

McCarran-Mead bill, so-called longevity bill; to the Committee on the Post Office and Post Roads.

1145. Also, petition of the State Camp of Pennsylvania, relating to the Supreme Court and other purposes; to the Committee on the Judiciary.

SENATE

WEDNESDAY, MARCH 17, 1937

The Chaplain, Rev. Z&Barney T. Phillips, D. D., offered the following prayer:

Lord of all the earth, whose love is ever great toward us, be very near and touch our hearts to thankfulness that for all Thy mercies we may bless Thy holy name.

Direct and prosper, we beseech Thee, the deliberations of the Congress to the advancement of Thy glory, the safety, honor, and welfare of the people of the United States, that our Nation may find the way of gladness and walk with Thee in the path of peace.

Remember those whose souls are straitened by sickness, sorrow, or despair, and do Thou consecrate to us the sacrament of suffering that we may share with Thee in lifting the burden of their pain until their unfettered souls, like fluttering birds, shall wing their flight up through the dark and find at last Thy shelter, the joy of Thy deathless love. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of Monday, March 15, 1937, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

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

S. 361. An act to further extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Garrison, N. Dak.;

S. 996. An act to further extend the times for commencing and completing the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa; and

S. 997. An act to further extend the times for commencing and completing the construction of a bridge across the Missouri River at or near the cities of South Sioux City, Nebr., and Sioux City, Iowa.

The message also announced that the House had passed the joint resolution (S. J. Res. 75) making funds available for the control of incipient or emergency outbreaks of insect pests or plant diseases, including grasshoppers, Mormon crickets, and chinch bugs, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to Senate Concurrent Resolution 5, as follows:

Resolved by the Senate (the House of Representatives concurring), That April 6 of each year be recognized by the Senate and House of Representatives of the United States of America as Army Day, and that the President of the United States be requested, as Commander in Chief, to order military units throughout the United States to assist civic bodies in appropriate celebration to such extent as he may deem advisable; to issue a proclamation each year declaring April 6 as Army Day, and in such proclamations to invite the Governors of the various States to issue Army Day proclamations: *Provided*, That in the event April 6 falls on Sunday, the following Monday shall be recognized as Army Day.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 175. An act declaring Scajaquada Creek, Erie County, N. Y., to be a non-navigable stream;

H. R. 2305. An act to extend the time for applying for and receiving benefits under the act entitled "An act to provide means by which certain Filipinos can emigrate from the United States", approved July 10, 1935;

H. R. 3473. An act to authorize the Secretary of State to sell, for a price, transfer, and convey the title, rights, and

interest of this Government in a lot situated at Sin Lu T'ou Jetty, Kulangsu, Amoy, China;

H. R. 3874. An act to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland at or near Cedar Point and Dauphin Island, Ala.;

H. R. 4012. An act to penalize procuring of or attempts to procure the escape of any prisoner in the custody of an officer of the United States;

H. R. 4287. An act to authorize the Attorney General to settle outstanding claims against Chapman Field, Fla., and for other purposes;

H. R. 5122. An act to authorize certain officers and employees to administer oaths to expense accounts;

H. R. 5332. An act authorizing allotment of pay by civilian personnel stationed abroad; and

H. J. Res. 217. Joint resolution providing for the construction and maintenance of a National Gallery of Art.

CALL OF THE ROLL

Mr. LEWIS. I ask that the roll be called in order to assure the presence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Connally	King	Pittman
Andrews	Copeland	La Follette	Pope
Ashurst	Davis	Lee	Radcliffe
Austin	Dieterich	Lewis	Reynolds
Bachman	Duffy	Lodge	Robinson
Bailey	Ellender	Logan	Russell
Barkley	Frazier	Loneragan	Schwartz
Bilbo	George	Lundeen	Schwellenbach
Black	Gerry	McAdoo	Sheppard
Bone	Gibson	McGill	Steiwer
Borah	Gillette	McKellar	Thomas, Okla.
Bridges	Green	McNary	Thomas, Utah
Brown, Mich.	Guffey	Maloney	Townsend
Bulow	Hale	Minton	Tydings
Burke	Hatch	Moore	Vandenberg
Byrd	Hayden	Murray	Van Nuys
Byrnes	Herring	Neely	Walsh
Capper	Holt	Norris	Wheeler
Caraway	Hughes	Nye	White
Chavez	Johnson, Calif.	Overton	
Clark	Johnson, Colo.	Pepper	

Mr. LEWIS. I announce the absence of the senior Senator from Ohio [Mr. BULKLEY], of the junior Senator from Ohio [Mr. DONAHEY], and of the Senator from Virginia [Mr. GLASS], caused by illness.

The Senator from New Hampshire [Mr. BROWN], the Senator from Nevada [Mr. McCARRAN], the Senator from Wyoming [Mr. O'MAHOONEY], the Senator from South Carolina [Mr. SMITH], and the Senator from Missouri [Mr. TRUMAN] are detained by important public affairs.

The Senator from Mississippi [Mr. HARRISON] and the Senator from New York [Mr. WAGNER] are unavoidably detained.

Mr. BULOW. I announce that my colleague the junior Senator from South Dakota [Mr. HITCHCOCK] is detained from the Senate because of a death in his family.

Mr. AUSTIN. I announce that the senior Senator from Minnesota [Mr. SHIPSTEAD] is absent because of illness.

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

RELIEF OF FRANK CHRISTY AND OTHERS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation for the relief of Frank Christy and other disbursing agents in the Indian Service, which, with the accompanying paper, was referred to the Committee on Claims.

LEASING OF LANDS ON INDIAN IRRIGATION PROJECTS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Federal Indian irrigation projects wholly or partly Indian and to lease the lands in such reserves for agricultural, grazing, and other purposes, which, with the accompanying paper, was referred to the Committee on Indian Affairs.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following resolution of the Senate of the State of Oklahoma, which was referred to the Committee on Commerce:

Resolution endorsing the proposed construction of the Red River Dam and Reservoir, south of Durant, Okla.

Whereas the United States of America is considering the construction of a large reservoir and dam on the Red River below the mouth of the Washita River for the purpose of impounding a large supply of water; and

Whereas the construction of said dam will greatly benefit the State of Oklahoma in that thousands of workmen will be employed and great sums of money spent in the State of Oklahoma by the Federal Government; and

Whereas the said dam and reservoir will be of great benefit in flood control; and

Whereas the construction of said dam and reservoir may be the means of furnishing cheap electric power to the needy citizens of a great area: Now, therefore, be it

Resolved by the Senate of the Sixteenth Legislature of the State of Oklahoma:

SECTION 1. That it does hereby express its full and complete approval of the proposed construction of said reservoir and dam; and

Sec. 2. That it hereby respectfully requests the Chief Executive of the State of Oklahoma and the entire national congressional delegation from the State of Oklahoma to do all in their power to cooperate with the national authorities and the authorities of surrounding States in bringing about the construction of said dam; and be it further

Sec. 3. *Resolved*, That the secretary of state be, and he is hereby, directed to send certified copies of this resolution to the President of the United States, the Vice President of the United States, the Governor of the State of Oklahoma, each of the United States Senators and Congressmen from Oklahoma, the Chief Engineer of the United States Army, the Mississippi River Commission at Vicksburg, Miss., and the National Water Resources Committee at Washington, D. C.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Washington, which was referred to the Committee on the Judiciary:

To the Honorable Franklin D. Roosevelt, President of the United States; the Senate and the House of Representatives of the United States of America in Congress assembled:

We, your memorialists, the Senate and the House of Representatives of the State of Washington, in legislative session assembled, most respectfully represent and petition the President of the United States and the Senate and House of Representatives of the United States as follows:

Whereas the President of the United States has recommended to Congress the enactment of legislation, urgently needed but long delayed, concerning the retirement and appointment of Justices of the Supreme Court and specific reforms in our entire Federal judicial system; and

Whereas your memorialists wholeheartedly and unqualifiedly approve and endorse the recommendations of the President and commend him for his constructive and forward-looking analysis of these much-needed reforms in our courts and judicial systems: Now, therefore, be it

Resolved by the Senate and the House of Representatives of the State of Washington in legislative session assembled, That we urge upon the National Congress to enact the proper and necessary laws to put into effect the recommendations of the President contained in his message of February 1937.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Nevada, which was referred to the Committee on Post Offices and Post Roads:

Assembly joint resolution petitioning the Congress of the United States to enact a Federal law to eliminate competitive bidding on star mail routes and to provide for the retention in the service of star-route contractors giving satisfactory service and authorizing the Postmaster General to grant additional compensation where rates of pay are unreasonably low

Whereas the present system of competitive bidding tends to bring into the service inexperienced carriers, which results in inferior service; and

Whereas the fear of losing the contract every 4 years causes the contractor to refrain from purchasing proper equipment; and

Whereas the present economic stress has forced contractors to bid below cost of operation rather than apply for Federal relief; and

Whereas patrons on star mail routes are entitled to the same class of service as is given to patrons on routes where tenure and pay are fixed: Therefore be it

Resolved by the Assembly of the Senate of the State of Nevada, That the Seventy-fifth Congress of the United States be requested to enact such legislation as is necessary to retain in the star mail service experienced, satisfactory contractors and authorize the Postmaster General to grant pay adjustments at his discretion; and be it further

Resolved, That a copy of this resolution be forwarded to the President of the United States Senate, to the Speaker of the House of Representatives, and to each of our Senators, and to our Representative in Congress.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of New Mexico, which was referred to the Committee on Public Lands and Surveys:

Joint memorial to the Congress of the United States, asking for the allotment of public lands due the Museum of New Mexico

Whereas in the statehood bill of June 20, 1910, under which the Territory of New Mexico was admitted to the Union, the Museum of New Mexico, established by act of the legislature of February 19, 1909, did not receive the grant of public lands allotted to all other State institutions; and

Whereas on this omission being brought to the attention of the framers of the statehood bill, with request that it be amended to correct this omission, New Mexico's Delegate in Congress asked that the proposed amendment be withheld so as not to delay the enactment of the bill and gave positive assurance that the oversight would be remedied immediately by act of Congress, which assurance was never made good; and

Whereas the withholding of said public lands from the State Museum has for 25 years deprived the institution and the State of revenues that would have been used for the protection and preservation of the historic and prehistoric monuments of New Mexico, and for the collection, housing, and display of its antiquities, which has resulted in continual loss to the State and the Nation of these valuable assets; and

Whereas further losses of this kind can be averted by correcting the manifest injustice to the State and to one of its indispensable institutions: Therefore be it

Resolved, That the Congress of the United States is hereby petitioned to direct immediately that from the unapportioned public land in the State of New Mexico an allotment of 500,000 acres be made to the State Museum for the purposes above mentioned, said acreage to be selected in the manner prescribed for the selection of public lands for the benefit of the other institutions of the State; be it further

Resolved, That a copy of this memorial be sent to the Senators and Representative of New Mexico and to the President of the Senate and Speaker of the House of the Congress of the United States, with request for early affirmative action upon the same.

The VICE PRESIDENT also laid before the Senate a resolution adopted by Florida Council, No. 41, Junior Order United American Mechanics, of Jacksonville, Fla., favoring the enactment of certain pending legislation introduced by Senator REYNOLDS and Representative STARNES providing for the restriction of immigration, the prompt deportation of habitual criminal and other undesirable aliens, the registration of aliens, etc., which was referred to the Committee on Immigration.

He also laid before the Senate a petition (forwarded by Martin Luther Thomas, of the Christian American Crusade, Los Angeles, Calif.) of sundry citizens of the State of North Dakota praying that no law be enacted that would disturb or abridge religious rights and privileges, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by the Inter-Professional Association (IPA), of Boston, Mass.; the Seattle Scandinavian-American Democratic Club; Local No. 1013, American Federation of State, County, and Municipal Employees; and the Liga Defensora de Mayaguez, Mayaguez, Puerto Rico, favoring the enactment of legislation to reorganize the judicial branch of the Government, which were referred to the Committee on the Judiciary.

He also laid before the Senate letters in the nature of petitions from George H. Rycraw, past commander, on behalf of James Reese Europe Post, No. 5, the American Legion, and Ernest F. Barber, vice president, etc., on behalf of Lodge No. 20, American Federation of Government Employees, both of Washington, D. C., praying for the confirmation of the nomination of William H. Hastie, of the District of Columbia, to be judge for the district court of the Virgin Islands, which were referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by the Louisiana Society, Sons of the American Revolution, and Spirit of '76 Chapter, Daughters of the American Revolution, New Orleans, La., favoring the enactment of the so-called Overton bill, being the bill (S. 1790) authorizing the erection of a monument commemorating Zachary Taylor, which were referred to the Committee on the Library.

He also laid before the Senate a resolution adopted by the annual reunion of the Association of Veterans of the

Revolution (under the Presidency of Gen. Emilio Aguinaldo), Manila, P. I., favoring the prompt enactment of legislation granting complete independence to the Philippine Islands, and also favoring the negotiation of a trade treaty between the United States and the Philippines, which was referred to the Committee on Territories and Insular Affairs.

Mr. LODGE presented resolutions adopted by the Stoneham League for Peace Action, in the State of Massachusetts, protesting against the enactment of legislation providing industrial mobilization in times of war or national emergency, and favoring continuance of the trade-agreement policies of the Government, and also the calling of an international economic conference relative to the stabilization of currencies and access to raw materials and markets, which were referred to the Committee on Foreign Relations.

Mr. GIBSON presented memorials of several citizens of Cambridge and Norwich, Vt., remonstrating against the enactment of legislation to reorganize the judicial branch of the Government, which were referred to the Committee on the Judiciary.

He also presented memorials of several citizens of Bellows Falls and Brattleboro, Vt., remonstrating against the enactment of legislation to enlarge the membership of the Supreme Court, or any other legislation of a similar character, which were referred to the Committee on the Judiciary.

Mr. SCHWARTZ presented the following joint memorial of the Legislature of the State of Wyoming, which was referred to the Committee on Agriculture and Forestry:

Joint memorial memorializing Congress to support legislation now before Congress providing for the establishment of a system of Federal financial benefits enabling the several States of the Union to make more adequate provision for the control and the eradication of noxious weeds; to conserve and protect the agricultural resources of the several States and the United States

Whereas H. R. 4009, now before the United States Congress, providing for the establishment of a system of Federal benefit, enabling the several States to make more adequate provisions for the control and the eradication of noxious weeds; and

Whereas the noxious weed problem is too large for Wyoming, her counties, and individuals to financially cope with; and

Whereas large areas of public domain, other federally owned lands, and other publicly owned lands are involved in the noxious-weed infestations within the State: Therefore be it

Resolved by the House of Representatives of the Twenty-fourth Legislature of the State of Wyoming (the senate concurring), That we hereby memorialize the Congress of the United States to enact into law H. R. 4009, providing adequate Federal financial aid for the control and the eradication of noxious weeds in the several States of the Union; be it further

Resolved, That certified copies of this memorial be sent to the President of the United States Senate and the Speaker of the National House of Representatives and to United States Senators JOSEPH C. O'MAHONEY and HARRY H. SCHWARTZ and to Congressman PAUL R. GREEVER.

Mr. McADOO presented the following house resolution of the Assembly of the State of California, which was referred to the Committee on the Judiciary:

Whereas the President of the United States has proposed to Congress a sound, workable, practicable plan to increase the efficiency of the Federal courts, expedite the business thereof, and to promote thereby the dispensation of justice to the people of the United States; and

Whereas the pressure of litigation and the number of cases pending before the Supreme Court and the circuit courts of appeal and the district courts require additional judicial officers of such cases; and

Whereas certain of the incumbent Judges and Justices are of such advanced age that they should be assisted or replaced by younger Judges; and

Whereas superannuated Judges have a tendency to be "tenacious of the appearance of adequacy"; and

Whereas a retirement pension system for superannuated Judges has long been recognized as necessary; and

Whereas the Legislature of the State of California has before it this session and is expected to consider favorably bills to retire aged State judges and for the involuntary retirement of judges who become physically or mentally unable to perform their duties; and

Whereas the President's proposal seeks to expedite justice and to insure speedy decisions on important public measures: Now, therefore, be it

Resolved by the Assembly of the State of California, That the President's judicial reform program is hereby emphatically endorsed and approved; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, the Vice President of the United

States, the Speaker of the House of Representatives, and each Senator and Member of the House of Representatives in the United States Congress from the State of California.

REPORTS OF COMMITTEES

Mr. BROWN of Michigan, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 328. A bill for the relief of the estate of Letha F. McCubbin, the estate of Mary B. Hodge, and the estate of Walter H. Mansfield (Rept. No. 181); and

H. R. 1231. A bill for the relief of John Munroe (Rept. No. 182).

Mr. BROWN of Michigan also, from the Committee on Claims, to which was referred the bill (H. R. 595) for the relief of C. E. Landtiser, reported it with an amendment and submitted a report (No. 183) thereon.

Mr. BAILEY, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 434. A bill for the relief of Rufus C. Long (Rept. No. 186);

S. 435. A bill for the relief of B. W. Winward (Rept. No. 187);

S. 544. A bill for the relief of M. K. Fisher (Rept. No. 188); and

S. 1684. A bill for the relief of the State of Pennsylvania (Rept. No. 189).

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

S. 274. A bill for the relief of Joseph N. Wenger, lieutenant, United States Navy, and for other purposes (Rept. No. 195);

H. R. 3451. A bill for the relief of F. M. Loeffler (Rept. No. 190); and

H. R. 3812. A bill for the relief of the estate of Rees Morgan (Rept. No. 191).

Mr. BAILEY also, from the Committee on Claims, to which were referred the following bills, reported them severally with amendments and submitted reports thereon:

S. 74. A bill for the relief of Melba Kuehl (Rept. No. 192);

S. 191. A bill for the relief of Orson Thomas (Rept. No. 193); and

S. 316. A bill for the relief of Edward Y. Garcia and Aurelia Garcia (Rept. No. 194).

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 470) for the relief of Joseph M. Cacace, Charles M. Cacace, and Mary E. Clibourne, reported it without amendment and submitted a report (No. 197) thereon.

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (H. R. 3067) for the relief of John Edgar White, a minor, reported it without amendment and submitted a report (No. 198) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (H. R. 3201) for the relief of Bertha M. Harris, reported it without amendment and submitted a report (No. 199) thereon.

Mr. WHITE, from the Committee on Commerce, to which was referred the bill (S. 595) to amend the Communications Act of 1934, approved June 19, 1934, for the purpose of promoting safety of life and property at sea through the use of wire and radio communications, to make more effective the International Convention for the Safety of Life at Sea, 1929, and for other purposes, reported it with an amendment in the nature of a substitute and submitted a report (No. 196) thereon.

Mr. COPELAND, from the Committee on Commerce, to which was referred the bill (H. R. 5487) to amend section 4551 of the Revised Statutes of the United States, as amended (U. S. C., 1934 ed., Supp. II, title 46, sec. 643), reported it without amendment and submitted a report (No. 200) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 1570) granting the consent of Congress to compacts or agreements between the States of Minnesota, South Dakota, and North Dakota with respect to

the Red River of the North, reported it without amendment.

Mr. VAN NUYS (for Mr. McCARRAN), from the Committee on the Judiciary, to which was referred the bill (S. 1550) to provide for the appointment of two additional circuit judges for the ninth judicial circuit, reported it without amendment and submitted a report (No. 201) thereon.

Mr. BURKE, from the Committee on the Judiciary, to which was referred the bill (S. 750) to grant relief to persons erroneously convicted in courts of the United States, reported it without amendment and submitted a report (No. 202) thereon.

SAFETY IN THE AIR—SUPPLEMENTARY REPORT OF COMMITTEE ON COMMERCE (S. REPT. NO. 185)

Mr. COPELAND. Mr. President, I present this morning two very important reports from the Committee on Commerce. First, I submit a supplementary report relating to safety in the air. It will be recalled that the Committee on Commerce, or a subcommittee thereof, was appointed, pursuant to Senate Resolution 146, Seventy-fourth Congress, to investigate the Cutting accident. A report from the committee was submitted last June. I now submit a supplementary report in connection with the same subject.

"MORRO CASTLE" AND "MOHAWK" INVESTIGATIONS (S. REPT. NO. 184)

Mr. COPELAND. Mr. President, I submit a further report. A subcommittee of the Committee on Commerce was also appointed, pursuant to Senate Resolution 7, Seventy-fourth Congress, to investigate the *Morro Castle* and *Mohawk* disasters. On behalf of the committee I am submitting this morning a preliminary report showing the recommendations of the committee regarding the structure of ships.

I should like to say, in connection with this report, that under the chairmanship of Admiral Rock, of the Technical Committee, there has been worked out a set of rules for ship construction which has attracted world-wide attention. For example, one of the architects of the new sister ship to the *Queen Mary* wrote asking for a copy of this report in order that the new ship might be made safe, saying that it was understood this report was an exhaustive one and the most complete ever made. It is very heartening to think that at least we know how to build ships in this country, even if we do not build any. So, on the part of the committee, I submit this report.

The VICE PRESIDENT. The reports submitted by the Senator from New York will be received and printed.

Mr. COPELAND. I ask consent to introduce a bill, for appropriate reference, to carry out the provisions of the report just submitted by me relative to the promotion of safety at sea.

The VICE PRESIDENT. Without objection, the bill will be now received and referred to the Committee on Commerce.

(See Senate bill 1916, introduced today by Mr. COPELAND, under the appropriate heading.)

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on March 11, 1937, that committee presented to the President of the United States the enrolled bill (S. 936) to regulate the sales of goods in the District of Columbia.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. ADAMS:

A bill (S. 1895) to provide for the striking of medals, in lieu of coins, for commemorative purposes; to the Committee on Banking and Currency.

By Mr. WHITE:

A bill (S. 1896) relative to the issuance of part of the coins authorized by the act entitled "An act to authorize the coinage of 50-cent pieces in commemoration of the three-hundredth anniversary of the founding of York County, Maine", approved June 26, 1936; to the Committee on Banking and Currency.

By Mr. LA FOLLETTE:

A bill (S. 1897) to extend the times for commencing and completing the construction of a free highway bridge across the Mississippi River at or near La Crosse, Wis.; to the Committee on Commerce.

A bill (S. 1898) to authorize the Secretary of War to furnish certain markers for certain graves; to the Committee on Military Affairs.

A bill (S. 1899) to amend an act approved June 16, 1934, entitled "An act to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes"; to the Committee on Education and Labor.

By Mr. BLACK:

A bill (S. 1900) granting an increase of pension to James L. Huston; to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 1901) to amend the last two provisos, section 26, act of Congress approved March 3, 1921 (41 Stat. L. 1225-1248); and

A bill (S. 1902) to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes; to the Committee on Indian Affairs.

A bill (S. 1903) for the relief of James T. Bingham (with accompanying papers); to the Committee on Military Affairs.

By Mr. LONERGAN:

A bill (S. 1904) declaring Park River, Hartford County, Conn., to be a nonnavigable waterway; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 1905) to amend the National Firearms Act, approved June 26, 1934; to the Committee on Military Affairs.

By Mr. WALSH:

A bill (S. 1906) to repeal section 3744, Revised Statutes, as amended; and

A bill (S. 1907) to authorize the President of the United States to dispose of certain public vessels, and for other purposes; to the Committee on Naval Affairs.

By Mr. McNARY:

A bill (S. 1908) granting a pension to Kate C. Bodensiek (with accompanying papers); to the Committee on Pensions.

By Mr. POPE:

A bill (S. 1909) conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render final judgment on any and all claims of whatsoever nature the Snake or Piute Indians, or any band or group thereof, may have against the United States, and for other purposes; to the Committee on Indian Affairs.

By Mr. REYNOLDS:

A bill (S. 1910) to provide shorter hours of duty for members of the fire department of the District of Columbia; to the Committee on the District of Columbia.

By Mr. CLARK:

A bill (S. 1911) for the relief of Ella Ragotski; to the Committee on Claims.

A bill (S. 1912) to provide for the measurement of vessels using the Panama Canal, and for other purposes; to the Committee on Interoceanic Canals.

By Mr. COPELAND:

A bill (S. 1913) to reclassify the salaries of employees in the custodial service in all departments of the Government of the United States of America, including all positions therein, and for other purposes; to the Committee on Civil Service.

A bill (S. 1914) for the relief of George B. Pfeiffer; and

A bill (S. 1915) for the relief of Sidney S. Steinberg and Leon Steinberg; to the Committee on Claims.

A bill (S. 1916) to amend existing laws so as to promote safety at sea by requiring the proper design, construction, maintenance, inspection, and operation of ships; to give effect to the Convention for Promoting Safety of Life at Sea, 1929, and for other purposes; to the Committee on Commerce.

By Mr. NEELY:

A bill (S. 1917) to amend the act entitled "An act authorizing the State of West Virginia by and through the State Bridge Commission of West Virginia to acquire, purchase, construct, improve, maintain, and operate bridges across the streams and rivers within said State and/or across boundary line streams or rivers of said State", approved March 3, 1931, as amended; to the Committee on Commerce.

A bill (S. 1918) to authorize the award of a decoration for distinguished service, namely, the Congressional Medal of Honor, to Acors Rathbun Thompson; to the Committee on Naval Affairs.

By Mr. BROWN of Michigan:

A bill (S. 1919) to aid the several States in the proper conservation, orderly production, and procurement of natural gas for interstate commerce, and to regulate its transportation, sale, and exchange in interstate commerce in order to insure its fair and equitable distribution and marketing, and for other purposes; to the Committee on Interstate Commerce.

By Mr. CAPPER:

A bill (S. 1920) to reduce the rate of interest on certain loans made by the land bank commissioner, to extend the time for payment of the principal of such loans, and for other purposes; to the Committee on Banking and Currency.

By Mr. NEELY (by request):

A joint resolution (S. J. Res. 106) creating a Transcontinental Superhighways Commission; to the Committee on Post Offices and Post Roads.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 2305. An act to extend the time for applying for and receiving benefits under the act entitled "An act to provide means by which certain Filipinos can emigrate from the United States", approved July 10, 1935; to the Committee on Immigration.

H. R. 175. An act declaring Scajaquada Creek, Erie County, N. Y., to be a non-navigable stream; and

H. R. 3874. An act to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland at or near Cedar Point and Dauphin Island, Ala.; to the Committee on Commerce.

H. R. 4287. An act to authorize the Attorney General to settle outstanding claims against Chapman Field, Fla., and for other purposes; to the Committee on Claims.

H. R. 3473. An act to authorize the Secretary of State to sell, for a price, transfer, and convey the title, rights, and interest of this Government in a lot situated at Sin Lu T'ou Jetty, Kulangsu, Amoy, China; and

H. R. 5332. An act authorizing allotment of pay by civilian personnel stationed abroad; to the Committee on Foreign Relations.

H. R. 4012. An act to penalize procuring of or attempts to procure the escape of any prisoner in the custody of an officer of the United States; and

H. R. 5122. An act to authorize certain officers and employees to administer oaths to expense accounts; to the Committee on the Judiciary.

CLERK, DISBURSING OFFICE

Mr. TYDINGS submitted the following resolution (S. Res. 94), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That Resolution No. 208, agreed to May 12, 1932, authorizing the Secretary of the Senate to employ a clerk for service in the disbursing office, hereby is amended by striking out "\$2,220 per annum" and inserting in lieu thereof "\$2,400 per annum."

ANNA BAUMGARTNER

Mr. NEELY submitted the following resolution (S. Res. 95), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate be, and he is hereby, authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1936, to Anna Baumgartner, widow of Gottlieb Baumgartner, late an em-

ployee of the Senate under supervision of the Committee on Rules, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

CREATION OF THE SENATE

Mr. SHEPPARD. Mr. President, I desire to present to the Senate a study recently prepared by Dr. George J. Schulz, Director of the Legislative Reference Service, on the creation of the Senate. It is based upon the proceedings in the Constitutional Convention of 1787, which created our present form of government, and since it deals with the creation of this body, I think it most appropriate that it be printed as a Senate document. I submit it for reference to the Committee on Printing, with a view to its publication as a Senate document.

I take this opportunity to commend Dr. Schulz for his efficient conduct of the Legislative Reference Service since he has been its Director. Many Senators know Dr. Schulz personally, more especially in his recent capacity as Director of the Legislative Reference Service. Most of us, I am sure, call upon him frequently for assistance, which is rendered efficiently, courteously, and expeditiously. I am convinced the Senate generally has come more and more to appreciate the value of the Legislative Reference Service since Dr. Schulz has been the Director thereof.

The VICE PRESIDENT. Without objection, the document will be referred to the Committee on Printing.

REORGANIZATION OF THE FEDERAL JUDICIARY—ADDRESS BY SENATOR WALSH

[Mr. COPELAND asked and obtained leave to have printed in the RECORD an address on the subject of President Roosevelt's Supreme Court proposal, delivered by Senator WALSH at Carnegie Hall, New York, on the evening of Mar. 12, 1937, which appears in the Appendix.]

REORGANIZATION OF FEDERAL JUDICIARY—ADDRESS BY SENATOR COPELAND

[Mr. GEORGE asked and obtained leave to have printed in the RECORD an address entitled "Court Reorganization and American Minorities", delivered by Senator COPELAND at Carnegie Hall on the evening of Mar. 12, 1937, which appears in the Appendix.]

THE AMERICAN SUGAR BOWL—ADDRESS BY SENATOR ADAMS

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD a radio address on the subject of Proposed Sugar Legislation, delivered by Senator ADAMS Monday, Mar. 15, 1937, which appears in the Appendix.]

REORGANIZATION OF FEDERAL JUDICIARY—ADDRESS BY RAYMOND MOLEY

[Mr. HOLT asked and obtained leave to have printed in the RECORD a radio address delivered on Mar. 7, 1937, by Raymond Moley, editor of News Week, relative to the reorganization of the Federal judiciary, which appears in the Appendix.]

TRIBUTE TO POSTMASTER GENERAL FARLEY

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an editorial entitled "Farley Tribute", published in the Middlesboro (Ky.) Daily News of Feb. 16, 1937, which appears in the Appendix.]

TREASURY AND POST OFFICE APPROPRIATIONS

The VICE PRESIDENT. Morning business is closed. The calendar under rule VIII is in order.

Mr. MCKELLAR. I move that the Senate proceed to the consideration of House bill 4720, being the bill making appropriations for the Treasury and Post Office Departments.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 4720) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1938, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. MCKELLAR. I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for

amendment, and that the amendments of the committee be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the order is made. The clerk will state the first amendment reported by the committee.

The first amendment of the Committee on Appropriations was, under the heading "Title I—Treasury Department—Miscellaneous and contingent expenses, Treasury Department", on page 7, line 17, after the word "for" and the semicolon, to strike out "\$170,000" and insert "\$185,000", so as to read:

For miscellaneous and contingent expenses of the office of the Secretary and the bureaus and offices of the Department, including operating expenses of the Treasury, Treasury Annex, Auditors' and Liberty Loan Buildings; newspaper clippings, financial journals, books of reference, law books, technical and scientific books, newspapers, and periodicals, expenses incurred in completing imperfect series, library cards, supplies, and all other necessary expenses connected with the library; not exceeding \$5,000 for traveling expenses, including the payment of actual transportation and subsistence expenses to any person whom the Secretary of the Treasury may from time to time invite to the city of Washington or elsewhere for conference and advisory purposes in furthering the work of the Department; freight, expressage, telegraph and telephone service; purchase and exchange of motor trucks and maintenance and repair of motor trucks and three passenger automobiles (one for the Secretary of the Treasury and two for general use of the Department), all to be used for official purposes only; file holders and cases; fuel oils, grease, and heating supplies and equipment; gas and electricity for lighting, heating, and power purposes, including material, fixtures, and equipment therefor; purchase, exchange, and repair of typewriters and labor-saving machines and equipment and supplies for same; floor covering and repairs thereto; furniture and office equipment, including supplies therefor and repairs thereto; awnings, window shades, and fixtures; cleaning supplies and equipment; drafting equipment; ammonia for ice plant; flags; hand trucks, ladders; miscellaneous hardware; streetcar fares not exceeding \$500; thermometers; lavatory equipment and supplies; tools and sharpening same; laundry service; laboratory supplies and equipment; removal of rubbish; postage; uniforms for Treasury guards not exceeding \$1,200; custody, care, protection, and expenses of sales of lands and other property of the United States, acquired and held under sections 3749 and 3750 of the Revised Statutes (U. S. C., title 40, secs. 301, 302); the examination of titles, recording of deeds, advertising, and auctioneers' fees in connection therewith; and other absolutely necessary articles, supplies, and equipment not otherwise provided for; \$185,000.

The amendment was agreed to.

The next amendment was, on page 8, line 11, after the word "acts", to strike out "\$46,000" and insert "\$55,000", so as to read:

For supplies and materials, communications service, traveling expenses, equipment, and miscellaneous expenses in connection with carrying out the provisions of the Emergency Banking Act, approved March 9, 1933, the Gold Reserve Act of 1934, the Silver Purchase Act of 1934, and any Executive orders, proclamations, and regulations issued under such acts, \$55,000.

The amendment was agreed to.

The next amendment was, under the subhead "Office of Commissioner of Accounts and Deposits", on page 9, line 15, after the word "expenses", to strike out "\$1,420,000" and insert "\$1,435,000", so as to read:

Division of Disbursement, salaries and expenses: For personal services in the District of Columbia and in the field, stationery, travel, rental of equipment, and all other necessary miscellaneous and contingent expenses, \$1,435,000.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Customs", on page 14, line 16, after the word "work" and the semicolon, to strike out "\$20,582,260" and insert "\$20,650,000", so as to read:

Salaries and expenses: For collecting the revenue from customs, for the detection and prevention of frauds upon the customs revenue, and not to exceed \$100,000 for the securing of evidence of violations of the customs laws; for expenses of transportation and transfer of customs receipts from points where there are no Government depositories; not to exceed \$84,500 for allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (U. S. C., title 5, sec. 118a), but not to exceed \$1,700 for any one person; not to exceed \$5,000 for the hire of motor-propelled passenger-carrying vehicles; not to exceed \$500 for subscriptions to newspapers; not to exceed \$1,500 for improving, repairing, maintaining, or preserving buildings, inspection stations, office quarters, including living quarters for officers, sheds, and sites along the Canadian and Mexican borders acquired under authority of the act of June 26, 1930 (U. S. C., title 19, sec. 69); and including the purchase (not to exceed \$87,500), exchange,

maintenance, repair, and operation of motor-propelled passenger-carrying vehicles when necessary for official use in field work; \$20,650,000, of which such amount as may be necessary shall be available for the payment of extra compensation earned by customs officers or employees for overtime services, at the expense of the parties in interest, in accordance with the provisions of section 5 of the act approved February 13, 1911, as amended by the act approved February 7, 1920, and section 451 of the Tariff Act, 1930 (U. S. C., title 19, secs. 261, 267, and 1451).

The amendment was agreed to.

The next amendment was, on page 15, line 9, after the word "and", to strike out "459,180" and insert "\$473,120", so as to make the proviso read:

Provided, That the receipts from such parties in interest for such overtime services shall be deposited as a refund to the appropriation from which such overtime compensation is paid, in accordance with the provisions of section 524 of the Tariff Act of 1930 (U. S. C., title 19, sec. 1524); for the cost of seizure, storage, and disposition of any merchandise, vehicle and team, automobile, boat, air or water craft, or any other conveyance seized under the provisions of the customs laws, for the purchase of arms, ammunition, and accessories, and \$473,120 shall be available for personal services in the District of Columbia exclusive of 10 persons from the field force authorized to be detailed under section 525 of the Tariff Act of 1930.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the Comptroller of the Currency", on page 17, line 4, to strike out "\$45,000" and insert "\$55,300", so as to read:

For personal services in the District of Columbia in connection with carrying out the provisions of the Emergency Banking Act, approved March 9, 1933 (48 Stat. 1), \$55,300.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Internal Revenue", on page 19, line 1, after the word "districts", to strike out "\$57,788,020" and insert "\$58,775,000", and in line 2, after the word "exceed", to strike out "\$11,678,160" and insert "\$11,760,140", so as to read:

Salaries and expenses: For salaries and expenses in connection with the assessment and collection of internal-revenue taxes and the administration of the internal-revenue laws, including the administration of such provisions of other laws as are authorized by or pursuant to law to be administered by or under the direction of the Commissioner of Internal Revenue; including the Commissioner of Internal Revenue, Assistant General Counsel for the Bureau of Internal Revenue, an assistant to the Commissioner, a special deputy commissioner, four deputy commissioners, one stamp agent (to be reimbursed by the stamp manufacturers), and the necessary officers, collectors, deputy collectors, attorneys, experts, agents, accountants, inspectors, investigators, chemists, supervisors, storekeeper-gaugers, guards, clerks, janitors, and messengers in the District of Columbia, the several collection districts, the several divisions of internal-revenue agents, and the several supervisory districts, to be appointed as provided by law; the securing of evidence of violations of the acts, the cost of chemical analyses made by other than employees of the United States and expenses incident to such chemists testifying when necessary; telegraph and telephone service, rent in the District of Columbia and elsewhere, postage, freight, express, necessary expenses incurred in making investigations in connection with the enrollment or disbarment of practitioners before the Treasury Department in internal-revenue matters, expenses of seizure and sale, and other necessary miscellaneous expenses, including stenographic reporting services; for the acquisition of property under the provisions of title III of the Liquor Law Repeal and Enforcement Act, approved August 27, 1935 (49 Stat. 872-881), and the operation, maintenance, and repair of property acquired under such title III; for the exchange, hire, maintenance, repair, and operation of motor-propelled or horse-drawn passenger-carrying vehicles when necessary, for official use of the Alcohol Tax Unit in field work; and the purchase of such supplies, equipment, furniture, mechanical devices, laboratory supplies, law books and books of reference, and such other articles as may be necessary for use in the District of Columbia, the several collection districts, the several divisions of internal-revenue agents, and the several supervisory districts, \$58,775,000, of which amount not to exceed \$11,760,140 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, under the subhead "Coast Guard", on page 26, line 15, after the word "purposes" and the semicolon, to insert "entrance fees in matches for the rifle team, and special equipment therefor", so as to read:

Contingent expenses: For contingent expenses, including subsistence of shipwrecked and destitute persons succored by the Coast Guard and of prisoners while in the custody of the Coast Guard; for the recreation, amusement, comfort, contentment, and health of the enlisted men of the Coast Guard, to be expended in the discretion of the Secretary of the Treasury, not exceeding \$40,000;

instruments and apparatus, supplies, technical books and periodicals, services necessary to the carrying on of scientific investigation, and not exceeding \$4,000 for experimental and research work; care, transportation, and burial of deceased officers and enlisted men, including those who die in Government hospitals; wharfage, towage, freight, storage, advertising, surveys, medals, labor, newspapers, and periodicals for statistical purposes; entrance fees in matches for the rifle team, and special equipment therefor; and all other necessary expenses which are not included under any other heading, \$122,600.

The amendment was agreed to.

The next amendment was, under the subhead "Secret Service Division", on page 30, line 3, after the words "United States", to strike out "\$790,000" and insert "\$850,000", so as to read:

Suppressing counterfeiting and other crimes: For expenses incurred under the authority or with the approval of the Secretary of the Treasury in detecting, arresting, and delivering into the custody of the United States marshal having jurisdiction dealers and pretended dealers in counterfeit money and persons engaged in counterfeiting, forging, and altering United States notes, bonds, national-bank notes, Federal Reserve notes, Federal Reserve bank notes, and other obligations and securities of the United States and of foreign governments, as well as the coins of the United States and of foreign governments, and other crimes against the laws of the United States relating to the Treasury Department and the several branches of the public service under its control; purchase (not to exceed \$25,000), exchange, hire, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles when necessary; purchase of arms and ammunition; traveling expenses; and for no other purpose whatsoever, except in the performance of other duties specifically authorized by law, and in the protection of the person of the President and the members of his immediate family and of the person chosen to be President of the United States, \$850,000.

The amendment was agreed to.

The next amendment was, under the subhead "Public Health Service", on page 38, line 1, after the word "work", to strike out "\$1,600,000, of which not to exceed \$50,000 shall be available for investigations to determine the possibly harmful effects on human beings of spray insecticides on fruits and vegetables" and insert "\$1,550,000", so as to read:

Diseases and sanitation investigations: For carrying out the provisions of section 603 of the Social Security Act, approved August 14, 1935, and section 1 of the act of August 14, 1912, including rent and personnel and other services in the District of Columbia and elsewhere and items otherwise properly chargeable to the appropriations for printing and binding, stationery, and miscellaneous and contingent expenses for the Treasury Department, the provisions of section 6, act of August 23, 1912 (U. S. C., title 31, sec. 669), to the contrary notwithstanding, the packing, crating, drayage, and transportation of the personal effects of commissioned officers, scientific personnel, pharmacists, and nurses of the Public Health Service upon permanent change of station, and including the purchase (not to exceed \$2,500), exchange, maintenance, repair, and operation of passenger-carrying automobiles for official use in field work, \$1,550,000.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of the Mint—Office of Director of the Mint", on page 39, line 22, after the word "expenses", to strike out "\$1,050,000" and insert "\$1,190,000", so as to read:

Expenses, Silver Purchase and Gold Reserve Acts: For salaries and expenses in the Bureau of the Mint and the mints and assay offices in connection with carrying out the provisions of the Gold Reserve Act of 1934 and the Silver Purchase Act of 1934, and any Executive orders, proclamations, and regulations issued thereunder, including not to exceed \$70,000 for personal services in the District of Columbia, supplies and materials, travel, printing, rent, equipment, and miscellaneous expenses, \$1,190,000.

The amendment was agreed to.

The next amendment was, under the subhead "Procurement Division—Public Buildings Branch", on page 43, line 18, after the word "activities", to strike out "\$1,525,000" and insert "\$1,600,000", so as to read:

Operating force for public buildings: For personal services, including also telephone operators for the operation of telephone switchboards or equivalent telephone switching equipment jointly serving in each case two or more governmental activities, \$1,600,000.

The amendment was agreed to.

The next amendment was, under the subhead "Procurement Division—Branch of Supply", on page 48, line 17, after the word "machines", to insert "and devices for mechanically operating typewriting machines", so as to read:

No part of any money appropriated by this or any other act shall be used during the fiscal year 1938 for the purchase of any

standard typewriting machines, except bookkeeping and billing machines and devices for mechanically operating typewriting machines, at a price in excess of the following for models with carriages which will accommodate paper of the following widths, to wit: 10 inches (correspondence models), \$70; 12 inches, \$75; 14 inches, \$77.50; 16 inches, \$82.50; 18 inches, \$87.50; 20 inches, \$94; 22 inches, \$95; 24 inches, \$97.50; 26 inches, \$103.50; 28 inches, \$104; 30 inches, \$105; 32 inches, \$107.50; or, for standard typewriting machines distinctively quiet in operation, the maximum prices shall be as follows for models with carriages which will accommodate paper of the following widths, to wit: 10 inches, \$80; 12 inches, \$85; 14 inches, \$90; 18 inches, \$95.

The amendment was agreed to.

The next amendment was, under the heading "Title II—Post Office Department—Salaries in bureaus and offices", on page 51, line 6, to change the appropriation for personal services in the District of Columbia, Office of the First Assistant Postmaster General, from \$373,710 to \$375,270.

The amendment was agreed to.

The next amendment was, on page 51, line 8, to change the appropriation for personal services in the District of Columbia, Office of the Second Assistant Postmaster General, from \$569,810 to \$578,230.

The amendment was agreed to.

The next amendment was, on page 51, line 10, to change the appropriation for personal services in the District of Columbia, Office of the Third Assistant Postmaster General, from \$765,000 to \$780,870.

The amendment was agreed to.

The next amendment was, on page 51, line 12, to change the appropriation for personal services in the District of Columbia, office of the Fourth Assistant Postmaster General from \$447,500 to \$461,640.

The amendment was agreed to.

The next amendment was, on page 51, line 14, to change the appropriation for personal services in the District of Columbia, office of the Solicitor for the Post Office Department, from \$81,280 to \$86,520.

The amendment was agreed to.

The next amendment was, on page 51, at the end of line 15, to change the appropriation for personal services in the District of Columbia, office of the chief inspector, from \$216,000 to \$223,320.

Mr. McNARY. Mr. President, I observe that as to many items there are increases over the amounts provided by the House, and I assume increases over the Budget estimates. May I inquire of the Senator from Tennessee if I am correct?

Mr. McKELLAR. No. They are within the Budget estimates, but they are increases over the House figures. If the Senator will look at the different items, he will find the increases are very small. Upon satisfactory proof being presented to our committee, the committee allowed the increases. They are all within the Budget estimate.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The VICE PRESIDENT. The next committee amendment will be stated.

The next amendment was, under the subhead "Contingent expenses, Post Office Department", on page 52, line 9, after the word "article", to strike out "47" and insert "49", and in line 10, before the word "convention", to strike out "London" and insert "Cairo", so as to read:

For contingent and miscellaneous expenses; stationery and blank books, index and guide cards, folders and binding devices, including purchase of free penalty envelopes; telegraph and telephone service, furniture and filing cabinets and repairs thereto; purchase, exchange, maintenance, and repair of tools, electrical supplies, typewriters, adding machines, and other labor-saving devices; purchase of one motor-propelled passenger-carrying vehicle at not to exceed \$2,500, including the exchange value of one such vehicle, and for maintenance of motor trucks and of two motor-driven passenger-carrying vehicles, to be used only for official purposes (one for the Postmaster General and one for the general use of the Department); streetcar fares; floor coverings; postage stamps for correspondence addressed abroad, which is not exempt under article 49 of the Cairo convention of the Universal Postal Union; purchase and exchange of law books, books of reference, railway guides, city directories, and books necessary to conduct the business of the Department; newspapers, not exceeding \$200; expenses, except membership fees, of attendance at meetings or conventions concerned with postal affairs, when

incurred on the written authority of the Postmaster General, not exceeding \$2,000; expenses of the purchasing agent and of the Solicitor and attorneys connected with his office while traveling on business of the Department, not exceeding \$800; and other expenses not otherwise provided for; \$84,500.

The amendment was agreed to.

The next amendment was, on page 52, line 25, after the word "elsewhere", to strike out "\$1,150,000" and insert "\$1,200,000", so as to read:

For printing and binding for the Post Office Department, including all of its bureaus, offices, institutions, and services located in Washington, D. C., and elsewhere, \$1,200,000.

The amendment was agreed to.

The next amendment was, under the subhead "Office of Chief Inspector", on page 55, line 8, after the word "and", to strike out "580" and insert "590", and in line 9, after the word "inspectors", to strike out "\$2,232,500" and insert "\$2,258,500", so as to read:

Salaries of inspectors: For salaries of 15 inspectors in charge of divisions and 590 inspectors, \$2,258,500.

The amendment was agreed to.

The next amendment was, on page 55, line 22, after the word "Service" and the comma, to strike out "\$612,575" and insert "\$621,675", so as to read:

Traveling and miscellaneous expenses: For traveling expenses of inspectors, inspectors in charge, the chief post-office inspector, and the assistant chief post-office inspector, and for the traveling expenses of four clerks performing stenographic and clerical assistance to post-office inspectors in the investigation of important fraud cases; for tests, exhibits, documents, photographs, office and other necessary expenses incurred by post-office inspectors in connection with their official investigations, including necessary miscellaneous expenses of division headquarters, and not to exceed \$500 for technical and scientific books and other books of reference needed in the operation of the Post Office Inspection Service, \$621,675.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the First Assistant Postmaster General", on page 57, at the end of line 15, to increase the appropriation for separating mails at third- and fourth-class post offices from \$425,000 to \$450,000.

The amendment was agreed to.

The next amendment was, on page 58, line 9, to increase the appropriation for car fare and bicycle allowance, including special-delivery car fare, from \$1,300,000 to \$1,325,000.

The amendment was agreed to.

The next amendment was, on page 58, line 21, after the name "Alaska", to strike out "\$207,245" and insert "\$280,000", so as to read:

Star-route service, Alaska: For inland transportation by star routes in Alaska, \$280,000.

The amendment was agreed to.

The next amendment was, on page 60, line 21, after the word "service", to strike out "\$350,000" and insert "\$355,000", so as to read:

Electric- and cable-car service: For electric- and cable-car service, \$355,000.

The amendment was agreed to.

The next amendment was, on page 60, line 23, after the word "otherwise", to strike out "\$14,054,823" and insert "and for determining the feasibility of trans-Atlantic mail routes, \$14,700,000, so as to read:

Foreign mail transportation: For transportation of foreign mails by steamship, aircraft, or otherwise, and for determining the feasibility of trans-Atlantic mail routes, \$14,700,000.

The amendment was agreed to.

The next amendment was, on page 61, line 2, after the word "exceed", to strike out "\$9,230,823" and insert "\$9,876,000", and in line 5, after the words "excess of", to strike out "\$10,221,463" and insert "\$10,408,000", so as to make the proviso read:

Provided, That not to exceed \$9,876,000 of this sum may be expended for carrying foreign mail by aircraft under contracts which will not create obligations for the fiscal year 1939 in excess of \$10,408,000.

The amendment was agreed to.

The next amendment was, on page 61, line 23, to strike out "\$14,250,000" and insert "\$14,787,894.30", so as to read:

Contract air mail service: For the inland transportation of mail by aircraft, and for personal services for examining and auditing the books, records, and accounts of air-mail contractors, as authorized by law, and for the incidental expenses thereof, including not to exceed \$22,200 for supervisory officials and clerks at air-mail transfer points, and not to exceed \$46,460 for personal services in the District of Columbia and incidental and travel expenses, \$14,787,894.30.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, at this point I desire to offer a clarifying amendment on behalf of the committee.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 61, line 23, after the amendment just agreed to, to insert "of which not less than \$1,687,894.30 shall be available for extensions, new routes, and increased frequency of schedules", so as to make the paragraph read:

Contract air-mail service: For the inland transportation of mail by aircraft, and for personal services for examining and auditing the books, records, and accounts of air-mail contractors, as authorized by law, and for the incidental expenses thereof, including not to exceed \$22,200 for supervisory officials and clerks at air-mail transfer points, and not to exceed \$46,460 for personal services in the District of Columbia and incidental and travel expenses, \$14,787,894.30, of which not less than \$1,687,894.30 shall be available for extensions, new routes, and increased frequency of schedules.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the Fourth Assistant Postmaster General", on page 64, line 5, after the word "offices", to insert "of the first, second, and third classes"; in line 6, after the word "purchase", to insert "or rental"; and on page 65, line 1, after the word "expenses", to strike out "\$2,491,100" and insert "\$2,621,000", so as to read:

Post-office stationery, equipment, and supplies: For stationery for the Postal Service, including the money-order and registry system; and also for the purchase of supplies for the Postal Savings System, including rubber stamps, canceling devices, certificates, envelopes, and stamps for use in evidencing deposits, and free penalty envelopes; and for the reimbursement of the Secretary of the Treasury for expenses incident to the preparation, issue, and registration of the bonds authorized by the act of June 25, 1910 (U. S. C., title 39, sec. 760); for miscellaneous equipment and supplies, including the purchase and repair of furniture, package boxes, posts, trucks, baskets, satchels, straps, letter-box paint, baling machines, perforating machines, duplicating machines, printing presses, directories, cleaning supplies, and the manufacture, repair, and exchange of equipment, the erection and painting of letter-box equipment, and for the purchase and repair of presses and dies for use in the manufacture of letter boxes; for postmarking, rating, money-order stamps, and electrotype plates and repairs to same; metal, rubber, and combination type, dates and figures, type holders, ink pads for canceling and stamping purposes, and for the purchase, exchange, and repair of typewriting machines, envelope-opening machines, and computing machines, numbering machines, time recorders, letter balances, scales (exclusive of dormant or built-in platform scales in Federal buildings), test weights, and miscellaneous articles purchased and furnished directly to the Postal Service, including complete equipment and furniture for post offices of the first, second, and third classes in leased and rented quarters; for the purchase or rental of arms and miscellaneous items necessary for the protection of the mails; for miscellaneous expenses in the preparation and publication of post-route maps and rural delivery maps or blueprints, including tracing for photolithographic reproduction; for other expenditures necessary and incidental to post offices of the first, second, and third classes, and offices of the fourth class having or to have rural delivery service, and for letter boxes; for the purchase of atlases and geographical and technical works not to exceed \$1,500; for wrapping twine and tying devices; for expenses incident to the shipment of supplies, including hardware, boxing, packing, and not exceeding \$55,000 for the pay of employees in connection therewith in the District of Columbia; for rental, purchase, exchange, and repair of canceling machines and motors, mechanical mail-handling apparatus, accident prevention, and other labor-saving devices, including cost of power in rented buildings and miscellaneous expenses of installation and operation of same, including not to exceed \$35,000 for salaries of 13 traveling mechanics, and for traveling expenses, \$2,621,000.

The amendment was agreed to.

The next amendment was, on page 65, line 5, after the word "added", to strike out the colon and the following additional proviso:

Provided further, That no part of this appropriation shall be expended for the purchase of furniture and complete equipment for third-class post offices except miscellaneous equipment of the general character furnished such offices during the fiscal year 1931.

The amendment was agreed to.

The next amendment was, on page 66, line 10, after the word "offices", to strike out "\$11,200,000" and insert "\$11,400,000", so as to read:

Rent, light, and fuel: For rent, light, fuel, and water, for first-, second-, and third-class post offices, and the cost of advertising for lease proposals for such offices, \$11,400,000.

The amendment was agreed to.

The next amendment was, on page 67, line 3, after the word "vehicles", to insert a comma and "including those received by transfer from other departments, establishments, or agencies of the Government", so as to read:

Vehicle service: For vehicle service; the hire of vehicles; the rental of garage facilities; the purchase, exchange, maintenance, and repair of motor vehicles, including those received by transfer from other departments, establishments, or agencies of the Government; accident prevention; the hire of supervisors, clerical assistance, mechanics, drivers, garagemen, and such other employees as may be necessary in providing vehicles and vehicle service for use in the collection, transportation, delivery, and supervision of the mail, \$15,250,000.

The amendment was agreed to.

The next amendment was, under the subhead "Public buildings, maintenance and operation", on page 69, line 4, after the word "herein", to strike out "\$5,000,000" and insert "\$5,100,000", so as to read.

Operating supplies, public buildings: For fuel, steam, gas, and electric current for lighting, heating, and power purposes, water, ice, lighting supplies, removal of ashes and rubbish, snow and ice, cutting grass and weeds, washing towels, telephone service for custodial forces, and for miscellaneous services and supplies, accident prevention, tools and appliances, for the operation and completed and occupied public buildings and grounds, including mechanical and electrical equipment, but not the repair thereof, operated by the Post Office Department, including the Washington Post Office and the Customhouse Building in the District of Columbia, and for the transportation of articles and supplies authorized herein, \$5,100,000.

The amendment was agreed to.

The next amendment was, on page 72, after line 21, to strike out the following section:

SEC. 5. No part of the appropriations contained in this act shall be used to pay the compensation of any person detailed or loaned for service in connection with any investigation or inquiry undertaken by any committee of either House of Congress under special resolution thereof.

The amendment was agreed to.

The next amendment was, on page 73, line 3, to change the section number from 6 to 5.

The amendment was agreed to.

The VICE PRESIDENT. Without objection, the clerks will be authorized to renumber all sections where necessary. That completes the committee amendments.

Mr. VANDENBERG. Mr. President, if I may have the attention of the Senator from Tennessee [Mr. McKELLAR], I desire to ask about the \$500,000,000 appropriation carried on page 4, line 19. This is the beginning of the old-age reserve account under title II of the so-called Security Act, I understand?

Mr. McKELLAR. Yes.

Mr. VANDENBERG. I desire to ask the Senator to what extent the \$500,000,000 is offset by the collection of pay-roll taxes.

Mr. McKELLAR. That did not appear before our committee.

Mr. VANDENBERG. I think I have the information.

Mr. McKELLAR. I hope the Senator will give it to the Senate. That item, of course, increases the total amount of the bill very much, to the extent of about \$235,000,000, but the social security law has been enacted, and it was represented to the committee that it is necessary, in order to carry out the Government's part of the social security law, to have this additional sum. That is why it is in the bill. I hope the Senator will give to the Senate the facts which he has.

Mr. VANDENBERG. Has the Senator information as to what will be done with the balance of the pay-roll tax collections in excess of \$500,000,000 which is here appropriated?

Mr. McKELLAR. I do not think anyone knows as yet whether there will be an excess, but if there is an excess it will go to the fund.

Mr. VANDENBERG. Inasmuch as this is the inception, the first appropriation for the full reserve fund in respect to the compulsory old-age benefit payments under title II of the Social Security Act, I desire to make a brief statement in connection with it, because I think it touches one of the most fundamental fiscal challenges confronting the Government.

This is the first large annual appropriation to the full reserve fund which is provided under the Social Security Act for old-age benefit payments. The whole reserve fund ultimately becomes \$47,000,000,000, the most fantastic and the most indefensible objective imaginable. It is scarcely conceivable that rational men should propose such an unmanageable accumulation of funds in one place in a democracy. Still worse, it is needless from the sound standpoint of this compulsory tax-supported old-age pension system itself. Indeed, it actually penalizes and hampers these laudatory and necessary social objectives by diverting pay-roll tax revenues which otherwise could be used to hasten and expand the benefit payments, and at the same time could be used to avoid the contemplated step-up in the percentage of pay-roll taxes for a considerable period.

The alternative to the full reserve is a candid pay-as-you-go system, with only a contingent reserve for emergency purposes. The alternative avoids the necessity of accumulating this monstrous sum of \$47,000,000,000 out of taxes.

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

Mr. VANDENBERG. I yield.

Mr. McKELLAR. Of course, the Social Security Act has already been passed, and, so far as the Appropriations Committee are concerned we are obliged to appropriate in accordance with the law. When the estimate was made and brought before the Appropriations Committee, we did so; but the Senator is addressing himself to the law itself.

Mr. VANDENBERG. Mr. President, there is not any doubt in the world about that, and I am about so to state; but I think the challenge is so tremendous that except as Congress is forced to direct its attention to the amendment of that section of the Social Security Act itself, the matter will drift into a situation which will become exceedingly menacing in the near future.

I was just saying that the alternative to the full reserve is a contingent reserve. I was saying that the alternative avoids the necessity of accumulating the \$47,000,000,000. I now assert that the alternative is approved by the experts of every large insurance company in the United States. This statement is based on my personal contact with more than 60 of them. What I am now saying does not argue against the immediate \$500,000,000 reserve appropriation in the pending bill, because under either system—whether full reserve or contingent reserve—the pay-roll tax collections for a year or two would have to go to reserve; but I am using this highly appropriate occasion to point the progressive menace that lies ahead, under the terms of this unfortunate section of the Social Security Act, if the reserve problem is not promptly and constructively attacked and wisely dealt with.

The Senate Finance Committee already has had one highly illuminating hearing on my Senate resolution dealing with this subject, and has agreed, in conjunction with the Social Security Board, to set up a detached advisory council of experts to make subsequent recommendations regarding it. But at this moment, when we are making the first half-billion-dollar appropriation for the reserve and are thus actually launching this vast enterprise, I desire briefly to emphasize the problem to the Senate and to the country, lest in the pressure of other more spectacular matters it may go by default. Any such default would spell needless exploitation of our people and needless handicap to social security, and it cannot be overstressed, Mr. President, that what I am saying is in the interest of the Social Security Act itself and a broadening of its benefits and advantages.

Up to last March 1, 24,460,045 wage earners and 2,634,703 employers had registered under the provisions of this title of the Social Security Act; and I observe by a release which comes to my desk this morning from the Social Security

Board that on March 16 they passed the twenty-five millionth master card, representing the twenty-five millionth wage earner who has registered under this section of the bill. Each one of these wage earners is paying his share of this year's 2-percent pay-roll tax. He is paying one-half of it. The employer is paying the other half of the 2 percent, his share also being 1 percent. They are paying together in excess of \$600,000,000 in pay-roll taxes this year. The amount will progressively increase hereafter.

The Senate will recall that this 2-percent tax, which this year yields in excess of \$600,000,000, goes up to 3 percent in 1940, again equally divided between employer and employee; to 4 percent in 1943; to 5 percent in 1946; to 6 percent in 1949; and thereafter stays at 6 percent. Benefit payments, however, except in a few relatively rare cases, do not generally start until January 1, 1942, and even then on a pathetically slim basis, for wage earners now in middle life. Practically all of the revenue from pay-roll taxes goes into reserve until 1942. A goodly portion continues to go into reserve thereafter until the reserve reaches \$47,000,000,000, in 1980. In other words, it is the greedy appetite of the reserve which eats up a large portion of these pay-roll tax revenues, and thus needlessly diverts it from the Social Security Act objectives which it is presumed to promote, and which ought to be the first charge upon our consideration.

I have said that it is a needless diversion. That is the whole question. Is the full reserve necessary? Let us see. It is not half so perplexing as it seems. The simplest way to understand it is to contemplate what finally happens in 1980, when the full reserve has been built to the astronomical sum of \$47,000,000,000, all invested, by the terms of the act, in United States Government securities yielding 3 percent. Let us call it a round \$50,000,000,000 for the sake of easy calculation.

What happens? The old-age pension fund cashes its 3-percent coupons on \$50,000,000,000 of Government bonds and gets \$1,500,000,000 to put into its benefit payments that year, and similarly each year thereafter. Congress, in turn, raises that billion and a half dollars by means of general taxes to pay the interest on the Government bonds which the old-age pension fund owns.

In other words, the general taxpayer pays the particular billion and a half dollars that goes into the payment of old-age benefits in 1980, and each year thereafter. It would cost the general taxpayer no more to pay a direct subsidy of a billion and a half dollars into the pension fund. It would be the same billion and a half dollars.

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

Mr. VANDENBERG. If the Senator will let me finish this paragraph, I shall then be happy to yield to him.

I was saying that it is the same billion and a half dollars. If it were thus directly done—that is to say, by a direct appropriation of a billion and a half dollars to the Social Security fund instead of to a fund to pay interest on the \$50,000,000,000 of bonds which the Social Security Board owns—if it were a direct transaction, it never would have been necessary to raise most of the \$47,000,000,000 wrung from employers, employees, and general taxpayers in previous years to create the full reserve. In other words, apparently simply for the sake of avoiding a frank confession that our old-age pension system is not intended to be entirely self-supporting, and that it does require an annual subsidy from general taxation—to which I have no objection whatever—simply for the purpose of hiding that subsidy fact we go to the amazing expense and burden and hazard of accumulating this full reserve.

I now yield to the Senator from Washington.

Mr. SCHWELLENBACH. Mr. President, assuming that in 1980 the national debt, the amount of bonds which are outstanding, will be \$50,000,000,000—and I take it that we would not issue bonds just for the purpose of investing in them the money of the reserve—

Mr. VANDENBERG. Yes; that is exactly what it will be necessary to do, as I am about to show the Senator in just a moment.

Mr. SCHWELLENBACH. To the extent, then, that the bonds which are purchased are bonds issued for the purpose of raising money for other governmental expenditures, is it not entirely proper that the taxpayers should pay the interest on those bonds, and would not they pay the interest on those bonds whether they were held by this reserve fund or by a bank or by a private citizen?

Mr. VANDENBERG. I am afraid the Senator has missed my point. I am not complaining at all about the fact that the taxpayer pays the money. I am complaining because in 1980—using that typical year just for the sake of round figures—the reserve fund contributes the interest on \$50,000,000,000 principal, to wit, one billion and a half dollars, to the reserve fund; and that this contribution, which is necessary in order to make the benefit payments that year, comes out of an appropriation of the Congress, assessed against the taxpayer in general. In other words, the general taxpayer has to make the appropriation to pay the interest on the bonds. It would be the same billion and a half dollars if Congress made a direct appropriation into the Social Security reserve fund, thus avoiding the necessity of ever having had to accumulate the forty-seven or fifty-billion-dollar fund at all; and while we are needlessly accumulating the \$50,000,000,000 reserve we are diverting a major portion of these pay-roll taxes from the objective to which they ought to be dedicated—namely, an enhancement of the benefit payments under the Social Security Act itself, or a lightening of the tax load.

Mr. SCHWELLENBACH. I think the Senator said we will have \$600,000,000 this year.

Mr. VANDENBERG. It is estimated that the pay-roll collections this year will be in excess of \$600,000,000; but let us call it \$600,000,000 for easy calculation.

Mr. SCHWELLENBACH. Where will they get the bonds in which to invest?

Mr. VANDENBERG. I shall come to that in just a moment. I desire to trace the transactions, because it is particularly illuminating.

Mr. SCHWELLENBACH. Very well.

Mr. VANDENBERG. I should not assume to ask the Senate to agree with me solely upon my own responsibility in respect to a problem of this magnitude, involving the actuarial considerations which are concerned in it, and I remind the Senate again that the experts of every major life-insurance company in the United States agree with the thing I am saying here today, agree that it is not necessary to have this full reserve, and that the social-security compulsory old-age pensions can better be served on a pay-as-you-go basis, with a contingent reserve, and that the beneficiaries of the Social Security Act will be infinitely better off as a result, as will be the Nation as a whole.

I have been trying to demonstrate the basis for that statement. I have visualized the problem as it will exist in 1980, when the \$47,000,000,000 climax will arrive. The same problem in relatively lesser degree will arise each year from now until 1980. Each year the full reserve will be a corresponding burden and a needless burden to a nation which has taxes enough to pay without being asked to pay needless taxes.

Mr. President, that is not all. Now, I am coming to the problem submitted by the able Senator from Washington.

The actual thing which happens each year in respect to this reserve—and I refer now to the Treasury mechanics—is little short of alarming. Let us see how it works. The Treasury this year will collect about \$600,000,000 in these pay-roll taxes for social-security purposes. The money does not go into earmarked trusts. It goes into and mingles with the general revenue. Congress then appropriates \$500,000,000 to the reserve fund, which is what we are doing today. The Secretary of the Treasury does not put the money into the reserve fund. Oh, no; he keeps the money, and, as required by the act, issues 3-percent bonds to the reserve fund. Those are permanent bonds. The principal of the bonds is rarely ever cashed or touched. It is only the interest on the bonds which ordinarily concerns the reserve fund. So what has happened? Social security gets a permanent I O U for \$500,000,000 under the terms of the bill we are

now passing. The Secretary of the Treasury gets the \$500,000,000 in cash to apply on general debts and deficits. To be sure, there is a bookkeeping debit, but actually social security helps to finance our current general Federal expenditures. In other words, we use the proceeds of a gross income tax on labor, raised in the pious name of social security, to cushion the General Treasury.

Mr. SCHWELLENBACH. Mr. President, I do not like to interrupt the Senator—

Mr. VANDENBERG. I am very happy to have the Senator interrupt me. It is a very perplexing and complicating thing which I am trying to reduce to simple terms.

Mr. SCHWELLENBACH. We have this \$500,000,000. Is it not fair to assume that if the Treasury did not get the \$500,000,000 from this source it would get it from some other source? The \$500,000,000 is to be used in the operation of the Government during this period of time.

Mr. VANDENBERG. That is correct.

Mr. SCHWELLENBACH. If the Government did not get it through the sale of this kind of bonds to the Social Security, it would get it from the sale of another kind of bonds to banks or somebody else. Is not that correct?

Mr. VANDENBERG. Undoubtedly.

Mr. SCHWELLENBACH. And the interest on the \$500,000,000 would be paid by the people of the country, because we would have to collect the money with which to pay the interest in the form of taxes.

Mr. VANDENBERG. Yes; but there is a point the Senator totally overlooks in his calculation. I am complaining, and I submit that the beneficiary of social security has the right to complain, that his pay-roll taxes, which presumably are raised for a social-security purpose, are the instrumentalities that are used to cushion this general Federal financing under the operations the Senator is discussing.

Mr. SCHWELLENBACH. But the Senator is complaining about a different thing from what he was discussing when I started to interrupt him. The point in which I am interested particularly is the Senator's statement that there would be a double payment of this million and a half interest.

Mr. VANDENBERG. Oh, no; I am sorry the Senator did not catch my meaning. I did not say there would be a double payment; I said it would be the same billion and a half, so far as the taxpayer is concerned, if it is taken from him to pay the interest on the bonds or if it is taken from him to pay a direct subsidy into the fund.

Mr. SCHWELLENBACH. But the Senator intimated that it would be necessary to have an appropriation each year and that, as a matter of fact, the general public was going to be compelled to pay this interest.

Mr. VANDENBERG. That is correct.

Mr. SCHWELLENBACH. But if they did not pay the interest item on this \$500,000,000, they would pay it upon another \$500,000,000, because the money would be used by the Government.

Mr. VANDENBERG. But the other \$500,000,000 is related to the general debt of the Government. The \$500,000,000 involved in social security is not related to the general operations of the Government; and I am complaining that it is insisted that \$47,000,000,000 be set aside for a reserve in order to produce an annual interest return to the fund, when, if the \$47,000,000,000 were not set aside at all, and the annual charge were simply paid into the Social Security fund by way of frank subsidy, the same thing exactly would be done for the Social Security fund, and the wage earners of the country, who pay half of the pay-roll tax, and the employers of the country, who pay the other half of the pay-roll tax, would be saved the necessity of being taxed through the years to accumulate this needless \$47,000,000,000.

Mr. SCHWELLENBACH. The Senator does not complain that, so far as the taxpayer is concerned, assuming that this \$500,000,000 will be spent anyway, the taxpayer would have to pay the tax to settle the interest on the \$500,000,000, whether it goes through the Social Security fund or not.

Mr. VANDENBERG. Exactly. There is one other very interesting point I should like to mention; it had escaped my mind. It shows another of the absurdities involved in this

particular section of the Social Security Act. I beg of the Senator to realize that I am speaking only of this particular section. I voted for the Social Security Act, and I believe in it.

Under the terms of the act the Secretary of the Treasury is required to provide a United States Government security for this reserve fund which yields the reserve fund 3 percent. So where does Mr. Morgenthau find himself this afternoon after this bill is passed? He finds himself with \$500,000,000, which has to go into the Social Security reserve on a 3-percent basis.

There are no United States Government bonds at the present time selling on the basis of a yield of 3 percent, or anything like it. So he cannot get any existing Government bond to put into this reserve today on a 3-percent basis. What he will do—and it is what he has already done with some preliminary funds—is to issue a special 3-percent Government bond to the reserve tomorrow, after this bill shall be enacted, at a time when money can be procured in the open market on the basis of 1¼, 1½, and 1¾ percent. In other words, under the operation of the law as it applies to this particular appropriation, the Treasury Department is forced, first, by the existence of a needless full reserve fund, second, by the requirement that it be invested only in Government bonds yielding 3 percent, to pay 3 percent for static money, when it can get it in the open market for 1¼ percent. That is just one of numerous collateral phases of this particular section of the Social Security Act which multiply and amplify the problem I am trying to bring to the attention of the Senate.

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

Mr. VANDENBERG. I yield.

Mr. WHITE. Has the Senator figured out and can he tell us what the loss to the Government will be through the issuance of these 3-percent bonds when money can be obtained in the market at a very much lower rate?

Mr. VANDENBERG. No; I have made no such calculation; but it is manifestly a large item. One can make a mental calculation, for instance, respecting the \$500,000,000. The difference between 3 percent on \$500,000,000 and, say, 1¼ percent on \$500,000,000 is something around \$10,000,000, just applied to the first payment down on this enormous fund, which will ultimately reach the perfectly preposterous and incalculable figure of \$47,000,000,000.

Mr. NORRIS. Mr. President—

Mr. VANDENBERG. I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I assure the Senator I have no other object in interrupting him than to get clear in my mind, if I can, the point which the Senator is attempting to elucidate. There may be some dispute about it, but, for the sake of my question, let us assume that it is desirable—and I think we did assume that when we passed the law—that a reserve fund should be created. Then the question follows: What are we going to do with the reserve fund? Naturally, we would invest it. I think it will be conceded that the safest place to put it would be in Government bonds; and is not that going to be the ultimate disposition of the fund?

The Secretary of the Treasury, as a matter of fact, in order to comply with the law, issues a bond or an I O U, if we wish to call it that, bearing 3 percent interest; and for the moment he cannot invest it in bonds, because the Government is not at this time issuing any 3-percent bonds. Yet, ultimately, as I understand, the fund would be used for the purpose of paying off Government bonds. I concede that in the meantime it might be used for the ordinary financial transactions of the Government; but there would come a time when the bonds outstanding would be due and would be paid, and eventually there would be enough money in this fund to take up all the Government bonds.

Mr. VANDENBERG. Oh, yes; and a great deal more.

Mr. NORRIS. For the present I do not think we ought to worry much about that, because we can stop payment into this fund if the time ever comes when we shall have taken up all the Government bonds, the result of which would be that the Social Security reserve fund would be invested in such bonds.

Mr. VANDENBERG. That is correct.

Mr. NORRIS. The Social Security Act provides for the creation of the fund and provides that the fund shall be properly invested so as to bring in money for the purpose of complying with the terms of the act.

Mr. VANDENBERG. The Social Security Board will practically own the national debt.

Mr. NORRIS. Yes; and when we pay interest on Government bonds held by the Social Security fund we will really be paying to ourselves, instead of paying to banks and individuals and investment companies.

Mr. VANDENBERG. That is correct.

Mr. NORRIS. We would get out of it whatever interest would be paid on the bonds.

Mr. VANDENBERG. I think that is true.

Mr. NORRIS. Will the Senator permit a further interruption?

Mr. VANDENBERG. Yes, indeed.

Mr. NORRIS. I realize that the Secretary of the Treasury could now issue bonds of the Government at a lower rate of interest than 3 percent. At the time we passed the Social Security Act investment conditions were different from those which now exist. The money market was somewhat different. I suppose we may assume that 3 percent is a very low rate of interest for Government bonds. Heretofore the rate of interest on Government bonds has been much higher than that.

Mr. VANDENBERG. What I desire to be sure the Senator from Nebraska understands is that this rate-of-interest factor was purely casual, and was brought in simply through my exchange of comment with the able Senator from Washington [Mr. SCHWELLENBACH]. That is purely beside and outside the fundamental reserve question, which seems to me to preponderate in this challenge. As the Senator has said, what finally happens is that the Social Security Board owns all of the national debt. That is what happens.

This is my complaint: In order to get the money to own the entire national debt and virtually retire it—because the principal is never to be used by the Social Security Board, just the interest—in order to complete that operation, the Secretary of the Treasury, in the name of the Social Security Board, will have to accumulate this \$47,000,000,000 of reserve out of taxes on the wage earners. Therefore, the net result of the operation is that when the national debt is transferred to the ownership of the Social Security Board, it actually has been financed by a gross income tax on the lowest-paid income group in the United States, and it has been done in the pious name of social security.

In my judgment, in view of the way this thing got into the bill, the purpose of putting it in in the first place was to provide a cushion for Treasury financing during these difficult times. Let us not have any mistake about whether or not there is any justification for that statement. When this bill was originally drawn, so far as I can determine, practically all of the President's advisers on the special commission that he set up to write the Social Security Act either leaned to the contingent reserve as opposed to the full reserve, or were actually in favor of the contingent reserve instead of the full reserve. I am advised that at least three of the four actuaries who were primarily consulted when the law was written were opposed to the full reserve.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. VANDENBERG. I yield.

Mr. NORRIS. I do not question anybody's idea about it. It is a question on which honest men will disagree.

Mr. VANDENBERG. Oh, certainly.

Mr. NORRIS. Honest men will disagree as to whether we should pay as we go or whether we should set up a reserve.

Mr. VANDENBERG. I am not impugning any motive anywhere in the discussion.

Mr. NORRIS. I understand that. I have always favored the setting up of a reserve. It does not follow that I should want to set up a high enough reserve so that the income on

it would pay the entire debt. The object in setting up a reserve in this case would be similar to that actuating a man who had a mortgage on his home, who would set aside something which would meet the debt when it finally came due. Another man might differ with him and say that instead of doing that he would renew the mortgage, and in the meantime use for other purposes the amount he could set aside as a reserve to pay the debt when it came due. Some hardship might be incurred in setting aside a reserve. However, it has always seemed to me that it would be better to set aside a reserve to meet a future contingency, in spite of the fact that we have to endure some hardships in doing it, and even though we could save that money, or use it for other purposes, or not even raise it by taxation; but we would have to levy a higher rate of taxes in order to pay as we go, and would not have the benefit of any income from the reserve.

Mr. VANDENBERG. I am very anxious to comment specifically upon what the Senator from Nebraska has just said. Before I do so, however, let me finish what I was saying when the able Senator interrupted me.

I was undertaking to say that when this particular section of the Social Security Act was written, the great weight of social security testimony in the country was against the full reserve; and I think the bill was drawn on that basis in the first instance. It was not until the bill reached the House Ways and Means Committee and the Secretary of the Treasury appeared before the committee—and I think he had a letter from the President in connection with his appearance—that the full reserve was forced into the bill; forced in not, in my judgment, because of its advantage to the Social Security Act, but forced in fundamentally and probably predominantly as a Treasury operation, so that these pay-roll tax revenues could cushion the Treasury in connection with its difficult financial operations in these difficult years.

I revert now to the observations of the Senator from Nebraska, and his suggestion that it is the course of wisdom and prudence to accumulate a reserve against a subsequent obligation. Of course that is true, so far as abstract economics is concerned. The best parallel to draw would be a parallel between a private insurance company and its operation on the full reserve system. The private insurance company operates on exactly the kind of system against which I am complaining in connection with title II of the Social Security Act. The difference is that when a private insurance company receives a premium it has to amortize its obligation out of every premium it receives, because it has no assurance of revenue tomorrow and the day after. The difference between a private insurance system and a public insurance system is that the public system does not have to cushion itself against all of tomorrow's contingencies, because it is guaranteed a substantial and constant and continuing revenue by law through constancy of compulsory pay-roll taxes. The only factor of doubt that confronts the public insurance system is whether or not employment will fluctuate, as the result of which the pay-roll taxes fluctuate. Therefore every executive of every major insurance company in this country—and I shall put the list in the RECORD—agrees that the public system does not need the full reserve such as the private system has to operate on and such as the Senator from Nebraska was discussing as the normal prudent procedure in respect to a private obligation, but merely requires a relatively small contingent reserve.

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

Mr. VANDENBERG. I yield.

Mr. SCHWELLENBACH. Cannot a fair analogy be drawn between the suggestion which has been made as to the pay-as-you-go system and the mutual assessment insurance companies? I think the history of the mutual assessment insurance companies will prove that in the long run they are not successful. So long as the assessment is small—in other words, so long as the indemnities are small, and the company is going along nicely, all the policyholders stay in and pay their assessments, but when for a period of a year or 2 years or 3 years the indemnities are particularly high,

then the policyholders withdraw. Would we not be running the risk of the same danger if we had what would be analogous to the mutual assessment system, a pay-as-you-go system? So long as the indemnities were low, so long as the amount appropriated by Congress was low, we could go ahead and the cost would be taken care of out of appropriations; but would we not face the danger if there should ensue a period of high indemnities and of large appropriations of somebody saying, "Well, we must abandon this thing"; and those who had ordered their lives with the idea that after a certain age they would receive a pension; would have that assurance taken away from them?

Mr. VANDENBERG. No; I do not think there is the slightest analogy to be correctly drawn in the fashion my friend proposes, and this is the reason: The mutual assessment system to which he refers has absolutely no assurance whatsoever of one penny's income beyond today; it is at the mercy of any contingency that may confront it in the future; and the Senator has described some of the contingencies that confront it. As assessments become larger people drop their insurance, and the whole plan becomes unsatisfactory. The income of the mutual system collapses, and the whole show is over. The public system is not troubled by a single one of those factors, because it knows, to a reasonable certainty, what its income is to be tomorrow, the next day and the next day, and even the income in 1980 is identified.

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

Mr. VANDENBERG. I will yield in a moment if the Senator will permit me. Please do not overlook the fact that in the pay-as-you-go system there is a contingency reserve. No one is suggesting that there should not be some protection against the ebb and flow of pay-roll tax revenues into this fund. There is some disagreement as to how much of a contingent reserve is necessary. There has been some discussion of \$3,000,000,000, and I have heard the suggestion made that the reserve should be as high as \$8,000,000,000. That is one of the subjects that are going to be discussed by the special board of experts which the Senate Finance Committee has very generously and sympathetically created. There is a contingency reserve against the casual emergent moment when something may happen that has been unforeseen. But the issue is drawn between this contingent reserve, which does not require the accumulation of this particularly gargantuan fund of \$47,000,000,000 on the one hand, and a contingent reserve on the other hand, which can be reasonably accumulated without any burden whatsoever either on the wage earner, who pays half the pay-roll tax, or on the employer, who pays the other half of the pay-roll tax.

Mr. President, at this point I ask unanimous consent to insert in the RECORD, in connection with my remarks, a list of life-insurance executives, found at page 14 of the Senate committee hearings, embracing the names of in excess of 60 of the greatest insurance experts in America, men who are in contact with the greatest body of expert experience in the country, men who have the largest right to speak from experience in respect to this problem. These gentlemen, without equivocation, insist that the full reserve system is not necessary in order to accomplish the result which we desire. I may say that, before I shall have concluded, I wish to demonstrate some of the alternative results that can be obtained in the interest and welfare of the social-security client himself if this major menace is removed. I ask that the list be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, the list will be printed in the RECORD.

The list is as follows:

Thomas A. Buckner, president, New York Life Insurance Co., New York, N. Y.
 William H. Kingsley, president, Penn Mutual Life Insurance Co., Philadelphia, Pa.
 Edward D. Duffield, president, Prudential Life Insurance Co., Newark, N. J.
 M. B. Brainard, president, Aetna Life Insurance Co., Hartford, Conn.
 M. J. Cleary, president, Northwestern Mutual Life Insurance Co., Milwaukee, Wis.
 B. J. Perry, president, Massachusetts Mutual Life Insurance Co., Springfield, Mass.

Guy W. Cox, president, John Hancock Life Insurance Co., Boston, Mass.
 L. E. Zacher, president, Travelers Insurance Co., Hartford, Conn.
 Arthur F. Hall, president, Lincoln National Life Insurance Co., Fort Wayne, Ind.
 John R. Hardin, president, Mutual Benefit Life Insurance Co., Newark, N. J.
 George Willard Smith, president, New England Mutual Life Insurance Co., Boston, Mass.
 Carl Hays, president, Guardian Life Insurance Co., New York, N. Y.
 M. A. Linton, president, Provident Mutual Life Insurance Co., Philadelphia, Pa.
 John C. Hill, president, Standard Life Insurance Co., Pittsburgh, Pa.
 M. Clark Terrill, vice president, Phoenix Mutual Life Insurance Co., Hartford, Conn.
 T. W. Appleby, president, Ohio National Life Insurance Co., Cincinnati, Ohio.
 A. Carlston McKenney, vice president, Life Insurance Co. of Virginia, Richmond, Va.
 Danforth E. Ball, president, Columbus Mutual Life Insurance Co., Columbus, Ohio.
 Henry Moir, chairman, finance committee, United States Life Insurance Co., New York, N. Y.
 Edwin A. Olson, president, Mutual Trust Life Insurance Co., Chicago, Ill.
 A. A. Rydgren, president, Continental American Life Insurance Co., Wilmington, Del.
 W. W. Putney, president, the Midwest Life Insurance Co., Lincoln, Nebr.
 C. C. Criss, president, United Benefit Life Insurance Co., Omaha, Nebr.
 W. G. Tallman, president, Great Western Insurance Co., Des Moines, Iowa.
 W. P. Stevens, president, Scranton Life Insurance Co., Scranton, Pa.
 Arthur E. German, president, Baltimore Life Insurance Co., Baltimore, Md.
 John E. Reilly, president, Old Line Life Insurance Co., Milwaukee, Wis.
 Clarence J. Daly, president, Capitol Life Insurance Co., Denver, Colo.
 Ralph E. Lounsbury, president, Bankers' National Life Insurance Co., Montclair, N. J.
 H. M. Merriam, president, Franklin Life Insurance Co., Springfield, Ill.
 C. E. Little, president, Provident Life Insurance Co., Bismarck, N. Dak.
 Walter L. Fallet, president, Fidelity Mutual Life Insurance Co., Philadelphia, Pa.
 A. L. Key, chairman of board, Volunteer State Life Insurance Co., Chattanooga, Tenn.
 W. L. Mood, Jr., president, American Life Insurance Co., Galveston, Tex.
 James L. Loomis, president, Connecticut Mutual Life Insurance Co., Hartford, Conn.
 A. O. Swink, president, Atlantic Life Insurance Co., Richmond, Va.
 John V. Hanna, president, United Life Insurance Co., Concord, N. H.
 Raymond F. Low, president, American Reserve Life Insurance Co., Omaha, Nebr.
 H. G. Royer, president, Great Northern Life Insurance Co., Chicago, Ill.
 Robert E. Sweeny, president, State Life Insurance Co., Indianapolis, Ind.
 Cornelius A. Craig, chairman of the board, National Life Insurance Co., Nashville, Tenn.
 F. B. Wilde, president, Connecticut General Life Insurance Co., Hartford, Conn.
 L. J. Dougherty, president, Guaranty Life Insurance Co., Davenport, Iowa.
 Crawford E. Ellis, president, Pan-American Life Insurance Co., New Orleans, La.
 Charles A. Harrington, president, Massachusetts Protective Life Insurance Co., Worcester, Mass.
 S. B. Coley, president, Durham Life Insurance Co., Raleigh, N. C.
 Henry H. Kohn, president, Morris Plan Insurance Society, New York, N. Y.
 J. J. Cadigan, president, New World Life Insurance Co., Seattle, Wash.
 E. O. Burget, president, Peoples Life Insurance Co., Frankfort, Ind.
 T. A. Phillips, president, Minnesota Mutual Life Insurance Co., St. Paul, Minn.
 George W. Steinman, president, Midland Life Insurance Co., Columbus, Ohio.
 Victor Etienne, Jr., president, West Coast Life Insurance Co., San Francisco, Calif.
 Chandler Bullock, president, State Mutual Life Insurance Co., Worcester, Mass.
 R. B. Richardson, executive vice president, Montana Life Insurance Co., Helena, Mont.
 W. T. Grant, president, Businessmen's Assurance Co., Kansas City, Kans.
 C. F. O'Donnel, president, Southwestern Life Insurance Co., Dallas, Tex.
 C. R. Beardman, president, Wisconsin National Life Insurance Co., Oshkosh, Wis.

C. W. Young, president, Monarch Life Insurance Co., Springfield, Mass.

E. C. Green, president, Pilot Life Insurance Co., Greensboro, N. C.

Clem E. Peters, president, Conservative Life Insurance Co., Wheeling, W. Va.

Mr. VANDENBERG. I now yield to the Senator from Washington.

Mr. BONE. Mr. President, do we not find a parallel between the private insurance company, of whatever character it may be, and the Federal Government in operating the social-security program in this fact: The Senator has spoken of the necessity for the private insurance company finding a profitable investment for its funds; obviously it has to have such investment; but there come times when it cannot find it, and the Senator says that a full reserve is necessitated in order to meet that condition.

Mr. VANDENBERG. That is only one of the several reasons why it is necessary that they have a full reserve.

Mr. BONE. There is also this contingency confronting private insurance companies: In a time of great stress, such as we have been going through in recent years, when millions of men become idle, they lose their insurance by defaulting in the payment of their premiums. The insurance companies keep that money; they will never again have to pay it out; they have that tremendous cushion. Furthermore, they are using tables of longevity that were employed three-quarters of a century ago. We have a different picture confronting us today. So the average insurance company is collecting more premiums than are sufficient in normal times to care for their load, for their liability. But does not the Government confront the same situation in a time of stress such as we have been going through? When millions of men go off the pay rolls does not the Government confront a situation that is quite similar to that confronted by the average private insurance company?

Mr. VANDENBERG. Mr. President, may I interrupt the Senator right there so as not to lose the thread of his question?

Mr. BONE. Certainly.

Mr. VANDENBERG. I understand precisely the point the Senator is making. The highest estimate of which I ever heard of a reserve that would be necessary to cushion our experience in the last depression, if this law had been in force throughout the depression, was \$2,000,000,000.

Mr. BONE. Is not that largely theoretical?

Mr. VANDENBERG. Well, Mr. President, the whole proposition is theoretical; all actuarial conclusions are theoretical; but they are reasonably reliable, as we find by experience.

Mr. BONE. Insurance companies are relying upon mortality tables some of which were formulated three-quarters of a century ago; the span of life has materially increased, but the insurance companies have not changed their mortality tables. Obviously, today many of the insurance companies are collecting more in the way of premiums than is necessary to sustain them.

Mr. VANDENBERG. Of course, I am not defending private insurance companies here today, and they have no place in my argument except by analogy.

Mr. BONE. I understand that.

Mr. VANDENBERG. They are not involved in the question of whether or not the public system should be based on a full reserve.

Mr. BONE. Perhaps I should not have injected that thought into the discussion, but I feel that the Government is in something of the same position that the private insurance companies are in. They have to build up these gigantic bodies of wealth, represented by security issues and personal property of all kinds in the attempt to fortify themselves and cushion themselves against the shock of abnormally large payments of money. Frankly, I can hardly bring myself to believe that the Government ought not to parallel that proceeding, because it seems to me that the Federal Government, going into that business as it has, is stepping into a field of operations very similar to that of insurance companies, and, if they have found desirable the method

referred to, I am inclined to think that the Federal Government could for the time being, at least, for a few years, parallel it until we know precisely what the real answer is.

Mr. VANDENBERG. I want the Senator to hear me through and see what price we are paying, at the expense of the wage earner, for the experiment which the Senator recommends that we carry on for a while longer.

Mr. BONE. Mr. President, I should like to make one more brief statement, if the Senator will permit me.

Mr. VANDENBERG. Certainly.

Mr. BONE. We cannot get something for nothing in this world; at least, I have never discovered how it may be done.

Mr. VANDENBERG. Oh, yes; we got \$2,000,000,000 out of gold devaluation for nothing, just with a fountain pen and an imagination.

Mr. BONE. But the insurance that citizens of this country have been able to carry has been paid for out of their pockets.

Mr. VANDENBERG. That is correct.

Mr. BONE. And I do not know how we are going to set up any sort of an intelligent insurance system without someone paying for it.

Mr. VANDENBERG. They are going to pay for it; there is no question about that.

Mr. BONE. Precisely.

Mr. VANDENBERG. But they should not overpay for it. That is the only thing I am saying.

Mr. BONE. I do not believe they are overpaying when a necessary reserve is being created.

Mr. VANDENBERG. I do not, either, if a necessary reserve is being created; but I think I can prove that if it is an unnecessary reserve, then they are paying too much. Is not that true?

Mr. BONE. I agree with the Senator as to that.

Mr. VANDENBERG. Mr. President, inasmuch as this entire reserve, amounting to \$47,000,000,000, ultimately has got to be invested in United States Government securities, the net result of the contemplation, among other things, is that by mandate of law we are committed to a permanent national debt of this crushing size, and all through the interim we have made public spending just so much easier and public economy just so much less essential. It is the most vicious influence ever conceived in connection with our public affairs. It puts a premium upon spendthriftism, and it is perfectly obvious that it does. That may not be its purpose. That, however, is the indisputable net result.

The distinguished Governor of the Federal Reserve System, Mr. Eccles, made a very courageous statement yesterday, and I want to commend him for it. He pointed to one of the real crises which America confronts. There is no real crisis which America confronts that relates to the Supreme Court at all. One of the real crises that America confronts is the maintenance of law and order as a basis of civilized existence. Illegal trespass cannot be condoned, no matter who the trespasser may be. But the principal crisis that America confronts, which Governor Eccles identified yesterday, is the menace of a creeping, seeping, ultimately uncontrolled inflation which will crucify—which can crucify, I prefer to say—everything of value in this Nation, and every man, woman, and child under the flag.

Governor Eccles said that we cannot wait much longer for a balanced Federal Budget if we are to avoid this menace. I am happy that such testimony at last has come from some high-ranking official of this administration. It was about time. He said that to avoid inflation and to obtain a balanced Budget without charging the enterprise to anybody who is in want or need, he would be willing, if necessary, to increase the tax structure of the country. I think that was a brave statement, too.

I think he omitted another brave statement that he could and should have made—that it is equally important that a decent regard for elementary economy in the administration of the Government might well start to get ready to begin to commence to contribute toward this balancing of the Budget.

But the thing I want particularly to say about the Eccles' statement, bearing directly upon the proposition I am submitting to the Senate this afternoon, is this: If the Governor of the Federal Reserve System is correct and we confront,

first, the necessity of a balanced Budget; second, the necessity of more taxes to accomplish that end; or, third, an inflationary movement which will be devastating, then there is double necessity for abandoning this full reserve under the Social Security Act for the following reasons:

If additional tax revenues are necessary to the Government, it certainly is the course of wisdom to lighten the tax load at any point where it can be lightened without danger to the advantageous social service which the Government is undertaking to render. If we abandon the full reserve system and go to a pay-as-you-go system, with a contingent reserve in respect to the compulsory old-age pension system, it is indisputable that we could either reduce the existing 2-percent pay-roll tax if we wanted to do so, or at the very least we could avoid the progressive increase in that tax during the years to come which the law itself requires.

I have excellent authority for that statement. I quote the chief actuary of the Social Security Board himself, Mr. W. R. Williamson, in an article which he wrote for the official organ of the Actuarial Society of America in October 1935. I ask Senators to listen to this quotation from the chief actuary of the Social Security Board:

Were the reserve plan abandoned without immediate increase in the present scale of benefits, the staff suggestion of initial contribution rates of one-half percent from the employer and one-half percent from the employee, advancing slowly to a maximum of 2½ percent from each after 20 years, would meet apparent benefit requirements for a long time to come.

In other words, if we abandon the full reserve system and go to the contingent reserve basis, thus shaking ourselves loose from this ultimate \$47,000,000,000 Frankenstein, instead of taxing the wage earner 1 percent today as his share of today's 2-percent pay-roll tax, we would only have to tax him one-half of 1 percent, and instead of increasing that tax to 3 percent on the wage earner alone in the course of the next 12 or 15 years, we would not have to go over 2½-percent maximum for several decades to come.

The first benefit from abandoning the needless full reserve system is to reduce in part the necessity for current taxation upon wage earners, upon the one hand, and the employer upon the other.

Reverting now to the statement by Governor Eccles, I repeat that if it is going to be necessary courageously to increase the tax burden upon the people of the United States in a fashion which he has indicated, it certainly is inadvisable to continue a needless tax which obviously saps the resources from the reservoir out of which the ultimate emancipation has got to come.

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

Mr. VANDENBERG. I yield.

Mr. NORRIS. I am not at all convinced, although I think I have an open mind on the subject; so far as I know I have. I am still not convinced that we ought to try, without a reserve fund, to solve the question the Senator is discussing.

Mr. VANDENBERG. Will the Senator let me finish my reference to Governor Eccles before he diverts me to another subject?

Mr. NORRIS. Certainly.

Mr. VANDENBERG. I have now indicated one reason why, if Governor Eccles is correct, there is a particularly emphasized need for the thing I am urging. Here is another reason:

If Governor Eccles is correct, and I think he is, that a progressively increasing high cost of living in the United States is going to prove insufferably burdensome to the American people, as a result of the inflationary movement with which we are entirely surrounded, then anything that contributes needlessly to the inflationary movement ought to be rejected promptly in the name of precaution. This full reserve is inflationary in its effect. Why? Because every penny of the pay-roll tax which the employer pays will be passed on to the public in the form of an increased commodity price. It becomes nothing more nor less in that effect than a general sales tax, and it increases by just that amount the cost of commodities in this country, and by just that amount increases the inflationary pressure of the high cost of living.

Any factor that can be restricted or eliminated—always saying, in this connection, that it must not be done with any impairment of the objectives of the Social Security Act—anything that can be done ought to be done in favor of the general situation and jeopardy which we confront.

Now, I think I have concluded my reference to Governor Eccles' statement; and if the Senator from Nebraska will be good enough to renew his question, I shall be happy to hear it.

Mr. NORRIS. Mr. President, I will say to the Senator that he has, at least in part, answered the question I was about to propound. I do not think I have any question at this time.

Mr. VANDENBERG. Mr. President, I have long overstayed my time on the floor. I had no thought of an extended discussion of this problem. I am indebted to Senators for the attention they have given me in connection with it. I feel that it is one of the fundamentally important matters that ought to be explored promptly and effectively. I am speaking today in criticism of no one nor in complaint against anything that has been done in respect to the Social Security Act. It is amazing, as a matter of fact, that so competent an act could have been written, under the circumstances, so quickly and with so few flaws.

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

Mr. VANDENBERG. I yield to the Senator from Nebraska.

Mr. NORRIS. It is very gratifying to me to have the Senator make the statement he has just made. While I was extremely desirous of taking the step that we took in the Social Security Act, I must admit that to a great extent the step was in the dark; and if everyone were candid with himself and with the country, I believe he would have to say the same thing. I could not see through the problem; and it may be that we levied a tax that is too high. I think we had better have done that and lower it afterward than to find out that we had not levied one high enough and have to raise it afterward.

Mr. VANDENBERG. That is true.

Mr. NORRIS. I found, in taking up individual cases, that the tax which is levied is a hardship. All taxes, of course, are; but in a good many instances this tax is going to be quite a hardship; and I should welcome the idea, if we can safely adopt it, of amending that part of the Social Security Act so as to reduce the tax levied on the employer and the employee, too.

Mr. VANDENBERG. I thank the Senator for his observations. That is my whole objective. Simply because we may be devotedly attached to the Social Security Act's objectives, I do not feel that we should decline cold-bloodedly to analyze its mathematics in behalf of betterment; and when I find myself irresistibly convinced, and supported in that conviction by all the greatest actuarial experts in the United States, as I have indicated, that by the abandonment of the full reserve and the substitution of the pay-as-you-go system with a contingent reserve, we can do either one of two things: First, reduce the pay-roll tax; or, second, increase and hasten the payment of the benefits. When I find myself confronting those advantages from a change in the system, necessarily I find myself under compulsion to urge the issue upon every possible occasion.

I desire to say for the Social Security Board that it has been generous, sympathetic, cooperative with me in every effort I have made thus far in the exploration of this problem. I desire to say for the Senate Finance Committee that entirely without respect to any political consideration the Finance Committee has cooperated splendidly in the efforts I am undertaking to probe this thing to a conclusive, dependable finality; and this is the way we are proposing to do it:

The able Senator from Mississippi [Mr. HARRISON], the chairman of the Finance Committee, has appointed a subcommittee of three, consisting of himself, the Senator from Virginia [Mr. BYRD], and myself, to discuss with the Social Security Board members the creation of an utterly independent and detached advisory council of experts to whom we shall submit the double question:

First, is the full reserve necessary? There is no doubt in my mind as to the answer to that question. Second, if it is not necessary, what shall we do with the vast sums we can save by abandoning the reserve? Shall we, first, reduce pay-roll taxes; or, second, hasten increased benefit payments; or, third, shall we combine these two objectives?

Mr. President, in conclusion I desire to observe that the Hearst newspapers recently created a nonpartisan social security commission for a study of all the problems related to the Social Security Act. On March 8 this commission issued its first report on the reserve problem which I have been discussing; and I am happy to say that from that source comes complete corroboration for the conclusions I have been presuming to offer to the Senate this afternoon.

I ask that at the conclusion of my remarks there be printed in the RECORD, first, the identification of the members of this nonpartisan social security commission, and, second, a brief summary of its conclusions on the reserve question.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

MEMBERS LISTED

Following is a list of members of the commission:

James J. Davis, United States Senator from Pennsylvania and former Secretary of Labor. Mr. Davis voted in favor of the Social Security Act.

Henry I. Harriman, former president of the Chamber of Commerce of the United States and member of the chamber's special committee on social security. Mr. Harriman is chairman of the board of the New England Power Association.

Samuel W. Reyburn, chairman, Associated Dry Goods Corporation and chairman of the Retail Merchants' Committee for the study of unemployment legislation.

William J. Graham, vice president, Equitable Assurance Society and member of the Actuarial Society of America.

Herman Feldman, professor of industrial relations at Amos Tuck School of Administration and Finance, Dartmouth College, and former chairman of the New Hampshire Commission on Unemployment Reserves.

Dr. Richard A. Lester, Princeton University economist.

Merryle Stanley Rukeyser, financial commentator, editorial writer, and author of four books on investment and personal finance. Mr. Rukeyser will serve as liaison officer between the Hearst newspapers and the commission.

The Nonpartisan Social Security Commission sponsored by the Hearst newspapers authorizes the subjoined statement of its views on reserves:

I. REDUCTION OF THE ACTUARIAL RESERVE

The commission believes that the cause of social security will be strengthened by amending the sections of the social security law dealing with reserves against old-age benefits. In providing for large actuarial reserves, the act needlessly borrows a principle from voluntary private insurance. The Government plan provides for the automatic inclusion in the insured group of young workers, and therefore can be safely financed without accumulating so large a fund as now provided.

No single phase of the legislation has caused more apprehension to the friends of the law than the proposed building up of an excessive governmental fund. Approach to the pay-as-you-go principle would enable the Government to deal more generously with those nearing the retirement age. At the same time, during the early years taxes on employers and employees could be held at a substantially lower level than contemplated.

Furthermore, these proposed changes in the financial basis for old-age benefits would involve a minimum of adjustment within the economic system, conforming more nearly to the realities. For pension payments to the aged would, in the nature of things, tend to constitute a charge on the current year's output of goods and services. Young and active workers, through the tax system, would consent to a deduction from their own production for the benefit of the aged, with the understanding that when they, too, reach the age of 65 they will be similarly provided for.

Accordingly, instead of the proposed reserve, which may reach \$30,000,000,000 in 1960 and a contemplated maximum of \$47,000,000,000 by 1980, the commission suggests a minimum contingency reserve no larger in amount than needed to assure carrying out of the plan even in years of depression, when tax receipts might be expected to be subnormal. Authorities consulted by the commission have suggested that \$5,000,000,000 would probably be adequate as a contingency reserve for the next 25 years.

Sweden, after 24 years of experience with a national pension system and a comprehensive survey of the problem, completely abandoned the full-reserve principle at the beginning of the current year. These recommendations of the commission are not only consonant with the Swedish experience, but also with the trend in other principal nations carrying out social insurance projects.

The commission perceives hazards in the accumulation of a reserve of thirty, forty, or fifty billion dollars to be invested, as

provided in the act, in Federal debt or federally guaranteed bonds in a manner that will yield at least 3 percent. Such a provision would tend to make increase in the Federal debt mandatory, and to that extent preclude the hope of a substantial net reduction of the national debt in periods of national prosperity.

The original argument used in behalf of the large fund was that interest-bearing Federal debt would in the later years provide 40 percent of the annual cost of old-age benefits. But provision of the interest would constitute a charge against taxpayers. Instead of this, if needed, such contributions could be taken directly out of general taxation.

Such a gigantic fund would be a constant temptation to reckless spenders in public office, and might be used in later years to keep a political party in power. Unless the Government spent the accumulated funds in such a way that the national income would be increased, the reserve would fail to perform an economic function.

A reserve as large as contemplated in the present provisions of the act tends to make the terms of social insurance rigid and inflexible, so that adjustments cannot readily be made to changes in the price level, the standard of living of the people, or the rate of industrial progress. It contemplates a static economic society and seeks to foreclose the right of the people periodically to review the plan in the light of economic and social change. Such rigidity is unrealistic, and political experience at home and abroad demonstrates that the lawmaking body in future years would object to having its hands tied.

The contemplated large reserve is to be accumulated by levying higher taxes and paying smaller benefits during the next few decades than would be necessary if such a reserve were not provided for. Accumulation of a large reserve could be obviated either by postponing the tax increases scheduled to begin in 1940, or by augmenting the benefit payments to those now of advanced age, so that each year most of the income from the current pay-roll taxes would be disbursed as benefits to retired workers who have reached the age of 65.

The Commission favors a combination of these two methods.

After sufficient experience, Congress can better decide how to offset the increasing annual disbursements without the present contemplated contribution of interest. If demands are to be made on the general taxpayer for contributions, such a change would be looked upon with more favor, if coverage is extended to exempted groups as rapidly as is administratively feasible.

II. INCREASE OF THE BENEFITS DURING IMMEDIATE FUTURE

Congress has already recognized that workers already old and nearing the retirement age will not have time to contribute in taxes the full cost of their benefits. Thus the principle has been adopted that others shall in taxes contribute to those now in the older groups. The Commission feels that this is a proper social policy, and in the circumstances thinks that such special situations might well be cared for out of general taxation, rather than exclusively out of pay-roll taxes. In any circumstances it recognizes a hardship in postponing benefits until 1942. Likewise, it considers the benefits provided by the present act in the early years as insufficient. Average benefits in the early years should be raised to a basis more nearly comparable to that provided in the act for those who would retire at 65, 25 years or 30 years hence. This sensible change will lessen the danger during the next two decades that might come to the act because benefits are low or not fairly comparable to benefits provided by noncontributory old-age assistance.

Such revisions would put social security on a stronger foundation and in turn relieve general taxation of the burden which otherwise would come through increased noncontributory old-age assistance. Whatever basic benefits it is found economically feasible to adopt on a broad national scale, it will be to the interest of employers, as well as workers, to consider voluntary pension plans, financed by employers and workers, as a supplement to the national project. The Commission recommends that employers and workers, through business management, labor unions, and other interested organizations, should give their prompt and serious attention to this problem.

The general taxpayer has a real stake in the social-security program, since, as the President's Committee on Economic Security computed in 1935, the successful operation of the old-age benefits program by 1980 should hold down public expenditures for old-age relief to less than 40 percent of the amount they would have reached by that date had the present contributory program not been established. A properly conceived social-insurance plan does not necessarily create new burdens on society but provides for a fairer and more systematic handling of old obligations.

III. PROTECTION OF PENSION FUNDS AND RESERVES

The Commission recommends that a definite accounting procedure be adopted by the Federal Government to earmark receipts intended for old-age benefits which exceed disbursements in any fiscal year. If pay-roll taxes exceed benefits and are used to meet expenses of the Federal Government or to retire outstanding debt, such sums should be definitely and clearly set up as liabilities in the financial statements of the Federal Government. There should be developed bookkeeping methods so that the people might visualize the mounting costs of old-age benefit payments assumed by the Federal Government.

Mr. VANDENBERG. I also ask leave to insert in the RECORD at the conclusion of my remarks a quotation from

the New York Herald Tribune of this morning dealing with the Eccles statement which I was discussing.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

[From the New York Herald Tribune of Mar. 17, 1937]

ON THE RECORD

By Dorothy Thompson

SANITY IN WASHINGTON

In the midst of the catcalls and mud slings of the last few weeks a sober voice has at last spoken in Washington, and the voice is that of one of the ablest men in the administration, Mr. Marriner S. Eccles, Governor of the Federal Reserve System. Mr. Eccles said in effect precisely what Mr. Walter Lippmann expressed in his column some days ago, and which was the chief point of an address which the writer of this column made at the Harvard Club on Sunday. And that is that the immediate crisis which is upon us is not a crisis of Government failing to meet human needs, which, if they are not met, may precipitate revolution. The crisis is the serious danger of a price inflation which may sweep everything before it—workers and capital alike. That crisis is due to a combination of factors, of which this column has repeatedly warned; the international situation, and a vast artificial boom based upon prodigious expenditures for armaments which threaten to unbalance budgets and create currency crises throughout Europe, with inevitable repercussions here; sudden and universal demands of labor for shorter hours and higher wages, with the assumption of no responsibility for seeing that production is not thereby curtailed; the intention of capital to pass these increases on to the public in the form of higher prices, even when such are not economically necessary. Inflation occurs when expenditures are being made more rapidly than real wealth is being produced. It is just as simple as that.

Mr. Eccles points, in addition, to one other thing: A labor shortage. "Numerically", he said, "there are still millions of unemployed people able and willing to work, and several more millions engaged on public works who could be diverted from public to private pay rolls." On which one can only comment that Mr. Eccles should have a word with Mr. Hopkins, who recently urged that the W. P. A. be put on a permanent basis, a proposal heartily hailed by the 20 eastern mayors who met in Philadelphia and thought it could be nicely done for \$2,200,000,000 a year. A mere bagatelle of about a third of the annual Budget and a thirtieth of the total national income. Mr. Hopkins' argument is that there is a permanent technological unemployment in the United States, and millions of people who cannot work in productive fields for other reasons. Indeed, the whole relief policy has gone on the assumption of a permanent large-scale unemployment and the effect of that policy has been to withdraw millions of men from the production of wealth and create an artificial labor shortage.

Mr. Eccles also puts his finger on another serious trouble with our productive system, namely, the fact that in craft after craft skilled men cannot be found to fill the 'obs; it is nearly a year since this column pointed to the pressing need for a large-scale apprentice system. But that has been combated not only by employers but most vigorously by trade unions. Mr. Eccles warns the unions that they must abandon monopolistic labor practices. Some of the old-line craft unions have been the worst possible sinners in this respect. To take a couple of examples at random: The stage hands union charges a huge membership fee—\$1,000, I believe—and admits no new members anyhow. The theater designers' union charges \$500 and is harder to get into than the Century Club.

Mr. Eccles' statement treads on a lot of toes. He doesn't white-wash the industries either. He says that price increases have been decreed which are not justified by rising wage or raw-material costs. One can guess that steel, copper, and other metals fall into this category.

There is small comfort in his speech for the reactionaries. The Budget, he says, has got to be balanced, and balanced promptly, and we have got to begin to retire the public debt by the Government, in relation to the expansion of private credit. He is not in favor, however, of balancing the Budget at the expense of the destitute and those who really cannot find private employment, but by increased taxation. This column believes that our relief policy needs a thorough investigation and overhauling by a non-partisan commission, a proposal which has been made several times to the Government, but consistently rejected. We need to find out what our relief needs really are, and we undoubtedly must face further taxation in any case.

There are some people in this country who think we can, through the increased powers of the Federal Reserve Board, manage credit and manipulate the money market so as to avoid inflation. Mr. Eccles scotches that vain hope. "If stable recovery is endangered by unwarranted price and cost increases arising from nonmonetary causes, they must be combated by other than monetary means."

Now is the time for all good men to come to the aid of their country. There is a way out if both the James Rands and the John Lewises will see a little light.

As for the radicals, or those who call themselves "liberals", there was a sobering word from France yesterday, also—from the popular front government, headed by the Socialist, Leon Blum. There the

Minister of National Economy, Spinasse, who is one of the closest associates of M. Blum, has warned employers and employees that they can keep the 40-hour week only if they can do so without decreasing production and increasing prices. And the 48-hour week has been resumed in some industries.

Mr. Eccles has established a refreshing contact again with a few realities.

Mr. VANDENBERG. I thank the Senate.

REGULATION OF RADIO COMMUNICATION

Mr. WHITE. Mr. President, the pendency in the other body of the Congress of a resolution authorizing an investigation of various phases of the radio industry, and reports that the Senator from Montana [Mr. WHEELER], chairman of the Interstate Commerce Committee of the Senate, contemplates the introduction of a resolution of similar purpose, prompt me to bring to the attention of the Senate some of the principles and policies embodied in existing law, to summarize the present facts which have relation to these declared policies, and to voice my approval of a congressional survey of law and facts, that we may more wisely consider what the public interest in this field of communication is, whether present law rightly declares this public interest and is calculated to serve it, and whether the Federal Communications Commission is respecting the law and in its administration is furthering its interest, or is heedless of the congressional purpose.

I shall endeavor to make my statement factual, seeking to avoid dogmatic expression of opinion. This purpose is not because of a want of views, but springs from an unwillingness to freeze these opinions now through premature and positive assertion. This whole subject is of such consequence to all our people that it merits open-minded reexamination. To this the Senate should, in my judgment, address itself.

It is in the broadcast band that the public has the greatest interest. We may properly regard the radio spectrum, and in particular that part of it reserved for broadcasting use, as a natural resource, possessing great availability for mass communication, and for the instruction and entertainment of the American people. There are physical limitations upon the number of available channels within this broadcast band. Because this is so, each channel has great possibilities of usefulness. There is a resulting responsibility resting upon the Congress to see to it that the largest possible benefit to all our people follows from the use of each of these channels, and there is an obligation to make certain that the public interest in them is not subordinated to private advantage.

By the Radio Act of 1927 Congress set up a Radio Commission. Under the act of 1934 this Commission was merged into the Federal Communications Commission. There was imposed upon this Commission the obligation of carrying out the congressional purpose as declared in the 1934 act. The 1934 act, so far as concerns radio, was a reenactment of the 1927 act, with only slight change. There was a rearrangement of sections, and there was a change in the provisions relating to court procedure, but there were no other changes of substance from the earlier act which need here to be noted.

The 1927 act was pioneering legislation. For the first time it declared certain definite principles with respect to radio communication, and asserted the possession by the Federal Government of definite rights in and powers over this field of communication.

It is important to an understanding of the matters to which I shall hereafter refer to point out now certain of these principles and of these rights and powers.

PRINCIPLES OF 1927 AND 1934 ACTS—NO ABSOLUTE RIGHT TO BROADCAST

The 1927 act rejected the previous rule of the 1912 act that there was a mandatory obligation resting on the licensing authority to issue a broadcasting license to each applicant therefor, and asserted instead that the right to transmit by radio was at the most a qualified or conditional right, to be exercised only upon a finding that the granting of a license and the operating of the station would serve a public convenience or interest or meet a public necessity. The same principle is asserted in the 1934 act.

NO PRIVATE OWNERSHIP OF FREQUENCY

The 1927 act declared that it was its purpose to maintain control by the United States over all channels of foreign and interstate radio transmission, to provide for the use of such channels by licensees for limited periods of time, but to permit of no ownership of these channels by any individual or corporation. It sought through many provisions to secure this governmental control; to prevent the assertion of private ownership; and, above all, to deny that the licensed use of a frequency for a defined period could ripen into a vested right therein. It declared in terms that no license should create any right beyond the terms, conditions, and period of the license.

The act forbade the issuance of a license unless the applicant signed a waiver of any claim to the use of any frequency or of the ether against the regulatory power of the United States because of the previous use of the same. The act declared that the station license should not vest in the licensee any right to operate the station, or any right in the use of the frequency designated in the license beyond the terms thereof, or in any other manner than authorized therein.

These provisions were an effort by the Congress to accomplish these announced ends, and in particular to prevent a prior use becoming the foundation of a claim of legal or equitable right in a frequency as against the power of control and regulation asserted to be in the Government. First carried in the 1927 act they were reenacted in the 1934 act.

LIMITED TERMS OF LICENSES

Congress also, in the 1927 act, placed a definite limit upon the permitted term of any license. It further prohibited the transfer or the assignment in any manner of a station license or the frequency authorized to be used without the consent in writing of the licensing authority. The purpose of these restrictive provisions as to the term of a license and as to its assignment is clear. They were intended to be effective aids in the plan of control by the Government. Congress did not propose that in a rapidly changing art, in a field of great public importance, it should lose for any long period of time that power which inheres in the right to license or to withhold a license. Congress sought also to make certain by these provisions, and by others, that in addition to technical considerations the citizenship, the character, the financial, and other qualifications of an applicant for a license or for the assignment of a license should be taken into account by the Commission in determining whether an original licensee or whether a proposed assignee possessed the qualifications of a licensee. These provisions and this purpose of the 1927 act are likewise found in the 1934 act.

MONOPOLY GUARDED AGAINST

Congress was also gravely concerned, when the 1927 act was under consideration, that this means of communication and of public information should not become monopolized.

The provisions of law already alluded to guarded in some measure against this result. Congress, in addition, wrote into the 1927 act further express language designed to make impossible monopolistic control of this form of communication. It authorized the licensing authority to impose upon any licensee any of the terms, conditions, or restrictions authorized to be imposed with respect to submarine cable licenses by section 2 of the Cable Landing License Act of 1921. This section gave to the President authority to grant or to withhold a landing license upon such terms as would assure just and reasonable rates and service and as would make certain that a licensee gave no exclusive right of landing or of operation.

This 1927 act in terms made all laws of the United States relating to unlawful restraints and monopolies, and to combinations, contracts, or agreements in restraint of trade, applicable to the manufacture of, the sale of, and trade in radio apparatus entering into and affecting interstate or foreign commerce, or interstate or foreign radio communications. And it further provided that if a licensee should be found guilty in any such respect the court, in addition to

other penalties imposed by law, might order the revocation of the license held by the guilty party.

The 1927 legislation also directed the licensing authority to refuse a station license to any person found guilty of monopolizing or attempting to monopolize radio communication, directly or indirectly, through control of the manufacture or sale of radio apparatus, through exclusive traffic arrangements, or by any other means, or to have been guilty of using unfair methods of competition.

This same legislation prohibited combinations between radio and wire companies if the purpose or effect thereof would be to lessen competition in the communication field.

Another section of the 1927 law sought to make certain that there should be such a distribution of licenses, of power, of frequencies, and of time as to assure to all the States and the communities thereof efficient and equitable service. This provision is likewise to be found in the 1934 act.

THREE PRINCIPAL EVILS GUARDED AGAINST

In these provisions of law thus summarized three general principles and purposes to which I now call the attention of the Senate in somewhat more detail were of outstanding significance.

NO VESTED RIGHTS

Of first importance is the principle that the licensing of a station and of the right to use a designated frequency therein should not create a vested right in the license or in the frequency. The purpose of Congress was that the licensee should not, by virtue of his license, acquire a property right which could be asserted against the Government. It must be recognized that if the use of a frequency brings substantial profit to the licensee there is increased difficulty in maintaining the principle that there is no property right vested in the holder of the license.

In the next place, it must be recognized that if a license and the use of a frequency bring to a licensee substantial income, even though the physical investment of the licensee may not be great, the task of the regulatory body is more burdensome, for however little contribution a particular station owned by any given person and located in a particular area may make to an orderly and efficient radio service throughout the United States, which is the great end sought, or however such station may interfere with a greater public service, the fact of the investment and the fact of the profits of very necessity embarrass the Commission in dealing with that station, either upon a requested renewal of license or with respect to other action affecting it.

This suggests the question, What are the revenues and the profits of radio licensees? I present to the Senate a general statement as to them. Much of this material comes from a survey of broadcasting revenues made by the United States Census Bureau for the year 1935. The figures given are based on data furnished by 561 out of the 564 stations engaged in commercial broadcasting in that year. The report is probably the most accurate source of information now generally available. This report shows that for the year 1935 the total revenue of these stations was \$86,492,000, of which more than 92 percent came from the sale of time. The balance came from the sale of talent and miscellaneous items. Of the portion received from the sale of time, approximately one-half, \$39,737,000, was received from national regional network advertising.

From compilations published by the National Association of Broadcasters other interesting statistical matter may be gleaned. This source indicates that the gross revenue of the broadcasting industry for 1936 was \$107,550,000. There are estimates by others that the gross revenue for 1937 will total from \$125,000,000 to \$135,000,000. This is a huge revenue based upon a relatively small capital investment.

Complete and trustworthy information as to the profits made by broadcasting stations is not available. In the renewal applications filed every 6 months by the licensees, they are asked to furnish their average monthly revenue and their average monthly profits. If complete answers to these questions were insisted upon, and if uniform methods of accounting were required, the Commission could readily

provide this information; but my understanding is that there has been no serious effort to secure the information or to compile and analyze it.

It has been reported to me that from the last set of renewal applications it appears that the highest average monthly revenue received by any station of the local class, that is, stations with night power of 100 watts or less, was \$14,000, or \$168,000 a year; that in the regional class of stations, that is, stations with night power of 1 kilowatt or less, the highest annual revenue was \$911,000, and the highest profit was \$244,000. Data as to the average profits in this group are not available to me. Incomplete figures have also been compiled for the 50-kilowatt clear-channel stations. Eight of these stations owned or leased by the National Broadcasting Co., or by the Columbia Broadcasting System, have not submitted separate figures to the Commission. The 24 other stations of this power show an average annual revenue of \$700,000 and an average annual profit of \$280,000.

One station in this group showed an annual profit of about \$620,000. There is one station of 500 kilowatts. Its annual revenue is reported to be over \$2,400,000, and its profit somewhere between \$357,000 and \$420,000. Many factors enter into the earnings of these stations. The results are not dependent wholly upon the power of the station or any other single factor.

The rates charged by stations are a matter of interest. Information on this subject is furnished in a publication called Standard Rate and Data Service. The general practice is to regard a one-quarter hour period at night as the basic rate period. Rates vary greatly, from a few dollars for some of the local stations to very substantial sums. The charges in the case of the 50-kilowatt clear-channel stations range from \$85 to \$370 for one-quarter hour of time. The average in this group is about \$175 for this length of time. The highest charge of which I have knowledge is at the rate of \$532 for one-quarter hour of time.

The costs of the stations earning the revenues and the profits indicated vary greatly. In a report made by a group of experts, and published under the auspices of the National Advisory Council on Radio in Education, are to be found estimates of the capital investment involved in stations using various amounts of power. These estimates are as follows:

One-hundred-watt station, \$6,600; 1-kilowatt station, \$30,000; 5-kilowatt station, \$63,000; 50-kilowatt station, \$224,000; 500-kilowatt station, \$582,000.

These figures do not include studios, studio equipment, and real estate. The omitted items will aggregate in many instances substantial amounts, but they will not change the fact of very large profits, in many cases of 100 percent and more annually, upon the investment.

The rates charged by these broadcasting stations are not subject to Federal regulation. In the 1927 act there was a provision that a license should be revocable by the Commission if it was found that any licensee had made any unjust or unreasonable charge, or had been guilty of any discrimination with respect to communications or service. This provision was not carried in the 1934 act, and the latter act in terms declared that a broadcasting station was not a common carrier.

Such figures as I have just presented suggest that an inquiry should be made into the radio industry in order that the Congress may have complete knowledge as to the investment in radio stations and their equipment; as to profits; as to the real considerations for the sale, assignment, and leasing of stations; as to whether licensees are receiving huge sums for licenses which cost them nothing; and generally into the basic question of whether property rights in the nature of vested rights are being asserted in frequencies and are being recognized by the Commission. Other questions immediately suggest themselves. If huge profits are being made from an investment relatively small as compared with the profits, and if they come from the use of a natural resource in which the user has no title or right of use beyond that granted by the Government, may we not properly ask whether, in the cir-

cumstances, the profits to which I have made general reference are not unreasonable?

If this appears to be true, then may we not properly question whether the rates charged should not be regulated by public authority, or whether the profits should not be devoted in larger measure to an improved service, or whether a portion thereof should not be recaptured to meet the costs of governmental regulation?

The facts now available make it advisable in my view that thoughtful consideration should be given to the particular question, among others, whether these stations, with their large revenues and profits, their wide variations in charge, with the limited frequencies available, with the tendency toward centralization hereafter discussed, and with their great usefulness and interest to the public, should not be declared to be public utilities and be subjected to a control in rates and practices to which they are not now amenable. That there would be legal justification for such a classification I believe is clear. A business carried on under a grant of privilege from the State has imposed upon it by reason of that privilege a definite duty of rendering a public service; and the power of regulation must exist if there is to be assurance that this public-service obligation will be met.

The classification of these stations as public utilities, and the assertion of control over their rates and practices, as to the wisdom of which there would be differences of thought, is complicated, and is made more difficult by the extent to which stations are now owned by newspapers. No one would think of asserting public control over the rates and practices of the press. It might, however, prove impossible to separate the radio station and all its activities and financial relationships from its newspaper ownership.

Such ownership has become extensive. It is not, however, new. In the earliest lists of broadcast stations were found instances of such ownership. Some of these licensees were pioneers in radio broadcasting. In 1926, of the 268 principal stations, 35 were owned and operated by newspapers and other publications. It has recently been reported that newspapers own or control 150 stations. My information is that the number so owned or controlled is 194. A superficial analysis indicates that about 98 are separately owned by 98 publishers, and that the remaining 96 are owned or controlled by 30 publishers, each having from 2 to 10 stations. Since January 15, the date to which the figures I have just given relate, other applications have been granted, and still others are pending. There seems to be a definite and accelerated movement toward newspaper ownership of stations. The latter fact probably accounts for the belief held by some, and now often given voice, that radio broadcasting and the press—the two great agencies now available for the dissemination of news and knowledge—should not be united in single ownership and control, but should be maintained as distinct if not competitive sources of information.

It is not by any means clear what has created the public interest in this subject, or on what grounds the opposition to this joint ownership rests. Three principal reasons are assigned for the present hostility to this joint control:

In the first instance, it is said to be due to a definite disagreement on the part of many with the public policy of the particular newspaper ownership controlling the largest number of stations. While expressed generally, it may well be single and personal in its purpose.

In the second place, it has been asserted that the opposition to this newspaper ownership is chargeable to the two largest networks or chains, which are moved, so it has been suggested, by the hope that the issue thus raised will divert attention from their own acquisition of stations and from their growing domination of the broadcast field, and also by the fear that newspaper acquisition of stations threatened the completeness and the effectiveness of this chain control.

Finally, a substantial reason for the concern which is being expressed is alleged to be the belief of many that it is not sound public policy to give to a single agency the present two means of reaching the ear of the American public.

Those holding this view urge that the sure guaranty of a free press is competition between newspapers; that free speech by radio is dependent upon competitive opportunities between radio stations; and that full opportunity to reach the public by both means is best assured by competition between stations and press.

The growth of newspaper investment in radio stations has some possibilities which publishers themselves might well explore. To whatever extent the capital of the newspaper owner goes into radio, it becomes subject to business risks not elsewhere encountered. It is invested in chief reliance upon a license which may not exceed the term of 3 years, and which in custom is for 6 months, a license which is not renewable as a matter of right and which may be revoked in appropriate circumstances. Clearly, here is an unusual monetary risk; but of greater significance is the fact, which cannot be ignored, that as the newspaper investment increases, the press becomes increasingly susceptible to governmental influence. The press of America should consider the implications involved. It is not unreasonable to fear that the development of newspaper ownership in this governmentally controlled means of communication is the great threat to the freedom of the press in America.

That a problem is presented by the present situation and by the trend of the times ought to be recognized by all. If the Commission senses the situation, and if it has views as to what our policy should be, it has skillfully concealed the fact from Congress. Congress ought no longer to ignore this problem. If it approves what is taking place, all is well; but if the conclusion is that the control of press and radio by a single interest is unsound, Congress must move with celerity or a situation will have been created with which it will be too late to cope.

TRAFFIC IN LICENSES AND FREQUENCIES

Somewhat intimately connected with the matters just discussed is the question of the sale and lease of stations and the assignment of licenses and frequencies. These changes in ownership or in control are effected either by sale of the physical property, by assignments of the licenses, or sometimes by leases.

There was in 1927 great controversy as to the proper term of a license. When the original act was under consideration there was serious contention that if investments were to be made and the art was to be developed licenses must be for much longer periods than those permitted by the present statute and those granted by the Commission. A much shorter period, however, than that originally proposed was written into the law. This was done to assure flexibility in the broadcasting system and to aid in effective control by the regulatory body. It is made clear by the provisions of law referred to in the early part of these remarks that Congress intended that there should be definite control over the ownership and operation of stations and over the assignments of licenses. It was recognized that freedom to barter and sell licenses threatened the principle that only those who would render a public service should enjoy a station license. But notwithstanding determined effort by the Congress so to control ownership and the sale and assignment of station licenses and frequencies, the practice has grown to such an extent that we are almost justified in the fear that there has been in large degree a failure in the congressional purpose. Not only are stations being often sold and licenses assigned but prices are being paid which clearly indicate that the assignee is buying a frequency rather than physical property.

Between July 11, 1934, and June 30, 1935, the Commission approved 25 assignments of licenses and 10 transfers of control of licensee corporations. During the period from July 1, 1935, to December 8, 1936, 36 assignments of licenses and 31 transfers of control of licensee corporations were approved. In addition, there were a number of assignments based upon the leasing of stations. There were other instances where substantial stock transfers in corporations took place. One cannot be quite certain what in any case the substantial effect was of such stock sales.

As bearing on the question of whether licenses and frequencies are being trafficked in, the facts in particular cases are significant. So far as my information goes, the highest price paid in any transaction approved by the Commission since July 11, 1934, was \$1,250,000. This amount was paid by the Columbia Broadcasting system to stockholders of a California corporation for the capital stock of that corporation. This transaction was approved July 17, 1936, after a hearing. According to the information at hand, the replacement cost of the physical assets of this corporation was \$217,000, and the claimed value of the assets, including physical and intangible assets, was \$236,000. Of this amount, \$61,000 was claimed as goodwill. Ninety thousand dollars was represented by accounts receivable. There was \$22,000 in cash, and the depreciated value of the physical property was only \$63,000. The price paid for the stock of this corporation, therefore, was nearly 20 times the present value of the physical property. This information is taken from the Commission's written decision approving the transfer. This in its essence was a sale of a frequency and the recognition by the Commission that the frequency had a value to the parties of approximately a million dollars.

There are other cases where huge prices were paid. The most recent instance of a sale involving a large figure has to do with a station in Texas. In this case the Columbia Broadcasting system is endeavoring to purchase a radio station for a net price of \$825,000, of which a substantial part must have been for the frequency. Some \$500,000 more was to be paid for other property of the corporation. The original cost of this station was \$236,000. Its replacement cost new was \$232,000, and its depreciated value based on inspection and appraisal was \$141,000. The application for approval was heard by one of the Commission's examiners in December. The examiner recommended against approval of the transfer. Exceptions were filed by the parties, and the matter has never been passed on as yet by the Commission. This price can only be explained on the theory that it was in large measure based upon a value in the frequency involved.

It should be noted that in a large proportion of these cases involving assignment and transfer of control the commissioners granted the applications without hearing. During the month of December, while this Texas case was being heard and while a substantial controversy raged about it, transfer of control in another licensee corporation, this one a small regional station, was granted without hearing. In the *Broadcasting Magazine* for January 1, 1937, is to be found information regarding this transaction. The aggregate price for the station's stock was \$340,000. Considering the size of the station, this price may easily represent as great a discrepancy between it and the value of the physical assets as appears in either the California or Texas case. Some of these assignments and transfers granted raise not only questions as to the price asked and the justification therefor but they also involve the wisdom of allowing stations to move from smaller cities and towns to centers of population where there is already station congestion.

I have referred to sales and to assignments. Another ingenious practice by which the radio properties are dealt with has grown up. The leasing of stations presents an interesting situation. There have been of late a number of leases of stations for terms of years with options covering such further periods as to make the total of time as high as 20 years. Station WMAL here in Washington is a case in point. The lessor is a local corporation, the M. A. Leese Radio Corporation. The licensee is the National Broadcasting Co. The claimed value of the physical and intangible assets is \$37,599, but the lessee pays an annual rental of \$36,000, which is only about \$1,599 less than the value of the assets leased. The licensee of the Communications Commission, as I have said, is the N. B. C., and the licensee is being granted successive renewals by the Commission. The Leese Radio Corporation is not the licensee, but it is being paid a rental amounting to many times the value of the assets covered by the lease. Manifestly the N. B. C. is not

paying annually \$36,000 for the rental of assets of the value of \$37,599. Clearly the Leese Corporation is being paid for the use of a frequency, and yet in this case it is not even a licensee.

In Boston is station WEEL. It is leased by the Columbia Broadcasting system from the former lessee. The lease runs from August 1, 1936, to April 1, 1943, a longer period than any broadcast license may be issued for. It was, nevertheless, approved by the Commission. The total claimed value of the physical and intangible assets is stated to be \$497,907. The annual rental is \$219,000, and this is only a regional station. In 7 years' time the Columbia system will pay the lessor \$1,533,000, or, roughly, three times the value of the physical and intangible assets covered by the lease. Here again who can question that a frequency has been leased for a 7-year period with the assent of the Commission?

Why should the Government be concerned? The price paid cannot affect the legal powers of the Commission. In a legal sense a station licensee who has paid a huge sum for an assignment, a sale, or a lease, and who has violated the law is as subject to the penalty of revocation or to the rejection of a renewal application as is one paying a nominal consideration, but I am afraid the human element enters into the equation and punitive action is not so certain in the one case as in the other.

If we will regard the realities, we will recognize that, in disregard of the congressional purpose, stations and licenses and frequencies are being freely bought and sold and leased; that prices are being asked and paid which have no possible relation to the investment, and which can only be explained upon the theory that the frequency is being highly capitalized.

There are involved other questions upon which I have not touched. I have said enough, I believe, to justify a congressional inquiry into this subject matter. The questions raised are of principle. Did Congress declare sound policy in the 1927 legislation? If not, let us make further effort to find the solid ground upon which this industry and its regulation should rest. I do not view with complaisance administrative disregard of congressional purpose. One or the other attitude should be changed.

MONOPOLY

The third major problem dealt with by the Congress in the legislation referred to was monopoly. There cannot be the slightest doubt that Congress undertook to make certain that undue concentration of stations in particular areas should not be permitted and that there should not be monopoly ownership or control of radio.

I make but passing reference to the subject of concentration of stations. This evil was sought to be effectively guarded against by the 1927 act and by the Davis amendment, so-called, of 1928. This amendment was repealed because of criticisms directed at the technical difficulties it presented and because of the oft-repeated assurance that the language of the 1927 act, found also in the 1934 act, made clear the congressional purpose and clothed the Commission with the necessary authority. Some heed has been given by the regulatory body to this purpose, but there are repeated warnings in the acts of the Commission that it is not greatly impressed with the desirability or necessity of observance of this congressional direction.

Study of the facts with respect to ownership and control of stations brings the conviction that Congress must either recede from its position of hostility to monopoly or it must take steps to insure that its wishes be respected by the regulatory body.

The provisions of the 1927 act, which are also found in the 1934 act, leave no possibility of doubt as to the will of Congress; they confer ample powers to make that will effective.

What are the facts with respect to competition in this industry? Or asked another way, What are the facts with respect to the control of this industry by a few? I confine myself only to the broadcasting branch of communications.

There are today about 685 broadcasting licenses, including construction permits. There are 90 channels or fre-

quencies within the broadcast band. Of these, 40 are so-called cleared channels.

Of the total number of stations, more than one-half are stations of low power or stations with such limitation of hours of operation as to be of minor importance. There are about 250 stations, perhaps a few more, either on full time or with substantial power, making up that part of our broadcasting system to which the greater part of our people regularly listen. Of this number about 240 are owned or are in some way tied in with the three principal chains, the National Broadcasting Co., Columbia, and the Mutual Broadcasting systems.

The National Broadcasting Co. actually owns or controls 17 stations and exercises effective control over the programs of about 87 other stations. The Columbia system owns or controls 9, and has a dominating influence over the programs of approximately 98 others. These numbers alone have significance, but the size and character of the stations emphasize the importance of this ownership or control, for these 26 stations use 20½ of the 40 cleared channels available, and they are largely stations with 50-kilowatt power. Only two of the stations owned or controlled by N. B. C. are not clear-channel stations; only three of those owned by Columbia are not cleared-channel stations.

Now this control of this number of stations operating on clear channels with 50-kilowatt power means that two organizations, with headquarters in New York, determine the character of information going to a substantial part of the people of this country, both urban and rural. With the exception of about 3 stations, all of the 26 mentioned by me have been acquired under the authority of the Commission since 1927. The process of centralized control is going on. The independent stations are becoming relatively, if not actually, fewer. Is the Congress interested in the process? If it is, I again urge that it investigate and study the facts and the implications thereof.

The Congress at the time the 1927 act was passed, while, perhaps, not fully appreciating the growth of the chain system, did recognize the possibilities of the situation and wrote into this early act the authority to make special regulations applicable to radio stations engaged in chain broadcasting. This provision was continued in the 1934 act. The regulating body has seemed indifferent to the problem or without definite views concerning it.

In November 1935 one of the Commissioners—and I do not get the information from him—presented a motion in a meeting of the Commission directing the Broadcast Division to report to the Commission: (a) Whether, in its opinion, the Commission should adopt special regulations for the regulation of chain broadcasting; and (b) in the event that the adoption of such special regulation is believed by that division to be desirable, the proposed text of such regulations.

This motion was referred to the Broadcast Division for consideration and report. There has been no report. Nothing appears to indicate that the problem has been considered, notwithstanding its overwhelming importance.

FEDERAL COMMUNICATIONS COMMISSION

I do not want to reflect unwarrantably upon any member of this Commission. In past years I have given much attention to the problems presented and have some appreciation of the difficulties inherent in the situation. I feel justified, however, in general comments on the Commission's work.

In the first instance, every Senator knows that the air is full of reports that cases have been decided not alone on the evidence presented and the merits of the issue, but that political pressure has been often exerted, and that it has been determinative in many instances. There is, I believe, a public impression that applicants before the Commission should and must seek political aid. The Commission ought not to be subjected to such influences. Its decisions ought not to be under suspicion to the extent they now are because this or the other person of political power has intervened. I know of no more certain means of reestablishing the Commission in public respect than to turn on the light

of publicity and thereby to stop these attempts to improperly influence a quasi-judicial and regulatory body of the Government.

There is persistent report that the Commission, in the consideration of cases and in the determination thereof, disregards its own procedural rules and its established engineering standards. Is this true? If there is justification for the belief, what is the justification for the Commission's acts?

There is a greater volume and persistence of criticism of this Commission than of any other bureau or commission of the Government. Is there warrant for this? I think the Congress should free the Commission from unjustified suspicion or it should act if its policies and purposes and the standards which ought to guide a regulatory body of the public importance of this Commission are being disregarded. Only a searching inquiry will give the answer to these questions.

Scientists tell us we are on the threshold of great events in radio. New bands are to be available in what are termed the "ultra high frequencies." The practical use of television is believed to be at hand. The possibilities of the future are beyond our knowledge. It is certain that governmental regulation cannot be dispensed with. Regulation must be dictated by sound principles, so far as these are known, and by a body whose acts shall be guided by a sense of public responsibility and by an independence which is deaf to every political and other unworthy suggestion.

Mr. President, I join in the hope which has been expressed by others that there may be investigation of this entire subject matter.

SIT-DOWN STRIKES

Mr. JOHNSON of California. Mr. President, I desire to occupy just a minute to issue a feeble warning, so far as lies within my power.

The most ominous thing in our national economic life today is the sit-down strike. It is bad for the Government, and in the long run it is worse for labor. If the sit-down strike is carried on with the connivance or the sympathy of the public authorities, then the warning signals are out, and down that road lurks a dictatorship.

NEED FOR GOVERNMENT ACTION TO SETTLE STRIKES

Mr. LEWIS. Mr. President, I desire the attention of the Senate for a few moments upon a subject which I think is justifying very grave consideration. I wish to propound a query to the Senate. I put it as a member of this official family: Is the United States a government?

We recall, sir, that the great Bard has Macduff to come upon the field in an hour of great confusion and insurrection among Scotsmen demanding:

Stands Scotland where it did?

We ask, Stands the United States where it should?

Is this Government to continue apparently unobserving an attitude throughout the Republic of America where indiscriminate paralysis of every form of business is being incited and every relation of commerce dismembered under the name of a controversy between employer and employee? Are we to be lifeless until this predicament shall lead to lawlessness that shall take the form of an abolition of the status of peace and destruction of the known rights of property? Are we to assist in stifling the just privileges of the toiler? Are we waiting to be driven into a national confusion that may lead to national riots?

Does this honorable body forget that the circumstances surrounding us now are but repetition? When a situation similar to that now surrounding us prevailed—like unto this in great degree—under Theodore Roosevelt, known as the anthracite coal strike of 1902, and that which led from it, does the Senate forget that it was that President who felt it was within his power, with the approval of Members of this body on both sides, to name a commission of trustworthy men to give the general subject attention, and thus give voice to all those who were making contentions and claims by which they could be heard, some solution be reached, some composure afforded to business and industry in the

country? Will we not recall that when, in the railroad strike of 1916, there was the threat, sir, of a desolation and a devastation here in this land under Wilson, he put afoot a movement of investigation by authority by which subsequently the result of lawlessness and riot was avoided, and the danger to the point of destruction of both law and order and the high status of America before the world was avoided?

None of us can forget, sir, that under Grover Cleveland conditions of unrest reached a very high point in the Debs strike, and the State which I have the honor in part to represent became, unhappily, the field of strife where followed the destruction of property, incendiarism, and the murder of men, until our United States were held up before the world as a land of such lawlessness, strife, and crime as to be unworthy of being continued under the Constitution.

Mr. President, that which has been may be. "A sputtering flame may set the house afire", saith the old adage, and destroy the city and all its associations of family and home.

Mr. President, the time has come, as I behold it, when our honorable President would be justified, upon any action taken by this honorable body, in suggesting that we behold the situation as of concern to the Republic, not from the standpoint of the Constitution or the line of demarcation between the Federal Government and the States—those abstract doctrines which have oftentimes wooed us to confusion—but because the right of peace, the security of honest property, the preservation of the Federal Government call for action on the part of men of will and conscience necessary, sir, in the fulfillment of their duty to American citizenship.

Sir, if conditions as we now see them shall continue, what will be the result? If these strikes and protests against any and every form of order in society and Government shall reach the point where men shall possess the courthouses, the instruments of the law, and by their numbers and force shall circumvent the due processes of a peaceful government, what will be the end? Both sides will soon enter into the strife, and the final result will be an assault upon every form of peaceful government in America and the defeat of every right of honest toil. Note, sirs, that at such times there always wait those ready to take up the conflict in confusion and carry it on to the result of despotism or destruction.

Does this honorable body need to be reminded that if there are such instruments as Hitler and Mussolini in the full meaning of what is charged now and then, and from certain sources has been demonstrated, it came about as follows: First, we will contemplate Mussolini. The strikes came in Italy. Then the toilers took possession of the plants of fabrication and manufacture. Then the masters of the plants, seeing their opportunity, stood behind those who foraged upon the property and seized it with force. These owners aided the assailants to the point where every form of republican government and every method of democracy was overcome. Now, sirs, it was from such condition that there sprung that which we speak of as Mussolini and his era. His influence was by reason of these financial and material interests standing behind him and guiding him to the destruction of individual rights and the lifting up and the sustaining of an imperial power in behalf of the strike and the property.

Sir, do we forget that in Germany the labor movement had proceeded and reached the highest degree of efficiency? No greater personal liberty existed among men than that which they enjoyed. A form of philosophy in government was their inheritance. A sweet and beautiful theme in all forms of literature, and that which impelled people of the highest degree of refinement, was that of the Germans.

But, sir, there came a time when communism within slipped through its gliding menace, and there, like a writhing serpent, coiled itself around the circumstance; and when it did, it awakened the toiler to turn on himself, attack all of that which was peace, destroy all property which was available to his hand, and assert power within himself to do so with perfect indifference to the institutions of authority called government. Then, sir, from time to time, in one form or

the other, one man pursuing after the other, Mr. Hitler arose. He had had to do with housepainting down in a small town near Munich; and he passed into Munich as the head of one of his agencies, and from that became an assertive power with a great deal of strength in the will of what he felt were the privileges of those who are favored in position. Very shortly the same financiers, the masters of great commerce, those who manipulated wealth as under Mussolini in Italy, got behind Hitler in the very same manner that had preceded in the case of Mussolini. They aided Hitler with funds and guided him with their strength to power. This was to aid his regime to obtain control of government and to assure the monopoly of their privileges without hindrance. Unhappily for the toilers, they, seeing this prospect, as they fancied, as one in their behalf, joined in the undertaking. The result followed. The toiler lost his individual liberty, the property of the laborer became sacrificed and confiscated along with that of the proprietor to the demands of tyranny and power from capital and military. The final result is that there is no more in these countries the old government of liberty and democracy of their fathers.

We turn to Russia for a moment. We contemplate Spain in the whole picture of its darkness and lurid flame. Can we do this and yet learn nothing? Will this Government wait until the like proceeding has gone so far in this our land, without protest or warning, as to reach the point where we must be terrorized by one or the other, the tyrant who shall take charge of government in the hour that awaits him, or the imperial power of government under military power to avoid it?

We sit silent here, honorable Members of a great body, the great, leading authorities of the Government, indifferent to what all of this threatens us with. No one seemingly is interested to avoid the sure consequences. Among my brethren of this honorable body, hear your humble servant as he proclaims that in every hour and condition such as now surrounds this our Government there waits another Hitler and there lurks in the shadows another Mussolini. It is but a matter of time when, opportunity giving them their chance, it will be availed of, and behind them the toilers, the misguided power, following upon the dream of benefit; and the calculating master, seeing it to be his hour, will, in conjunction, work to the confiscation of the rights of man, order the death and the destruction of liberty, and for all time of the generation overturn every form of government. This master secret power, never courageous, never standing out in his own character, chooses those of humbler station, and appears to be elevating them into the glory of greatness, that they may lead the thing which profits him.

Mr. President, this our Government has an hour when it must turn now to realize the situation. Let us use the index. If at the city of Detroit, Mich., as is now reported, there is a move afoot to seize the courts and to prevent the executive and judicial officers from carrying out their orders, and if, on the other hand, there is on the part of great masters a threatened combination to starve out the toiler, by which he can neither take water nor food if he dares sit in the premises, and then the two shall clash against each other, with the victory going to him who shall have the greatest force of numbers to sustain his undertaking, what is to become of America? Are we to wait until these things shall have set upon us, with their awful consequences, before there shall be some course of action, some show of courage, to avoid it?

I rise at this moment, sir, as a citizen of America, as one of this administration, as one more hopeful for my country, to invite attention to the fact that all of that which has been all around us, with the results of destruction that we have seen, with that sure devastation that has followed, will follow in the same course and method in this our America.

Mr. President, I therefore say that by the example set by Theodore Roosevelt in the matter of the coal strike of 1902, with its threat to the peace, the property, the harmony, and the justice of America; by that other example of Woodrow Wilson in the matter of the railroad strike of 1916 and that

which pended over us; and of that, may it please you, sir, that is instinctive in the heart of the American to preserve his country from the fate which befalls these lands around us which in a moment of slackness and thoughtlessness have brought upon themselves, sir, the devastation they are now enduring—we should be warned, and some steps should be taken on the part of the authorities of this our country in a legitimate manner for investigation, deliberation, and some form of agency that shall find what is truth and justice and report it to America. Behind this result public opinion may express itself, and we may still preserve property in its rightful possession, the liberty and rights of the toiler in his full status before mankind, and peace and order throughout the Republic, to the end that this America may stand before the world recognized and remaining as the emblem of honor and the symbol of justice.

I thank the Senate for allowing me to intrude my expressed thought upon this order of appropriation debate.

Mr. KING. Mr. President, the senior Senator from California [Mr. JOHNSON] has called attention to numerous strikes and a new technique involved therein, which is known as the sit-down strike. As I understood him, he regards the situation as serious and fraught with serious implications.

It is most unfortunate that progress toward recovery in our industrial life is interrupted by serious labor controversies. During the past 2 years several million men who were unemployed have obtained employment and the volume of production in all fields of industry has been materially increased. The national income during the period referred to has increased by many billions of dollars. Statistical reports from governmental sources as well as from labor organizations indicate improvement in labor conditions, higher wages, and as I have indicated, increasing production and greater purchasing power in all parts of the Nation. It is true the national income has not attained the 1929 standard, but as I have stated, conditions in every part of our country are improving and give promise of an uninterrupted improvement, presaging the time in the not distant future when there will be greater general prosperity than that found in 1929. But, unfortunately the progress toward recovery is being arrested by the sit-down strikes and the attitude of various labor groups not associated with the American Federation of Labor.

A great labor leader of the past, Samuel Gompers, gave his life in improving labor conditions and in promoting concord among labor groups, and peace between employer and employee. The fine traditions of the American Federation of Labor, which were developed under Gompers' leadership have been carried forward under the inspiration and leadership of William Green, one of the outstanding leaders of labor in the United States. It is unfortunate that there should be discord, and indeed bitter strife, among the forces of labor, and that the fine structure erected under the guidance of the labor leaders to whom I have referred should be imperiled.

The Secretary of Labor has been widely quoted as declaring "the sit-down strike has not yet been proved to be illegal." Such an attitude is most unfortunate, and indeed cannot be justified. An examination of this new force which has been thrust into our labor and industrial life is of great public importance. It affects, as I have indicated, not only those who indulge in the sit-down strikes but hundreds of thousands, indeed, millions, in all walks of life. It affects not only those who use this weapon but a great army of men and women who are gainfully employed and who are forced into the ranks of the unemployed. Individuals beyond the local field in which sit-down strikes occur are affected, and many are thus compelled to join the ranks of the unemployed.

The questions involved in this movement are of great public importance, and this view is strengthened because of the belief by some that the chief contribution of a new labor movement has not rejected principles and policies which were condemned in a series of articles which were printed as

a public document in the Sixty-eighth Congress, first session. The document was prepared by the United Mine Workers of America and published in the newspapers of the United States, and as stated, was ordered printed as Public Document No. 14.

The United Mine Workers organization held such strong convictions that it prepared a series of six articles and, as I have stated, circulated the same throughout the United States. Apparently the purpose of these articles was to show the inroads of communism on American labor organizations, and the systematic effort that was being made to infiltrate and undermine and seize it. The forces described in the articles referred to included in their program the following three points:

The promotion of a well-organized movement within the 4 railroad brotherhoods and 16 railroad trade-unions to amalgamate all railroad workers into "one departmentalized industrial union", controlled by a single leader of Communist principle and affiliation, and owing allegiance to the Communist organization.

Seizure of the American Federation of Labor, with the ouster of its officials, and through such seizure gaining control of all its affiliated units and trade-unions.

Conversion of all craft trade-unions into single units of workers within an industry known as "industrial unions", with coordination under a super-Soviet union owing allegiance to, and accepting the mandates of, the Communist International and its subsidiary, the Red Trade Union International, at Moscow.

Everyone is familiar with the usual meaning of a strike. It is the withdrawal from employment by a number of workmen for the purpose of depriving their employer of their labor in order to cause him to accede to the demands which have been presented and denied for the purpose of improving the hours of labor or wages or the working conditions of the strikers. Perhaps other factors are involved. Employees have believed that strikes were justified notwithstanding the inconveniences and in some instances the serious consequences resulting therefrom; but they have been associated with our industrial development and the courts have recognized the right of employees to strike to redress grievances and to secure what they believed to be their rights. But I think it may be said that it has been the practice among the members of well-led labor organizations, not to deprive themselves of employment, and then proceed to negotiate. Upon the contrary the employees have presented their grievances to their employers, and have carried on negotiations in order to reach an amicable adjustment. Strikes were the last resort among thoughtful labor leaders and members of labor organizations.

This morning I read a newspaper account of an address delivered by Mr. McGrady, Assistant Secretary of Labor, in which, referring to some of the sit-down strikes, he stated that some of the participants in such strikes were not members of labor organizations.

In the CONGRESSIONAL RECORD of February 4 appears an address delivered by Representative HOFFMAN, of Michigan, in which he stated that—

A few days ago I called attention to the fact that hundreds of armed men had marched into Michigan from other States with the determination to close, and keep closed, these factories of Michigan, in which the vast majority of the workers have no quarrel with their employers. The morning papers disclose that thousands, instead of hundreds, of such armed men are now in Michigan for the accomplishment of this purpose. The situation, instead of improving, has gradually grown worse, in that each side, had it been so inclined, had opportunity to increase the number of its fighters and the improvement of their armament.

He further stated that—

After the question of the right to occupy these plants had been decided adversely by the circuit court, the sit-down strikers, in telegrams to the Governor, announced their intention of holding possession, this in defiance of the law.

It would seem from the statement of Mr. McGrady, and the Representative just referred to, that in addition to employees who participated in sit-down strikes, there are persons not members of any labor union who aid the sit-down

strikers. Perhaps some of them are agitators who are enemies of labor and are influenced by a desire to undermine our democratic institutions.

As I have stated, it has been the view of forward-looking and patriotic labor leaders to secure just and fair treatment for employees—not by violence, not by sit-down strikes, but by negotiation with employers.

The press, during the past few days, have referred to cases in which persons were ordered to strike, and no reasons were assigned; no complaint has been made by the employees referred to but they were given orders which to them were not justified.

It appears that sit-down strikes are planned in order that the concerted withdrawal from employment will be accompanied by a retention of the premises of the employer, in whole or in part, so that he will be deprived of his plant, or a department or section of it, the strikers remaining in possession, so that no one can take their places, but that every other operation of the department or plant in which they have been employed, or any process which is dependent upon their continued operation, will be brought to an abrupt stop. Thus we observe these elements in the strike:

(a) The employees quit work in concert.

(b) They remain at their machines, or in possession of the place where they are at work, while refusing to perform any function.

(c) Upon request, they refuse to evacuate the premises and resist any attempt to evict them.

(d) So far as the work of others is dependent on their operation, the others are deprived of the opportunity to continue their own operations.

(e) To remain in possession of the premises it is essential that the sit-down strikers should have the cooperation of persons outside the plant who maintain a line of communication to assure a flow of food and other supplies as the strikers may require.

The New Republic of January 26 last contains an article frankly pointing out the advantages of the new form of strike. It describes the superior gains from retaining the property of another as the base of an effort to enforce demands by refusing to return it to its owners unless concessions are made. The public prints, and testimony adduced in recent cases, show that sit-down strikers, as in Flint, Mich., are prepared to resist not only private effort but public authority in any effort to evict them, even under the orders of a court. In that instance, after hearing and argument, being fully represented by counsel, the strikers in possession of the plants of the General Motors Corporation were found armed with a great variety of bolts, bars, nuts, and other equipment with which deadly injury could have been inflicted upon officers seeking to enforce the court's order, and the strikers made plain, in public statements, their determination to employ such weapons against all comers. Recently the property of the Chrysler Co. was not only unlawfully seized and held against its officers and employees, but the former were denied access to their offices or records.

Mr. President, I was called from the Chamber a few moments ago by a gentleman who had just come from New York. He referred to the sit-down strikes in a number of hotels, as well as a number of business houses. He stated that no complaints had been made by the employees, and they were not advised of the reason why they were ordered to strike.

The newspapers refer to a number of cases in Michigan where similar conditions exist. One of the chief advantages, it is claimed, for this new weapon, is that a comparatively small number of men in any continuing-process industry can paralyze an operation and deprive of employment a great majority of their fellow workers who do not join in their effort.

We learned that sit-down strikers in Michigan picketed the court a day or two ago when the judge was hearing an application made by the owners of the plant to obtain relief to which they were entitled. The report stated that hundreds of men surrounded the courthouse and thronged the corridors and manifested not a friendly attitude towards the

court. Such a proceeding cannot be condoned. If courts are to be intimidated or coerced then it can scarcely be said that there is a Government of law and order. It must be conceded that the sit-down strike is unlawful and may become criminal according to its development.

Under elementary practice of law it must be conceded that sit-down strikers are trespassers. Their right to enter upon the property of their employer terminated with the abandonment of their employment, and their refusal to leave the premises upon a request for evacuation makes them continuing trespassers. If they violently resist eviction they may be guilty of a variety of criminal acts, and if they hold the property of another for the purpose of compelling him to grant some demand or concession, as a condition of surrendering that which is his, they are plainly guilty of what is defined as extortion in the statutes of many States. They have, in effect, kidnaped a plant, and hold it for ransom.

I recall that the great Governor of Connecticut expressed his view a few days ago upon the question of sit-down strikes. The public press stated that in a conference with labor delegates he said to them with great determination, "There will be no sit-down strikes in Connecticut while I am Governor." The Herald Tribune, of New York, under date of March 4, carries an article dealing with the statement made by Governor Cross. I ask permission to have the article inserted at this place in my remarks without reading it.

The PRESIDING OFFICER. Without objection, the statement will be printed in the RECORD.

The matter referred to is as follows:

GOVERNOR CROSS FINDS PUBLIC BACKING SIT-DOWN BAN—"HAVE ONLY DONE MY DUTY", HE SAYS IN ANSWER TO 100 LETTERS PRAISING STAND—GROTON FIRM BARS UNION—UNITED STATES CONCILIATOR SAYS BOAT COMPANY REFUSES TALKS

HARTFORD, CONN., March 4.—Gov. Wilbur L. Cross said tonight that he had received 100 letters approving his attitude toward sit-down strikes, as expressed last week, and the authorization granted to the State police to remove sit-down strikers from the plant of the Electric Boat Co. at Groton. When a committee of strikers saw him, Mr. Cross told them that "there will be no sit-down strikes in Connecticut while I am Governor."

The Governor said that so many letters approving his stand have come in that he found it necessary to reply to them all in a standardized letter, which follows:

"You have my most sincere thanks for commending my endeavor to keep Connecticut free from so-called sit-down strikes.

"As Governor, I have four times sworn to defend the constitution of the Commonwealth, which guarantees the protection of property as well as other rights of all persons within the State, and enjoins me to 'take care that the laws be faithfully executed.' Perhaps it is not generally understood that the word 'persons' has been construed by our courts, as well as by the Supreme Court of the United States, to include corporations. So you see that for me to take no action against sit-down strikers who invade the property of others would be to disregard my oath of office and would constitute a betrayal of the citizens of the State. You can see further that I have only done my duty.

"It seems strange to be living in an age when people regard a Governor who keeps his oath of office as an exception to the rule. You may recall the advice of Mark Twain, who said: 'Always do right. This will gratify some people and astonish the rest.'"

Mr. KING. Mr. President, it seems to me that strikes of this character are the acts of a combination. They are in many instances deliberately, sympathetically, and carefully planned, but as I have stated, in some cases the strikers are uninformed as to the reason for the strike or as to those who have ordered it.

Illustrations of the operations of the sit-down strikers will occur to Senators—clerks in the office of an individual or an employee in the home or upon the farm may adopt the sit-down policy, retain possession of the office or home or farm, perhaps giving no reason therefor or making no attempt to adjust any possible grievance. In cases of that character the police would be called, and the sit-down strikers ejected; but in the sit-down strikes now before us, it is not an individual acting, but many acting together, who not only withhold the property from its owners but make it impossible for hundreds of thousands of their fellow workers to continue profitable employment which they desire. The principles of law at issue are so familiar that I need not recite them to the Senate. They have been presented to courts

many times over many years. Sit-down strikes offend the moral sense of the layman as quickly as they do the technical equipment of the lawyer.

I invite attention to the statement of one of the leaders of the standard labor movement in the United States, Mr. John Frey, head of the metal trades department of the American Federation of Labor. He states:

New policies and methods are being employed by international unions affiliated with the C. I. O. Sit-down strikes are advocated and put into effect.

While not a new form of labor action, the extensive use of sit-down strikes is an importation from France, where their application forced the most liberal government France has ever had, so far as labor is concerned, to take official action to suppress them.

Workmen taking physical possession of manufacturing plants is an importation from Italy. It was this method applied by Italian workmen which gave to Mussolini the opportunity of issuing those edicts which destroyed the voluntary trade-unions of that country and led to the compulsory organizing of the Fascist unions controlled by the Government.

The theory and practice of the so-called militant minority has the hallmark of Moscow and was imported from Russia.

The sit-down strike and the control of labor policy by a militant minority are deliberately intended to destroy self-government by trade-unions and set aside the principles of democratic self-government upon which the American trade-union movement has been built up.

Mr. President, a few days ago in the House of Representatives the Committee on Labor in reporting on a resolution submitted to it in reference to another matter spoke through its chairman, Mr. CONNERY of Massachusetts, as follows:

Mr. Speaker, first of all I want to make it very plain to the House that to the best of my knowledge—and I know that I am speaking personally, but I think I speak for every other member of the committee—not one of the members of the Committee on Labor endorses sit-down strikes. [Applause.] We do not believe that any man has a right to go on the property of another and then cease to work, and say, "I am going to sit down in this plant and not work", that plant being the property of another. [Applause.]

As Senators know, Mr. CONNERY is a genuine friend of labor and has been an important figure in securing legislation favorable to labor. It would seem that many most sympathetic with the cause of organized labor and its representative officials, condemn this unlawful and menacing weapon. It has been condemned, as I am advised, by every court in which it has been subjected to a legal test. I have not been advised as to whether those who instigate or utilize it offer a public defense of the same. If it continues without the reprobation of public officers and representatives and is further practiced in the form it has been appearing, there is great probability of its becoming the cause of serious public disorder, for it is now, it would seem, the established means by which the small minority of the employees in any industry or operation may effectively deprive their fellow employees of the opportunity for employment.

Further comment might be made with respect to the course of the Committee for Industrial Organization which finds in the sit-down strike its chief weapon. That committee, as I understand, abandons, if it does not condemn the craft and Federal organization methods of the American Federation of Labor, and seeks to destroy that long standing representative national organization of American labor. It is believed by some that it is endeavoring to substitute for it what is called the "industrial union" or what was commonly known in the West some years ago as the "one big union" idea, a scheme of organization rejected after trial. I may say that the United Mine Workers organization has been throughout its history especially jealous of its jurisdiction over all engaged in work in the mines, and it has been critical of "the industrial union" or the "one big union" idea.

My recollection is, but I may be mistaken, that the leaders of the United Mine Workers were in the past supporters of the policies of the American Federation of Labor as they were announced by Samuel Gompers and continued by Mr. Green.

Mr. President, the employees have the right to follow such leadership as they may desire, and to adopt those policies which they sincerely believe to be for their best good.

The labor movement in the United States has like all important developments had its difficulties, but its influence has extended and its objectives have found an increasing number of supporters. Personally I regret a schism which may interrupt labor's march in the direction of realizing its legitimate ideals. A labor movement which seeks the welfare of the workers and concord between employer and employee and the general welfare of all the people, is one to be commended. Discord and strife in the ranks of labor are not only harmful to the employee but also to the employer and to the public generally.

I referred a few moments ago to the articles published by the United Mine Workers which, as I interpreted them, condemned what was called the "industrial union" or the "one big union" plan, and reasons were given for such condemnation. The articles emphasized the point that revolutionary leaders in America were attempting to obtain control of the American Federation of Labor and reorganize the craft unions on the basis of one big union in an industry and to weld them into a central revolutionary agency. Marine transport workers were to be organized, railroad brotherhoods were to be seized if possible, and the United Mine Workers captured. The purpose of the movement, as indicated in the articles referred to, was to start strikes in a few localities and gradually have them spread to other labor unions and thus develop a Nation-wide outbreak in the great labor organizations.

Are the warnings contained in the articles published by the United Mine Workers, to which I have referred, against the plan and policies of those who sought the destruction of an industrial union, or one big union, to be forgotten? It is a matter that demands most serious consideration by those who might plan to create an organization which finds its prototype in the organization condemned by the United Mine Workers in the six articles which but a few years ago it gave to the world.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 4720) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1938, and for other purposes.

Mr. HAYDEN. Mr. President, when the Post Office Department appropriation bill was under consideration by the Committee on Appropriations a study was made of the postal deficit and its causes. The records show that for the last fiscal year postal revenues, including fees from money orders and profits from postal savings business amounted to \$665,343,000. The audited expenditures amounted to \$753,659,000, leaving a cash deficit of \$88,316,000.

The Post Office Department, under an act approved on June 30, 1936, is authorized to claim credit for services rendered without charge to other branches of the Government. Deducting the amount of money which would have been received if there had been payment for the carrying of the mail carried free for other departments and agencies of

the Government, which amounted to \$74,002,000, the net or adjusted deficit of the Post Office Department for the fiscal year ending June 30, 1936, was \$16,973,000.

Further study discloses that one of the causes of the deficit, if not the principal cause, is the carrying of printed matter through the mails for private publishers at a loss, or carrying mail for the Federal Government wholly without charge.

The loss with respect to private publications is shown in the hearings to be as follows:

On publications where there is a special rate for the advertising portion the loss was over \$16,000,000; on daily newspapers the loss was more than \$30,000,000; on newspapers, other than daily, the loss was over \$12,000,000; on all other publications the loss exceeded \$23,000,000; on the free-in-county distribution of newspapers and other publications the loss was above \$8,000,000. The total loss for carrying private publications through the mail was over \$91,000,000.

I have here a table showing the exact amount of the losses on private publications, which I shall have printed in the RECORD.

TABLE I.—Recapitulation of allocations and apportionments of postal revenues and expenditures for the fiscal year 1936 to the classes of mail and special services

Fiscal year 1936	Revenues	Expenditures	Excess of apportioned expenditures over revenues
Second class:			
Publications exempt from zone rates on advertising under par. 4, sec. 538, Postal Laws and Regulations.....	\$1,798,908.95	\$18,585,935.14	\$16,787,026.19
Zone rate publications:			
Daily newspapers.....	8,149,951.42	38,236,073.59	30,086,122.17
Newspapers, other than daily.....	2,835,183.85	15,060,062.72	12,224,878.87
All other publications.....	7,865,305.41	31,577,997.01	23,712,691.60
Free-in-county, all publications.....		8,277,867.83	8,277,867.83
Total, publishers' second class.....	20,649,349.63	111,737,936.29	91,088,586.66

¹ Includes \$60,825 revenue from second-class application fees.

As to Government publications, if the Post Office Department had been paid at the regular rates for what was carried free through the mails, the following revenues would have accrued:

On matter mailed under penalty by the departments and establishments of the Government the revenue would have been more than \$32,000,000. On matter mailed under the franking privilege by Members of Congress the claim was for about \$751,000. On other letters mailed under the franking privilege—the wives of former Presidents of the United States have that privilege—the total was only \$246. On free matter for the blind the benefit extended amounted to a little over \$109,000.

The actual total of all sums claimed by the Post Office Department for rendering such service free of charge was \$33,713,305, as is shown by the following table:

Estimated amounts which would have been collected at regular rates of postage, including registry fees and surcharges, on matter mailed free during the fiscal years from 1930 to 1936, inclusive

	1930	1931	1932	1933	1934	1935	1936
Mailed under penalty privilege by departments and establishments of the Government exclusive of the Post Office Department.....	\$9,347,505	\$9,886,456	\$9,151,899	\$14,315,414	\$23,094,882	\$31,281,600	\$32,236,269
Mailed under franking privilege by Members of Congress.....	718,060	723,671	778,436	1,019,621	775,785	577,162	751,579
Mailed under franking privilege by others.....	154,545	128,970	6,289	3,994	215	180	246
Publications mailed free in county.....	753,263	704,579	631,647	538,221	545,227	575,597	615,645
Free matter for the blind.....	63,779	132,161	133,641	90,522	103,552	131,700	109,566
Total.....	11,037,152	11,575,837	10,701,912	15,967,772	24,519,661	32,566,239	33,713,305

NOTE.—The decrease in the amount of matter mailed under the franking privilege by others than Members of Congress beginning in the fiscal year 1932 is due to the fact that matter previously mailed under the franking privilege by directors of agricultural experiment stations is being mailed under the penalty privilege.

Mr. President, I desire to direct the attention of the Senate to the fact that, so far as matter mailed by Members of Congress under the franking privilege is concerned, the loss of revenue to the Government has been fairly well stabilized over the past 7 years. In 1930 it amounted to \$718,000. In 1931 it was \$723,000. In 1932 the loss of

revenue was \$778,000. In the fiscal year 1933, which included the 6 months during which a Presidential political campaign was in progress, the loss was \$1,019,000; in 1934 it dropped back to \$775,000; in 1935 it was down to \$577,000; and in 1936 the sum which would have been paid at regular postal rates was \$751,000.

Compare that modest sum with the total cost of carrying penalty matter, that is, matter where the envelope states that there is a penalty of \$300 for its use for private mail. For carrying the penalty matter for all the departments or agencies of the Government in 1932 the Post Office Department claimed a credit of \$9,151,000; in 1933 the sum claimed was increased to \$14,315,000; in 1934 it was \$23,094,000; in 1935 it was \$31,281,000; in 1936 it was \$32,326,000. There has been an increase of over three and a half times in the expense to the Government of carrying free mail matter for the departments and establishments within a period of 5 years.

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

Mr. HAYDEN. I yield.

Mr. McKELLAR. I desire to emphasize a fact which is most frequently referred to in the newspapers, that the cost of carrying mail for Representatives and Senators is so very great that it brings about the deficit. As the Senator from Arizona has just said, the entire cost of carrying free mail matter for Representatives and Senators amounts to something over \$750,000 a year, and when we reflect that the appropriations for the Post Office Department amount in round numbers to \$780,000,000 a year, it can be seen how inconsequential is this small amount for carrying the mail of Representatives and Senators.

Mr. CLARK. Mr. President, can the Senator tell us what the expenditure is for carrying free the matter of branches of the Government service other than the Congress?

Mr. McKELLAR. The Senator from Arizona has just pointed that out.

Mr. HAYDEN. Mr. President, I stated a few minutes ago that in the last fiscal year whereas the cost of carrying all matter sent under congressional frank was only \$751,000, for carrying the mails of all other branches of the Government the Post Office Department would have been paid, at the regular rates, \$32,236,000.

I bring these facts to the attention of the Senate so that it may be understood that, so far as the postal deficit is concerned, the cost of what is sent free through the mails by Senators and Representatives amounts to less than 2½ percent of the volume of free mail sent by the departments and agencies of the Government.

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

Mr. HAYDEN. I yield.

Mr. VANDENBERG. As I understand, the expense to the Government of the free mailing privilege of the departments has increased about \$23,000,000 in 4 years. Is that correct?

Mr. HAYDEN. That cost has increased from \$9,000,000 in 1932 to \$32,000,000 in 1936.

Mr. VANDENBERG. There is \$23,000,000 just for the postage item. If there is a \$23,000,000 increase in the postage, I would hesitate to conjure what the final cost of this tremendous publicity machine of the departments must have been after their printing bills were paid and after all these expansive publicity staffs of \$10,000 experts were paid. It must be a perfectly enormous burden. No wonder we cannot get within gunshot of a balanced Budget.

Mr. HAYDEN. Having in mind the great increase in the volume of departmental publications of all kinds, the Joint Committee on Printing, of which the Senator from Michigan and myself are members, at its last meeting directed that a letter be sent to every department and establishment of the Government in an effort to ascertain the facts, particularly with respect to a kind of publication that is so frequently issued, which is not set up in type but where typewritten sheets are photographed and, by what is known as the offset process, printing is done.

I desire to include in the RECORD, at the conclusion of my remarks, a copy of the letter which is being sent to all of the governmental agencies calling upon them for complete information. The Senate may be assured that a very searching investigation is now under way on the part of the Joint Committee on Printing, with a view to determining what re-

ductions can be made in the cost of departmental publications. As the Senator from Michigan has so well pointed out, there is not only the question of the postal losses in carrying such printed matter but there is the primary cost of the production of the article itself by the person paid to write it, then the printing of it, and the final cost of transportation and delivery through the mails.

I have today directed a letter to the Director of the Budget calling his attention to the facts developed by the Senate Committee on Appropriations with respect to departmental publications. I ask leave to have it printed in the RECORD along with the letter written by Representative LAMBETH, as chairman of the Joint Committee on Printing.

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

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON PRINTING,
Washington, March 8, 1937.

SIR: The Joint Committee on Printing is of the opinion that a considerable amount of publicity matter and printing is now being produced, both in the District of Columbia and in the field, for the various branches of the Government service by the use of multi-graphs, mimeographs, multiliths, and other methods of reproduction instead of being procured from the Government Printing Office as provided by law.

The committee desires a statement as to the extent to which such substitution for printing is now being done in Washington for each service of the Government.

A similar report is desired on all such work accomplished outside of the District of Columbia other than at duly authorized field plants.

The Joint Committee on Printing requests that a statement be furnished showing the information specified in the following numbered paragraphs, to which reference should be made in reporting. Where the quantity of the product is asked for, the report should cover the last 6 months.

ITEMS TO BE INCLUDED IN REPORT

1. Number, kind, location, and cost of all machinery or other equipment used in producing printed, typewritten, or similar matter, either by mimeographing, multigraphing, lithographing, or any other method of reproduction. Indicate in each instance if machinery is operated by motor or is equipped with self-feeders, automatic ink rollers, or other devices similar to regular printing presses, and whether metal type is used in connection with such printing, together with method of setting the same. If any such machinery or equipment has been bought since March 1, 1919, so state, and by what authority.

2. State, by classes, the kind of work done by such equipment, the approximate number of copies published of each, and the cost, including paper, if possible. Submit samples of each kind of work reported on or a sample of similar work, especially any journals, magazines, periodicals, and other similar publications.

3. State the number, kind, location, and cost of all addressing, folding, and mailing machinery and other equipment used for the distribution of matter reported on herein or any other matter printed for the use of the department or service, and by what authority purchased.

4. State the number of persons employed in the operation and supervision of the machines and equipment reported on under paragraphs nos. 1 and 3, together with their designation, location, compensation, and fund from which the same is paid.

The report covering the District of Columbia, or a preliminary statement, should be submitted not later than April 1, and that for the field service not later than May 1.

Additional copies of this letter will be furnished upon request.
Very truly yours,

WALTER LAMBETH, Chairman.

WASHINGTON, D. C., March 17, 1937.

Mr. DANIEL W. BELL,

Director, Bureau of the Budget, Washington, D. C.

MY DEAR MR. BELL: Enclosed is a copy of the Senate hearings on the Post Office Department appropriation bill, on pages 150 to 162 of which will be found a discussion of the postal deficit for the past fiscal year, which was, gross, \$88,316,324, or net, after credits allowed by law, \$16,973,167.

The record shows that the Post Office Department suffered a net loss of over \$90,000,000 in the transportation and delivery of private publications, such as magazines and daily and weekly newspapers, but that is a form of subsidy for which the Congress is responsible and which you cannot correct. Government publications, however, do come under the control of the Bureau of the Budget, and I direct your particular attention to the tabulation on page 162, which shows a startling increase in the amount of matter mailed free of charge by the several Federal departments and establishments.

Under the act of June 9, 1930, the Post Office Department claimed credit for penalty mail in 1932 in the sum of \$9,151,899, but the tabulation shows that the credit claimed in 1936 had increased over three and one-half times, to \$32,236,269. In an effort to ascertain a probable cause for this increase I asked the Govern-

ment Printing Office to give me the value of work delivered to the departments and other Federal agencies for the same 5 years, and have been furnished with the following figures:

1932	\$14,333,380.35
1933	12,941,095.24
1934	12,949,752.01
1935	16,465,026.97
1936	18,756,268.94

This data clearly indicates that the product of the Government Printing Office, which increased less than one-half, is not responsible for the great advance in the amount of penalty mail that the departments and establishments have required the Postal System to carry free of charge. The bulk of that increase, aside from letter mail, must be derived from one source, and that is the large number of publications which are being produced by offset printing, which the linotype operators designate as "bootleg", because no typesetting is required.

During the period when every effort was being made to relieve the economic depression there was undoubtedly a substantial need for direct governmental publicity, but with the improvement in employment and business conditions it would seem that the time has arrived to apply the brakes. My suggestion is that you direct that an investigation be made to determine:

First, what publications produced by the offset method, which are in the nature of "house organs", may be stopped.

Second, what can be done to reduce the frequency of such publications by making dailies into weeklies, weeklies into monthlies, and monthlies into quarterlies.

Third, what would be the effect of requiring many of such publications to adopt a reduction in size.

It must cost much more to produce such publications than to send them through the mails so that the actual saving to the Government by cutting their size, reducing their frequency, or doing away with some of them will be more than is disclosed by the postal figures.

Like all other Senators I recently received a timely and well-written bound volume of 288 pages entitled "Landlord and Tenant on the Cotton Plantation", which was produced by offset printing. I shall be obliged if you will advise me whether your Bureau authorized its publication. If proper records were kept, I would also like to know the actual cost of producing that book as compared to what it would have cost if printed in the usual way at the Government Printing Office.

Yours very sincerely,

CARL HAYDEN,
United States Senate.

Mr. MALONEY. Mr. President, I desire to offer an amendment to the bill now under consideration, and I hope the Senator in charge of the bill will consent to take the amendment to conference. On page 21, line 7, under appropriations for the Federal Alcohol Administration the amount of money appropriated is \$425,000. This is a reduction from last year's appropriation of \$50,000.

I should like to point out that despite the rapid growth of the alcohol industry, this particular Bureau has been forced to curtail its force considerably during the last year. It now has a total of 181 employees, and, while 15,000 permits have been issued, the Bureau has only 20 field investigators.

I move that the \$425,000 be stricken out and that the appropriation be increased to \$475,000, which was the amount of last year's appropriation.

Mr. McKELLAR. Mr. President, as I understand, the chief of the Federal Alcohol Administration desired to appear before the Senate Committee on Appropriations, but, through some mistake, he was not invited.

Mr. MALONEY. The Senator is correct. He did appear at the hearing and waited some time, but did not have an opportunity to be heard.

Mr. McKELLAR. Under those circumstances I shall be glad to let the amendment go to conference. I cannot say what will be done with it, but we will see what can be done. I am willing that the matter go to conference.

Mr. MALONEY. I thank the Senator.

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

The amendment was agreed to.

The PRESIDING OFFICER. If there are no further amendments to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill H. R. 4720 was read the third time and passed.

ACCEPTANCE OF REAL ESTATE DONATED BY HENRY FORD AND WIFE

Mr. BROWN of Michigan. Mr. President, I ask unanimous consent for the immediate consideration of House Joint Resolution 272, to authorize the Administrator of Veterans' Affairs, on behalf of the Government of the United States, to accept a gift of 38 acres of land in Detroit from Mr. and Mrs. Henry Ford for the purpose of erecting a veterans' hospital thereon.

Because of the fact that there is a condition in the gift, it is necessary that approval be made by Congress. The House has passed the measure. The Senate Finance Committee has unanimously reported it favorably. I have spoken to both the majority and the minority leaders, and they have no objection to the present consideration of the joint resolution. There is absolutely no objection on the part of anyone to it. It has met with the approval of the various Government departments concerned.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the joint resolution (H. J. Res. 272) to authorize the Administrator of Veterans' Affairs to accept title for the United States to certain real property to be donated by Mr. Henry Ford and wife for Veterans' Administration facility purposes was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to accept on behalf of the United States title to a triangular tract of land bounded by Southfield Road, Snow or Pepper Road, and Outer Drive, in Ecorse Township, Wayne County, State of Michigan, containing approximately 38 acres, to be donated by Mr. Henry Ford and Clara J. Ford, his wife, upon the condition that such property be used for the purpose of constructing, operating, and maintaining what is now designated as a Veterans' Administration Facility or which may hereafter be so designated or similarly designated by or in accordance with law, which may include domiciliary, hospital, regional office, and such other activities essential to the functioning of the facility, and when no longer used for this purpose the property donated to revert to the grantors, their heirs, executors, or assigns, the said tract of land being described as follows:

Lands lying in private claim 31, Ecorse Township, Wayne County, Mich., and described more particularly as follows:

Commencing at the point of intersection of the easterly line of Southfield (formerly known as Town Line) Road, of 204-foot width and the northerly line of Outer Drive of 150-foot width; thence easterly along the northerly line of said Outer Drive 193.48 feet along the arc of a curve of radius 274.20 feet to a point which is south 78°19'30" E. 189.45 feet from the last previously mentioned point; thence north 81°27'50" E. 1,790 feet along the said northerly line of Outer Drive; thence easterly 156.89 feet measured along the arc of a curve of 575.54 feet radius to a point on the center line of Snow (formerly Pepper) Road, which bears north 89°16'20" E. 156.14 feet from the last previously mentioned point; thence northwesterly along the center line of said Snow Road, north 37°04'00" W. 1,566.96 feet and north 27°03'10" W. 253.60 feet to the point of intersection with the said easterly line of Southfield Road; thence southerly along the said easterly line of Southfield Road south 31°44'00" W. 2,003.69 feet to the point of commencement, containing 38.930 acres, more or less.

AUTHORITY TO REPORT BILLS DURING RECESS OR ADJOURNMENT

Mr. ROBINSON. Mr. President, there is very little business ready for consideration by the Senate. We have been able to keep the work well down to date. I ask unanimous consent that during the recess or adjournment following today's session the Committee on Appropriations may have leave to submit reports. I will state that in view of the condition of business in the Senate it is my purpose to move an adjournment or recess until Friday if the consent requested shall be granted.

The PRESIDING OFFICER (Mr. MINTON in the chair). Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

NATIONAL GALLERY OF ART

Mr. CONNALLY. Mr. President, I ask unanimous consent for the present consideration of House Joint Resolution 217, providing for the construction and maintenance of a National Gallery of Art. I desire to call it up from the desk and offer several amendments to it.

Mr. McNARY. Does it come up in the nature of a conference report?

Mr. CONNALLY. No; it does not.

Mr. McNARY. Or the substitution of the Senate measure for the House measure?

Mr. CONNALLY. In effect, the substitution of the Senate measure for the House measure. However, I will say to the Senator that in order to simplify the matter, instead of offering the entire Senate joint resolution as a substitute, I shall simply offer to the House joint resolution the two or three little amendments which were agreed to by the Senate on Monday last, so that when the joint resolution goes back to the House it will be in the same form as the joint resolution passed by the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the joint resolution (H. J. Res. 217) providing for the construction and maintenance of a National Gallery of Art, which was read twice by its title.

Mr. CONNALLY. Mr. President, I offer four amendments, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendments will be stated.

The amendments were, in section 4, page 3, line 21, after the word "public", to insert "free of charge"; in section 5, page 5, line 18, after the word "no", to strike out "works" and insert "work"; in the same line, after the word "be", to strike out "exhibited in" and insert "included in the permanent collection of"; and in line 19, after the word "unless", to strike out "they are" and insert "it be", so as to make the joint resolution read:

Resolved, etc., That the area bounded by Seventh Street, Constitution Avenue, Fourth Street, and North Mall Drive NW., in the District of Columbia, is hereby appropriated to the Smithsonian Institution as a site for a National Gallery of Art. The Smithsonian Institution is authorized to permit the A. W. Mellon Educational and Charitable Trust (hereinafter referred to as the donor) to construct on said site for the Smithsonian Institution a building to be designated the National Gallery of Art, and to remove any existing structure and landscape the grounds within said area. The adjoining area bounded by Fourth Street, Pennsylvania Avenue, Third Street, and North Mall Drive NW., in the District of Columbia, is hereby reserved as a site for future additions to the National Gallery of Art. The project shall be in accordance with plans and specifications approved by the Commission of Fine Arts.

Sec. 2. (a) There is hereby established in the Smithsonian Institution a bureau, which shall be directed by a board to be known as the Trustees of the National Gallery of Art, whose duty it shall be to maintain and administer the National Gallery of Art and site thereof and to execute such other functions as are vested in the board by this act. The board shall be composed as follows: The Chief Justice of the United States, the Secretary of State, the Secretary of the Treasury, and the Secretary of the Smithsonian Institution, ex officio; and five general trustees who shall be citizens of the United States, to be chosen as hereinafter provided. No officer or employee of the Federal Government shall be eligible to be chosen as a general trustee.

(b) The general trustees first taking office shall be chosen by the Board of Regents of the Smithsonian Institution, subject to the approval of the donor, and shall have terms expiring one each on July 1 of 1939, 1941, 1943, 1945, and 1947, as designated by the Board of Regents. A successor shall be chosen by a majority vote of the general trustees and shall have a term expiring 10 years from the date of the expiration of the term for which his predecessor was chosen, except that a successor chosen to fill a vacancy occurring prior to the expiration of such term shall be chosen only for the remainder of such term.

Sec. 3. Upon completion of the National Gallery of Art, the board shall accept for the Smithsonian Institution as a gift from the donor a collection of works of art which shall be housed and exhibited in the National Gallery of Art.

Sec. 4. (a) The faith of the United States is pledged that, on completion of the National Gallery of Art by the donor in accordance with the terms of this act and the acquisition from the donor of the collection of works of art, the United States will provide such funds as may be necessary for the upkeep of the National Gallery of Art and the administrative expenses and costs of operation thereof, including the protection and care of works of art acquired by the board, so that the National Gallery of Art shall be at all times properly maintained and the works of art contained therein shall be exhibited regularly to the general public free of charge. For these purposes there are hereby authorized to be appropriated such sums as may be necessary.

(b) The board is authorized to accept for the Smithsonian Institution and to hold and administer gifts, bequests, or devises of money, securities, or other property of whatsoever character for the benefit of the National Gallery of Art. Unless otherwise restricted by the terms of the gift, bequest, or devise, the board is authorized to sell or exchange and to invest or reinvest in such investments as it may determine from time to time the moneys,

securities, or other property composing trust funds given, bequeathed, or devised to or for the benefit of the National Gallery of Art. The income as and when collected shall be placed in such depositories as the board shall determine and shall be subject to expenditure by the board.

(c) The board shall appoint and fix the compensation and duties of a director, an assistant director, a secretary, and a chief curator of the National Gallery of Art, and of such other officers and employees of the National Gallery of Art as may be necessary for the efficient administration of the functions of the board. Such director, assistant director, secretary, and chief curator shall be compensated from trust funds available to the board for the purpose, and their appointment and salaries shall not be subject to the civil-service laws or the Classification Act of 1923, as amended. The director, assistant director, secretary, and chief curator shall be well qualified by experience and training to perform the duties of their office and the original appointment to each such office shall be subject to the approval of the donor.

(d) The actions of the board, including any payment made or directed to be made by it from any trust funds, shall not be subject to review by any officer or agency other than a court of law.

Sec. 5. (a) The board is authorized to adopt an official seal which shall be judicially noticed and to make such bylaws, rules, and regulations, as it deems necessary for the administration of its functions under this act, including, among other matters, bylaws, rules, and regulations relating to the acquisition, exhibition, and loan of works of art, the administration of its trust funds, and the organization and procedure of the board. The board may function notwithstanding vacancies, and three members of the board shall constitute a quorum for the transaction of business.

(b) In order that the collection of the National Gallery of Art shall always be maintained at a high standard and in order to prevent the introduction therein of inferior works of art, no work of art shall be included in the permanent collection of the National Gallery of Art unless it be of similar high standard of quality to those in the collection acquired from the donor.

(c) The board shall have all the usual powers and obligations of a trustee in respect of all trust funds administered by it and all works of art acquired by it.

(d) The board shall submit to the Smithsonian Institution an annual report of its operations under this act, including a detailed statement of all acquisitions and loans of works of art and of all public and private moneys received and disbursed.

Sec. 6. (a) The Commissioners of the District of Columbia are hereby authorized and directed to close Sixth Street NW. within the boundaries of the site for the National Gallery of Art. The National Capital Park and Planning Commission shall determine the building lines and approve the plan of approaches for said gallery, and shall also make recommendations for the widening and adjustment of Third, Seventh, Ninth, and such other streets in the vicinity as may be necessary and desirable to provide for the traffic which would otherwise use Sixth Street.

(b) Section 10 of the Public Building Act, approved March 4, 1913 (37 Stat. L., p. 881), relating to the George Washington Memorial Building, and all provisions of law amendatory thereof, are hereby repealed.

(c) The existing bureau of the Smithsonian Institution now designated as a national gallery of art shall hereafter be known as the National Collection of Fine Arts.

(d) The fifth paragraph under the heading "Smithsonian Institution" in the Independent Offices Appropriation Act for the fiscal year 1924, approved February 13, 1923 (42 Stat. L. 1235), relating to the erection of a national gallery of art, is hereby repealed.

The amendments were agreed to.

The amendments were ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

CONTROL OF INSECT PESTS AND PLANT DISEASES

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the joint resolution (S. J. Res. 75) making funds available for the control of incipient or emergency outbreaks of insect pests or plant diseases, including grasshoppers, Mormon crickets, and chinch bugs.

Mr. GILLETTE. Mr. President, on behalf of the chairman of the Committee on Agriculture and Forestry, the Senator from South Carolina [Mr. SMITH], I move that the Senate disagree to the House amendments, request a conference thereon with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SMITH, Mr. WHEELER, Mr. GILLETTE, and Mr. CAPPER conferees on the part of the Senate.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. MCKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nomination of Capt. Frank H. Sadler to be a rear admiral in the Navy from the 1st day of March 1937; and also the nominations of sundry officers and citizens for appointment as officers in the Navy.

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of William H. Hastie, of Washington, D. C., to be judge for the District Court of the Virgin Islands, vice Judge George P. Jones, appointed in recess.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the following nominations:

Walter F. Boyle, of Georgia, now a Foreign Service officer of class 4 and a consul, to be a consul general of the United States; and

Francis H. Styles, of Virginia, now a Foreign Service officer of class 6 and a consul, to be also a secretary in the Diplomatic Service of the United States.

Mr. SCHWELLENBACH, from the Committee on Foreign Relations, reported favorably Executive F, Seventy-fifth Congress, first session, being a convention between the United States and Canada signed at Ottawa on January 29, 1937, which revises the Convention for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea, signed between the two Governments at Ottawa on May 9, 1930, and submitted a report (Exec. Rept. No. 1) thereon.

The PRESIDING OFFICER (Mr. MINTON in the chair). The reports will be placed on the Executive Calendar. If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of J. Earl Major, of Illinois, to be United States circuit judge for the seventh circuit.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Dr. Edgar E. Findlay to be assistant surgeon from date of oath.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. MCKELLAR. Mr. President, I ask unanimous consent that nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, nominations of postmasters now on the calendar are confirmed en bloc.

That completes the calendar.

ADJOURNMENT TO FRIDAY

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate stand adjourned until 12 o'clock noon on Friday next.

The motion was agreed to; and (at 3 o'clock and 17 minutes p. m.) the Senate adjourned until Friday, March 19, 1937, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 17, 1937

UNITED STATES CIRCUIT JUDGE

J. Earl Major to be United States circuit judge for the seventh circuit.

PUBLIC HEALTH SERVICE

Dr. Edgar E. Findlay to be assistant surgeon.

POSTMASTERS

NORTH CAROLINA

Perry C. Millikin, Halifax.
Theodore T. Thomas, Tarboro.
George C. Herritage, Trenton.

VIRGINIA

William F. Cox, Jonesville.
Robert M. Owen, North Emporia.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 17, 1937

The House met at 12 o'clock noon.

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

Almighty God, the Father of us all, we thank Thee for that providence which watches over human affairs. Not a sparrow falls to the ground without the Father's notice. Fill us with the spirit of praise and gratitude, and may we reach forth toward a better manhood with ardor and with patient perseverance. Blessed Lord God, we bless Thee for the pure, self-sacrificing sons of God of the mighty past who were bearers of that gospel that brings out of the darkness the morning light and the glory of the Lord. We pause today in memory of one of earth's great immortals. His name is unsullied, unblemished, and untainted. He was inspired by the urgency of a great duty and stimulated in the joy of a great purpose. Sorrowing yet rejoicing, poor yet making many rich, having nothing yet possessing all things, he lived and died for the love of Christ and for the salvation of man. O God, bring together in the simplicity of truth and love all those of every name, so that the whole brotherhood of man may walk together. In the name of our Redeemer. Amen.

The Journal of the proceedings of yesterday, Tuesday, March 16, 1937, was read and approved.

THE SHILLELAGH AND DECORUM IN THE HOUSE

Mr. O'CONNOR of New York. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

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

There was no objection.

Mr. O'CONNOR of New York. Mr. Speaker, today, on this 17th of March, most of the civilized world pays its respect to the birthday of a distinguished leader, liberator, and prelate—St. Patrick. Would that he were alive today; there is so much similar work to be done. There still are "snakes."

But, Mr. Speaker, I did not rise to eulogize the great saint of Ireland. That will be ably attended to this evening throughout the world by countless orators.

Rather do I rise at this time to comment upon the determined and partially successful effort our beloved Speaker has made during this session of the Seventy-fifth Congress to preserve order in this Chamber of the House of Representatives of the United States. It is a worth-while ambition upon his part and is commended by us all. But the tools afforded him, in the nature of gavels, are not equal to the task. He has wielded formidable looking weapons, some of them resembling bungstarters. He has pounded with tiring instruments resembling a dentist's mallet.

Today I have here with me that well-known instrument of persuasion, famed in song and story—the shillelagh. [Laughter and applause.]

It was brought back from the "old sod" last year and presented to me by a good friend, Mr. John Ward, of the Government Printing Office.

It is but the natural root of the blackthorn tree, so profuse on the Emerald Isle. The branches of that beautiful tree are used for those attractive and thorny walking sticks often bespotted on our streets, especially by our farmer Members.