNEY: Petition of the North Hudson Real Estate Board, Inc., requesting the Interstate and Foreign Commerce Committee to favorably consider the Copeland-Kenney bill (H. R. 31) now before the House of Representatives; to the Committee on Interstate and Foreign Commerce.

10875. Also, resolution of the executive committee of the Newark Newspaper Guild, urging the President and Congress to continue the Federal arts projects on a national basis under direct Federal control, and requesting resolution be sent to the President and to Members of Congress; to the Committee on Appropriations.

10876. Also, petition of the American Association of University Women, Grand Junction, Colo., favoring the pure food and drug bill with elimination of provisions permitting claimant whose goods have been seized to require trial in a court in his own district; preventing multiple seizures of misbranded products; and urging the retention of enforcement of advertising provisions of the act under the Food and Drug Administration; to the Committee on Interstate and Foreign Commerce.

10877. By Mr. PFEIFER: Petition of the Bricklayers' International Union, Local No. 9, Brooklyn, N. Y., urging support of the Wagner-Ellenbogen housing bills (S. 4424 and H. R. 12164); to the Committee on Banking and Currency.

10878. By Mr. SUTPHIN: Petition of the executive committee of the Newark (N. J.) Newspaper Guild, commending the Federal arts projects of the Works Progress Administration, and urging that same be continued on a national basis under direct Federal control; to the Committee on Appropriations.

10879. By Mr. TREADWAY: Petition of the custodial employees of the Post Office and Treasury Departments in Boston, Mass., urging the enactment of the Boylan bill; to the Committee on the Civil Service.

SENATE

WEDNESDAY, MAY 13, 1936

(Legislative day of Tuesday, May 12, 1936)

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

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, May 12, 1936, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

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

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 3161) to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia, etc.", approved March 3, 1925, as amended, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, it being obvious that a quorum is not present, I ask that the roll be called.

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Byrnes	Gibson	McAdoo
Ashurst	Capper	Glass	McGill
Austin	Caraway	Guffey	McKellar
Bachman	Clark	Hale	McNary
Bailey	Connally	Harrison	Maloney
Barbour	Coolidge	Hastings	Metcalf
Barkley	Copeland	Hatch	Minton
Benson	Couzens	Hayden	Moore
Black	Davis	Johnson	Murphy
Bone	Dieterich	Keyes	Murray
Borah	Donahey	King	Norris
Brown	Duffy	La Follette	Nye
Bulkley	Fletcher	Lewis	Pittman
Bulow	Frazier	Logan	Pope
Burke	George	Lonergan	Radcliffe
Byrd	Gerry	Long	Reynolds