tory provisions tending to produce unfair or inequitable discrimination on the basis of age in obtaining and retaining employment in public service and private industry; to the Committee on Labor.

## PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ANDRESEN of Minnesota: A bill (H. R. 7974) for the relief of the estate of K. J. Foss; to the Committee on Claims.

By Mr. GARRETT: A bill (H. R. 7975) authorizing the United States Employees' Compensation Commission to take jurisdiction over the claim arising from the death of W. P. Sullivan; to the Committee on Claims.

By Mr. IZAC: A bill (H. R. 7976) for the relief of Elmira Margaret Vanatta; to the Committee on Claims.

By Mr. SWOPE: A bill (H. R. 7977) granting a pension to Lottie Lee Stoner; to the Committee on Invalid Pensions.

By Mr. SMITH of Connecticut: A bill (H. R. 7978) for the relief of John P. Mahoney; to the Committee on Claims.

By Mr. SNELL: A bill (H. R. 7979) granting an increase of pension to Harriet A. Holmes; to the Committee on Invalid Pensions.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3004. By Mr. KENNEY: Petition of the Trenton Typographical Union, No. 71, endorsing the Wagner-Steagall housing bill; to the Committee on Banking and Currency.

3005. By Mr. KEOGH: Petition of the United Scenic Artists, Local Union 829, Brotherhood of Painters, Decorators, and Paperhangers of America, New York City, concerning the Schwellenbach-Allen resolution; to the Committee on Labor.

3006. Also, petition of the New York State League of Savings and Loan Associations, New York, concerning the enactment of the Federal mortgage bank bill (S. 1166); to the Committee on Banking and Currency.

3007. Also, petition of the Mine Inspectors' Institute of America, Pittsburgh, Pa., requesting appropriations to the United States Bureau of Mines for fire fighting, mine rescue, and recovery work following mine fires and explosions; to the Committee on Appropriations.

3008. By Mr. PFEIFER: Petition of the United Scenic Artists, Local Union 829, Brotherhood of Painters, Decorators, and Paperhangers of America, New York City, concerning the Schwellenbach-Allen resolution; to the Committee on Labor.

3009. Also, petition of the New York State League of Savings and Loan Associations, New York, concerning the Federal mortgage-bank bill (S. 1166); to the Committee on Banking and Currency.

3010. Also, petition of the New York Board of Trade, Inc., New York City, concerning the Black-Connery bills; to the Committee on Labor.

3011. By Mr. QUINN: Resolution of the Pittsburgh (Pa.) Musical Society, requesting that those removed from Works Progress Administration rolls and who are unable to secure employment in private industry, shall be immediately reinstated; also resolution from the Mine Inspectors' Institute of America, recommending that the United States Bureau of Mines be requested to seek appropriations and maintain facilities to create controllable mine fires; to the Committee on Appropriations.

# SENATE

## FRIDAY, JULY 23, 1937

*(Legislative day of Thursday, July 22, 1937)*

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

### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, July 22, 1937, was dispensed with, and the Journal was approved.

### MESSAGES FROM THE PRESIDENT

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

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 7896. An act granting pensions to certain soldiers of the Civil War;

H. R. 7897. An act granting increase of pensions to certain widows and former widows of soldiers and sailors of the Civil War;

H. R. 7898. An act granting pensions to certain widows and former widows of soldiers, sailors, and marines of the Civil War;

H. R. 7899. An act granting pensions and increase of pensions to certain helpless and dependent children of soldiers and sailors of the Civil War; and

H. R. 7905. An act granting pensions and increase of pensions to certain widows, former widows, and dependent children of soldiers of the Civil War.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6958) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1938, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate nos. 5, 8, 12, 24, 28, 30, 46, 54, 73, 87, 90, 94, 123, 129, 132, and 134 to the bill and concurred therein; that the House had receded from its disagreement to the amendments of the Senate nos. 35, 37, 53, 93, 95, 97, 98, 124, 125, and 133, and concurred therein severally with an amendment, in which it requested the concurrence of the Senate; that the House insisted upon its disagreement to the amendments of the Senate nos. 74, 89, and 121 to the bill, requested a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JOHNSON of Oklahoma, Mr. SCRUGHAM, Mr. O'NEAL of Kentucky, Mr. FITZPATRICK, Mr. LEAVY, Mr. RICH, and Mr. LAMBERTSON were appointed managers on the part of the House at the further conference.

### ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 455. An act for the relief of J. R. Collie and Eleanor Y. Collie;

S. 1284. An act to change the name of the Chemical Warfare Service; and

S. 2086. An act to authorize the construction of a Federal reclamation project to furnish a water supply for the lands of the Arch Hurley Conservancy District in New Mexico.

### CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

| | | | |
|---|---|---|---|
| Adams | Capper | Hale | McCarran |
| Ashurst | Caraway | Harrison | McGill |
| Austin | Chavez | Hatch | McKellar |
| Bailey | Clark | Herring | McNary |
| Barkley | Connally | Hitchcock | Maloney |
| Berry | Davis | Holt | Minton |
| Bilbo | Dieterich | Hughes | Moore |
| Black | Donahey | Johnson, Calif. | Murray |
| Bone | Duffy | Johnson, Colo. | Neely |
| Borah | Ellender | King | Nye |
| Bridges | Frazier | La Follette | O'Mahoney |
| Brown, Mich. | George | Lee | Overton |
| Brown, N. H. | Gerry | Lewis | Pepper |
| Bulkley | Gibson | Lodge | Pope |
| Bulow | Gillette | Logan | Radcliffe |
| Burke | Glass | Lonergan | Reynolds |
| Byrd | Green | Lundeen | Russell |
| Byrnes | Guffey | McAdoo | Schwartz |

| | | | |
|---|---|---|---|
| Schwellenbach | Steiwer | Tydings | Wheeler |
| Sheppard | Thomas, Okla. | Vandenberg | White |
| Shipstead | Thomas, Utah | Van Nuys | |
| Smathers | Townsend | Wagner | |
| Smith | Truman | Walsh | |

Mr. LEWIS. I announce that the Senator from New York [Mr. COPELAND], the Senator from Florida [Mr. ANDREWS], and the Senator from Nevada [Mr. PITTMAN] are necessarily detained from the Senate.

Mr. SCHWELLENBACH. I announce that the Senator from Nebraska [Mr. NORRIS] is detained from the Senate because of illness.

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

SPECIAL COMMITTEE ON INVESTIGATION OF UNEMPLOYMENT AND RELIEF PROBLEMS

The VICE PRESIDENT. Under authority of Senate Resolution No. 145, agreed to on yesterday, the Chair appoints the Senator from Montana [Mr. MURRAY] and the Senator from Massachusetts [Mr. LODGE] as the additional members of the Special Committee on Investigation of Unemployment and Relief Problems.

LOW-COST HOUSING—REPORT OF COMMITTEE ON EDUCATION AND LABOR

Mr. BLACK. Mr. President, I ask permission to report back favorably, with amendments, from the Committee on Education and Labor, the bill (S. 1685) to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the provision of decent, safe, and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes, and I submit a tentative report (No. 933) thereon. This bill is commonly known as the low-cost housing bill. I ask leave that at a later time I may file an additional detailed report.

The VICE PRESIDENT. Is there objection? The Chair hears none. The report will be received, and the bill will be placed on the calendar.

REPORTS OF COMMITTEES

Mr. BULOW, from the Committee on Civil Service, to which was referred the bill (S. 2024) to amend the civil-service law to permit certain employees of the legislative branch of the Government to qualify for positions under the competitive classified service, reported it without amendment and submitted a report (No. 934) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (H. R. 4705) to authorize the transfer of a certain piece of land in Breckinridge County, Ky., to the Commonwealth of Kentucky, reported it without amendment and submitted a report (No. 935) thereon.

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2682) to authorize the Secretary of the Interior to issue patents to States under the provisions of section 8 of the act of June 28, 1934 (48 Stat. 1269), as amended by the act of June 26, 1936 (49 Stat. 1976), subject to prior leases issued under section 15 of the said act, reported it without amendment and submitted a report (No. 936) thereon.

Mr. BILBO, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2789) to provide for the establishment and maintenance of a regional research laboratory for the development of industrial uses for southern agricultural products; the first unit to be devoted to the development of industrial uses for cotton and cotton products; additional units to be provided for the study of other crops as additional funds are provided, reported it with amendments and submitted a report (No. 937) thereon.

Mr. WHEELER, from the Committee on Interstate Commerce, to which was referred the bill (S. 589) prohibiting the operation of motor vehicles in interstate commerce by unlicensed operators, reported it with amendments and submitted a report (No. 938) thereon.

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

H. R. 7614. A bill to amend the act entitled "An act for the establishment of marine schools, and for other purposes", approved March 4, 1911 (Rept. No. 939); and

H. R. 4676. A bill to provide for the reimbursement of certain civilian employees of the Navy for the value of personal effects destroyed in a fire at the naval air station, Hampton Roads, Va., May 15, 1936 (Rept. No. 940).

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on July 22, 1937, that committee presented to the President of the United States the following enrolled bills:

S. 1762. An act to add certain lands to the Rogue River National Forest in the State of Oregon;

S. 1806. An act to extend the boundaries of the Papago Indian Reservation in Arizona;

S. 1972. An act to authorize the Secretary of War to sell, loan, or give samples of supplies and equipment to prospective manufacturers;

S. 2295. An act to amend the act approved June 7, 1935 (Public, No. 116, 74th Cong., 49 Stat. 332), to provide for an additional number of cadets at the United States Military Academy, and for other purposes;

S. 2587. An act providing for the sale of the two dormitory properties belonging to the Chickasaw Nation or Tribe of Indians, in the vicinity of the Murray State School of Agriculture at Tishomingo, Okla.;

S. 2661. An act granting the consent of Congress to a compact entered into by the States of Maine and New Hampshire for the creation of the Maine-New Hampshire Interstate Bridge Authority; and

S. 2662. An act authorizing the Maine-New Hampshire Interstate Bridge Authority to construct, maintain, and operate a toll bridge across the Piscataqua River at or near Portsmouth, State of New Hampshire.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. SMITH:

A bill (S. 2825) to enable the Department of Agriculture to prevent the spread of pullorum and other diseases of poultry and to cooperate with official State agencies in the administration of the national poultry improvement plan, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. NEELY:

A bill (S. 2826) for the relief of John H. Gatts; to the Committee on Claims.

By Mr. HATCH:

A bill (S. 2827) to authorize the purchase of certain lands for the Apache Tribe of the Mescalero Reservation, N. Mex.; to the Committee on Indian Affairs.

By Mr. GIBSON:

A bill (S. 2828) granting a pension to Fanny King McMahon; to the Committee on Pensions.

By Mr. PEPPER:

A bill (S. 2829) authorizing more complete development of that portion of Santa Rosa Island conveyed to the county of Escambia, State of Florida, by the Secretary of War; to the Committee on Military Affairs.

By Mr. ANDREWS and Mr. PEPPER:

A bill (S. 2830) to amend an act entitled "An act to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes", approved May 30, 1934; to the Committee on Public Lands and Surveys.

By Mr. MURRAY:

A joint resolution (S. J. Res. 184) relating to distribution of the moneys received by the State of Montana under section 10 of the act of June 28, 1934, as amended; to the Committee on Public Lands and Surveys.

By Mr. WALSH:

A joint resolution (S. J. Res. 185) creating a commission for the erection of a memorial building to the memory of the veterans of the Civil War, to be known as the Ladies of the

Grand Army of the Republic National Shrine Commission; to the Committee on the Library.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Pensions:

H. R. 7896. An act granting pensions to certain soldiers of the Civil War;

H. R. 7897. An act granting increase of pensions to certain widows and former widows of soldiers and sailors of the Civil War;

H. R. 7898. An act granting pensions to certain widows and former widows of soldiers, sailors, and marines of the Civil War;

H. R. 7899. An act granting pensions and increase of pensions to certain helpless and dependent children of soldiers and sailors of the Civil War; and

H. R. 7905. An act granting pensions and increase of pensions to certain widows, former widows, and dependent children of soldiers of the Civil War.

ESTABLISHMENT OF FAIR LABOR STANDARDS IN EMPLOYMENTS—AMENDMENTS

Mr. LODGE submitted amendments intended to be proposed by him to the bill (S. 2475) to provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes, which were ordered to lie on the table and to be printed.

IMPROVEMENT OF RIVERS AND HARBORS—AMENDMENTS

Mr. SHEPPARD. Mr. President, I am reported in the CONGRESSIONAL RECORD of yesterday as having submitted six amendments to the rivers and harbors bill, but the amendments are not set out. I now ask that they be set out in today's RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The amendments submitted yesterday and intended to be proposed by Mr. SHEPPARD to the bill (H. R. 7051) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, are as follows:

On page 16, line 1, strike out the following words: "First Stage."

On page 23, after line 1, insert new paragraph reading as follows:

"Goose Creek, Tex., deep-water channel and port."

On page 23, after line 1, insert new paragraph reading as follows:

"Arroyo Colorado, Tex., channel from a point at or near Mercedes, Tex., to its mouth, thence south in Laguna Madre to Port Isabel."

On page 23, after line 1, insert new paragraph reading as follows:

"Survey of channel for purposes of navigation from Jefferson, Tex., to Shreveport, La., by way of Jefferson-Shreveport Waterway, thence by way of Red River to mouth of Red River in the Mississippi River, including advisability of water-supply reservoirs in Cypress River and Black Cypress River above head of navigation."

On page 23, after line 2, insert the following:

"Colorado River, Tex., and its tributaries."

On page 23, between lines 8 and 9, insert the following:

"Allens Creek, a tributary of the Brazos River in Austin County, Tex., in the interest of navigation and of flood control.

"Mill Creek, a tributary of the Brazos River in Austin County, Tex., in the interest of navigation and of flood control.

"Navidad River, Tex., in the interest of navigation and of flood control.

"Lavaca River, Tex., in the interest of navigation and of flood control."

Mr. SHEPPARD today submitted amendments intended to be proposed by him to the bill (H. R. 7051) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 9, between lines 14 and 15, to insert the following:

"Texas City Channel, Tex.; Rivers and Harbors Committee Document No. 47; Seventy-fifth Congress."

On page 23, between lines 2 and 3, to insert:

"Colorado River, Tex., with a view to its improvement in the interest of navigation and flood control."

"BILLIONS OUT AND BILLIONS BACK"—ARTICLE BY JESSE H. JONES

[Mr. CONNALLY asked and obtained leave to have printed in the RECORD an article entitled "Billions Out and Billions Back", published in the Saturday Evening Post of June 12, 1937, which appears in the Appendix.]

THE SUGAR INDUSTRY—EDITORIAL FROM PHILADELPHIA RECORD

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD an editorial published in the Philadelphia Record of Friday, July 23, 1937, entitled "Pass the Sugar Bill", which appears in the Appendix.]

INTERIOR DEPARTMENT APPROPRIATIONS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives on certain amendments of the Senate to the bill (H. R. 6958) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1938, and for other purposes, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
*July 22, 1937.*

*Resolved*, That the House recede from its disagreement to the amendments of the Senate nos. 5, 8, 12, 24, 28, 30, 46, 54, 73, 87, 90, 94, 123, 129, 132, and 134 to the bill (H. R. 6958) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1938, and for other purposes, and concur therein.

That the House recede from its disagreement to the amendment of the Senate no. 35 to said bill and concur therein with an amendment as follows: In lieu of the sum proposed to be inserted by said amendment insert "$215,000."

That the House recede from its disagreement to the amendment of the Senate no. 37 to said bill and concur therein with an amendment as follows: In line 14 of the matter proposed to be inserted by said Senate engrossed amendment strike out all after "prescribe" down to and including "expenses" in line 21 and insert: "*Provided further*, That not to exceed $50,000 may be advanced to the Navajo Tribe of Indians for the purchase, feeding, sale, or other disposition of sheep, goats, and other livestock belonging to the Navajo Indians."

That the House recede from its disagreement to the amendment of the Senate no. 53 to said bill, and concur therein with an amendment as follows: In lieu of the sum proposed to be inserted by said amendment insert "$2,169,275";

That the House recede from its disagreement to the amendment of the Senate no. 93 to said bill, and concur therein with an amendment as follows: In line 6 of the matter proposed to be inserted by said Senate engrossed amendment, strike out "$10,535,000" and insert "$9,150,000";

That the House recede from its disagreement to the amendment of the Senate no. 95 to said bill, and concur therein with an amendment as follows: In lieu of the sum proposed to be inserted by said amendment insert "$10,316,600";

That the House recede from its disagreement to the amendment of the Senate no. 97 to said bill, and concur therein with an amendment as follows: In line 1 of the matter proposed to be inserted by said amendment, strike out "$300,000" and insert "$200,000";

That the House recede from its disagreement to the amendment of the Senate no. 98 to said bill, and concur therein with an amendment as follows: In lieu of the sum proposed to be inserted by said amendment insert "$26,450,000";

That the House recede from its disagreement to the amendment of the Senate no. 124 to said bill, and concur therein with an amendment as follows: In lieu of the sum proposed to be inserted by said amendment insert "$6,000,000";

That the House recede from its disagreement to the amendment of the Senate no. 125 to said bill, and concur therein with an amendment as follows: In line 1 of the matter proposed to be inserted by said Senate engrossed amendment, strike out "$2,700,000" and insert "$1,500,000";

That the House recede from its disagreement to the amendment of the Senate no. 133 to said bill, and concur therein with an amendment as follows: In line 5 of the matter proposed to be inserted by said Senate engrossed amendment, strike out "July 1" and insert "June 30"; and

That the House insists upon its disagreement to the amendments of the Senate nos. 74, 89, and 121 to said bill, and asks a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered that Mr. JOHNSON of Oklahoma, Mr. SCRUGHAM, Mr. O'NEAL of Kentucky, Mr. FITZPATRICK, Mr. LEAVY, Mr. RICH, and Mr. LAMBERTSON be the managers of the conference on the part of the House.

Mr. McKELLAR. Mr. President, I move that the Senate agree to the amendments of the House to the amendments of the Senate nos. 35, 37, 53, 97, 98, 124, 125, and 133. That is the first motion I wish to make.

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

Mr. McNARY. Mr. President, my attention was diverted. May I inquire what the motion is?

Mr. McKELLAR. I moved that the Senate agree to the amendments of the House to certain amendments of the Senate to the Interior Department appropriation bill.

I may explain as well now as at any other time that the conferees have already met and have entirely agreed on every difference between the two Houses; but, in order to make that agreement effective, it is necessary that the amendments of the House to the amendments which I have just enumerated be agreed to; and then it is also necessary that the Senate disagree to certain other amendments, to which I will call attention in a moment, and ask for a further conference. As a matter of fact, however, the conferees have already agreed and the action I am now taking is merely in furtherance of carrying out the agreement.

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

Mr. McKELLAR. I yield.

Mr. KING. As I understand, there were two items in disagreement as to which some Senators have special interest. One was the so-called Gila River project. May I inquire of the Senator what disposition was made by the conferees in regard to that matter?

Mr. McKELLAR. That was agreed to. I may say that was an amendment in which the Senator from Arizona [Mr. HAYDEN] was greatly interested. The Senator offered an amendment, which was agreed to, appropriating $1,250,000 for the Gila River project. The House took a vote on that and disagreed to it, and that amendment, technically, is still in disagreement; but the conferees this morning agreed to an appropriation of $700,000. It is a unanimous report, and will, undoubtedly, be agreed to by the other House.

Mr. KING. May I inquire of the Senator what disposition was made of an item which was inserted in the bill, as I recall, by the Senate appropriating four or five hundred thousand dollars, to be used in exploration as to the feasibility of certain reclamation projects in the Colorado River Basin?

Mr. McKELLAR. I think the Senate amendment proposed an appropriation of $300,000. The House agreed to that item, but reduced the appropriation to $200,000, and the item is in the bill in that amount.

Mr. KING. Mr. President, I regret that the Senate conferees acceded to the proposition to reduce the appropriation.

I may say in respect to the matter that the waters of the Colorado River are being appropriated more and more in Old Mexico. If the waters of the Colorado River are not appropriated in the United States by the upper-basin States and by the lower-basin States—New Mexico, California, and Arizona—a large surplus of water will pass on down into Old Mexico, and it will there be appropriated in time, so that when the upper States are ready to appropriate the water they may be confronted with a lawsuit in some international court, because under the law prevailing in the West the appropriation of water gives title.

It is very important that the Government in order to protect itself, to protect the Boulder Dam, to protect the appropriations of water in California for that matter, and to protect the upper-basin States, should determine at as early a date as possible what projects may be feasible in order that the waters of the Colorado River may be appropriated. I think there should have been an appropriation of $500,000,000 or $600,000,000 for the purpose of making a reconnaissance survey in the upper-basin States, so as to determine how and when and where we can use the waters which rise in those States, and prevent them going down to Old Mexico and there being appropriated, which would eventuate, perhaps, as I have said, in a lawsuit in some international court.

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

Mr. KING. Certainly.

Mr. CHAVEZ. Not only that but also the waters which belong to the upper-basin States under the Boulder Dam or Colorado River compact. Neither New Mexico nor Utah nor Colorado is getting what it is entitled to under that compact. I think it is very important to have the survey made, so that we may be able to appropriate the necessary waters.

Mr. McKELLAR. I may say to the Senator from Utah and the Senator from New Mexico that the Senate conferees stood strongly for what the Senate wanted; but when it comes to a conference, there has to be some compromise. While the Senate conferees stood for the appropriation, nevertheless, it was reduced by action of the House members of the conference committee; and in order to reach an adjustment, we had to take a smaller amount. I have no doubt, if this amount is not sufficient, that Congress will appropriate a further sum in the future.

Mr. KING. Mr. President, let me conclude in a few words. Under the Colorado River compact, the upper basin is entitled to 7,500,000 acre-feet of the flow of the river. The residue is allocated to Nevada, Arizona, and California.

Mr. McCARRAN. Mr. President——

Mr. KING. I yield.

Mr. McCARRAN. This seems to be a matter which requires more than casual discussion. The question raised by the Senator from Utah seems to be, and I know it is, one which should have careful consideration. The pending matter is before the Senate by unanimous consent. I do not believe its consideration should be concluded at this time. I think we should proceed with the unfinished business, and therefore I am going to object to further consideration of anything except the unfinished business.

Mr. McKELLAR. Mr. President, I hope the Senator will not do that. I think it will take but a moment to dispose of the motions in connection with the appropriation bill.

Mr. KING. Mr. President, may I make a suggestion that may obviate any further discussion? If the Senator in charge of the appropriation bill will consent to a disagreement with respect to the item to which I have referred and let it go back to conference, I should have no objection.

Mr. McKELLAR. The trouble about that is that the conferees have already agreed to the item and cannot now consent to a disagreement.

Mr. KING. I suppose the agreement of the conferees does not bind the Senate?

Mr. McKELLAR. Oh, no.

Mr. KING. I do not like to ask for a disagreement or rejection, but I earnestly urge my friends to disagree to the House amendment in question and let the conferees make a further exploration of the matter.

Mr. BILBO. Mr. President, I desire to ask the Senator from Tennessee if the conferees on the part of the Senate did any more yielding on the Natchez Trace item?

Mr. McKELLAR. None at all. The House voted on it and approved the position of the conferees with reference to an appropriation of $1,500,000.

I ask Senators to let the Senate take the action I have suggested because the Interior Department appropriation bill is a matter of great importance to all the people of the West. We had a hard time reaching an agreement, but finally reached one; and it seems to me, in the interest of good legislation, our action should be approved. The conferees on the part of the Senate did everything in the world they could. If I am in order, I should like to move to agree to certain of the amendments.

Mr. KING. As I understand, the bill will still be in conference because there are a number of items which have not been agreed to.

The VICE PRESIDENT. If the motion of the Senator from Tennessee is agreed to, the item would be in disagreement, but the Senator from Tennessee stated frankly that the conferees had already agreed to it as a matter of form. It would still be in conference.

The question is on the motion of the Senator from Tennessee to agree to the amendments of the House to certain Senate amendments enumerated by him.

The motion was agreed to.

Mr. McKELLAR. I now move that the Senate disagree to the amendments of the House to the amendments of the Senate numbered 93 and 95, and insist on the Senate amendments. These relate to reclamation projects.

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

The motion was agreed to.

Mr. McKELLAR. I now move that the Senate insist on its amendments numbered 74, 89, and 121, and agree to the fur-

ther conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. HAYDEN, Mr. MCKELLAR, Mr. THOMAS of Oklahoma, Mr. ADAMS, Mr. NYE, and Mr. STEIWER conferees on the part of the Senate at the further conference.

DISTRICT OF COLUMBIA TAXES

The Senate resumed consideration of the bill (H. R. 7472) to provide additional revenue for the District of Columbia, and for other purposes.

The VICE PRESIDENT. Does the Senator from Nevada desire unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that committee amendments be first considered?

Mr. McCARRAN. Yes; I do. I ask unanimous consent for that purpose.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. McCARRAN. Mr. President, in presenting this measure to the Senate, I wish to say that I think nothing is more important to approximately three-quarters of a million people who have no vote than a bill which presumes to tax those people. This is a bill imposing taxes on the people of the District of Columbia.

I desire to say in all frankness and fairness that I believe the bill should receive a more careful and continued study than has been possible by the Committee on the District of Columbia of the Senate. I am entirely in accord with the suggestion that the bill in its present form might well go to a joint committee composed of representatives from the House and representatives from the Senate, with the idea of working out a measure that will be equitable, reasonably just, and fair.

Controversial matters are involved in this bill. One of them is whether or not a sales tax shall be imposed on the people of the District of Columbia, that sales tax to have a limited sphere; and when I use that expression I mean that it is not to apply to food, cheaper clothing, fuel, or the other essentials of life so far as we can exempt the essentials of life of the class that has the greatest burden to bear. We have tried to eliminate such items from the burden of a sales tax.

But, Mr. President, a sales tax may be not at all agreeable even to many of us who are in the higher brackets, so to speak. I am not in favor of a sales tax, and I do not present this bill as an ideal bill. I present it only as a bill that may go to conference, where representatives of both bodies may take time to work it out. We must meet an emergency. How else can we do it? If the bill should go back to the committee of the Senate, we should have to spend perhaps weeks in working it out. Then we should have to attempt to pass it here, and a conference committee would go on with it. It seems to me the best process we can adopt now is to permit the bill to be passed and then go to conference, where it may be perfected.

I shall not now deal with another phase of the bill which perhaps is not involved.

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

Mr. McCARRAN. I yield.

Mr. KING. I think the Senator might state that the provision with respect to a sales tax was drafted or agreed to by the Commissioners. They themselves tendered it after full consideration; so that we are only speaking the voice of the District Commissioners, who are the representatives of the District of Columbia.

Mr. McCARRAN. The Senator correctly states the situation, but the statement does not relieve it. The Commissioners were trying to do the best they could. But, Mr. President, without any desire to criticize the Commissioners of the District because I believe they work conscientiously and carefully, and make all possible sacrifices in order to do the best they can—I think the Commissioners of the District have overlooked a most important statute dealing with the question of how much the real property of the District shall bear in the way of taxation to support the District.

I refer to section 681 of title 20 of the Code of the District of Columbia, which I beg leave to read. It is under the caption "Fixation of rates":

> Assessment of taxes on real and personal property; rate of taxation: For the purpose of defraying such expenses of the District of Columbus as Congress may from time to time appropriate for, there hereby is levied for each and every fiscal year succeeding that ending June 30, 1927, a tax at such rate on the real and personal property subject to taxation in the District (the rate fixed on intangible personal property not to be made less than five-tenths of 1 percent but which may be increased by the Commissioners in their discretion to any rate not in excess of the rate imposed upon real estate) as will, when added to the other taxes and revenues of the District, produce money enough to enable the District to pay promptly and in full all sums directed by Congress to be paid by the District, and for which appropriation has been duly made; and the Commissioners of the District of Columbia hereby are empowered and directed to ascertain, determine, and fix annually such rate of taxation as will, when applied as aforesaid, produce the money needed to defray the share of the expenses of the District during the year for which the rate is fixed.

Mr. President, boiling that statute down to its essentials, it means that, whenever the necessity arises, the District Commissioners shall impose such a rate of taxation against real property and improvements within the District that the real property and the improvements attached thereto shall become the basis upon which the tax structure of the District shall rest.

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

Mr. McCARRAN. I yield.

Mr. TYDINGS. Is it not a fact that unless Congress enacts an adequate tax bill for the District of Columbia the Commissioners will be faced with three possible alternatives? First, as the Senator has just indicated, they will have to raise the money by a real-estate tax; secondly, they will have to obtain authority to borrow money; or, thirdly, they will leave the District in a position where it cannot meet its bills.

Mr. McCARRAN. That is correct. The Senator has stated the situation entirely correctly. That is the reason why, notwithstanding the fact that the District Committee had the bill before it but a short time, it tried to work out as best it could, in the time that it had, the problem, which is far reaching. That is the reason why, notwithstanding the fact—I want to be frank with the Senate—that I do not adhere to the principle of taxation involved in the bill, I believe the only solution of this important problem is to pass the bill and send it to a conference committee, and let the conference committee of the two Houses work it out.

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

Mr. McCARRAN. I yield.

Mr. KING. I think the Senator ought to state that the committee of the House of Representatives, where all revenue bills must originate, had the measure before them for many weeks and had hearings on it and sent it to the Senate only a short time before it came to the Senate committee, so that our time was limited. It ought to be stated, furthermore, that already the District is running behind. The new fiscal year commenced the 1st of this month, and at present no revenue is coming in to operate the District of Columbia.

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

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

Mr. TYDINGS. I should like to take a moment to accentuate the fact, which the Senator has pointed out, that I believe it was the opinion of the committee that if we could have adopted an income tax along with the sales tax that would have been preferred; but, as the Senator has stated, from the information available we could not draft a suitable bill to do that. We had, then, to take the best course we could in order to get the bill to conference, as the Senator has pointed out, where the deficiencies may be cured.

Mr. McCARRAN. The Senator again has stated the matter correctly.

There are many phases of the bill that might be stated more at length and more in detail. It is not an ideal measure. It is not a measure that I should want to see become crystallized into law. I desire to be frank with the Senate. I believe, however, that the only avenue by which we can realize the necessary objectives is to send the bill to

conference and let the conferees work it out after a study of the subject.

Mr. President, I move the adoption of the first amendment reported by the committee.

The PRESIDING OFFICER (Mr. HATCH in the chair). The first amendment reported by the committee will be stated.

The first amendment of the Committee on the District of Columbia was, on page 1, line 5, after the word "Personal", in the heading to insert "Property", so as to make the heading read: "Title I—Collection of Personal Property Taxes."

The amendment was agreed to.

The next amendment was, under the heading "Title I—Collection of Personal Taxes", on page 2, line 22, after the word "same", to strike out "when due" and insert "within 10 days after notice and demand"; on page 4, line 7, after the name "United States", to insert "to the credit of the District of Columbia"; and, in line 9, after the word "them", to insert "by the accounting officers of said District", so as to make the section read:

SEC. 2. If any person liable to pay any personal property tax to the District of Columbia neglects or refuses to pay the same within 10 days after notice and demand, it shall be lawful for the collector of taxes for the District of Columbia, or any person designated by him, to collect the said taxes, with interest and penalties thereon, by distraint and sale in the manner hereinafter provided, of the goods, chattels, or effects, including stocks, securities, bank accounts, evidences of debt, and credits of the person delinquent as aforesaid. In case of such neglect or refusal of the person delinquent as aforesaid the collector, or the person designated by him, may levy upon all such property and rights to such property belonging to such person for the payment of the sum due with interest and penalties thereon and the costs that may accrue and the collector of taxes shall immediately proceed to advertise the same by public notice to be posted in the office of said collector and by advertisement three times in one week in one or more daily newspapers in said District, stating the time when and the place where such property shall be sold, the last publication to be at least 6 days before the date of sale and if the said taxes, with interest and penalties thereon, and the costs and expenses which shall have accrued thereon, shall not be paid before the date fixed for such sale, which shall not be less than 10 days after said levy or taking of said property, the collector shall proceed to sell at public auction such property or interest therein or so much thereof as may be needed to pay such taxes; interest, penalties, and accrued costs and expenses of such distraint and sale. Said collector shall report in detail in writing every distraint and sale of personal property to the Commissioners of the District of Columbia, and his accounts in respect of every such distraint or sale shall forthwith be submitted to the auditor of the District of Columbia and shall be audited by him. Any surplus resulting from such sale over and above such taxes, interest, penalties, costs, and expenses shall be paid into the Treasury of the United States to the credit of the District of Columbia and upon being claimed by the owner or owners of the property aforesaid shall be paid to him or them by the accounting officers of said District upon the certificate of the collector of taxes stating in full the amount of such excess.

The amendment was agreed to.

The next amendment was, on page 5, line 14, after the word "tax", to strike out "when due" and insert "within 10 days after notice and demand", so as to make the section read:

SEC. 6. In case of the neglect or refusal of any person to pay a personal-property tax within 10 days after notice and demand, the collector of taxes, or the person designated by him, may file a certificate of such delinquent personal tax with the clerk of the District Court of the United States for the District of Columbia, which certificate from the date of its filing shall have the force and effect, as against the delinquent person named in such certificate, of the lien created by a judgment granted by said court, which lien shall remain in force and effect until the taxes set forth in said certificate, with interest and penalties thereon, shall be paid, and said lien may be enforced by a bill in equity filed in said court.

The amendment was agreed to.

The next amendment was, on page 6, after line 13, to insert:

SEC. 8. The taxes to which this title relates shall be assessed within 4 years after such taxes became due, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of 5 years after such taxes became due. In the case of a false or fraudulent return with intent to evade tax, or of a failure to file a return within the time required by law, the tax may be assessed or a proceeding in court for the collection of such tax may be begun without assessment at any time. Where the assessment of any tax to which this title relates has been made within such statutory period of limitation, such tax may be collected by distraint or by a proceeding in court only if begun within 6 years after the assessment of the tax.

The amendment was agreed to.

The next amendment was, on page 7, line 2, after the word "are", to strike out "not limited as to time, irrespective of any statute of limitations, and are", so as to read:

SEC. 9. The remedies provided by this title for the collection of personal-property taxes are in addition to any other remedies available for the collection of said taxes.

The amendment was agreed to.

The next amendment was, on page 7, after line 5, to strike out:

TITLE II. TAXES ON INSURANCE COMPANIES

SECTION 1. On and after the 1st day of July 1937 every domestic, foreign, or alien company organized as a stock, mutual, reciprocal, Lloyd's, fraternal, or any other type of insurance company or association, before issuing contracts of insurance against loss of life or health, or by fire, marine, accident, casualty, fidelity and surety, title guaranty, or other hazard not contrary to public policy, shall obtain from the superintendent of insurance of the District of Columbia an annual license or certificate of authority, upon payment of a fee of $25 to the collector of taxes of the District of Columbia. All licenses for insurance companies who may apply for permission to do business in the District of Columbia shall date from the first of the month in which application is made, and expire on the 30th day of April following, and payments shall be made in proportion.

SEC. 2. Any such company issuing contracts of insurance in the District of Columbia, without first having obtained license or certificate of authority from the superintendent of insurance so to do, shall upon conviction be subject to a fine of $100 per day for each day it shall engage in business without such license or certificate of authority.

SEC. 3. All prosecutions for violations of this title shall be in the police court of the District of Columbia by the corporation counsel of the District of Columbia or any of his assistants.

SEC. 4. Each of such companies shall file an annual statement in the form prescribed by the superintendent of insurance before March 1 of each year of its operations for the year ending December 31 immediately preceding. Such statement shall be verified by the oath of the president and secretary or in their absence by two other principal officers. The fee for filing said statement shall be $20 and payment therefor shall be made to the collector of taxes of the District of Columbia.

SEC. 5. If any such company shall fail to file the annual statement herein required, the superintendent of insurance may thereupon revoke its license or certificate of authority to transact business in the District of Columbia.

SEC. 6. All such companies shall also pay to the collector of taxes of the District of Columbia a sum of money as taxes equal to 2 percent of its policy and membership fees and net premium receipts on all insurance contracts on risks in the District of Columbia, said taxes to be paid before the 1st day of March of each year on the amount of income for the year ending December 31 next preceding.

"Net premium receipts" means gross premiums received less the sum of the following:

1. Premiums returned on policies canceled or not taken;

2. Premiums paid for reinsurance where the same are paid to companies duly licensed to do business in the District; and

3. Dividends paid in cash or used by policyholders in payment of renewal premiums.

SEC. 7. If any such company shall fail to pay the tax herein required, it shall be liable to the District of Columbia for the amount thereof, and in addition thereof a penalty of 8 percent per month thereafter until paid.

SEC. 8. Nothing contained in this title shall apply to any relief association, not conducted for profit, composed solely of officers and enlisted men of the United States Army or Navy, or solely of employees of any other branch of the United States Government service or solely of employees of the District of Columbia government, or solely of employees of any individual, company, firm, or corporation or to any fraternal organization which issues contracts of insurance exclusively to its own members.

SEC. 9. All laws or parts of laws insofar as they relate to insurance companies, fraternal orders, Lloyds, reciprocals, associations, or other insurance organizations, and the conduct of such insurance business, and in conflict with any provisions of this title, are hereby repealed.

SEC. 10. Should any section or provision of this title be decided by the courts to be unconstitutional or invalid, the validity of the title as a whole or of any part thereof other than the part decided to be unconstitutional shall not be affected.

SEC. 11. This title shall become effective immediately upon passage and approval.

The amendment was agreed to.

The next amendment was, on page 10, line 11, after the word "Title", to strike out "III" and insert "II", so as to make the heading read:

Title II. Amendment to Motor Vehicle Fuel Tax Act.

The amendment was agreed to.

The next amendment was, on page 17, line 19, after the word "Title", to strike out "IV" and insert "III", so as to make the heading read:

Title III. Registration fees for motor vehicles.

The amendment was agreed to.

The next amendment was, on page 27, line 14, after the word "Title", to strike out "V" and insert "IV", so as to make the heading read:

Title IV. Inheritance and estate taxes.

The amendment was agreed to.

The next amendment was, under the subhead "Article I—Inheritance tax", on page 27, line 25, after the words "or sale" and the comma, to insert "(except in cases of a bona fide purchase for full consideration in money or money's worth)"; on page 28, line 2, after the word "possession", to insert "or enjoyment"; in line 4, after the word "otherwise" and the comma, to insert "(including property of which the decedent has retained for his life or for any period not ascertainable without reference to his death or for any period which does not in fact end before his death (1) the possession or enjoyment of, or the right to the income from such property or (2) the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom)"; in line 14, after the word "tax", to strike out "on" and insert "of 1 per cent on so much of"; and in line 17, after the word "of", to strike out "$5,000, at the following rates" and insert "$5,000", so as to read:

SECTION 1. (a) All real property and tangible and intangible personal property, or any interest therein, having its taxable situs in the District of Columbia, transferred from any person who may die seized or possessed thereof, either by will or by law, or by right of survivorship, and all such property, or interest therein, transferred by deed, grant, bargain, gift, or sale (except in cases of a bona-fide purchase for full consideration in money or money's worth), made or intended to take effect in possession or enjoyment after the death of the decedent, or made in contemplation of death, to or for the use of, in trust or otherwise (including property of which the decedent has retained for his life or for any period not ascertainable without reference to his death or for any period which does not in fact end before his death (1) the possession or enjoyment of, or the right to the income from such property or (2) the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom), the father, mother, husband, wife, children by blood or legally adopted children, or any other lineal decendants or lineal ancestors of the decedent, shall be subject to a tax of 1 percent on so much of the clear value of such property so transferred to each such beneficiary as is in excess of $5,000.

The amendment was agreed to.

The next amendment was, on page 28, after line 17, to strike out:

(1) Two percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $5,000 but not in excess of $15,000.

(2) Two and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $15,000 but not in excess of $25,000.

(3) Three percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $25,000 but not in excess of $35,000.

(4) Three and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $35,000 but not in excess of $45,000.

(5) Four percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $45,000 but not in excess of $55,000.

(6) Four and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $55,000 but not in excess of $65,000.

(7) Five percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $65,000 but not in excess of $75,000.

(8) Five and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $75,000 but not in excess of $85,000.

(9) Six percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $85,000 but not in excess of $100,000.

(10) Ten percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $100,000 but not in excess of $200,000.

(11) Fifteen percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $200,000.

(B) So much of said property as is in excess of $2,000 so transferred to each of the brothers, sisters, nephews, and nieces of the whole or half blood of the decedent shall be subject to a tax at the following rates:

(1) Three percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $2,000 but not in excess of $12,000.

(2) Three and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $12,000 but not in excess of $22,000.

(3) Four percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $22,000 but not in excess of $32,000.

(4) Four and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $32,000 but not in excess of $42,000.

(5) Five percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $42,000 but not in excess of $52,000.

(6) Five and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $52,000 but not in excess of $62,000.

(7) Six percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $62,000 but not in excess of $72,000.

(8) Six and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $72,000 but not in excess of $82,000.

(9) Seven percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $82,000 but not in excess of $100,000.

(10) Eleven percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $100,000 but not in excess of $200,000.

(11) Sixteen percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $200,000.

(C) So much of said property as in excess of $1,000, so transferred to each of the grandnephews and grandnieces of the decedent and all persons other than those included in paragraphs (a) and (b) of this section, and all firms, institutions, associations, and corporations, shall be subject to a tax at the following rates:

(1) Five percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $1,000 but not in excess of $11,000.

(2) Five and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $11,000 but not in excess of $21,000.

(3) Six percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $21,000 but not in excess of $31,000.

(4) Six and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $31,000 but not in excess of $41,000.

(5) Seven percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $41,000 but not in excess of $51,000.

(6) Seven and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $51,000 but not in excess of $61,000.

(7) Eight percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $61,000 but not in excess of $71,000.

(8) Eight and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $71,000 but not in excess of $81,000.

(9) Nine percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $81,000 but not in excess of $91,000.

(10) Nine and one-half percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $91,000 but not in excess of $100,000.

(11) Twelve percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $100,000 but not in excess of $200,000.

(12) Seventeen percent of so much of the clear value of such property so transferred to each such beneficiary as is in excess of $200,000.

The amendment was agreed to.

The next amendment was, on page 33, after line 20, to insert:

(b) So much of said property as is in excess of $2,000, so transferred to each of the brothers, sisters, nephews, and nieces of the whole or half blood of the decedent shall be subject to a tax of 3 percent thereof.

The amendment was agreed to.

The next amendment was, at the top of page 34, to insert:

(c) So much of said property as is in excess of $1,000, so transferred to each of the grandnephews and grandnieces of the decedent and all persons other than those included in paragraphs (a) and (b) of this section, and all firms, institutions, associations, and corporations, shall be subject to a tax of 5 percent thereof.

The amendment was agreed to.

The next amendment was, on page 34, line 22, after the word "property" and the comma, to strike out "and" and insert "such property shall be taxed only once, and if", and in line 24, after the word "then", to strike out "such property shall be taxed only once and", so as to read:

(f) Where any beneficiary has died or may hereafter die within 6 months after the death of the decedent and before coming into the possession and enjoyment of any property passing to him, and before selling, assigning, transferring, or in any manner contracting with respect to his interest in such property, such property shall be taxed only once, and if the tax on the property so passing to said beneficiary has not been paid, then the tax shall be assessed on the property received from such share by each beneficiary thereof, finally entitled to the possession and enjoyment thereof, as if he had been the original beneficiary, and the exemptions and rates of taxation shall be governed by the respective relationship of each of the ultimate beneficiaries to the first decedent.

The amendment was agreed to.

The next amendment was, on page 35, line 6, after the words "provisions of", to strike out "this section" and insert "article I of this title", so as to read:

(g) The provisions of article I of this title shall apply to property in the estate of every person who shall die after this title becomes effective.

The amendment was agreed to.

The next amendment was, on page 35, after line 12, to insert:

(i) All property and interest therein which shall pass from a decedent to the same beneficiary by one or more of the methods specified in this section, and all beneficial interests which shall accrue in the manner herein provided to such beneficiary on account of the death of such decedent, shall be united and treated as a single interest for the purpose of determining the tax hereunder.

The amendment was agreed to.

The next amendment was, on page 40, after line 4, to strike out:

SEC. 10. In all cases in which there shall be a grant, devise, descent, or bequest, to take effect in possession or come into actual enjoyment after the expiration of one or more life estates, the taxes thereon shall be payable by the person or persons so entitled thereto, and within 1 year after the date when the right of possession accrues to the person or persons so entitled, upon the actual value of the property or the interest of the beneficiary therein at the time when said beneficiary becomes entitled to the same in possession or enjoyment. Said tax shall be a lien for the period of 10 years on the property or interest therein from the date when said beneficiary becomes entitled to the same in possession or enjoyment.

And in lieu thereof to insert:

SEC. 10. In the case of any grant, deed, devise, descent, or bequest of a life interest or term of years, the donee for life or years shall pay a tax only on the value of his interest, and the donee of the future interest shall pay his tax when his right of possession or enjoyment accrues. In the case of a devise, descent, bequest, or grant to take effect in possession or enjoyment after the expiration of one or more life estates or of a term of years, the tax shall be assessed on the value of the property or interest therein coming to the beneficiary at the time when he becomes entitled to the same in possession or enjoyment. Said tax shall be a lien for the period of 10 years on the property or interest therein from the date when said beneficiary becomes entitled to the same in possession or enjoyment.

The amendment was agreed to.

The next amendment was, on page 41, after line 22, to strike out:

SEC. 13. In case of any failure to make or file a return within the time prescribed by this title or within such additional time as may be granted under regulations promulgated by the Commissioners of the District of Columbia, the assessor shall add to the tax 25 percent of its amount. In case a false or fraudulent return is willfully made, the assessor shall add to the tax 50 percent of its amount. The amount so added to any tax shall be collected as a part of the tax and in the same manner as is herein provided for the collection of the tax: *Provided*, That the penalties provided in this section shall be in addition to the penalty provided in section 11 hereof.

And in lieu thereof to insert:

SEC. 13. Any person required by this title to file a return who fails to file such return within the time prescribed by this title, or within such additional time as may be granted under regulations promulgated by the Commissioners of the District of Columbia, shall become liable in his own person and estate to the District of Columbia in an amount equal to 25 percent of the tax found to be due. In case any person required by this title to file a return knowingly files a false or fraudulent return, he shall become liable in his own person and estate to the said District in an amount equal to 50 percent of the tax found to be due. Such amounts shall be collected in the same manner as is herein provided for the collection of the taxes levied under this title.

The amendment was agreed to.

The next amendment was, under the subhead "Article II—Estate taxes", on page 47, after line 17, to strike out:

SEC. 25. If any provision of this title, or the application thereof to any person or circumstances, is held invalid, the remainder of the title, and the application of such provision to other persons or circumstances, shall not be affected thereby.

The amendment was agreed to.

The next amendment was, at the top of page 48, to strike out:

TITLE VI—TAX ON PRIVILEGE OF DOING BUSINESS

SECTION 1. Where used in this title—

(a) The term "person" includes any individual, firm, copartnership, joint adventure, association, corporation (domestic or foreign), trust, estate, receiver, or any other group or combination acting as a unit, but shall not include railroad or railroad express companies which report to and are subject to regulation by the Interstate Commerce Commission under the provisions of the Interstate Commerce Act of 1887, as amended.

(b) The term "taxpayer" means any person liable for any tax hereunder.

(c) The term "Commissioners" means the Commissioners of the District of Columbia or their duly authorized representative or representatives.

(d) The term "business" shall include the carrying on or exercising for gain or economic benefit, either direct or indirect, any trade, business, profession, vocation, or commercial activity in or on privately owned property and in or on property owned by the United States Government in the District of Columbia not including, however, labor or services rendered by any individual for wage or a salary.

(e) The term "gross receipts" means the gross receipts received from any business in the District of Columbia, including cash, credits, and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials, labor, or services or other costs, interest, or discount paid, or any other expenses whatsoever: *Provided*, That the term "gross receipts" when used in connection with or in respect of financial transactions involving the loan, collection, or advance of money, discounting notes, bills, or other evidences of debt, shall be deemed to mean the gross interest, discount, commission, or other income earned by means of or resulting from said financial transactions: *Provided further*, That in connection with commission merchants, brokers, attorneys, or other agents, the term "gross receipts" shall be deemed to mean the gross amount of such commissions or gross fees received by them.

(f) The term "fiscal year" means a year beginning on the 1st day of July and ending on the 30th day of the June following.

SEC. 2. No person shall engage in or carry on any business in the District of Columbia after 60 days from the approval of this act without first having obtained a license so to do from the Commissioners, except no license shall be required of any person selling newspapers, magazines, or periodicals, whose sales are not made from a fixed location and which sales do not exceed the annual sum of $1,000. All licenses issued shall date from the 1st day of July in each year and expire on the 30th day of the June following, and no license may be transferred to any other person.

All licenses granted under this title must be conspicuously posted on the premises of the licensee and said license shall be accessible at all times for inspection by the police or other officers duly authorized to make such inspection. Licensees having no located place of business shall exhibit their licenses when requested to do so by any of the officers above named.

Licenses shall be good only for the location designated thereon, except in the case of licenses issued hereunder for businesses which in their nature are carried on at large and not at a fixed place of business, and no license shall be issued for more than one place of business without a payment of a separate fee for each.

The Commissioners may, after hearing, revoke any license issued hereunder for failure of the licensee to file a return or corrected return within the time required by this title or to pay any installment of tax when due.

SEC. 3. Each application for license shall be accompanied by a filing fee of $10: *Provided, however*, That no license fee shall be required of any person if he shall certify under oath that his gross receipts during the year immediately preceding his application, if he was engaged in business during all of such period of time, or his gross receipts as computed in the manner provided in section 5 of this title, if he was engaged in business for less than 1 year immediately preceding his application shall be not more than $1,000. Such application shall be upon a form prescribed and furnished by the Commissioners: *Provided, however*, That upon stores or mercantile establishments operated in the District of Columbia and belonging to a chain or group, having more than one store, an annual license fee shall be paid for each store operated in the District of Columbia, as follows:

(1) $10 for each retail store or business in excess of one but not in excess of five.

(2) $15 for each retail store or business in excess of 5 but not in excess of 10.

(3) $20 for each retail store or business in excess of 10 but not in excess of 15.

(4) $50 for each retail store or business in excess of 15 but not in excess of 25.

(5) $75 for each retail store or business in excess of 25 but not in excess of 30.

(6) $100 for each retail store or business in excess of 30 but not in excess of 50.

(7) $550 for each retail store or business in excess of 50.

It is further provided that this annual license fee shall be based on the number of stores or mercantile establishments included under the same general management, supervision, ownership, or control whether operated in the District of Columbia or not.

SEC. 4. Every person subject to the tax hereunder shall, within 30 days after the passage of this title and on or before the 1st day of July of each succeeding year, furnish to the assessor, on a form prescribed by the Commissioners, a statement under oath showing the gross receipts of the taxpayer during the preceding calendar year, which said return shall contain such other information as the Commissioners may deem necessary for the proper administration of this title.

The Commissioners for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making a return where none has been made, are authorized to examine any books, papers, records, or memoranda bearing upon the matters required to be included in the return and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return, and to give testimony or answer interrogatories under oath respecting the same, and the Commissioners shall have power to administer oaths to such person or persons. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then, and in that event, the Commissioners may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

The Commissioners are authorized and empowered to extend for cause shown the time for filing a return for a period not exceeding 30 days.

SEC. 5. For the privilege of engaging in business in the District of Columbia, each person so engaged shall pay to the collector of taxes of the District of Columbia for the fiscal year 1937–38 a tax equal to three-fifths of 1 percent of the gross receipts in excess of $1,000 derived from such business for the calendar year 1936 and shall, for each fiscal year thereafter, pay to the collector of taxes a similar tax measured by the gross receipts in excess of $1,000 derived from such business for the calendar year immediately preceding the beginning of such fiscal year: *Provided, however,* That the tax imposed by this section shall be payable only upon the gross commissions of any person engaged in the business of a broker or agent, and shall not be payable upon the funds of his principal, of which he is a mere conduit.

If a taxpayer was not engaged in business during the whole of any calendar year, he shall pay the tax imposed by this title measured by his gross receipts during the period of 1 year from the date when he became so engaged; and if such taxpayer shall not have been so engaged for an entire year prior to June 30 of any year, then the tax imposed shall be measured by his gross receipts for the period during which he was so engaged, multiplied by a fraction, the numerator of which shall be 365 and the denominator of which shall be the number of days during which he was so engaged.

If a person liable for the tax during any year or portion of a year for which the tax is computed acquires the assets or franchises of or merges or consolidates his business with the business of any other person or persons, such person liable for the tax shall report, as his gross receipts by which the tax is to be measured, the gross receipts for such year of such other person or persons together with his own gross receipts during such year.

SEC. 6. National banks and all other incorporated banks and trust companies, street railroad, gas, electric lighting and telephone companies, companies incorporated or otherwise, who guarantee the fidelity of any individual or individuals, such as bonding companies, companies who furnish abstracts of titles, savings banks, building and loan associations which pay taxes under existing laws of the District of Columbia upon gross receipts or gross earnings, and insurance companies which pay a tax upon premiums shall be exempt from the provisions of this title. Any tax levied by the District of Columbia upon tangible personal property owned by a taxpayer on July 1 of any year and paid by such taxpayer shall be credited upon the tax due under this title.

SEC. 7. The taxes imposed hereby shall be due 30 days after the approval of this act and thereafter shall be due July 1 of each fiscal year following the calendar year for which said taxes are computed, and may be paid without penalty to the collector of taxes of the District of Columbia in equal semiannual installments in the months of September and March following. If either of said installments shall not be paid within the months when the same is due, said installments shall thereupon be in arrears and delinquent, and there shall be added and collected to said tax a penalty of 1 percent a month upon the amount thereof for the period of such delinquency, and said installments, with the penalties thereon, shall constitute a delinquent tax.

SEC. 8. If a return required by this title is not filed, or if a return when filed is incorrect or insufficient, and the maker fails to file a corrected or sufficient return within 20 days after the same is required by notice from the assessor, the assessor shall determine the amount of tax due from such information as he may be able to obtain and, if necessary, may estimate the tax on the basis of external indices such as number of employees of the person concerned, rentals paid by him, stock on hand, and other factors. The assessor shall give notice of such determination to the person liable for the tax. Such determination shall finally and irrevocably fix the tax, unless the person against whom it is assessed shall within 15 days after the giving of notice of such determination apply to the Board of Equalization and Review of the District for hearing and review, and the burden of proving the incorrectness of the assessor's determination shall be upon the taxpayer. After such hearing said Board shall give notice of its decision to the person liable for the tax. The decision of said Board may be reviewed by application to the District Court of the United States for the District of Columbia if the said application be filed within 20 days after said notice: *Provided, however,* That the amount of any tax sought to be reviewed shall, with interest and penalties thereon, if any, be first deposited with the clerk of said court.

SEC. 9. Any person failing to file a return or corrected return within the time required by this title shall be subject to a penalty of 10 percent of the tax due plus 5 percent of such tax for each month of delay or fraction thereof.

SEC. 10. Any notice authorized or required under the provisions of this title may be given by mailing the same to the person for whom it is intended by registered mail addressed to such person at the address given in the return filed by him pursuant to the provisions of this title, or if no return has been filed then to his last-known address. The mailing of such notice shall be presumptive evidence of the receipt of the same by the person to whom addressed. Any period of time which must be determined under the provisions of this title by the giving of notice shall commence to run from the date of mailing such notice.

SEC. 11. The taxes levied hereunder and penalties may be collected by the collector of taxes of the District of Columbia in the manner provided by the law for the collection of taxes due the District of Columbia on personal property in force at the time of such collection.

SEC. 12. Any person engaged in or carrying on business without first having obtained a license so to do, or failing or refusing to file a sworn report as required herein, or to comply with any rule or regulation of the Commissioners for the administration and enforcement of the provisions of this title shall upon conviction thereof be fined not more than $1,000 for each and every failure, refusal, or violation, and each and every day that such failure, refusal, or violation continues shall constitute a separate and distinct offense; that all prosecutions under this title shall be brought in the police court of the District of Columbia on information by the corporation counsel or his assistant.

SEC. 13. The Commissioners are authorized to make such rules and regulations relating to the administration and enforcement of this title as may be necessary and proper.

SEC. 14. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title.

SEC. 15. Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for the Commissioners or any person having an administrative duty under this title to divulge or make known in any manner the receipts or any other information relating to the business of a taxpayer contained in any return required under this title. The persons charged with the custody of such returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court, except on behalf of the United States or the District of Columbia, or on behalf of any party to any action or proceeding under the provisions of this title, when the returns or facts shown thereby are directly involved in such action or proceeding, in either of which events the court may require the production of, and may admit in evidence, so much of such returns or of the facts shown thereby, as are pertinent to the action or proceeding and no more. Nothing herein shall be construed to prohibit the delivery to a taxpayer, or his duly authorized representative, of a certified copy of any return filed in connection with his tax, nor to prohibit the publication of statistics so classified as to prevent the identification of particular returns and the items thereof, or the inspection by the corporation counsel of the District of Columbia, or any of his assistants, of the return of any taxpayer who shall bring action to set aside or review the tax based thereon, or against whom an action or proceeding has been instituted for the collection of a tax or penalty. Returns shall be preserved for 3 years and thereafter until the Commissioners order them to be destroyed. Any violation of the provisions of this section shall be subject to the punishment provided by section 12 of this title.

SEC. 16. If any provision of this title, or the application thereof to any person or circumstances, is held invalid, the remainder of this title, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

SEC. 17. This title shall not be deemed to repeal or in any way affect any existing act or regulation under which taxes are now levied.

SEC. 18. This title shall become effective immediately upon approval.

The amendment was agreed to.

The next amendment was, on page 60, after line 12, to strike out:

TITLE VII—RATE OF TAXATION ON TANGIBLE PROPERTY

For the fiscal year ending June 30, 1938, the rate of taxation imposed for the District of Columbia on real and tangible personal property shall not be less than 1.7 percent on the assessed value of such property.

The amendment was agreed to.

The next amendment was, on page 60, after line 18, to insert:

TITLE V—ADDITIONAL TAX ON LAND

SECTION 1. For the fiscal year ending June 30, 1938, there is hereby levied for the District of Columbia upon all real estate in the District of Columbia subject to taxation a tax of 1 percent upon the assessed value of the land, exclusive of any improvements thereon. Such tax shall be in addition to all other taxes upon real estate, and shall be levied and collected in the same manner as such other taxes.

SEC. 2. The Commissioners of the District of Columbia are authorized to extend for not to exceed 90 days the time for payment of all installments of real-estate taxes payable in September 1937.

The amendment was agreed to.

The next amendment was, on page 61, after line 6, to insert:

TITLE VI—LUXURIES SALES TAX

SEC. 1. When used in this title, unless the context otherwise requires:

(a) The term "District" means the District of Columbia.

(b) The term "Commissioners" means the Commissioners of the District of Columbia.

(c) The term "collector" means the collector of taxes of the District of Columbia.

(d) The term "assessor" means the assessor of the District of Columbia or any of his assistants.

(e) The term "corporation counsel" means the corporation counsel of the District of Columbia or any of his assistants.

(f) The term "person" includes any individual, firm, copartnership, joint adventure, association, corporation, estate, trust, business trust, receiver, syndicate, personal representative of a decedent, or any other group or combination acting as a unit, and the plural as well as the singular number.

(g) The term "sale" means any transfer of title or possession, or both, exchange, barter, lease, or rental, conditional or otherwise, in any manner or by any means whatsoever, of tangible personal property, for a consideration, and includes the fabrication of tangible personal property for consumers who furnish either directly or indirectly the materials used in the fabrication work and the furnishing, preparing, or serving for a consideration of any tangible personal property consumed on the premises of the person furnishing, preparing, or serving such tangible personal property. A transaction whereby the possession of property is transferred but the seller retains the title as security for the payment of the price shall be deemed a sale.

(h) The terms "retail sale" or "sale at retail" mean a sale to a consumer or to any person for any purpose other than for resale in the form of tangible personal property, except that the terms "transfer of possession", "lease", and "rental" as used in subsection (g) of this section shall mean and include only such transactions as are in lieu of sales as defined in subsection (g) of this section without the words "lease or rental."

(i) The term "business" includes any activity engaged in by any person or caused to be engaged in by him with the object of gain, benefit, or advantage, either direct or indirect.

(j) The term "retailer" includes every person engaged in the business of making sales at retail, except a person selling newspapers, magazines, and periodicals, or any of them, whose sales are not made from a fixed location.

(k) The term "gross receipts" means the total amount of the sale or lease or rental price, as the case may be, of the retail sales of retailers, including any services that are a part of such sales, valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property of any kind or nature, and also any amount for which credit is allowed by the seller to the purchaser, without any deduction therefrom on account of the cost of the property sold, the cost of the materials used, labor or service cost, interest paid, losses, or any other expense whatsoever: *Provided, however,* That cash discounts allowed and taken on sales shall not be included, and "gross receipts" shall not include the sale price of property returned by customers when the full sale price thereof is refunded either in cash or by credit, nor shall "gross receipts" include the price received for labor or services used in installing, applying, remodeling, or repairing the property sold.

(l) The term "tangible personal property" means personal property which may be seen, weighed, measured, felt, touched, or is in any other manner perceptible to the senses, and shall be taken to include also all sales of admissions to any place of amusement, including moving pictures, theaters, theatrical performances, shows, circuses, athletic events, boxing and wrestling contests, concerts, amusement parks, piers, swimming pools, bathing establishments, and fairs.

SEC. 2. For the privilege of selling tangible personal property at retail a tax is hereby imposed upon retailers at the rate of 2 percent of the gross receipts of any such retailer from sales of tangible personal property sold at retail in the District on and after the first day of the calendar month following the date of enactment of this act and prior to July 1, 1938. Such tax shall be paid at the time and in the manner hereinafter provided and shall be in addition to any and all other taxes.

SEC. 3. There are hereby specifically exempted from the provisions of this title and from the computation of the amount of tax levied, assessed, or payable under this title the following:

(a) The gross receipts from sales of tangible personal property which the District is prohibited from taxing under the Constitution or laws of the United States.

(b) The gross receipts from the sale of food products for human or animal consumption. "Food products" as used herein includes cereals and cereal products, milk and milk products, oleomargarine, meat and meat products, fish and fish products, sea food and sea food products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products (other than candy and confectionery), coffee and coffee substitutes, tea, cocoa and cocoa products (other than candy and confectionery). "Food products" does not include spirituous, malt, or vinous liquors, soft drinks, sodas, or beverages such as are ordinarily dispensed at bars and soda fountains or in connection therewith, nor does the term "food products" include the furnishing, preparing, or serving for a consideration of any tangible personal property consumed on the premises of the person furnishing, preparing, or serving such tangible personal property.

(c) The gross receipts from the sale of all medicines.

(d) The gross receipts from the sale of wearing apparel for any part of the body.

(e) The gross receipts from the sale of motor vehicle fuels subject to taxation under the act entitled "An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes", approved April 23, 1924, as amended.

SEC. 4. It shall be unlawful for any retailer to advertise or hold out or state to the public or to any customer, directly or indirectly, that the tax or any part thereof imposed by this title will be assumed or absorbed by the retailer or that it will not be added to the selling price of the property sold, or if added that it or any part thereof will be refunded.

SEC. 5. The tax hereby imposed shall be collected by the retailer from the consumer insofar as the same can be done.

SEC. 6. The tax levied hereunder shall be a direct obligation of the retailer. On or before the 10th day of each month, beginning with the second calendar month after the date of enactment of this act, each retailer shall furnish to the assessor, on a form prescribed by the Commissioners, a statement under oath showing the gross receipts of the retailer during the preceding calendar month, the amount of the tax for the period covered by such return, and such information as the Commissioners may deem necessary for the proper administration of this title. The tax imposed by this title shall be paid to the collector of taxes on or before the 15th day of each month on the gross receipts of such retailer during the preceding calendar month. Returns shall be signed and verified by the retailer or his duly authorized agent. The Commissioners, if they deem it necessary to insure the collection of the tax imposed by this title, may provide by rules and regulations for the collection of said tax by the affixing and canceling of revenue stamps and may prescribe the form and method of such affixing and canceling.

SEC. 7. Any person failing to pay any tax, except taxes determined by the assessor under the provisions of sections 13 and 14 hereof, within the time required by this title shall pay in addition to the tax a penalty of 10 percent of the amount thereof, plus interest at the rate of one-half of 1 percent a month, or fraction thereof, from the date at which the tax becomes due and payable until the date of payment.

SEC. 8. The assessor for good cause may extend for not to exceed 30 days the time for making any return or payment required under the provisions of this title.

SEC. 9. After 30 days after the date of enactment of this act and until July 1, 1938, it shall be unlawful for any person to engage in or transact business as a retailer within this District, unless he is the holder of a permit issued to him as hereinafter prescribed, and which has not been revoked or suspended. Every person desiring to engage in or conduct business as a retailer within this District shall file with the assessor an application for a permit or permits. Every application for such a permit shall be made upon a form prescribed by the Commissioners and shall set forth the name under which the applicant transacts or intends to transact business, the location of his place or places of business, and such other information as the Commissioners may require. The application shall be signed by the owner if a natural person; in the case of an association or partnership, by a member or partner thereof; in the case of a corporation, by an executive officer thereof or some person specifically authorized by the corporation to sign the application, to which shall be attached the written evidence of his authority.

SEC. 10. At the time of making such application, the applicant shall pay to the collector of taxes a permit fee of $10 for each permit, and the applicant must have a permit for each place of business.

SEC. 11. Upon the payment of the permit fee or fees herein required, the assessor shall grant and issue to each applicant a permit for each place of business within the District. A permit

shall not be assignable and shall be valid only for the person in whose name it is issued and for the transaction of business at the place designated therein. It shall at all times be conspicuously displayed at the place for which issued.

SEC. 12. Whenever the holder of a permit fails to comply with any of the provisions of this title or any rules or regulations made by the Commissioners hereunder, the assessor upon hearing after giving 10 days' notice in writing of the time and place of the hearing to show cause why his permit should not be revoked, may revoke or suspend the permit. In any case where a permit is revoked or suspended by the assessor the permittee may, within 5 days after the order of revocation or suspension is entered, appeal in writing to the Commissioners to review said action of the assessor, the hearings on said appeal to be submitted either orally or in writing at the discretion of the Commissioners and the Commissioners shall not be required to take evidence either orally, written, or documentary. Such appeal shall operate as a supersedeas unless the Commissioners shall otherwise order. The Commissioners may as a condition to setting aside the order of the assessor require such permittee to furnish a bond on a form to be prescribed by the Commissioners, executed by such permittee, with corporate surety approved by the Commissioners in a penal sum sufficient in the judgment of the Commissioners to insure the collection of the taxes and penalties imposed by this title, said bond to run to the District and be conditioned upon the payment by such person of any and all taxes and penalties due the District under this title.

SEC. 13. The burden of proving that a sale of tangible personal property was not a sale at retail shall be upon the person who made it, unless such person shall have taken from the purchaser a certificate signed by and bearing the name and address of the purchaser to the effect that the property was purchased for resale. For the purpose of the proper administration of this title and of preventing evasion of the tax hereby imposed it shall be presumed that all gross receipts are subject to the tax hereby imposed until the contrary is established. If the assessor is not satisfied with the return and payment of tax made by any retailer, he is hereby authorized and empowered to make an additional assessment of tax due from such retailer based upon the facts contained in the return or upon any information within his possession or that shall come into his possession. All additional assessments shall bear interest at the rate of one-half of 1 percent per month, or fraction thereof, from the fifth day after service of notice of such additional assessment. If any part of the deficiency for which the additional assessment is imposed is due to negligence or intentional disregard of the title or authorized rules and regulations, a penalty of 10 percent of the amount of the additional assessment shall be added, plus interest as above provided. If any part of the deficiency for which the additional assessment is imposed is due to fraud or an intent to evade the tax, a penalty of 25 percent of the amount of the additional assesment shall be added, plus interest as above provided. The assessor shall give to the retailer written notice of such additional assessment. Such notice may be served upon the retailer personally or by registered mail and addressed to the retailer at his address as the same appears in the records of the assessor.

SEC. 14. If a retailer neglects or refuses to make a return as required by this title, the assessor shall make an estimate based upon any information in his possession or that may come into his possession of the amount of the gross receipts of the delinquent for the month or months in respect of which he failed to make return and upon the basis of said estimated amount compute and assess the tax payable by the delinquent, adding to the sum thus arrived at a penalty equal to 10 percent thereof. If the neglect or refusal of a retailer to file a return as required by this title was due to fraud or an intent to evade the tax, there shall be added to the tax a penalty equal to 25 percent thereof in addition to the 10 percent penalty as above provided. All assessments and penalties levied under this section shall bear interest at the rate of one-half of 1 percent per month, or fraction thereof, from the fifth day after service of notice of such assessment. Promptly after assessing the tax, the assessor shall give to the delinquent written notice of such estimate, tax, and penalty, the notice to be served personally or by registered mail in the same manner as prescribed for service of notice by the provisions of the preceding section.

SEC. 15. If the assessor believes that the collection of any tax or assessment imposed by this title will be jeopardized by delay, he shall immediately levy a jeopardy assessment for the tax, interest, and penalty provided herein. The amount so assessed shall be immediately due and payable. Promptly after the levy of the assessment, the assessor shall give to the retailer written notice of such assessment, the notice to be served personally or by registered mail in the same manner as prescribed for service of notice by the provisions of section 13 hereof. If the amount of the tax, interest, and penalty specified in the jeopardy assessment is not paid within 10 days after the service upon the retailer of notice of the assessment the delinquency penalty and interest provided in section 7 hereof shall attach to the amount of the tax specified therein.

SEC. 16. (a) Any retailer against whom an assessment is made by the assessor under the provisions of section 13 or 14 hereof may petition for a reassessment thereof within 15 days after service upon the retailer of notice thereof. If a petition for reassessment is not filed within said 15-day period, the amount of the assessment becomes final at the expiration thereof.

(b) If a petition for reassessment is filed within said 15-day period, the assessor shall reconsider the assessment, and if the retailer has so requested in his petition, shall grant said retailer an oral hearing and shall give the retailer 10 days' notice of the time and place thereof. The assessor shall have power to continue the hearing from time to time as may be necessary.

(c) The action of the assessor upon a petition for reassessment shall become final 10 days after service upon the retailer of notice thereof unless the retailer files an appeal within such period to the Board of Personal Tax Appeals of the District.

(d) All the assessments made by the assessor under the provisions of section 13 or 14 hereof shall become due and payable at the time of service of notice thereof. If the amount of the tax, interest, and penalty, if any, specified in any assessment is not paid prior to the time the assessment becomes final, there shall be added thereto a penalty of 10 percent of the amount of the tax.

(e) Any notice required by this section shall be served personally or by registered mail in the same manner as prescribed for service of notice by the provisions of section 13 hereof.

SEC. 17. Except in the case of a fraudulent return, or neglect or refusal to make a return, every notice of additional tax proposed to be assessed hereunder shall be mailed to the retailer within 2 years after the return was filed.

SEC. 18. All taxes not paid by the retailer on the date when the same become due and payable shall bear interest at the rate of one-half of 1 percent per month, or fraction thereof, from and after such date until paid.

SEC. 19. (a) If the assessor determines that any tax, penalty, or interest has been paid more than once, or has been erroneously or illegally collected or computed, the same shall be credited on any taxes then due from the retailer under this title and the balance shall be refunded to the retailer, or his successors, administrators, executors, or assigns, but no such credit or refund shall be allowed after 3 years from the date of overpayment.

(b) Any refund or any portion thereof which is erroneously made and any credit or any portion thereof which is erroneously allowed, may be recovered in an action brought by the corporation counsel in a court of competent jurisdiction in the name of the District.

(c) In the event that a tax has been illegally levied against a retailer the assessor shall authorize the cancelation of the tax upon the records.

SEC. 20. The taxes levied hereunder and penalties may be collected by the collector of taxes of the District in the manner provided by the law for the collection of taxes due the District on personal property in force at the time of such collection.

SEC. 21. If any retailer liable for any tax, interest, or penalty levied hereunder shall sell out his business or stock of goods or shall quit the business, he shall make a final return and payment within 15 days after the date of selling or quitting business. His successor, successors, or assigns, if any, shall withhold sufficient of the purchase money to cover the amount of such taxes, interest, or penalties due and unpaid until such time as the former owner shall produce a receipt from the assessor showing that they have been paid, or a certificate stating that no taxes, interest, or penalties are due. If the purchaser of a business or stock of goods shall fail to withhold purchase money as above provided, he shall be personally liable for the payment of the taxes, interest, and penalties accrued and unpaid on account of the operation of the business by any former owner, owners, or assignors.

SEC. 22. The assessor or any person authorized in writing by him is hereby authorized to examine the books, papers, records, and equipment and to investigate the character of the business of any person selling tangible personal property in order to verify the accuracy of any return made, or if no return was made by such person, to ascertain and assess the tax imposed by this title.

SEC. 23. (a) Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for the assessor, or any person having an administrative duty under this title to divulge or to make known in any manner whatever, the business affairs, operations, or information obtained by an investigation of records and equipment of any retailer visited or examined in the discharge of official duty, or the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any return, or to permit any return or copy thereof or any book containing any abstract or particulars thereof to be seen or examined by any person other than an authorized representative of the District, of the United States, or of any State.

(b) Any violations of the provisions of this section shall be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year or both, at the discretion of the court. Prosecution under this section shall be on information filed by the corporation counsel in the Police Court in the name of the District.

SEC. 24. At any time within 3 years after the delinquency of any tax, the corporation counsel may bring an action in any court of competent jurisdiction in the name of the District to collect the amount delinquent, together with penalties. In such action a certificate by the assessor showing the delinquency shall be prima-facie evidence of the levy of the tax, of the delinquency and of compliance by the assessor with all the provisions of this title in relation to the computation and levy of the tax.

SEC. 25. Any retailer violating any of the provisions of this title or of any rules or regulations made by the Commissioners hereunder shall be punished by a fine of not exceeding $500 for

each such offense. Prosecution under this section shall be on information filed by the corporation counsel in the Police Court in the name of the District.

SEC. 26. Any retailer aggrieved by any action of the assessor in levying a tax or in imposing a penalty hereunder may, within 10 days after notice of the action complained of, file an appeal to the Board of Personal Tax Appeals who shall grant said retailer an oral hearing if the same be requested and shall give the retailer 5 days' notice of the time and place thereof. The Board of Personal Tax Appeals shall review the action of the assessor and may affirm, reverse, or modify the action of the assessor and such action of the Board of Personal Tax Appeals shall become final 5 days after service upon the retailer of notice thereof given in accordance with section 13 of this title. No ground of complaint need be considered by the Board of Personal Tax Appeals not specifically set forth in the appeal.

Mr. BORAH. Mr. President, I understand the Senate is now considering the sales-tax provision.

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Idaho?

Mr. McCARRAN. I yield.

Mr. BORAH. I desire to say a word about the sales tax. I think the District of Columbia is a very good illustration of what the United States will be in the course of a very short time if we continue our present system. We are now at the place in the history of the District where it is claimed that it is necessary to adopt a sales tax in order to keep out of a state of bankruptcy. We are approaching that point in the Nation. I am opposed to the sales tax, and I desire to state why.

I read from page 63 of the bill, subdivision (l):

The term "tangible personal property" means personal property which may be seen, weighed, measured, felt, touched, or is in any other manner perceptible to the senses, and shall be taken to include also all sales of admissions to any place of amusement, including moving pictures, theaters, theatrical performances, shows, circuses, athletic events, boxing and wrestling contests, concerts, amusement parks, piers, swimming pools, bathing establishments, and fairs.

All those are subject to the sales tax. Any tangible property which may be seen, weighed, measured, such as are described here in the way of exemptions, are subject to the sales tax.

I read further:

SEC. 2. For the privilege of selling tangible personal property at retail a tax is hereby imposed upon retailers at the rate of 2 percent of the gross receipts of any such retailer from sales of tangible personal property sold at retail in the District on and after the first day of the calendar month following the date of enactment of this act and prior to July 1, 1938. Such tax shall be paid at the time and in the manner hereinafter provided and shall be in addition to any and all other taxes.

SEC. 3. There are hereby specifically exempted from the provisions of this title and from the computation of the amount of tax levied, assessed, or payable under this title the following:

(a) The gross receipts from sales of tangible personal property which the District is prohibited from taxing under the Constitution or laws of the United States.

(b) The gross receipts from the sale of food products for human or animal consumption. "Food products" as used herein includes cereals and cereal products, milk and milk products, oleomargarine, meat and meat products, fish and fish products, sea food and sea food products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products (other than candy and confectionery), coffee and coffee substitutes, tea, cocoa and cocoa products (other than candy and confectionery). "Food products" does not include spirituous, malt, or vinous liquors, soft drinks, sodas, or beverages such as are ordinarily dispensed at bars and soda fountains or in connection therewith, nor does the term "food products" include the furnishing, preparing, or serving for a consideration of any tangible personal property consumed on the premises of the person furnishing, preparing, or serving such tangible personal property.

Mr. CONNALLY. Mr. President, will the Senator yield at that point?

Mr. BORAH. I yield.

Mr. CONNALLY. That language would exempt the purchase of food articles, but the man who went into a restaurant or a hotel would have to pay, would he not?

Mr. BORAH. I understand so.

Mr. CONNALLY. The servicing and the preparing would be exempt.

Mr. McCARRAN. Mr. President, I wish to say to the Senator from Texas, if the Senator from Idaho will yield, that I have an amendment prepared, and now on the desk, which would exempt food served in restaurants and other eating places.

Mr. BORAH. Mr. President, I read further from the bill:

(c) The gross receipts from the sale of all medicines.

(d) The gross receipts from the sale of wearing apparel for any part of the body.

(e) The gross receipts from the sale of motor-vehicle fuels subject to taxation under the act entitled "An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes", approved April 23, 1924, as amended.

SEC. 4. It shall be unlawful for any retailer to advertise or hold out or state to the public or to any customer, directly or indirectly, that the tax or any part thereof imposed by this title will be assumed or absorbed by the retailer or that it will not be added to the selling price of the property sold, or, if added, that it or any part thereof will be refunded.

SEC. 5. The tax hereby imposed shall be collected by the retailer from the consumer insofar as the same can be done.

May I ask those in charge of the bill what is the exact meaning and the supposed effect of section 4 providing that—

It shall be unlawful for any retailer to advertise or hold out or state to the public or to any customer, directly or indirectly, that the tax or any part thereof imposed by this title will be assumed or absorbed by the retailer.

What will be the effect of that provision?

Mr. KING. Mr. President, experience has demonstrated, in the places where sales taxes are in effect, that frequently the vendor, when the tax was imposed, would say to the vendee, "Do not blame me, just blame the Government for this", or he would make some representation that was unfair and unjust. It was to anticipate such things, to guard against evils which it has been disclosed exist in other places, that this provision was inserted.

Mr. BORAH. It was not hoped that it would prevent the passing on of the tax?

Mr. KING. Oh, no.

Mr. BORAH. It is rather remarkable how rapidly the sales-tax idea is spreading in this country. I will call attention to some figures. In a press dispatch from Berkeley, Calif., dated June 29, it is stated:

The sales tax is becoming an ever-increasing source of revenue in American taxation, according to a survey completed by the bureau of public administration of the University of California.

The public, the survey found, seems to prefer the sales tax to the income-tax system.

In 1930 it has been found there were only two States collecting the sales tax, but in 1935 this number had increased to 25.

General sales taxes in the United States produced $284,358,000 in 1935 as against only $1,122,000 in 1930, the survey established.

Five States alone, namely, California, Illinois, Michigan, New York, and Ohio, collected three-fourths of the sales-tax revenues in 1934 and two-thirds in 1935.

The university study showed that Indiana offers an excellent example of the superiority of the sales tax over the income tax. In the fiscal year ending June 1935, according to the survey, the gross income tax in Indiana was the third largest individual source of State revenue, but nevertheless furnished only 22 percent of the total State revenue receipts for that year.

It is also found, Mr. President, that in proportion to the spread of the sales tax there is a reduction in the income tax. That is true, apparently, the country over. The sales tax is being substituted for income tax.

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

Mr. BORAH. I yield.

Mr. McCARRAN. I think the Senator and myself are in entire accord, that as the sales tax increases the income tax is certain to decrease.

Mr. BORAH. Yes; and that is one of the moving forces behind the sales tax on the part of those who are interested in curtailing the income tax. That is where the great source of propaganda for the sales tax originates.

In these days we are constantly berating poor old Andrew Mellon; yet we are following, the country over, shamefacedly, but nevertheless doing it, in the very footsteps of Mr. Mellon with reference to the question of taxation. Under his dynasty it was proposed in the very beginning to reduce the upper brackets of the income tax, and all the taxes were reduced which related to those who were more able to pay taxes; and finally there came the time when he recommended a national sales tax.

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

Mr. BORAH. I yield.

Mr. McKELLAR. Can the Senator give us the figures as to what this particular sales tax will produce?

Mr. BORAH. I have not been furnished any figures with reference to that subject, and I have not seen any such figures; but I am opposed to a sales tax on principle.

Mr. McKELLAR. I hope we can have the figures. However, whatever the sales tax may produce, I am utterly opposed to it, for the reason that if the sales tax produces a small amount now, next year we shall be asked to increase the tax in one way or another, either through an increase in the rate of the tax or by applying it to other articles to which it does not apply in this bill. I think a sales tax is the poorest way in the world in which to tax people, and I do not believe the people of Washington ought to be taxed in that way.

Mr. BORAH. Neither do I.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Idaho yield to the Senator from Nevada?

Mr. BORAH. I yield.

Mr. McCARRAN. The sales tax, with the exemptions which are provided in the bill, would produce in the District of Columbia approximately $2,500,000.

Mr. BORAH. Mr. President, I was about to say that the usual process by which a sales tax is established is to exempt in the first instance food and clothing, and so forth, and generally it also begins as a very small tax. Take the case of California as an illustration. In that State they started with a 2-percent sales tax. I see that the Governor has now recommended a 3-percent sales tax. They started with exemptions covering foodstuffs and clothing, and now they are including those items in the tax. Those are the gradual processes by which the sales tax is made to reach the entire consuming public.

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

Mr. BORAH. I yield.

Mr. TYDINGS. In order that the Senate may get the background of this proposed legislation, I wish to say that the Senate Committee on the District of Columbia voted unanimously for an income tax in place of a sales tax, and we instructed the experts to draw such an amendment for us. However, because of the peculiar condition that exists here of people working in the District and living outside the District, it was not possible to perfect that provision; and it was only when the income-tax provision could not be perfected that the sales tax was turned to, with food, clothing, and medical supplies exempted. I think the Senate ought to know that we approached the sales tax reluctantly.

Mr. BORAH. The Senator will agree with me, I think, that if we establish the sales tax this year at 2 percent, exempting food, clothing, and so forth, next year, or the year following that we will not exempt those items, and we will likely raise the tax from 2 percent to 3 percent.

Mr. TYDINGS. Mr. President, there is a great deal of force in what the Senator from Idaho has just said. However, the committee's thought was as I have stated; and the committee stipulated that this provision should apply during the coming year only, and provided for the appointment of a commission to revise the tax laws of the District of Columbia, so that when the new bill shall come before the committee, as it will have to come—because the act now proposed will expire automatically—we can drop the present provision in favor of a more studied and better thought-out system of taxation. It is only a stopgap.

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

Mr. BORAH. I yield.

Mr. CAPPER. Many of us do not agree with the Senator from Maryland [Mr. TYDINGS] that an income tax cannot be devised which will be suitable to the District of Columbia. I, myself, believe that in the District of Columbia we ought to have an income tax instead of a sales tax.

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

Mr. BORAH. I yield.

Mr. KING. Supplementing what was stated by the Senator from Kansas [Mr. CAPPER], I will say that the committee did have before it the question of an income tax. We took the precaution—probably that is not the right term—of inviting the representatives of the House District Committee to come before us and explain their views, and explain why an income tax was not provided for in the bill in the House. They made it very clear that it was absolutely impossible to obtain the passage of an income-tax bill in the House. As a matter of fact, they said they could get the bill on the floor for the purpose of considering it only by agreeing with the Committee on Rules that the question of an income tax should not be raised.

I may say, however, that the Commissioners, in presenting their views to the House Committee, had included this sales-tax provision. Bear in mind, as stated by the Senator from Maryland [Mr. TYDINGS], that the provision is made for just 1 year. The tax is not to be a continuing tax. Provision is made for a study of the subject with a view to recommending a system of taxation which will be entirely just.

I will say frankly that I voted against the sales-tax provision in the committee, and many other Members of the committee voted against it. However, under all the circumstances, in view of the conditions in the District of Columbia, the District being without any money, and the fiscal year having begun on the first day of this month, it seems to me that the tax may be applied. Unless that is done, I think we shall soon have thousands of men and women here without funds, and the District government will not be able properly to function. So this is an emergency measure.

Mr. BORAH. Yes; I understand; and, as usual, the emergency measure is put upon the shoulders of the man who cannot be heard. As usual, the burden is put upon the man who is least able to pay under the plea of an emergency measure. Let me say to the Senate that there is another emergency in this country, and that is that we are taxing the man down at the bottom until we are destroying the purchasing power of the great masses of the American people. That is the emergency which we are producing by our system of taxation. We are impoverishing the great body of the people, and that undermines the very foundation upon which all free institutions rest—the foundation of economic health and security.

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

Mr. BORAH. I yield.

Mr. McKELLAR. If it is an emergency matter, why cannot the income tax be made temporary for 1 year, just as it is said that the proposed sales tax is to be applicable only for a year? Why can we not have an income tax for 1 year, and then proceed with a studied form of taxation? I am willing to do that, but I am not willing to let the tax burden fall on the poorest class of people as against putting it on those who are better able to pay.

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

Mr. BORAH. I yield.

Mr. TYDINGS. As I stated before, I believe the committee was unanimously in favor of an income-tax bill. The Commissioners of the District of Columbia themselves favored it when appearing before our committee. We had experts appear before us who attempted to draft an income-tax bill. Because of the fact that there are so many people working in the District of Columbia who live in Virginia and in Maryland, it is very difficult to fix the locus of the tax.

Mr. BORAH. I understand also that another thing entered into consideration, and that was that some of the salaried officials were afraid they might have their salaries taxed.

Mr. TYDINGS. Mr. President, I do not know that we heard any criticism of that kind; but I wish to say that the income tax was abandoned with reluctance by our committee when we were confronted with the difficulty of preparing in a few days an adequate income-tax bill, and it was only because of our inability to do that and because of the imminent need that this proposition was substituted.

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

Mr. BORAH. I yield.

Mr. OVERTON. I wish to say that I voted against the incorporation of the sales tax in this bill. As to the emergency, I was of the opinion that since we were confronted with an emergency so far as the District of Columbia is concerned, it was best to adopt, with a few clarifying amendments if necessary, the bill as prepared by the House, and not undertake to impose an almost entirely different system of taxation.

As the Senator from Idaho well knows, the trouble about a sales tax, which contains exemptions, as this one does, is that it is very difficult of enforcement. The door is open to fraud. It costs a great deal more to make the collections, and the revenues derived from the tax are not nearly what was contemplated by the actual provisions of the measure. Besides that, it is a tax which rests upon the masses of the people, no matter what exemptions may be provided.

Mr. BORAH. Precisely. A sales tax is paid by those least able to pay.

Mr. OVERTON. I think the record shows that notwithstanding the exemptions, 40 percent of what the poor man buys will be subject to this sales tax.

Mr. BORAH. Is it not also true that a plan for an income tax was presented to the House?

Mr. OVERTON. That is very true.

Mr. BORAH. Now we are facing the question whether we will inconvenience ourselves a little in regard to adopting the income tax or whether we will just throw the matter over onto the shoulders of persons who cannot resist.

Mr. OVERTON. Mr. President, in my opinion it would have been just as easy to draft an income tax as it was to draft this sales-tax provision.

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

Mr. BORAH. I yield.

Mr. McCARRAN. In reply to what has been observed by the Senator from Louisiana [Mr. OVERTON], I wish to say that the question of income tax was entirely disposed of by the House, and when the committee had this problem presented to it the committee was advised that the House would not consider an income tax.

Mr. BORAH. Mr. President, have we surrendered, or are we a legislative body?

Mr. McCARRAN. No; we have not surrendered, but we are confronted with a situation where there must be a meeting of minds so that we can get through a tax bill which will provide for the necessary expenditures of the District. I wish to say, further, that there is not a member of the committee who is more opposed to a sales tax than am I. I have been opposed to it in the past, and I am now opposed to it. I was one of those who tried to bring the sales tax down to a point where it might not, at least by presumption, touch the little man. I realize that what the Senator from Idaho is saying is absolutely true, and that we are headed in a direction that is destructive to the lowly and the humble in this country. I am opposed to it from beginning to end. But can we work it out on some other basis? If Senators will suggest another plan whereby the emergency may be met, the members of the committee will be entirely willing to go along with it.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Wisconsin?

Mr. BORAH. I yield.

Mr. LA FOLLETTE. I should like to call the attention of the Senator from Idaho to the fact that when this bill was originally introduced by Mr. KENNEDY of Maryland, it contained title IX, income tax, which ran from page 52 to page 79 in the original bill. It, therefore, cannot be contended that language has not been worked out to embody the principle of the income tax for the District of Columbia.

Mr. McCARRAN. That is correct.

Mr. McCARRAN, Mr. TYDINGS, and Mr. HUGHES addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I will begin with the Senator from Nevada.

Mr. McCARRAN. Mr. President, I wish to make merely one observation. My information is—and I think it is correct—that the income-tax proposal was entirely ruled out in the other body. They would not even permit it to come on the floor of the House, and it was never considered on the floor.

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

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Maryland?

Mr. BORAH. I yield.

Mr. TYDINGS. I do not contend that we cannot write an income tax law for the District of Columbia, and I do not wish my remarks to be so construed. What I was contending was that a great many of the people who make their money in the District of Columbia live in Maryland or Virginia; they reside in the suburbs; and we wanted to get a law which would include the people who live outside the District, yet who make their incomes within the District. As I understand, under the bill introduced by Mr. KENNEDY that condition would not prevail. Yet we have the spectacle of people making huge incomes from large businesses in the District of Columbia, who do not live in the District. So in the case of merchants, one doing business next door to the other, one paying a tax and the other going scot free. We tried to cure that defect, but we could not, in the short time we had, devise a plan that would be satisfactory and sound, and rather than tax merely some people and allowing others to escape we abandoned the income-tax proposal.

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

Mr. BORAH. I yield.

Mr. LA FOLLETTE. I should like at this point to state that it seems to me a perfectly untenable position for members of a committee of the United States Senate to come here and say that this body has no responsibility, that it has got to abdicate its legislative function simply because a committee of the House of Representatives or even the House of Representatives itself has declined to consider a proposition.

Mr. McCARRAN. Mr. President, will the Senator from Idaho yield to me?

The PRESIDING OFFICER. Does the Senator from Idaho yield further to the Senator from Nevada?

Mr. BORAH. I yield.

Mr. McCARRAN. In reply to the observation of the able Senator from Wisconsin, I wish to say that the committee of the Senate of the United States having to do with District of Columbia affairs have not abdicated and have not abandoned their functions. But when a bill is held over in the other House for weeks and weeks and then sent over to the Senate, within only a few days—or, perhaps to be fair, within a week or so—of the time in which it must become effective, and we are told, "You have got to put this through now, otherwise the District of Columbia will have to borrow money", so far as the members of the District Committee are concerned, they have got to act very promptly and with the best means available.

I will speak only for myself, but I am not in favor of this phase of the bill; I never have been, and I will not be in favor of it in conference, if I should be there; but I have got to work out as best I can a tax bill that will have some degree of equity in it.

Mr. MALONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Connecticut?

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

Mr. MALONEY. I quite agree with the viewpoint of the Senator from Idaho, and I cannot bring myself to vote for a bill that taxes practically everything that those in humble circumstances have to buy. I wonder if the Senator from Idaho is in accord with the opinion of the Senator from Maryland that we cannot reach the incomes in the District of Columbia just because some people doing business there happen to reside in Maryland or Virginia.

Mr. BORAH. I have not investigated the legal proposition sufficiently close to pass on it hurriedly, but it seems to me the situation can be reached.

Mr. LA FOLLETTE and Mr. TYDINGS addressed the Chair.

Mr. BORAH. I yield first to the Senator from Wisconsin, and then I will yield to the Senator from Maryland.

Mr. LA FOLLETTE. My information is that the original income-tax proposal was based upon the principle that the tax would be levied against every person deriving his income in the District of Columbia, but if any such person paid an income tax in his State or in the locality where he resided, it would be a deductible item as against the income tax levied against him in the District of Columbia.

Mr. TYDINGS. That is true.

Mr. LA FOLLETTE. And such a tax was estimated to yield $5,000,000, instead of the $2,000,000 which the nefarious sales-tax provision is estimated to yield.

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

Mr. BORAH. I yield.

Mr. TYDINGS. I will offer a suggestion to which I have not given much thought, but which may give those who entertain the viewpoint held by some Senators on this question a chance. Why not vote the income-tax provision into this bill without taking the sales-tax provision out of the bill, and take both to conference?

Let me say just a word as to the reason why I make that suggestion. The gross-receipts tax which the Senate voted out was, in my judgment, worse than the sales tax, because it applied to everything. It even taxed a man who lost money and did not make a penny. But if we could take all four of these propositions to conference, it might be possible there to perfect the income tax, in which event these other taxes could be eliminated. I make that suggestion in the best of faith.

Mr. BORAH. I do not feel I should want to put that burden on the conferees.

Mr. CAPPER. Mr. President, let me ask the Senator why not substitute the income tax for the sales tax now provided for in the bill, and then let the bill go to conference in that form?

Mr. BORAH. That sounds better.

Mr. TYDINGS. The only difficulty with that is that the sales tax was not in the bill as it came from the House and the gross receipts tax was in the bill. If we should accept the income tax obviously the Senate conferees would try to have it adopted, but if we should leave the sales tax out and the income tax could not be perfected, then it would be necessary to fall back on the gross-receipts tax, which is even more vicious than the sales tax.

Mr. LA FOLLETTE. Mr. President, I am sorry to have to ask the Senator from Idaho to yield further. I am not going to interrupt him further.

Mr. BORAH. I have no objection to yielding to the Senator.

Mr. LA FOLLETTE. The proposition is a simple one: If we substitute section 9 of the original bill for the sales tax section, then the conferees will have an opportunity to work out any imperfections that may be in that section of the bill. I may say that the income tax proposal was not presented without consideration. It was drafted carefully, according to my information; and I would rather, so far as I am concerned, take a chance on the conferees being able to work out any inequalities or deficiencies that there may be in this draft of the income-tax provision than to see them come back here with a sales tax, which is going to fall heaviest upon those least able to pay within the District of Columbia, which has no redress and has no representation in the Congress.

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

Mr. BORAH. I yield.

Mr. TYDINGS. I would have no objection to the sales tax going out in line with the suggestion of the Senator from Wisconsin, but this is what would happen: My recollection is that it is necessary to provide both the gross-receipts tax and the income tax in order to raise the seven or seven and a half million dollars of revenue necessary for the District. If the sales tax should go out completely, and the income tax should take its place, the sales tax would not be in conference, and as between the sales tax and the gross-receipts tax I would prefer, as the gross-receipts tax is now written, to vote for a sales tax. I do not wish to take the time now to say why; but I think the whole committee, even those who are opposed to the sales tax, would take the same position. So unless we have all these proposals in conference the conferees may be forced, because of there being no sales-tax provision in conference, to come back to the gross-receipts tax, which would impose a severe burden on every little-business man in the city of Washington.

Mr. LA FOLLETTE. Mr. President, will the Senator from Idaho yield to me once more?

Mr. BORAH. I yield.

Mr. LA FOLLETTE. Has the Senator from Maryland considered the possibility of "jacking up" the rates in the upper brackets of the income tax to take up any deficiency that may be involved?

Mr. TYDINGS. Mr. President, if I may answer that question, of course, we can "jack up" the rates, and I have no objection to "jacking up" the rates fairly; but I am trying to explain to the Senator that I am not in opposition to the income tax, but I am offering a plan to get it before the conferees. I do not think, however, we ought to be caught in a position where, if the conferees cannot get it or if it would not raise the required amount, we would have to come back to the gross-receipts tax for a part of the necessary revenue. That is all.

Mr. BORAH. Mr. President, I do not think that the sales tax would be in very safe hands with the conferees on this bill. I think, in the first place, they would meet the conferees from the other side, who, in all probability, would not be so interested in defeating the sales tax as they would be in defeating another tax. I am not permitted to criticize the other body, but I understand that certain reasons were assigned for not adopting an income tax; I think those reasons would still prevail; and that the sales tax would finally be accepted just as an emergency tax.

Mr. TYDINGS. That may be possible, but may I point out to the Senator that while the committee was in session a delegation of the House Members, as I recall, waited on us and served notice that they would not take either the income tax or the sales tax; that the only tax they would take was the gross-receipts tax. I think we received word that they would be more strongly against the sales tax than they would be against an income tax.

Mr. BORAH. Of course, I do not know what took place in the communications referred to by the Senator.

Mr. President, I called attention a few moments ago to the widespread growth of the sales tax and the constant decrease, accordingly, in the use of the income tax. That is the issue now before us. Here in the Capital of the Nation we will be establishing a precedent for the entire country, in that the Senate of the United States, rather than take the trouble of working out an income tax, prefers to levy a sales tax. Thus an example is set for the entire country. In other words, the Capital of the Nation has gone on record in favor of a sales tax instead of an income tax. We are not simply discussing and considering here a sales tax for 1 year. This is a part of a great program of eliminating the income tax and putting the great tax burden of the Nation upon the common people of the country. It ought not to be encouraged in the Capital of the Nation. If it requires more time, then let us take more time. The masses of the people of this city are not able to pay a sales tax. If Senators will go about over the city they will find a condition which is almost a disgrace to the Nation, and yet we are proposing to impose upon the people of the District a sales tax rather than an income tax.

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

Mr. BORAH. I yield.

Mr. HUGHES. I am a member of the District Committee and was present at the hearings. It is not my understanding

that we could not draft an income-tax provision. In fact, I understood, as has been suggested here, that a provision probably covering the subject very well was presented to the House. That is not why it was left out, as I understand, and the sales tax substituted. It was left out because of Members of the House coming to the Senate committee and informing the Senate committee that such a provision would be thrown out the window virtually as fast as it came there; that they would not touch it; that they would not have anything to do with it.

I am opposed to a sales tax just as much as is the Senator from Idaho. I have never consented to it. I do not like it at all. I do not like it in this bill. I wish it were out of the bill. But we were confronted in the District Committee by the District Commissioners and others who insisted that we must do something and do it speedily.

As has been suggested by the Senator from Maryland [Mr. TYDINGS] the gross-receipts tax is what came to us from the House. The gross-receipts tax, to my mind, would be a great injustice to the people of the District and ought not to have been placed in the bill at all. But we either had to accept that to be in accord with the House or put something else in the bill.

The suggestion was made that, if it were necessary to obtain this additional revenue for the District of Columbia, then there was one other alternative, and only one, and that was to increase the real-estate tax, putting heavier and heavier taxes on real estate. That is what the Senator from Nevada [Mr. MCCARRAN] and I talked about, and I think we agreed that that was a good deal better than the sales tax. I am bitterly opposed to a sales tax.

Mr. BORAH. I am delighted to find the entire committee is opposed to the sales tax, and I wonder how it got in the bill. [Laughter.]

Mr. McCARRAN. Mr. President, may I interrupt the Senator from Idaho again?

Mr. BORAH. I yield.

Mr. McCARRAN. I think I may be guilty of repeating, but I am opposed to the pending bill. I had hoped we might be able to work out a bill under circumstances which would give us sufficient time to work it out properly. If we go into the realm of the gross-receipts tax as sent to us from the House, we will go into the question of more unjust and inequitable taxation than is embraced in the pending bill. That is the fear I have as a member of the committee.

Having reported the bill and being in charge of it on the floor of the Senate, I may say that if an amendment is offered embracing an income tax, I for one shall accept such an amendment and hope to work it out in conference, and to fight for it in the hope of finally obtaining a measure that will be more just and equitable than that which is embraced in the bill now before us.

From the very beginning I have said that this is not an equitable tax bill; that it does not place its burdens equitably upon the people of the District; that there is no tax bill that should be more carefully studied than a tax bill for the people of the District of Columbia because they have no voice, and we must therefore give such a bill more than ordinary careful consideration.

Mr. BORAH. We can adopt an income-tax amendment before we get through with the bill here. As I understand, if such an amendment is offered, the committee is willing to accept it instead of a sales tax. If that is true, the debate need not continue very long.

Mr. LA FOLLETTE and Mr. KING addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I yield first to the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, it is my intention to offer an amendment, which will contain the original income-tax provision as offered in the House by Representative KENNEDY, as a substitute for title IV, beginning on page 61 of the bill.

Mr. BORAH. I yield now to the Senator from Utah.

Mr. KING. Mr. President, there was no disposition whatever upon the part of the District Committee not to enact an income-tax law. Indeed, I think all of us favored it. We were quite satisfied—at least I was—after examining the bill, which had been prepared by the District Commissioners under the auspices of Mr. Seal, corporation counsel, to accept that bill.

The committee considered the sales tax, and I think most of the members were opposed to it. I know I was, and therefore I voted against it in the committee. The reason why I myself did not report the bill was that I was opposed to that provision of the bill. I would very much prefer an income tax. I have always been opposed to a sales tax. The Senator from Wisconsin [Mr. LA FOLLETTE] knows I have always opposed the sales tax in the Finance Committee, notwithstanding the pressure which had been brought to bear to enact a Federal sales tax. I am opposed to it now. But——

Mr. BORAH. Let us cut out the "but." [Laughter.]

Mr. KING. Wait until I get through. But I say to the Senator that we were—I will not say coerced, but we did pay some attention to the adamant position of the Members of the House who said they would be put in such an embarrassing position that it would be impossible to get an income-tax provision through, and so we reluctantly accepted their suggestion.

Mr. BORAH. It may have put us where we will accept even a sales tax or an income tax.

Mr. KING. But between the two I favor the income tax and always have. I have always been against a sales tax.

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

Mr. BORAH. I yield.

Mr. HUGHES. May I suggest that I think a good many of us fell for one suggestion, and that was that the tax was to be imposed for a limited time; that it was an experiment, and would be rectified before the year was up?

Mr. BORAH. The Senator knows that has been the history of the sales tax in this country. It is put on for a year, food and raiment excluded, at a small rate. The next year the income-tax payers ask that it be continued, and it is continued for another year at an increased rate and covering all things that the average person has to buy. That is ordinarily the history of the sales tax.

Mr. McCARRAN. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. McCARRAN. In keeping with what I said a few moments ago as to accepting an amendment, I urge that the amendment be offered without eliminating anything in the bill, thereby giving us a chance; otherwise we are going to conference to be confronted with another tax provision which is more obnoxious and more inequitable than either of the ones with which we are now dealing.

Mr. BORAH. If the amendment to be offered by the Senator from Wisconsin [Mr. LA FOLLETTE] should be adopted, the Senate conferees would go to conference confronted with the tax which they have now presented; but there would also be an income tax before the conferees for consideration. It does not seem to me that we who are opposed to the sales tax ought to be asked to leave it in the bill, because I would vote against the passage of the bill rather than have the sales tax incorporated. Therefore, I hope the Senator will be satisfied to have the amendment adopted as a substitute for the sales tax.

Mr. McCARRAN. If we can work it out, I am entirely content to do that, because I am opposed to the sales tax.

Mr. BORAH. I yield now to the Senator from Wisconsin [Mr. LA FOLLETTE] to enable him to offer his amendment.

Mr. BORAH subsequently said: Mr. President, in connection with the remarks which I made previously on this bill, I desire to have printed in the RECORD as part of my remarks a statement made by the distinguished Boston merchant, Mr. Filene, on the question of income taxes and sales taxes.

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

The statement is as follows:

STATEMENT OF EDWARD A. FILENE BEFORE THE COMMITTEE ON TAXATION, MASSACHUSETTS LEGISLATURE, MARCH 7, 1935

Mr. Chairman and gentlemen of the committee, to save your time in the pressure of a busy legislative session, I have reduced my statement to writing; but at the risk of seeming, perhaps, to be wandering from the subject, I wish to urge at the outset that you approach this problem of taxation not merely with the thought of how the necessary State funds can most easily be raised, but in the light of the present great crisis in American affairs.

I have just returned from another coast-to-coast, first-hand study of conditions in our country, and I confess that I am not only alarmed but appalled. The way is still open for a solution of our economic problems, and for the achievement of such prosperity as our country has never known before. But there are attitudes, points of view—commonly accepted points of view—which are keeping us as a Nation from taking that way, and this has led to the mobilization of many millions of Americans in strange, economically unsound campaigns which if successful can lead only to the collapse of our economic system and the possible destruction of our present political system.

I am speaking in part out of a rich experience in the State of Louisiana where there is a movement which amounts virtually to war between the rich and poor. Yes; I have met Huey Long and have watched him for hours successfully dictating as to what shall be done to the legislature and the highest executives of Louisiana. Huey does not hesitate to call it war. Four and a half million Americans, he tells me, are already enrolled in his "share the wealth" campaign. Father Coughlin, of Michigan, boasts of an enrolled following of eight and a half million; and 21,000,000 Americans, including the "conservative" Governor of California, have enrolled under the leadership of Dr. Townsend in a Utopian drive to restore prosperity by paying $200 a month to everybody as a reward for becoming 60 years old.

I am not blaming Townsend, Coughlin, Long, and the others for this movement of Americans away from safe and sane economic principles. I look upon them all as results, not causes, of what is wrong with America; and what is wrong is definitely a wrong attitude, both in business and in government, toward the problem of mass misery in a Nation abundantly able to produce mass prosperity.

These movements, all told, already claim to have the balance of power in the next election. Nothing will more surely make this true than if these leaders can tell their people that we who have escaped the acute poverty of the depression now propose to reduce or do away with income taxes and, by sales taxes, make them carry the burden of government.

I shall not here enter into any criticism of organized wealth in America; but this attitude that I speak of is nowhere more apparent than in the action of many sincere, well-meaning, and patriotic legislatures in preparing what they believe to be fair bills of taxation. You gentlemen, I know, do not wish to solve the tax problem by merely "soaking the rich"; and it might appeal to your sense of justice and your economic reasoning, if I were to come before you with a plea for a reduction of income taxes, especially in the higher brackets. I might plead that I am already turning over approximately half of my annual income for the support of government, and urge you to widen the base of the tax burden so as to bring more Americans into an understanding of their responsibility as citizens and arouse their interest in the reduction of governmental expenditures.

I beg of you, however, not to be misled by such appeals; for if, in a national crisis, you have to choose between "soaking the rich" and soaking the most helpless elements of our population, I beg of you, in the name of justice and fair play to "soak the rich"—if, remember, there is no alternative than to soak the poor.

And you are in a position, gentlemen, where you will have to make some such choice. You've got to raise money. You've got to do it by one means or another; and the chances are that your choice has already narrowed down to a choice of a higher income tax or the imposition of a sales tax. I am not here in behalf of any particular bill; but if that is your dilemma, I urge you, as a businessman, to increase the income tax, especially in the higher brackets and especially on the unearned incomes.

You cannot look at this matter solely in terms of present conditions in Massachusetts. You must think of it in the light of what is happening in America at large, and which, from the present outlook, may soon infect Massachusetts. The reason that you must raise more money is because of a condition of business depression throughout our country. What caused that depression? It cannot be denied that this depression was due, and is due, to the fact that organized business in our country did not organize business, and still hesitates to organize business, in such a way as to keep everybody profitably employed.

I do not mean to scold. Let us say that we businessmen did not know how to effect such an organization of business, because such an organization of business had never been necessary before. Let us say that we could not understand the President's recovery program and that we couldn't realize the necessity for any "new deal."

Let us say that we believed that every American had a right to make all the money that he could and to keep the rewards of his industry and business enterprise. The fact remains, however, that organized business failed to cope with this crisis when it came, and millions of Americans whose very lives depended upon their being employed were thrown out of employment and, through no fault of their own, were compelled to look to government for relief.

We who had been business leaders could still live. We could still buy enough to supply all our bodily wants; but our incomes nevertheless went down and down, while the demand for relief went up and up; and it was only natural of us under the circumstances to cry for a reduction in taxes, or at least for a tax which would be spread to include the masses of our people.

Hence, many began to agitate for the sales tax. It seemed so sweetly reasonable. People would only have to pay, they said, according to their means. Those who lived in luxury would have to pay much, and those who lived in poverty would have to pay but little. And since the average American was likely to think of wealth in terms of the luxury enjoyed by the wealthy, there was never any great organized opposition to such a plan. The flaw in the argument, however, was that a man with a large income had to use but a small fraction of that income for his living expenses, whereas a man with a small income had to use it all to keep himself and his family alive.

The sales tax practically eliminates the wealthy from its taxation and places the burden of government upon those least able to bear it; and yet, from the moment that the first sales tax was introduced, there has been a definite movement everywhere to substitute the sales tax for the income tax, on the claim that the sales tax is so much more easily collected.

The Legislature of Massachusetts, like the legislatures of all the States, must face this problem. Call it "soaking the rich" if you like, to increase the income tax in the higher brackets, but will this legislature prefer to soak the poor on the ground that the poor can be soaked so much more conveniently?

There are reasons, however, and excellent business reasons, why taxation should be rated according to income rather than to the purchase of commodities, and when organized business throughout America once grasps the imminent danger of the present crisis, there will be little agitation for the sales tax as opposed to the income tax excepting on the part of those who are entrenched in special privilege and have no other thought of government excepting the desire to use it to keep their special privileges intact.

For this depression, we must recognize, was brought about by just one basic cause. That was that the masses of Americans could not buy the ever-increasing volume of American industry. Our machines had become so productive that, if the masses could not buy their products, they could not be sold at all.

How much the masses could buy, however, depended mainly upon two things. First, upon how much they received in wages. Second, upon the price demanded for the goods. The sales tax obviously increases prices to the consumer, and thus restricts the market for all legitimate business at a time when the great business necessity is for an increase of that market. I do not claim any unselfishness, then, in urging the Legislature of Massachusetts to shun the sales tax as an economic plague. You will not only be doing your duty by the consuming public of Massachusetts if you remember this but you will be serving business, in the last analysis, in the best way that business can possibly be served.

It is not necessary for me to tell you that I do not personally welcome any increase in my income tax, any more than do those who are interested in this agitation to shift the tax burden to the shoulders of the weak. I will agree, if you wish, that our present income taxes are almost unbearable, and that the base of the income tax should be made much wider. But the way to widen the base of the income tax is not to impose taxes upon those who have no income more than enough to keep their families alive. The way to broaden the base of the income tax is to provide income—taxable income—to the masses of American people; and, when American business is sufficiently alive to its business responsibilities, it will see that this is done. In the meantime, I urge upon your committee, and upon the Legislature of Massachusetts, that you do not add your contribution to the forces that are tearing America apart, and that are producing this despair—this mass sense of injuries endured, which is causing our millions to enroll in all these utterly chaotic drives. Despair, we must remember, is not a matter of logic, and there is no logical answer to it. Despair is brought about by wrong economic conditions which result from wrong economic thinking. I believe that I am playing the part of a true conservative, then, when I urge you against any step which will further increase the rapidly growing power of this organized and so dangerous wrong thinking.

Do not imagine for a moment that the evils of the sales tax can be avoided by exempting a list of articles which are supposed to be the bare necessities of life. For the sales tax, in the first place, will raise the cost of living generally. It will increase prices generally; and business, to be on the safe side, will not only pass the tax on to the consumer, but will pass the tax plus what is decided to be a safe margin on to the consumer. There are times also when those who are living close to the line of poverty need things which legislators generally would class as luxuries, but which, for the time being, become necessities as genuinely as are milk and bread. A sick child, for instance, may have to be taken to the hospital in a hurry, and may, therefore, have to be taken in a taxicab, although we are inclined to think of taxicabs as luxuries. It is the circumstance which creates necessity; and no sales tax can be devised which will not strike at the weakest and most helpless element of our population. If, on the other hand, you do impose a seemingly intolerable burden upon the rich, it will only spur them to the kind of action to

which they should be spurred. It will spur them to see, for instance, that waste and graft and special privilege in government have to be paid for out of their pockets; and they will throw their influence, as they have never heretofore thrown their influence, toward really reducing taxation by the effective fighting of all tax-increasing graft and special privilege. In this way, eventually, income taxes may also be reduced.

And finally, I beg to remind you that you cannot keep the sales tax from becoming an intolerable burden upon those least able to bear it, by making the tax small and seemingly insignificant. Once let the principle be established, and legislators, under the necessity of raising more funds, will certainly increase the tax. Already, the State of California has a 2-percent sales tax, and the Governor of California is definitely proposing in his budget message to raise it to 3 percent. And already, in the same State, bills are before the legislature to abolish the income tax. Similar things are happening in other States. Within the past week, according to the newspapers, a campaign in this same direction has been launched in New York State.

That is something which is bound to happen; and the same influences which are causing it to happen in California and elsewhere will soon be hard at work in Massachusetts. I know of no other point at which the issue, which is tearing our Nation apart, is more clearly set forth than in this issue of taxation. In this crisis, I hope that Massachusetts will do her part for mass prosperity—toward healing the wounds which the masses have received and avoiding the peril inherent in these mass movements of today—by placing the burden of taxation upon those of us who are best able to bear it.

Mr. BORAH. I also ask to have printed as part of my remarks certain remarks made by me on this same subject on May 31, 1932.

The PRESIDING OFFICER. Without objection it is so ordered.

The matter referred to is as follows:

Mr. BORAH. Mr. President, I do not think we need be surprised that the able Secretary of the Treasury has at last openly advocated a sales tax. It was perfectly clear to me, from reading the report of the hearings before the Finance Committee, beginning weeks ago, that the Secretary was an advocate of the sales tax. The only reason why he did not recommend it in the beginning was, as I understood, that he did not think it was practical, that he could not at that time secure its adoption. Of course, I am not using his exact language; I am using what I understand clearly to be the legitimate deduction from what he did say. The Secretary has at all times, in my judgment, been an advocate of the sales tax. His theory of taxation would naturally lead him to the sales tax.

From the time the Mellon dynasty, which is being continued in the present Secretary, took charge of the finances of this country, until the present time, the fundamental principle upon which they have based their system of taxation has been to lower the taxes on the wealthier people, on the greater incomes, and place them gradually but more distinctly upon the average person or what we might call the common people. They were early after the war for cutting the higher brackets, they were for repealing the excess-profits tax, they were for everything which took the burden of the load from those most able to pay, and were disposed to place it upon those least able to pay. This bill as recommended by the Secretary of the Treasury is full of proof of this policy.

They have finally reached the culmination of their doctrine. They have finally reached the sales tax, which would be laid in violation of the most fundamental principle of taxation; that is, according to ability to pay. The sales tax, if laid, is laid not according to ability to pay, but it is exacted regardless of the ability to pay of those who are taxed. The sales tax had its origin in this country in an effort to relieve the higher incomes.

There need be no surprise at this situation. It is the logical conclusion from the tax system which was inaugurated at the close of the war, and has been carried on with remorseless purpose ever since.

It is my view, Mr. President, that the laying of a sales tax would further aggravate and accentuate the conditions now prevailing in this country. This tax would be passed fully and completely to the consuming public. The moment we could lay a sales tax we would serve notice on at least 70,000,000 of the people of the United States to curtail their purchases. They would be warned that they must do with less of the things they really need or at least desire.

It will do little good in rescuing the country from the present situation, to increase the purchasing power of the few. Before we start back on the road to prosperity we must increase the purchasing power of the masses, the millions. We must augment their purchasing power before it will have its effect upon our present situation.

The moment we lay a sales tax, that moment we would press down more heavily upon the millions of people who are now living close to the border line of denial of things they need, and notify them that if they were to get through the year, they must curtail and cut expenses still further. Instead of aiding in the present situation, instead of starting upon the road to recovery, we would be laying a tax which would sterilize the very activities which are necessary in order that we may recover.

While I do not propose at this time to enter upon a discussion, I want to say now as emphatically as I can that no arguments which the Secretary can produce, no condition which he can paint, no situation which his language could porttray would induce me for a moment to consider favorably the sales tax. It is unjust. It is economically unsound. It will retard the restoration of the purchasing power of the masses. And it is not necessary in order to balance the Budget. We can do that with other taxes. And, furthermore, it will undermine still further the basis upon which prosperity must be rebuilt.

Mr. LA FOLLETTE. Mr. President, I offer an amendment in the nature of a substitute for title VI, which begins on page 61, line 8.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). The Chair suggests that the amendment being in the nature of a substitute, any other amendments would be preferential and should be offered and considered before the adoption or rejection of the proposed substitute.

Mr. LA FOLLETTE. I did not understand there were any amendments pending to Title IV.

The PRESIDING OFFICER. The Chair is merely advising Senators of their rights. Other amendments should be considered before the proposed substitute is considered.

Mr. HUGHES. Mr. President, I understand the Senator from Maryland [Mr. TYDINGS], who has been called from the Chamber for a moment, has an amendment which he desires to offer.

Mr. McCARRAN. Mr. President, I have an amendment pending.

The PRESIDING OFFICER. The Chair was merely calling the attention of Senators to the parliamentary situation. If the proposed substitute amendment is adopted, then all of title VI is out of the bill.

Mr. LA FOLLETTE. Mr. President, I think I have the floor.

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

Mr. LA FOLLETTE. I yield.

Mr. KING. The Senator from Nevada [Mr. McCARRAN] has a perfecting amendment which might be disposed of, on page 65, to strike out the words:

Nor does the term "food products" include the furnishing, preparing, or serving for a consideration of any tangible personal property consumed on the premises of the person furnishing, preparing, or serving such tangible personal property.

That amendment might be accepted, and those words eliminated, and then, if the whole provision goes out, that amendment will go with it.

Mr. LA FOLLETTE. May I ask the Senator from Nevada whether he feels that he is in position to accept the amendment I have offered, or whether he intends to resist it?

Mr. McCARRAN. I do not intend to resist it, because my own inclination is against the present provision.

Mr. LA FOLLETTE. Then, it would seem to me that if the amendment is to be accepted, it would not be necessary to perfect the part of the text which will be eliminated in case the amendment is adopted; but I am perfectly willing to withhold my amendment until the Senator's amendment shall have been disposed of.

Mr. McCARRAN. I should like to offer the amendment and have it acted upon.

Mr. LA FOLLETTE. Very well; I will withhold my amendment.

Mr. McCARRAN. Then, I offer my amendment.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Nevada.

The CHIEF CLERK. On page 65, line 8, in the committee amendment, it is proposed to strike out all after the word "therewith" down to and including the word "property", in line 12, in the following words:

Nor does the term "food products" include the furnishing, preparing, or serving for a consideration of any tangible personal property consumed on the premises of the person furnishing, preparing, or serving such tangible personal property.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. McCARRAN] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I now offer an amendment in the nature of a substitute for title VI. I ask unanimous consent that the reading of the amendment may be dispensed with and that it may be printed in the RECORD,

because by reference to the report of Mrs. NORTON in connection with the bill in the House I can very much more briefly inform the Senate as to the general provisions of the amendment.

The PRESIDING OFFICER. The Senator from Wisconsin asks unanimous consent that the amendment may be considered without reading it in detail, but that it may be printed in the RECORD. Is there objection? The Chair hears none, and it is so ordered.

Mr. LA FOLLETTE's amendment was, on page 61, beginning with line 7, to insert the following:

TITLE VI—INCOME TAXES

DEFINITIONS

SECTION 1. The following terms in this title are for the purpose hereof defined as follows:

(a) The term "taxpayer" includes any person, corporation, partnership, trust, or estate subject to a tax imposed by this title.

(b) The term "person" shall mean all natural persons, whether married or unmarried, and also all trusts, estates, and fiduciaries acting for natural persons; it does not include corporations or partnerships acting for or in their own behalf.

(c) The term "corporation" includes foreign or domestic corporations, joint-stock companies, associations, and all enterprises operated by trustees, the interest in which is evidenced by shares of stock, whether with or without par, face, or nominal value.

(d) The term "engaged in business" as applying to corporations shall mean, if the entire business of the corporation be transacted within the District, the tax imposed by this title shall be upon the entire net income of such corporation for each taxable year, subject, however, to any correction. If the business of such corporation be transacted both within and without the District, the tax imposed by this title shall be upon the portion of such entire net income for each taxable year as is derived from sales, wherever made, of goods, wares, and merchandise, manufactured, or which originated, in this District, and from other business done or property located within this District, which may be determined by an allocation and separate accounting when the books of the corporation show income derived from business done and property located within this District; otherwise the tax imposed by this title shall be on such proportion of the entire net income of such corporation as the fair market value of the real estate and other physical assets in this District on the date of the close of the taxable year and the amount of the gross receipts in this District during that year, of such corporation, bears to the total fair market value of all the real estate and other physical assets within and without this District on the date of the close of the taxable year and the amount of the total gross receipts within and without the District during that year, of such corporation. The term "gross receipts in this District" shall include all receipts from persons, firms, corporations, partnerships, and associations, who or which are in the District, wherever paid, and all receipts from sales, wherever made, of goods, wares, and merchandise manufactured, or which originated in this District.

(e) The term "partnership" includes a syndicate, group, pool, joint venture, or other incorporated organization, through or by means of which any business, financial operation, or venture is carried, and which is not, within the meaning of this title, a trust or estate or a corporation; and the term "partner" includes a member in such a syndicate, group, pool, joint venture, or organization.

(f) The term "District" means the "District of Columbia."

(g) The term "resident" in its application to individuals shall mean any natural person who is either domiciled in the District of Columbia or one who maintains a permanent place of abode within the District of Columbia and spends in the aggregate more than 3 months of the taxable year within the District of Columbia. When a person domiciled without the District of Columbia maintains a place of permanent abode within the District of Columbia, and spends more than 3 months of the taxable year within the District of Columbia, he is a resident for the entire period during which he maintains said permanent place of abode. But any person who, on or before the last day of the taxable year, changes his place of abode to a place without the District of Columbia, with bona-fide intention of continuing actually to abide permanently without the District of Columbia, shall be taxable the same as a nonresident is taxable under this law. The fact that a person who has so changed his place of abode, within 6 months from so doing, again abides within the District of Columbia, shall be prima-facie evidence that he did not intend permanently to have his place of abode without the District of Columbia.

(h) The term "gross income" wherever it appears in this title shall mean and include gains, profits, and income derived from salaries, wages, or compensation for personal service, of whatever kind and in whatever form paid, or from professions, vocations, trades, business, commerce or sales or dealings in property, whether real or personal, growing out of the ownership, or use of or interest in such property, also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit or gains or profits, and income derived from any source whatever, unless exempt from tax by law: *Provided*, That if a nonresident or a partnership with nonresident members carries on business both within and without the District of Columbia, the income therefrom must be apportioned so as to allocate to the District of Columbia a proportion of such income on a fair and equitable basis, in accordance with approved methods of accounting.

SEC. 2. The term "net income" as herein used shall mean the gross income less the following deductions:

(a) All interest paid during the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is exempt from taxation under this title.

(b) Debts ascertained to be worthless and charged off within the taxable year.

(c) Taxes paid during the taxable year, except inheritance taxes, taxes on intangible personal propery paid the District, taxes paid under the provisions of this title, Federal taxes on income and profits, and special taxes imposed for property betterments.

(d) All ordinary and necessary expenses paid or incurred during the taxable year in carrying on business, or a profession or occupation, including a reasonable allowance for salaries of personal service actually rendered; also rentals or other payments required to be made as a condition to the continued use or possession for business purposes of property to which the taxpayer has not taken or is not taking title or in which the taxpayer has no equity: *Provided*, That the provisions of this subdivision shall not be construed to include payment as a premium to an occupant to vacate such property for the benefit of the taxpayer wishing possession of such premises.

(e) Losses sustained during the taxable year and not compensated for by insurance or otherwise: *Provided*, That no loss resulting from the operation of business conducted without the District may be allowed as a deduction unless the income derived from the operation of business without the District is subject to taxation: *And provided further*, That no loss may be allowed on the sale of property purchased and held for pleasure or recreation and which was not acquired or used for profit, but this proviso shall not be construed to exclude losses due to theft or to the destruction of property by fire, flood, or other casualty.

(f) A reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in the transaction of business may be deducted from gross income, provided such depreciation is actually charged off.

(g) Contributions or gifts made within the year to the United States or the District of Columbia, or to corporations operating within the District of Columbia and organized and operated exclusively for religious, charitable, scientific, benevolent, or educational purposes, or to societies operating within the District conducted exclusively for the prevention of cruelty to children or animals, no part of the net income of which inures to the benefit of any private stockholder or individual.

(h) Dividends or incomes received by any persons from stocks or interest in any corporation the income of which shall have been assessed under the provisions of this title: *Provided*, That when only part of the income of any corporation shall have been assessed under this title only a corresponding part of the dividends or income received therefrom shall be deducted.

(i) The gains and profits of a nonresident from the sale, exchange, or other disposition of stocks, bonds, and other securities, except to the extent to which the same shall be a part of the income from a business carried on in the District of Columbia.

ITEMS NOT DEDUCTIBLE

In computing net income no deduction shall in any case be allowed in respect of—

(a) Personal, living, or family expenses;

(b) Any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate;

(c) Any amount expended in restoring property for which an allowance is or has been made; or

(d) Premiums paid on any life-insurance policy covering the life of any officer or employee or of any individual financially interested in any trade or business carried on by the taxpayer, when the taxpayer is directly or indirectly a beneficiary under such policy.

TAX ON CORPORATE INCOME

SEC. 3. Upon every corporation a tax is levied upon the net income as defined by this title. The rate of taxation shall be 5 percent per annum upon the net income. The net income shall be the gross income less the following deductions:

(a) All ordinary or necessary expenses paid or incurred during the taxable year in the operation and maintenance of its business, including a reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in the transaction of its business: *Provided*, That such depreciation is actually charged off.

(b) All moneys disbursed within the taxable year for personal service and salaries of officers: *Provided*, That such disbursements shall be reasonable in amount and that such services have been actually rendered in producing the income of the taxpayer: *Provided further*, That there be reported to the assessor of the District the name, address, and amount paid each employee and officer who receives a compensation of $1,000 or more during the taxable year.

(c) Losses sustained during the taxable year and not compensated for by insurance or otherwise: *Provided*, That no loss resulting from the operation of business conducted without the District, or the ownership of property located without the District, shall be allowed as a deduction unless the income derived from the operation of business without the District is subject to taxation.

(d) Taxes paid during the taxable year, except inheritance taxes, taxes on intangible personal property paid the District, taxes paid

under the provisions of this title, Federal taxes on income, and profits and special taxes imposed for property betterments.

(e) Contributions or gifts made within the year to the United States or the District of Columbia or to corporations operating within the District of Columbia and organized and operated exclusively for religious, charitable, scientific, benevolent, or educational purposes, or to societies operating within the District conducted exclusively for the prevention of cruelty to children or animals any part of the income of which inures to the benefit of any private stockholder or individuals.

(f) Debts ascertained to be worthless and charged off within the taxable year.

(g) Dividends or incomes received from stocks or interest in any corporation the income of which shall have been assessed under the provisions of this title: *Provided*, That when only part of the income of any corporation shall have been assessed under this title only a corresponding part of the dividends or income received therefrom shall be deducted.

SEC. 4. Net income shall be computed on the basis of the taxpayer's annual accounting period, fiscal or calendar year, as the case may be, in accordance with the method of accounting regularly employed in keeping the books of the taxpayer; but if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method, as shall, in the judgment of the assessor of the District, clearly reflect such income.

ASCERTAINMENT OF GAIN OR LOSS

SEC. 5. For the purpose of ascertaining the gain derived or loss sustained from the sale or other disposition of property, real, personal, or mixed, the basis shall be, in case of property acquired on or after January 1, 1937, the cost thereof, or the inventory value if the inventory is made in accordance with this title.

(2) In case of property acquired prior to January 1, 1937, and disposed of thereafter—

(a) No profit shall be deemed to have been derived if either the cost or the fair market price or value on January 1, 1937, exceeds the value realized.

(b) No loss shall be deemed to have been sustained if either the cost or the fair market price or value on January 1, 1937, is less than the value realized.

(c) Where both the cost and the fair market price or value on January 1, 1937, are less than the value realized, the basis for computing profit shall be the cost or the fair market price or value on January 1, 1937, whichever is higher.

(d) Where both the cost and the fair market price or value on January 1, 1937, are in excess of the value realized, the basis for computing loss shall be the cost or the fair market price or value on January 1, 1937, whichever is lower.

Whenever in the opinion of the assessor of the District the use of inventories is necessary in order to determine clearly the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the assessor may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting the income.

PARTNERSHIPS

SEC. 6. Individuals carrying on business in partnerships shall only be liable in their individual capacity for the income tax provided in this title. There shall be included in computing the taxable income of each partner his distributive share, whether distributed or not, of the net income of the partnership for the taxable year, or for any fractional part of a taxable year; or, if his taxable income for such taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the partnership is computed, then his distributive share of the net income of the partnership for any accounting period of the partnership ending within the fiscal or calendar year upon the basis of which the partner's income is computed.

INFORMATION AT THE SOURCE

SEC. 7. Every person, corporation, or partnership, in whatever capacity acting as withholding agent, including lessees, or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of the Federal or municipal Government, having the control, receipt, custody, disposal, or payment of interest, rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits, and income taxable under this title shall, when required by the Commissioners of the District, file with the assessor, at such time or times as the Commissioners may designate, a statement showing the amount of salaries, wages, or compensation in any form whatever, as outlined above, paid to any person during any taxable year in excess of $1,000, such statement to be in such form as the Commissioners may prescribe.

SEC. 8. The following individuals, whether residents or nonresidents, having income subject to taxation under this title, shall each make, under oath, a return stating specifically the items of his or her gross income, and the deductions and credits allowed by this title.

(a) Every individual having a net income for the taxable year of $1,000 or over, if single, or if married and not living with husband or wife;

(b) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife; and

(c) If the taxpayer is a minor or a person under legal disability, the return shall be made by the guardian, committee, duly authorized agent, or other person charged with the care of the person or property of such taxpayer.

Every corporation, trust, or estate, joint-stock company, partnership, or association organized for profit (except these herein specifically exempted) shall make a return, stating specifically the items of its gross income and the deductions and credits allowed by this title. The return shall be sworn to by the president or other principal officer and by the treasurer or assistant treasurer.

The assessor of the District of Columbia may grant a reasonable extension of time for filing income-tax returns whenever in his judgment good cause exists and shall keep a record of every extension. No such extension shall be granted for more than 3 months.

If any taxpayer, subject to this title, shall fail to make and file a sworn return to the assessor's office within the time prescribed by law, unless the time for filing such return be extended by the assessor of the District of Columbia, and upon all returns filed with or assessed by the assessor of the District of Columbia after the time herein prescribed for filing returns, the assessor shall assess a penalty equal to 20 percent of the amount of the tax assessed thereon, but in no case shall such penalty be less than $2. Any penalty imposed shall be collected at the same time and in the same manner as a part of the tax, unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax. When the time for payment of any tax is postponed at the request of the taxpayer interest at the rate of 6 percent per annum is added from the original due date to the date of payment, but not beyond the due date under such extension.

EXEMPTIONS

SEC. 9. The following items shall be exempt from taxation under this title:

(a) The income of a single person or a married person not living with husband or wife, up to but not in excess of $1,000; the income of a married person living with husband or wife, or a single person who is the head of a family, up to but not in excess of $2,500: *Provided*, That if a husband and wife make separate returns or have separate incomes the exemption for each shall be $1,000; plus $400 for each person (other than husband or wife) who is actually supported by and entirely dependent upon the taxpayer for his support.

(b) The credit for dependents shall be determined by the status of the taxpayer on the last day of his taxable year. The personal exemptions (other than those for dependents) allowed by subsection (a) of this section shall, in case the status of a taxpayer changes during his taxable year, be the sum of an amount which bears the same ratio to $1,000 as the number of months during which the taxpayer was single bears to 12 months, plus an amount which bears the same ratio to $2,500 as the number of months during which the taxpayer was a married person living with husband or wife, or was the head of a family, bears to 12 months. For the purposes of this paragraph a fractional part of a month shall be disregarded unless it amounts to more than half a month, in which case it shall be considered as a month.

(c) In the case of an individual who dies during the taxable year, the personal exemption and the credit for dependents shall be determined by his status at the time of his death, and in such case full credits shall be allowed to the surviving spouse, if any, according to his or her status at the close of the taxable year.

(d) Amounts received under a life-insurance contract paid by reason of the death of the insured, whether in a single sum or in installments (but if such amounts are held by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income). Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts) under a life-insurance, endowment, or annuity contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income.

(e) The value of property acquired by gift, bequest, devise, or descent received in 1 year the aggregate of which does not exceed $5,000.

(f) Any amount received through accident or health insurance or under Workmen's Compensation Acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement, on account of such injuries or sickness, or through the War Risk Insurance Act or any law for the benefit or relief of injured or disabled members of the military or naval forces of the United States.

IMPOSITION OF TAX

SEC. 10. A tax is hereby annually levied for each taxable year upon every legal resident of the District of Columbia, as herein defined, upon and with respect to his entire net income as herein defined for the purposes of taxation, at the following rates:

(a) One percent of the amount of net income not exceeding $2,000.

(b) One and one-half percent of the amount of net income in excess of $2,000 but not in excess of $5,000.

(c) Two percent of the amount of net income in excess of $5,000 but not in excess of $10,000.

(d) Two and one-half percent of the amount of net income in excess of $10,000 but not in excess of $15,000.

(e) Three percent of the amount of net income in excess of $15,000 and not in excess of $20,000.

(f) Three and one-half percent of the amount of net income in excess of $20,000 but not in excess of $30,000.

(g) Four percent of the amount of net income in excess of $30,000 but not in excess of $50,000.

(h) Five percent of the amount of net income in excess of $50,000.

(i) If, for any taxable year, it appears upon the production of evidence satisfactory to the assessor that a taxpayer has sustained a net loss, the amount thereof shall be allowed as a deduction in computing the net income of the taxpayer for the succeeding taxable year, and if such net loss is in excess of such net income (computed without such deduction), the amount of such excess shall be allowed as a deduction in computing the net income for the next succeeding taxable year, the deduction in all cases to be made under regulations prescribed by the Commissioners.

(j) A like tax is hereby imposed and shall be levied, collected, and paid annually at the rate specified in this section upon and with respect to the entire net income as herein defined, except as otherwise herein provided, from all property owned and from every business, trade, or profession carried on and salaries and wages received for services rendered in the District of Columbia by persons not residents of the District.

Whenever a nonresident taxpayer of the District of Columbia has become liable to income tax to the State where he resides upon his net income for the taxable year, derived from sources within the District of Columbia and subject to taxation under this title, the assessor shall credit the amount of income tax payable by him under this title with such proportion of the tax so payable by him to the State where he resides, as his income subject to taxation under this title bears to his entire income upon which the tax so payable to such other State was imposed: *Provided*, That such credit shall be allowed only if the laws of said State (1) grant a substantially similar credit to the residents of the District, subject to income tax under such laws, or (2) impose a tax upon the personal incomes of its residents derived from sources within the District, and exempt from taxation the personal incomes of residents of the District. No credit shall be allowed against the amount of the tax on any income taxable under this title which is exempt from taxation under the laws of such other State.

SEC. 11. The tax herein provided shall be computed and levied under direction of the assessor of the District of Columbia, and the collections made by the collector of taxes of the District of Columbia and the revenue derived therefrom shall be turned over to the United States Treasury for credit to the District in the same manner as other revenues are turned over to the United States Treasury for credit to the District.

TIME AND PLACE OF FILING RETURNS

SEC. 12. The tax herein provided shall be first levied, collected, and paid in the year 1938 upon and with respect to the taxable income for the calendar year 1937, or for any fiscal year ending during the year 1937. Returns of income due in the year 1938 shall be made to the assessor of the District of Columbia on or before the last day of April 1938. Thereafter annual returns of income as provided in this title shall be made to the assessor of the District of Columbia on or before the last day of April of each year. One-half of the tax computed on the net income by the taxpayer shall be paid at the time of filing the return, and the second half of the tax shall be paid in the following month of October. Blank forms of returns shall be furnished by the assessor upon application, but failure to secure the form shall not relieve any taxpayer from the obligation of making any return herein required.

SEC. 13. Upon the filing of the income-tax return provided herein, it shall be the duty of the assessor of the District to examine it, or cause it to be examined, as soon as it is practicable to do so. If upon such examination it shall be disclosed that the amount of tax is more or less than the amount shown in the return, a proper adjustment shall be made upon final payment by the person taxed.

SEC. 14. If a return required by this title is not filed or if a return when filed is incorrect or insufficient, and the maker fails to file a corrected or sufficient return within 20 days after the same is required by notice from the assessor, the assessor shall determine the amount of the tax due from such information as he may be able to obtain. The assessor shall give notice of such determination to the person liable for the tax. Such determination shall finally and irrevocably fix the tax, unless the person against whom it is assessed shall file a protest with the Board of Personal Tax Appeals in accordance with the provision of section 19 hereof.

SEC. 15. If any tax imposed by this title or any portion of such tax be not paid within the time prescribed herein or within such additional time as may be allowed by the assessor, the same shall bear interest at the rate of 1 percent per month or fraction thereof until paid. The taxes levied hereunder, together with interest and penalties thereon, may be collected by the collector of taxes of the District of Columbia in the manner provided by the law for the collection of taxes due the District of Columbia on personal property, in force at the time of such collection.

FIDUCIARIES

SEC. 16. Every person acting in a fiduciary capacity shall make, under oath, a return, during the period prescribed in this title, for the individual or estate or trust for whom he acts, of all taxable income received by him on his fiduciary capacity for the preceding taxable year, or for any fractional part thereof.

The income paid or accrued to estates of deceased persons before a fiduciary shall have been appointed for such estate, or before he has qualified to act in such capacity, shall be assessed to the estate.

If an estate has more than one fiduciary and any one of them shall be a resident of the District of Columbia such assessment shall be made to the fiduciary who is a resident of said District, and he shall be liable for that proportion of the tax on the net income as is paid to beneficiaries who are or were during the taxable period residents of the District of Columbia.

A fiduciary shall, in all cases where an estate extends over one taxable period, give the names and addresses of each beneficiary and the amount paid to each since the last return was made. Upon termination of his duties as a fiduciary he shall furnish the assessor of the District, in such form as said assessor may prescribe, a complete list of the names and addresses of the beneficiaries and the amounts paid, or ordered to be paid, by him to each beneficiary.

If an estate is to be distributed and terminated before the date set for making returns, the fiduciary may request from the assessor of the District permission to make a return for the expired portion of the taxable year and, if such request is granted, shall file with the assessor of the District a return for such unexpired portion of the taxable year. After verification as to the correctness of the return a bill may be rendered for the amount of tax due, which tax shall within 30 days after the bill is rendered be paid to the collector of taxes.

STATUTE OF LIMITATIONS

SEC. 17. Except in the case of a willfully false or fraudulent return with intent to evade the tax, the amount of tax due under any return shall be determined by the assessor within 3 years after the return was made and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period. In the case of a willfully false or fraudulent return or where no return has been filed the amount of tax due may be determined and collected at any time.

If within 3 years after the payment of taxes it appears from the records of the assessor that moneys have been erroneously or illegally collected from any taxpayer or other persons, pursuant to the provisions of this title, the Commissioners shall have power upon making a record of the reasons therefor in writing, to cause such moneys to be refunded.

RECORDS OF INCOME TO BE KEPT

SEC. 18. Every person liable to any tax imposed under this title, or for the collection thereof, shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations as the Commissioners may reasonably require.

SPECIFICATION OF APPEAL PROCEDURE

SEC. 19. The Board of Personal Tax Appeals of the District of Columbia shall have power to hear and determine controversies arising in connection with taxes imposed under this title. Within 60 days after the notice of the determination of the tax liability shall have been mailed by the assessor (not counting Sunday or a legal holiday as the 60th day) the taxpayer may file a protest in writing with said Board requesting a hearing: *Provided*, That the grounds of the appeal must be stated in the protest. The Board of Personal Tax Appeals shall, after affording a hearing to the taxpayer, ascertain the correct tax, whether greater or less than the amount determined by the assessor. If the taxpayer is aggrieved by the decision of said Board, he may thereafter appeal to the District Court of the United States for the District of Columbia.

ADMINISTRATION

SEC. 20. The Commissioners of the District shall have the power to prescribe such rules and regulations as may be necessary to carry out the purpose of this title.

The assessor or his designated agent, or the Board of Personal Tax Appeals, or any member thereof, for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making a return when none has been made, is authorized to examine any books, papers, records, or memoranda bearing upon the matters required to be included in the return, and may summons any person to appear before him to produce books, records, papers, or memoranda bearing upon the matters required to be included in the return, and to give testimony or answer interrogatories under oath respecting the same, and the said assessor or his designated agent, and the Board of Personal Tax Appeals or any member thereof, shall have power to administer oaths to such person or persons. Such summons may be served by any member of the Metropolitan Police Department. If any person, having been personally summoned, shall neglect or refuse to obey the summons herein issued as provided, then, in that event, the Commissioners may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice thereof is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

SEC. 21. Any individual, corporation, or partnership, or any officer or employee of any corporation or member or employee of any partnership, who with intent to evade any tax or any requirement of the law, or lawful requirement of the assessor of taxes for the District of Columbia thereunder, shall fail to pay the tax, or to make, render, sign, or verify any return, or to supply any information within the time required, or with like intent shall make, render, sign, or verify any false or fraudulent return or statement, or shall supply any false or fraudulent information, shall be liable to a penalty of not more than $1,000 and shall be

guilty of a misdemeanor, and shall upon conviction be fined not to exceed $1,000 or be imprisoned not to exceed 1 year, or both, at the discretion of the court.

PENALTIES

SEC. 22. Any taxpayer as herein defined whose duty it is to file the income-tax return required hereby and who shall refuse or neglect to file such income-tax return shall be liable to a penalty of not to exceed $1,000 which may be recovered in an action brought by the corporation counsel of the District in the name of the District.

SECRECY REQUIRED OF OFFICIALS AND EMPLOYEES

SEC. 23. Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for the Commissioners or any person having an administrative duty under this title to divulge or make known in any manner whatever the amount or source of income, profits, losses, expenditures, or any particulars thereof set forth or disclosed in any income-tax return filed with the said assessor by any person subject to taxation under this title. The persons charged with the custody of such returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court except on behalf of the United States or the District of Columbia, or on behalf of any party to any action or proceeding under the provisions of this title when the returns or facts shown thereby are directly involved in such action or proceeding, in either of which events the court may require the production of, and may admit in evidence, so much of such returns or of the facts shown thereby as are pertinent to the action or proceeding and no more. Nothing herein shall be construed to prohibit the delivery to a taxpayer, or his duly authorized representative, of a certified copy of any return filed in connection with his tax, nor to prohibit the publication of statistics so classified as to prevent the identification of particular returns and the items thereof, or the inspection by the corporation counsel of the District or any of his assistants of the return of any taxpayer who shall bring action to set aside or review the tax based thereon, or against whom an action or proceeding has been instituted for the collection of a tax or penalty. Returns shall be preserved for 3 years and thereafter until the Commissioners order them to be destroyed. Any violation of the provisions of this section shall be punished by a fine of not more than $500 or by imprisonment for not more than 90 days, or both. This section shall not apply to any authorized representative of the United States Government or any authorized representative of any State government. Such representatives upon written request shall be permitted to examine such returns at such times as the assessor of the District may designate provided a like privilege is granted to representatives of the government of the District of Columbia.

BUREAU OF INTERNAL REVENUE AUTHORIZED TO SUPPLY INFORMATION

SEC. 24. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title.

EXEMPT CORPORATIONS

SEC. 25. All corporations or associations organized and operated exclusively for benevolent, charitable, religious, and eleemosynary purposes, mutual savings banks, building and loan associations, insurance companies, and railroad companies which report to and are subject to regulation by the Interstate Commerce Commission under the provisions of the Interstate Commerce Act of 1887, as amended, shall be exempt from the tax imposed under this title.

TAX ON INTANGIBLE PROPERTY CREDITED

SEC. 26. Any tax levied by the District of Columbia upon intangible personal property owned by a taxpayer on July 1 of any year and paid by such taxpayer shall be credited upon the income tax due hereunder by such taxpayer for the following year.

SAVING CLAUSE

SEC. 27. If any section or provision of this title shall be declared to be invalid or unconstitutional, such adjudication shall not affect the validity of this title as a whole or any section, provision, or part thereof not adjudged invalid or unconstitutional.

Mr. LA FOLLETTE. Mr. President, the amendment now pending provides a carefully prepared income tax for the District of Columbia. It was prepared under the direction of the Commissioners of the District, with the aid of tax experts. It is predicated upon the New York State income-tax law, which has been on the statute books for a number of years, and is, therefore, so far as its terminology, definitions, and other technical questions of drafting are concerned, a piece of legislation which is in excellent form.

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

Mr. LA FOLLETTE. I yield.

Mr. McKELLAR. What amount of money would the amendment bring in? Would it bring in enough to take care of the local situation?

Mr. LA FOLLETTE. Mr. President, my information is that the amendment now pending was estimated to yield more than $5,000,000 in revenue, and that it therefore would yield more than twice as much as the sales-tax provision.

The report of Mrs. NORTON, in the House of Representatives, describes this proposed income tax as follows:

Section 1 and section 2 are devoted to definitions. Section 2 defines "net income" as the gross income less certain deductions which are enumerated therein. Section 2 also indicates the items not deductible.

Section 3: Levies a tax on corporate incomes of 5 percent. The net income of corporations is defined as gross income less certain deductions enumerated therein.

Section 4: Provides that the net income shall be computed on the basis of the taxpayer's annual accounting period, fiscal or calendar year, as the case may be.

Section 5: Provides the method of ascertaining the gain derived or loss sustained from the sale or other disposition of property.

Section 6: Relates to partnerships and requires that the distributive share of the net income of a partnership be reported, and shall be included in computing the taxable net income of each partner.

Section 7: Requires that source information be given to the Commissioner showing the salaries, wages, or compensation, in whatever form paid, earned by any person during a taxable year.

Section 8: Requires a return from (a) every individual having a net income for the taxable year of $1,000, or over if single, or if married and not living with husband or wife; and (b) every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife. If the taxpayer is a minor or a person under legal disability, the return shall be made by the guardian, committee, etc.

Section 8: Gives the assessor power to grant reasonable extension of time for the filing of income-tax returns limiting the time of extension, however, to 3 months. In case the taxpayer fails to file a sworn return within the time prescribed by law or within the time permitted by the extension the assessor must under this title assess a penalty equal to 20 percent of the amount of the tax assessed thereon, but in no case shall such penalty be less than $2.

Section 9: Sets up the exemptions permitted under this title, these exemptions being $1,000 for a single person or married person not living with husband or wife, $2,500 for the head of a family, and also provides that if the husband and wife make separate returns or have separate incomes the exemption for each shall be $1,000. This section also provides for an exemption of $400 for each person (other than husband or wife) who is actually supported by and entirely dependent upon the taxpayer for his support.

Thus far it will be observed that the pending amendment is in conformity with the Federal income tax insofar as net income and dependents are concerned.

Mr. McCARRAN. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Nevada?

Mr. LA FOLLETTE. I do.

Mr. McCARRAN. The Senator has in his hand the report of the House committee. I am wondering if one living in the District, drawing a salary in the District, but a resident of another State, paying an income tax in the other State, is to be also taxed in the District.

Mr. LA FOLLETTE. He would be, as I understand the draft of the amendment; but, of course, he could set up as a deduction any tax he paid, either to the Federal Government under the Federal income tax or to his State under the State laws.

Mr. McCARRAN. I am wondering whether he would not be caught with a different rate, perhaps, and therefore have to pay double taxation.

Mr. LA FOLLETTE. If the rate in his State were different than the one imposed under the pending amendment, the taxpayer, of course, would have to pay the tax provided in his own State law; but whatever he paid under his State law could be set up as a deduction against the tax for which he would be liable under the District law.

Mr. McCARRAN. I do not want the Senator to understand that I am opposing his amendment, but I wish to clarify the matter.

Does not the Senator see this possibility involved in his amendment? Those who are in Federal employment in this city are compelled to live in the District of Columbia; they cannot serve their Government unless they live in the District of Columbia, so any tax of that kind, if it were in excess of what is paid in the home State, as I term it, would be a penalty imposed for serving the Government

where the Government actually demands that its employees live.

Mr. LA FOLLETTE. Mr. President, I cannot see any inequality in that situation. It is analogous to the situation which now confronts the taxpayer living in a State which has a State income tax in relation to the tax which he pays under the Federal income-tax law. In the case of the tax imposed by the Federal income-tax law, whether or not it is in excess of that imposed under the law of the taxpayer's own State, he has, of course, to pay to the Federal Government the full amount of the tax, although he is permitted to set up the amount of tax paid to his own State as a deduction in computing the tax paid to the Federal Government. We must not forget that the District government is in much the same situation, so far as its responsibilities and its government are concerned, as is any State or municipality. It has all the services to render that States and municipalities must perform; and therefore, it is only just that the District of Columbia should have revenue from those who live within its borders and who enjoy the services which it provides, as does every other municipality.

The report continues:

The taxpayer's status is determined on the last day of the taxable year. Amounts paid under a life-insurance contract are exempt regardless of whether this amount is paid in a lump sum or installments.

The value of property acquired by gift, bequest, devise, or descent is exempt where the gift does not exceed $5,000.

Also exempt from tax is any amount received from accident or health insurance, workmen's compensation acts, damages received by suit or agreement on account of injuries or sickness, or through the War Risk Insurance Act, or any law for the benefit or relief of injured or disabled members of the military or naval forces of the United States.

Section 10: Provides for the imposition of tax at the following rates:

(a) One percent of the amount of net income not exceeding $2,000.

(b) One and one-half percent of the amount of net income in excess of $2,000 but not in excess of $5,000.

(c) Two percent of the amount of net income in excess of $5,000 but not in excess of $10,000.

(d) Two and one-half percent of the amount of net income in excess of $10,000 but not in excess of $15,000.

(e) Three percent of the amount of net income in excess of $15,000 and not in excess of $20,000.

(f) Three and one-half percent of the amount of net income in excess of $20,000 but not in excess of $30,000.

(g) Four percent of the amount of net income in excess of $30,000 but not in excess of $50,000.

(h) Five percent of the amount of net income in excess of $50,000.

So it will be observed that the rates provided compare with those imposed by other States employing the income tax and are not onerous.

This section also imposes a tax upon the entire net income as defined by title VIII on all property owned and from every business, trade, or profession carried on and salaries and wages received for services rendered in the District of Columbia by persons not residents of the District. The assessor, however, is authorized to credit the amount of tax payable by the taxpayer under this title with such proportion of the tax so payable by him to the State where he resides, provided, however, a substantially similar credit is allowed residents of the District subject to income tax under such laws of other States.

Section 11: Provides that the tax shall be computed and levied under the direction of the assessor and that the collection shall be made by the collector of taxes.

Section 12: Provides the time and place of filing the returns.

Section 13: Requires the assessor to examine the income-tax returns for the purpose of determining whether the tax is correct.

Section 14: Permits the assessor, where no return is filed, or the return when filed is incorrect or insufficient and the maker fails to file a corrected or sufficient return, to determine the amount of tax from such information as may be obtainable. This determination becomes final unless appeal is made to the Board of Personal Tax Appeals.

Section 15: Where the tax, or any portion thereof, is not paid within the time prescribed interest of 1 percent per month or fraction thereof is added. The tax levied hereunder, and the interest and penalties thereon, may be collected by the collector of taxes in the manner provided by the law for the collection of personal-property taxes.

Section 16: Requires every fiduciary to make returns.

Section 17: Prescribes the application of the statute of limitations in all cases except where there is a willfully false or fraudulent return with intent to evade the tax.

Section 18: Requires records to be kept by the taxpayer under reasonable rules and regulations prescribed by the Commissioners.

Section 19: Empowers the Board of Personal Tax Appeals to hear and determine controversies arising.

Section 20: Places the administration in the hands of the Commissioners and provides that the Commissioners may prescribe rules and regulations necessary for the carrying out of title VIII.

Section 21: Deals with the evasion of any tax as required by law and provides a penalty of $1,000.

Section 22: Deals with general penalties and limits the fine to $1,000.

Section 23: Requires that the Commissioners or any person acting under them must keep secret the information pertaining to income-tax returns.

Section 24: Authorizes the Bureau of Internal Revenue to supply the Commissioners with information relative to any person subject to the tax.

Section 25: Exempts from the title all corporations or associations organized and operated exclusively for benevolent, charitable, or religious purposes, mutual savings banks, building and loan associations, insurance companies, and railroad companies which report to and are subject to the regulations of the Interstate Commerce Commission under the provisions of the Interstate Commerce Act of 1887.

Section 26: Permits a credit to be given for any taxes paid on intangible personal property.

Section 27: Separability clause.

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

Mr. LA FOLLETTE. I yield.

Mr. McKELLAR. As I understand, under the bill a sufficient sum would be raised in the form of additional taxes to provide for the expenses of the city.

Mr. McCARRAN. Yes; the bill would raise sufficient revenue.

Mr. LA FOLLETTE. The bill in its entirety, if the proposed income-tax section were included, would raise the amount estimated to be necessary to meet the deficit.

Mr. McKELLAR. Would it raise that amount if the sales-tax provision were included? The idea which occurs to me is that the income tax would result in raising $5,000,000, whereas it is estimated that the sales tax would bring in two and a half million. I thought that if two and a half million were all that was necessary, the rates might be cut in two.

Mr. LA FOLLETTE. It is my understanding, Mr. President, that the committee amendment, providing a sales tax also, under the committee's plan eliminates another tax which was provided in the bill as it passed the House. If I am mistaken about that, the Senator from Nevada can correct me.

Mr. McCARRAN. The Senator is correct.

Mr. LA FOLLETTE. It is my understanding that the revenue to be derived from the income tax would be required if the taxes which the committee planned to eliminate should be eliminated.

Mr. McKELLAR. Mr. President, will the Senator permit me to ask the Senator in charge of the bill a question?

Mr. LA FOLLETTE. Certainly.

Mr. McKELLAR. Is $5,000,000 required? If only two and a half million dollars are required and the sales tax will bring in two and a half million; if the income tax should be substituted for the sales tax, why could not the rates be cut in two and produce the $2,500,000?

Mr. McCARRAN. The rates would undoubtedly be cut down; but there is an adjustment which will have to be worked out by the statisticians.

I now desire to read into the RECORD a statement of the taxes collected in the District.

Mr. LA FOLLETTE. I shall be delighted to have the information.

Mr. McCARRAN. This is a statement showing revenues of the general fund of the District of Columbia collected during the fiscal year ended June 30, 1937:

*Statement showing revenues of the general fund of the District of Columbia collected during the fiscal year ended June 30, 1937*

| | |
|---|---|
| Tax on real estate (assessment $1,144,457,153) | $17,489,320 |
| Tax on tangible personal property (assessment, $69,451,075) | 1,066,686 |
| Tax on intangible personal property (assessment, $524,977,870) | 2,666,117 |
| Tax on public utilities, banks, building associations, etc | 2,024,825 |

| | |
|---|---|
| Personal tax on motor vehicles | $622,437 |
| Interest and penalties on taxes | 344,454 |
| Alcoholic beverages, tax and licenses | 1,975,352 |
| Insurance, tax and licenses | 579,005 |
| Occupational and business licenses | 416,048 |
| Police court fines | 469,336 |

I should like to draw the attention of the Senator from Wisconsin to this, inasmuch as he is interested:

| | |
|---|---|
| Police court fines | $469,336 |
| Motor vehicles, registration and permits | 557,665 |
| Miscellaneous items, including rents, permits, fees, etc. | 1,696,232 |
| Total general-fund revenues collected by the District of Columbia in the fiscal year 1937 | 29,907,477 |
| To which add: | |
| Federal contribution for the fiscal year 1937 | $5,000,000 |
| Revenue surplus brought over from the fiscal year 1936 | 2,845,785 |
| Revenue credits arising from unexpended balances of appropriations | 850,000 |
| | 8,695,785 |
| Total general-fund revenue availability, fiscal year 1937 | 38,603,262 |
| Total appropriation charges, general fund | 40,133,410 |

Mr. LA FOLLETTE. Mr. President, I thank the Senator from Nevada for this statistical information. But, recurring to the point raised by the Senator from Tennessee, it seems to me—and I am sure the members of the committee will agree to the statement—that it would be very much better to let these rates remain as provided in the amendment, in order that when the conferees meet there may be a possibility of eliminating some of the other taxes which the Senate committee desired to have eliminated; and if there is any necessity for an adjustment of rates, that can be undertaken, either upward or downward, in conference, as the situation may require.

Mr. McCARRAN. Mr. President, I should like to draw the attention of the Senator from Wisconsin, who has very ably presented this matter, and the Senator from Idaho to the fact that it seems to me, in view of the statute which I read at the outset, that the realty of the District of Columbia is not bearing its share of the burden necessary for the Government of the District of Columbia. I think that statute was enacted with a purpose in mind, and I think that purpose has been forgotten.

I wish to say, if I may in the time of the Senator, that I come from a State which has neither an income tax, an inheritance tax, nor a sales tax. We have a modern, progressive form of government, which compares with that of any other State in the Union, without any one of these taxes, and I believe the District of Columbia can do the same if someone will take the time to sit down and work it out; but it has not been worked out, and the Committee on the District of Columbia, in the time that was allotted to it, a week or two, could not work it out. I say frankly that I do not believe a conference committee is going to work this problem out.

Frankly, I wonder whether the Senator from Wisconsin would not rather see the bill go back to the committee and let the committee work it out through months and months of work, which it must put into it, rather than have the bill go to conference. I leave that as a suggestion.

Mr. LA FOLLETTE. It is my understanding that the chairman of the committee believes that the bill should go to conference, and I would defer to his judgment in the matter.

Mr. KING. Mr. President, with all due deference to the suggestion made by my dear friend the Senator from Nevada, in view of the fact that the government of the District of Columbia is now without funds and that the taxing year has already commenced, it seems to me it would be rather impolitic to send the bill back, because if we sent it back we would have the question of the income tax to consider and we would have to include it in the report—and I am in favor of it, as I have been all along—and we would have to omit the sales tax. So that we would then be confronted with the alternative of an income tax or an increase in the tax upon real estate. It seems to me that the better way is to pass the bill with the amendment offered by the Senator from Wisconsin included; and if the other House should refuse to accede to an income tax—I cannot believe it would, but if it should, and should remain adamant—the burden would rest upon the House and not upon the Senate. We should then have done our duty, and I am sure we should be vindicated by the country and vindicated by the fine people of the District of Columbia. So I should prefer to accept the amendment.

Mr. LA FOLLETTE. Mr. President, I wish to express my gratification at the support of the able Senator from Utah [Mr. KING] and the Senator in charge of the bill [Mr. McCARRAN]; and I think great credit should be given to the Senator from Idaho [Mr. BORAH] because of his able speech in connection with this subject matter. I think it would be a great victory if the Senate today were to go on record and reaffirm its traditional policy that taxes should be levied in accordance with the ability of the taxpayer to pay.

Mr. BORAH. Mr. President, do I correctly understand that the amendment has been accepted?

Mr. McCARRAN. Yes, Mr. President.

The PRESIDING OFFICER. The question is on the amendment in the nature of a substitute offered by the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment reported by the committee on page 61, line 7.

Mr. McCARRAN. Mr. President, in view of the fact that I have charge of the bill on the floor and that when the Senator from Wisconsin offered his amendment to the committee amendment I stated that I would accept it, I now carry out that promise and accept the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment as amended, was agreed to.

The PRESIDING OFFICER. The next committee amendment will be stated.

The next amendment was, on page 77, after line 14, to insert:

TITLE VII—MISCELLANEOUS

AUTHORIZATION FOR ADVANCE OF FUNDS

SECTION 1. Until and including June 30, 1938, the Secretary of the Treasury, notwithstanding the provisions of the District of Columbia Appropriation Act, approved June 29, 1922, is authorized and directed to advance, on the requisition of the Commissioners of the District of Columbia, made in the manner now prescribed by law, out of any money in the Treasury of the United States not otherwise appropriated, such sums as may be necessary, from time to time, during said fiscal year to meet the general expenses of said District, as authorized by Congress, and such amounts so advanced shall be reimbursed by the said Commissioners to the Treasury out of the taxes and revenue collected for the support of the government of the said District of Columbia.

SURVEY OF TAX STRUCTURE OF THE DISTRICT

SEC. 2. There is hereby authorized to be appropriated out of the revenues of the District of Columbia the sum of $20,000, for a survey and study of the entire tax structure of the District of Columbia, to be made under the direction of the Commissioners of said District. Such sum shall be available for expenditure for personal services without regard to the civil-service laws or the Classification Act of 1923, as amended, and for other necessary expenses. A report of such survey, with recommendations, shall be made by the Commissioners to Congress not later than January 15, 1938.

REGULATIONS

SEC. 3. The Commissioners of the District of Columbia are authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

SEPARABILITY OF PROVISIONS

SEC. 4. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

The amendment was agreed to.

The next amendment was, at the top of page 79, to insert:

TITLE VIII—AMENDMENT TO THE ANTITRUST LAWS

Section 1 of the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890, is amended to read as follows:

"SECTION 1. Every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade or commerce among

the several States, or with foreign nations, is hereby declared to be illegal: *Provided*, That nothing herein contained shall render illegal contracts or agreements prescribing minimum prices for the resale of a commodity which bears, or the label or container of which bears, the trade mark, brand, or name of the producer or distributor of such commodity and which is in free and open competition with commodities of the same general class produced or distributed by others, when contracts or agreements of that description are lawful as applied to intrastate transactions, under any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia in which such resale is to be made, or to which the commodity is to be transported for such resale, and the making of such contracts or agreements shall not be an unfair method of competition under section 5, as amended and supplemented, of the act entitled 'An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes', approved September 26, 1914. Every person who shall make any contract or engage in any combination or conspiracy hereby declared to be illegal shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding $5,000, or by imprisonment not exceeding 1 year, or by both said punishments, in the discretion of the court."

Mr. TYDINGS. Mr. President, I offer an amendment to the committee amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 80, line 1, after "1914", it is proposed to insert a colon and the following:

*Provided further*, That the preceding proviso shall not make lawful any contract or agreement, providing for the establishment or maintenance of minimum resale prices on any commodity herein involved, between manufacturers or between producers or between wholesalers or between brokers or between factors or between retailers or between persons, firms, or corporations in competition with each other.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. TYDINGS] to the amendment reported by the committee.

Mr. TYDINGS. Mr. President, I am not going to make a speech now; but I should like to say that the amendment which I have just offered has been worked out by certain administration leaders and myself and is entirely satisfactory to me; and I think I am authorized to say that with that amendment the administration is not now opposed to this title of the bill.

Mr. KING. Mr. President, may I inquire of the Senator from Maryland for whom he speaks when he says "the administration"?

Mr. TYDINGS. The Attorney General's Department.

Mr. KING. Will the Senator explain the purpose of the amendment and its significance?

Mr. TYDINGS. In my judgment, Mr. President, the amendment is unnecessary because the provision as now found in the bill allows none of the things which the amendment specifically eliminates; but, in order that there may be no misunderstanding and that the element of competition may be kept forward throughout the process projected in this measure, the amendment has been offered. I took up the matter with the Attorney General and we worked out this amendment; and so far as I know and believe, it is an accurate statement that forces which were formerly opposed to this title of the bill have no particular objection to it at the present time.

Mr. KING addressed the Senate. After having spoken for about 20 minutes,

Mr. KING. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). The absence of a quorum is suggested. The clerk will call the roll.

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

| | | | |
|---|---|---|---|
| Adams | Borah | Capper | Ellender |
| Ashurst | Bridges | Caraway | Frazier |
| Austin | Brown, Mich. | Chavez | George |
| Bailey | Brown, N. H. | Clark | Gerry |
| Barkley | Bulkley | Connally | Gibson |
| Berry | Bulow | Davis | Gillette |
| Bilbo | Burke | Dieterich | Glass |
| Black | Byrd | Donahey | Green |
| Bone | Byrnes | Duffy | Guffey |
| Hale | Logan | O'Mahoney | Thomas, Okla. |
| Harrison | Lonergan | Overton | Thomas, Utah |
| Hatch | Lundeen | Pepper | Townsend |
| Herring | McAdoo | Pope | Truman |
| Hitchcock | McCarran | Radcliffe | Tydings |
| Holt | McGill | Reynolds | Vandenberg |
| Hughes | McKellar | Russell | Van Nuys |
| Johnson, Calif. | McNary | Schwartz | Wagner |
| Johnson, Colo. | Maloney | Schwellenbach | Walsh |
| King | Minton | Sheppard | Wheeler |
| La Follette | Moore | Shipstead | White |
| Lee | Murray | Smathers | |
| Lewis | Neely | Smith | |
| Lodge | Nye | Steiwer | |

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names a quorum is present. The question is on the amendment offered by the Senator from Maryland [Mr. TYDINGS].

Mr. KING resumed his speech. After having spoken for about 30 minutes, he yielded to Mr. SMITH, and the following debate ensued:

PRICES OF AGRICULTURAL COMMODITIES

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

Mr. KING. I yield.

Mr. SMITH. From the Committee on Agriculture and Forestry, I report favorably an original resolution which has been unanimously approved by the committee.

The resolution is a departure from the old custom. In the committee we decided that we would have hearings on the agricultural bill during the recess of Congress, but that we would have a subcommittee visit the different regions and get in contact with the actual farmers, rather than call them to Washington. For that reason I ask leave now to report this resolution, which has already been favorably acted upon by the Committee on Agriculture and Forestry, in order that it may go to the Committee to Audit and Control the Contingent Expenses of the Senate.

The PRESIDING OFFICER (Mr. HATCH in the chair). Without objection, the resolution will be received and read.

The resolution (S. Res. 158) was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

*Resolved*, That the Committee on Agriculture and Forestry, or any duly authorized subcommittee thereof, is authorized and directed to conduct investigations and draft legislation to maintain both parity of prices paid to farmers for agricultural commodities marketed by them for domestic consumption and export and parity of income for farmers marketing such commodities; and, without interfering with the maintenance of such parity prices, to provide an ever-normal granary for each major agricultural commodity; and to conserve national soil resources and prevent the wasteful use of soil fertility; and, in particular, so to consider S. 2787, the committee shall report to the Senate, at the earliest practicable date, the result of its investigations, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fifth Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per 100 words. The expenses of the committee, which shall not exceed $10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. BLACK. Mr. President, I should like to ask a question.

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

Mr. KING. I yield to the Senator from Alabama.

Mr. BLACK. We are not to understand, are we, that the adoption of this resolution would prohibit action by the Senate Committee on Agriculture and Forestry within the next week or 10 days if the committee should see fit to make a report on the bill?

Mr. SMITH. Mr. President, this matter is of such importance that, without a single objection, the Committee on Agriculture and Forestry this morning thought it would better serve the purpose to have this matter taken directly

to the farmers themselves, and have them thoroughly acquainted with all the terms of the bill, and bring back to the committee when we reconvene next January the substance of the investigation and hearings.

As to whether or not any other bill is to be introduced and considered, I am not advised; but, so far as the committee of which I am chairman is concerned, we do not anticipate trying to pass any general farm legislation at this time.

Mr. BLACK. Mr. President, I wish to say that at the proper time I shall offer an amendment to the resolution. Is the resolution in question to be referred to some other committee?

Mr. SMITH. It is simply to be referred to the Committee to Audit and Control the Contingent Expenses of the Senate. I think I can say without any immodesty that I have at heart the welfare of the farmers, "of which I am one of whom" [laughter], and I think other members of the committee are just as zealous as is the Senator from Alabama, and I think we have the farmers' welfare as completly at heart as he has. I do because farming is my living. I make my living out of the field and the little I get as my salary as United States Senator. I can sit on my piazza and throw a brickbat into the cottonfield. I think I know something of the needs of the farmers. I have been in the Senate for 30 years, and every year we have been legislating for the farmer, and just how far we have gotten the Senate knows. It is now time to get down to the fundamentals and accomplish something constructive and permanent. I think other members of the committee who collaborated this morning and took the major part in this proposition should have something to say about it. We, the members of the committee, are charged with this responsibility, and so long as I am chairman, we will shoulder it.

Mr. BLACK. Mr. President, will the Senator from Utah yield for just a moment?

Mr. KING. I will yield for just a moment. When I yielded originally I did not know so much controversy would be involved in this matter.

Mr. BLACK. Neither did I, Mr. President. I do not intend to engage in any controversy as to the farming abilities of my friend from South Carolina [Mr. SMITH], nor as to his loyalty to the farmer. I am interested not only in one farmer but in a great many of them who are not making a living. I am glad to know that my friend from South Carolina is making a good living out of farming.

Mr. SMITH. I did not say "good living", Mr. President.

Mr. BLACK. I wish to place on record at this time the belief that the Congress ought to act on farm legislation before it adjourns, and that at the proper time I shall offer an amendment to the resolution providing for action before we adjourn.

The PRESIDING OFFICER. The Chair will state that the request was simply that the resolution be received and referred to the Committee to Audit and Control the Contingent Expenses of the Senate, and it has been so ordered.

Mr. POPE. Mr. President, will the Senator from Utah yield to me for just a moment?

Mr. KING. I yield, but not for any controversial discussion.

Mr. POPE. As I understand the present situation, the report of the resolution has nothing to do with the matter of time when the Committee on Agriculture and Forestry may act upon the bill which has been referred to, or any other bill. In the session of the committee this morning, no discussion was had as to the effect of this resolution upon the time when the committee may act upon any bill before it. That was my understanding all the time. In the committee there was considerable discussion as to the desirability of holding sectional meetings of the subcommittee in order to find out what the farmers in the various localities think of this particular proposed legislation; but no statement was made and no action was taken by the committee in reference to the time when action may be had upon the so-called general farm bill, except such as may be inferred from any general discussion concerning the holding of the sectional meetings.

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

Mr. KING. I yield.

Mr. BARKLEY. I wish to ask the Senator from Idaho whether the appointment of the subcommittee this morning was for the specific purpose of considering the bill introduced by him and by the Senator from Kansas [Mr. MCGILL].

Mr. POPE. Yes.

Mr. BARKLEY. And whether the regional or sectional hearings provided for are to be had upon that bill, or upon the subject covered by that bill.

Mr. POPE. Upon the subject covered by the bill.

Mr. BARKLEY. The general agricultural situation with reference to legislation, I presume?

Mr. POPE. Yes; and the resolution which has been offered refers to the general subject matter covered by the bill, and has as well a specific reference to the bill itself.

Mr. BARKLEY. So that the resolution that was adopted, and the discussion that was indulged, would not preclude the consideration of legislation at this session if the subcommittee and the committee should decide to report a measure before the Congress shall have adjourned?

Mr. POPE. That is my understanding.

Mr. SMITH. Mr. President——

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

Mr. KING. I will yield for a moment.

Mr. SMITH. I will take only a moment.

My clear understanding, as chairman of the committee, was that it would be better to have this matter thoroughly investigated during the recess of Congress, and a report submitted when Congress shall reconvene in January. I am not trying to block any legislation; I am trying to get good, common-sense legislation. As chairman of the committee, I have no purpose, and I do not think any other Senator has a purpose, to delay merely for the purpose of delay. We want to get good, common-sense, permanent legislation, and we are going to take our time to get it.

### DISTRICT OF COLUMBIA TAXES

The Senate resumed the consideration of the bill (H. R. 7472) to provide additional revenue for the District of Columbia, and for other purposes.

Mr. KING. Mr. President, I am opposed to the amendment offered by the Senator from Maryland [Mr. TYDINGS]. Even if it possessed merit, it would have no place in the measure now under consideration. It is a rider upon a District of Columbia revenue bill, and it deals with a subject of great importance, affecting the entire Nation. It is a measure which seeks to nullify in many important respects the antitrust laws and to aid in the creation and maintenance of monopolies. I repeat that it is a rider, and riders are universally condemned. Unfortunately, efforts are not infrequently made to attach to measures of importance—measures which are absolutely necessary for the public welfare—riders, so-called, which have no relation whatever to pending legislation, or to the measures to which they are sought to be attached. Advantage is taken of a situation, which it is believed will secure legislative approval of propositions which, standing alone, would not obtain the approval of Congress. Occasionally important and necessary legislation is marred and disfigured by including therein propositions entirely foreign and alien, and which, as I have indicated, if compelled to rest solely upon their own merits, would fall.

I repeat that riders are universally condemned. They have been employed to obtain approval of unjust, unsound, and often obnoxious legislation. In some legislative bodies, amendments in the form of riders to measures under consideration, are not permitted. To be considered they must

be germane, and logically connected with the bill to which they are offered as amendments. In other words, they must be legitimately connected with the subject under consideration. I need not further elaborate the point that riders are deformities which cannot be defended. They often defeat sound and wise measures, and introduce foreign and extraneous matters into the legislative arena.

We have before us a bill dealing exclusively with District of Columbia affairs. It relates solely to taxation, and its purpose is to obtain revenue to meet the expenses of the Capital of the Nation.

The Committee on the District of Columbia, after due deliberation, agreed upon a bill exclusively dealing with revenue matters. However, as an amendment to the bill the Senator from Maryland [Mr. TYDINGS] offered the rider which has just been read, and which everyone conceded was a rider and had no place upon the bill, and which could not be defended upon the ground that it was proper legislation. I opposed the rider, but it was adopted. I filed a minority report which dealt only with the rider, and in that report I stated that the amendment—

> * * * is wholly irrelevant and improper. It is not intended to provide revenue for the District of Columbia, or to meet the tax situation or to aid the District in meeting its deficits. It is an indefensible provision which has no place upon H. R. 7472, and should be stricken from the bill.

I further stated:

> There can be no justification in my opinion for attaching riders to revenue measures, and for that matter to any form of legislation. * * * Apparently it is thought that by attaching this rider to the bill, which must be passed within a short time to meet the imperative demands of the District of Columbia, there is a chance to secure its passage. Certainly the measure, if it has merit, can be brought before the Senate upon motion and there stand or fall according to its merits; but it is improper to take advantage of the desperate condition of the District of Columbia, which will be without funds within a few days, and employ this proposed tax bill as a vehicle to secure the passage of a measure which seeks to repeal the Sherman antitrust law and to permit price fixing in many States and thus to affect business and economic conditions throughout the United States.
>
> The amendment seeks to repeal the antitrust laws and so, in my opinion, by legalizing price fixing, will result in monopolistic practices.
>
> Under the misleading titles of a "fair-trade practice" bill, or an "enabling act" to enable the States to enact so-called State fair-trade-practice acts, but always under the representation that it is merely a measure to prevent loss-leader selling, we are now confronted with a demand that the Sherman Antitrust Act be rendered innocuous, if not repealed in part, and that certain types of trade, based upon price-fixing, be legalized in interstate commerce.

In my report I further stated that for a number of years an aggressive campaign had been waged to secure congressional legislation which would permit price fixing and material changes in the antitrust laws. I further added that these efforts had failed, but that during the past few years demand had been made by some organizations to attain the objectives which had been heretofore prevented by Congress.

I further pointed out the fact that a bill was pending before the Senate, known as S. 100, and that it had been offered as a rider to the revenue bill under consideration. In the minority report I pointed to the fact that the Sherman antitrust law declared illegal every contract, combination in the form of trust, or otherwise, or conspiracy in restraint of trade or commerce among the several States, or with foreign nations; and that this rider seeks to amend such law by providing that contracts or agreements prescribing minimum prices for the resale of certain commodities shall not be illegal.

The purpose of S. 100, as I indicated in the minority report, and the rider which is attached to the bill under consideration, was to permit price fixing in connection with the sale of various commodities. I stated that the Federal Trade Commission, and other Federal agencies, national consumers' organizations, farm and labor organizations, and economists of note understand the basic unsoundness of the rider and of the hidden attack on consumers, and have indicated their disapproval of the measure.

A number of States have enacted laws under the terms of which, as I interpret them, contracts may be made which will permit monopolies and the fixing of prices.

As stated by the Federal Trade Commission, many of these State laws are directly and irreconcilably in conflict with the present Federal laws in respect of resale-price maintenance. In other words, S. 100 and the Tydings rider permit resale-price maintenance and, as stated, the fixing of prices. If the antitrust laws are repealed, then it is believed by some manufacturers and many retailers that the way will be clear for resale-price maintenance, which, I may add, would inevitably mean that monopolistic practices would become numerous.

I am repeating when I state that the Senator from Maryland offered some time ago a measure (S. 100) which is now upon the calendar, the purpose of which was to repeal all antitrust laws insofar as they apply to price-fixing agreements in those States in which State legislation permits such agreements. That bill has not been acted upon by the Senate and it is now offered in the form of an amendment as a rider to the tax bill relating solely to the District of Columbia.

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

Mr. KING. I yield.

Mr. McKELLAR. Does not the amendment provide that the Sherman antitrust law and Clayton Act shall be applicable to all the rest of the country except the District of Columbia?

Mr. KING. No, Mr. President.

Mr. McKELLAR. Does not the amendment make an exception? The amendment offered by the Senator from Maryland provides—

> That the preceding proviso shall not make lawful any contract or agreement, providing for the establishment or maintenance of minimum resale prices on any commodity herein involved, between manufacturers or between producers or between wholesalers or between brokers or between factors or between retailers or between persons, firms, or corporations in competition with each other.

That does away with the Sherman antitrust law and the Clayton Act here in the District of Columbia.

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

Mr. KING. I yield.

Mr. BARKLEY. Title VIII applies not merely to the District of Columbia. The provision with respect to the Sherman antitrust law applies to the whole country. The amendment offered by the Senator from Maryland, if it shall be adopted, will apply to the whole country, and not alone to the District of Columbia.

Mr. KING. Mr. President, the Senator from Tennessee's [Mr. McKELLAR] position, if I understand it correctly, is not correct. I think the Senator from Kentucky [Mr. BARKLEY] has correctly stated that the amendment attached to the pending measure by the Senator from Maryland [Mr. TYDINGS] would in effect repeal the antitrust laws in all States in which legislation had been enacted permitting agreements authorizing the fixing of prices of commodities insofar as the antitrust laws related to such agreements. In other words, in a number of States, laws have been enacted which permit contracts and agreements prescribing minimum prices for the resale of commodities. As a result of these enactments, contracts are made and prices fixed without being subject to the antitrust laws unless such contracts are entered into between corporations or individuals in different States. There has been a powerful movement, largely promoted by the National Association of Retail Druggists, to repeal the antitrust laws to the extent that price fixing might be permitted in those States which enacted laws legalizing combinations and agreements fixing minimum prices and providing for price maintenance.

As I was saying when interrupted by the Senator from Tennessee [Mr. McKELLAR], the Senator from Maryland [Mr. TYDINGS] introduced S. 100—which is in effect the amendment now under consideration—and a similar bill was introduced in the House. The Senate bill has not been acted upon by the Senate, though it has been on the calendar for some time.

Mr. President, I do not agree with the Senator from Maryland [Mr. TYDINGS] in the statement which he made a few moments ago that forces which were formerly opposed to the provisions of the amendment—being S. 100—have no particular objection to it now. As a matter of fact, I know there are strong, indeed, violent objections to this measure by consumers' organizations, agricultural and labor organizations, and many groups of our citizenship. The Senator states that the subject was taken up with the Attorney General and "we worked out the amendment which has been offered."

Mr. President, my information is not in harmony with the statements of the Senator. Even if the Attorney General had assented to the amendment I would question his right to do so; and certainly I would not feel that the Senate, or any Member of the Senate, was bound thereby. I deny the right of the Department of Justice to consent to the repeal of antitrust laws, or to adopt any course that would permit monopolistic practices. The evils of monopoly have been experienced by the American people, and years ago they determined to enact legislation to protect trade and commerce against unlawful restraints and monopolies. The Sherman law was supplemented by the Clayton Act, and upon a number of occasions Congress has declared its purpose to prevent monopolies or monopolistic practices. I cannot believe that the Government, or any responsible officer of the Government, will approve of any measure that weakens or impairs the Federal antitrust laws. Indeed, I believe the sentiment in the executive departments, as well as throughout the country, is to strengthen such laws, to the end that there may be free competition and full opportunity for private persons and private interests to engage in trade and commerce, without apprehension that the heavy hand of monopoly will be laid upon them.

Mr. President, as I have stated, S. 100 is in substance the rider attached to this bill. With respect to S. 100 the President of the United States has expressed his disapproval of the same. On the 24th of April of this year the President sent a communication to the Vice President expressly dealing with S. 100, the so-called Tydings bill. His communication is as follows:

THE PRESIDENT OF THE SENATE.

SIR: My attention was called to S. 100, which would render legal certain contracts for the maintenance of resale prices now illegal under Federal law. I requested the Chairman of the Federal Trade Commission to give me a recommendation on this bill, and I attach his reply on behalf of the Commission.

The present hazard of undue advances in prices, with a resultant rise in the cost of living, makes it most untimely to legalize any competitive or marketing practice calculated to facilitate increases in the cost of numerous and important articles which American householders, and consumers generally, buy. You will note that the Federal Trade Commission has made no study of the effect of resale-price maintenance on consumers since 1929, but the Commission does mention a reputable body of informed opinion to the effect that such control of resale prices would be harmful to the consuming public. Indeed, the Commission says: "There is great probability that manufacturers and dealers may abuse the power to arbitrarily fix resale prices by unduly increasing prices, resulting in bitter resentment on the part of the consuming public, especially in this period of rising prices."

Since we seem to be in a period of rising retail prices, this bill should not, in my judgment, receive the consideration of the Congress until the whole matter can be more fully explored. Conceivably, the Congress might approve having the Commission bring down to date the study which it made 8 years ago by examining the economic effects of resale-price maintenance under the novel and rapidly changing conditions now attending business in this country.

Faithfully yours,

FRANKLIN D. ROOSEVELT.

Senators will perceive that the President refers to a report submitted by the Federal Trade Commission dealing with price fixing and cognate evils. The Chairman of the Commission addressed a communication to the President under date of April 14, 1937, in which the so-called Tydings bill, or the Tydings-Miller bill, which is the same, was reviewed. The communication is as follows:

FEDERAL TRADE COMMISSION,
*April 14, 1937.*

THE PRESIDENT,
*The White House, Washington, D. C.*

DEAR MR. PRESIDENT: Receipt is hereby acknowledged of your memorandum of April 7, 1937, transmitting Secretary Morgenthau's letter of April 6, 1937, and requesting a recommendation on the Tydings-Miller bill. The Commission has not heretofore expressel an opinion as to the merits of this bill for the reason that it deemed it to be a matter of legislative policy for determination by yourself and the Congress.

The Tydings-Miller bill would amend the antitrust laws so as to legalize contracts and agreements fixing minimum resale prices for goods sold in interstate commerce and resold within the jurisdiction of any State where such contracts or agreements as to intrastate commerce have been legalized. A number of States now have such statutes.

Many of these State laws and the Tydings-Miller bill are directly and irreconcilably in conflict with the present Federal law on resale-price maintenance. Public policy since the passage of the Sherman Antitrust Act in 1890 has been opposed to resale-price maintenance. Numerous court decrees have been entered under the Sherman Act and numerous orders to cease and desist have been issued by this Commission and affirmed by the courts in conformity with the public policy expressed in the Sherman Act and in the Federal Trade Commission Act. Enactment of the Tydings-Miller bill would in its practical effect void such decrees and orders and constitute a reversal of what has been public policy for many years.

Since State laws legalizing resale-price maintenance differ in the various States, and since under the proposed Federal legislation Federal exemption from the antitrust laws would be conditioned upon the legality of similar contracts in intrastate transactions, the Tydings-Miller bill would modify the antitrust laws in differing degrees in different States. Thus not only would it leave the Federal antitrust laws in full force and effect as to those States which do not legalize resale-price maintenance, but there would be divergent policies as to those States which legalize resale-price maintenance, because of the differing terms of the different statutes in the respective States. Thus the Federal Government would be under the necessity of attempting to enforce divergent regulatory policies toward shipments made by the same manufacturer to dealers located in different States, because of the differences in the respective State statutes.

A peculiar feature of many of the State laws which would, under a recent decision of the Supreme Court, speaking through Mr. Justice Sutherland (57 S. Ct. 147), thus be made binding upon interstate commerce is that they require wholesalers and retailers to conform to the provisions of private resale price maintenance contracts to which they are not parties. Thus a private contract, the provisions of which are determined without public hearing and apart from any public supervision as to reasonableness, is made binding upon all dealers and the consuming public.

With respect to the economic phase of this matter, the Commission has not made a recent study of resale-price maintenance. However, in 1929 the Commission did undertake such a study, reporting to the Congress thereon in 1931 (H. R. 546, 70th Cong., 2d sess.). In that report the Commission said:

"The position taken by both proponents and opponents of resale-price maintenance are based on the belief that such maintenance of prices will limit retail competition. * * * The real crux of the question, therefore, is whether injury done to the consumers' interests through the elimination of dealer competition with respect to price-maintained articles would be greater than the damage now alleged to be done to the interests of manufacturers and distributors of trade-marked, nationally advertised brands when they are used as leaders. Neither injury is capable of exact measurement, but, in the opinion of the Commission, the potential damage to consumers through price fixing would be much greater than any existing damage to producers through this form of price cutting."

The general opposition of economists and consumers to this type of legislation is noteworthy. A questionnaire sent to members of the American Economic Association some years ago, by Carroll W. Doten professor at the Massachusetts Institute of Technology, resulted in a vote of 401 to 87 that the manufacturer should not have the legal right to control the retail prices of his products.

There is great probability that manufacturers and dealers may abuse the power to arbitrarily fix resale prices by unduly increasing prices, resulting in a bitter resentment on the part of the consuming public, especially in this period of rising prices.

Replying to your inquiry as to the five complaints issued against certain distillers by this Commission, referred to by Secretary Morgenthau, there are enclosed herewith, for your information, copies of those complaints. In substance, these dealers are charged with maintaining uniform minimum resale prices in interstate commerce and with enforcing agreements with respect thereto by unlawful methods, such as the use of blacklists, boycott, threats of boycott, and other coercive methods incidental to the enforcement of their resale-price policies.

With great respect, I am,
Very truly yours,

W. A. AYRES, *Chairman.*

The President in his letter correctly appraises the purposes and the effect of this amendment, which, as I have stated, is the Tydings-Miller bill. He states that it would render legal certain contracts for the maintenance of resale prices now illegal under Federal law.

As I have indicated, the Sherman antitrust law was to protect trade and commerce against unlawful restraints and monopolies; but it is now designed by this amendment to

permit contracts and agreements which are in restraint of trade and which permit the maintenance of resale prices. Retail druggists' organizations and certain other organizations have maintained an active lobby for a number of years to secure the repeal of the antitrust laws in order that they might with impunity fix and maintain prices within their respective States. They were successful, as I have indicated, in a number of States in obtaining legislation legalizing contracts and agreements to fix prices and create monopolies. These State statutes have been effective in promoting price-fixing and monopolistic practices, so long as they were intrastate; but there was hanging over the transactions the Federal antitrust laws, which afforded some protection to the consumers in such States. It was believed by the organizations just referred to that if they could secure the enactment of a Federal statute that would lift the antitrust laws from those States in which price fixing and monopolies were legalized they would be able to carry out their purposes and fix prices and entrench themselves behind monopolistic bulwarks. If the rider is adopted and becomes law, it will permit manufacturers and distributors in New York, for instance, to enter into contracts with retailers in California, and to fix and maintain retail prices, though monopolies in the commodities referred to might result. And I might add that in California and other States it has been held that if the retail vendee gives notice to the public of his price-fixing contract with the distributor or manufacturer in New York no other person in the State may sell the commodity at a price below that fixed in such contract.

I might add, in passing, that the Federal antitrust laws would not have the same meaning in all States. In those States where laws are passed permitting resale price fixing the efficacy of the Federal statutes would be impaired, but in those States which have not legalized price fixing the antitrust laws would be effective. In the communication of the Chairman of the Federal Trade Commission it is clearly indicated that the enactment of the rider would modify the antitrust laws in differing degrees in different States. It would leave such laws in full force and effect in those States which did not legalize resale-price maintenance; but there would be divergent policies in those States which legalize resale-price maintenance; and the result would be that the Federal Government would be under the necessity of attempting to enforce divergent regulatory policies toward shipments made by the same manufacturer to dealers located in different States.

Mr. President, I affirm in all seriousness that the provisions of the rider, if enacted into law, will legalize price fixing and further monopolistic practices, the consumers of the country will be penalized, and inordinate profits reaped by manufacturers and retailers.

I refer again to the communication of Commissioner Ayres to the President, in which he states that the enactment of S. 100 would, in its practical operation, modify, if not render inoperative, existing court consent decrees and orders of the Commission against price fixers, and thus practically terminate present Federal Trade Commission proceedings against a number of distillers. It would seem, Mr. President, wholly unjustifiable to repeal or modify the antitrust laws; to legalize price fixing; to make possible, indeed certain, the increase of commodity prices; to nullify court decrees entered for the protection of consumers against monopolies; and, in my view, it is more reprehensible to bring about such results without due consideration and by a rider attached to a revenue measure dealing solely with the District of Columbia.

If the antitrust laws are to be repealed or modified, if monopolies are to be validated and legalized, then there should be a searching investigation made and all available information weighed and considered in order to determine the advantages and disadvantages that would follow such legislation.

I repeat when I say that it is not fair to the residents of the District of Columbia to have their tax bill made the vehicle of general legislation which will affect the economic and industrial life of the entire country.

May I again refer to the letter of the President to the Vice President wherein he states that—

> The present hazard of undue advances in prices, with a resultant rise in the cost of living, makes it most untimely to legalize any competitive or marketing practice calculated to facilitate increases in the cost of numerous and important articles American householders and consumers generally buy.

The President further refers to the statement of the Commissioner of the Federal Trade Commission, which in substance states that the effect of resale-price maintenance would be harmful to the consuming public; and he quotes from the Federal Trade Commission report, which states that—

> There is great probability that manufacturers and dealers may abuse the power to arbitrarily fix resale prices by unduly increasing prices, resulting in bitter resentment on the part of the consuming public, especially in this period of rising prices.

Mr. President, a number of Senators who were detained from the Senate by committees have returned to the Senate Chamber, and I may, therefore, be pardoned for briefly covering a few points already discussed.

There is, as I have indicated, upon the calendar S. 100. This measure has not been acted upon, though it has been on the calendar for some time. That bill seeks to legalize price maintenance and to permit contracts and agreements which I believe to be in restraint of trade. A number of States have enacted laws under which these price-fixing agreements and contracts which are in restraint of trade are legalized, as a result of which those entering into such contracts and agreements are free from prosecution under any State laws dealing with monopolies and price-fixing agreements. I have indicated that there are groups of manufacturers and retailers who are determined to have the Federal antitrust laws repealed or modified in order that they may engage in monopolistic practices and enter into contracts which in effect constitute restraint of trade. I should state, however, that many manufacturers are opposed to the so-called Tydings bill and the amendments under consideration. They do not favor monopolistic practices or price fixing. They believe in fair and legitimate competition and look with disfavor upon State laws which legalize monopolistic practices, and, as I have stated, upon the movement to nullify Federal antitrust laws. They appreciate the fact, as indicated in the communication of the President to the Vice President, that there would be an undue advance in prices, with a resultant rise in the cost of living, if the Federal antitrust laws should be repealed or devitalized in the manner permitted by this rider.

Mr. FRAZIER. It seems to me hardly fair that the manufacturers of products should say to retailers to whom they sell their products how much the consumer must pay for the products.

Mr. KING. The Senator's view is I think generally approved by the American people, but it is the purpose of the Tydings amendment to permit that to be done. To illustrate, if a Michigan manufacturer contracts at the present time to sell his commodities in the State of North Dakota, or any other State in which price-fixing laws have been enacted, the antitrust laws would be applicable; but if the Tydings amendment is enacted into law, then the antitrust laws would not be operative to prohibit price-fixing and other monopolistic practices in such States. In that event in those States prices could be fixed so high as to be oppressive, and monopolistic practices encouraged and developed.

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

Mr. KING. I yield.

Mr. FRAZIER. I should like to ask the Senator from Utah if he understands that this amendment—title VIII—would allow manufacturers to fix the prices at which retailers must sell their products to consumers.

Mr. KING. In reply may I say that if this amendment shall be enacted into law, it would seriously weaken the antitrust laws in all States which have enacted laws permitting the fixing of minimum prices for the resale of commodities.

In fact, the enactment of the amendment would permit manufacturers and distributors to fix prices at which retailers must sell their products to consumers in those States which have enacted laws permitting minimum prices for the resale of commodities.

Mr. VANDENBERG. Mr. President——

Mr. KING. I yield to the Senator from Michigan.

Mr. VANDENBERG. I suggest that the Senator might offer an even more fundamental complaint. Regardless of the merits of this amendment, it is perfectly obvious that not 5 percent of the membership of the Senate will know anything whatever about the amendment when the Senate votes upon it. It is perfectly obvious that the Senate has reached the point of exhaustion in respect of the consideration of legislation; and if the Senate has any prudent consideration whatever for the country, instead of trying to do some of these intricate things it will quit and go home.

Mr. KING. Mr. President, I think the Senator is substantially correct. The tax bill before the Senate has many important and complex features and complicated provisions, and the amendment now before the Senate is pregnant with difficulties and dangers which I fear are not comprehended by some Senators. Certainly any measure that modifies or repeals or changes the antitrust laws should receive most serious consideration at the hands of committees of the Senate, as well as the Senate itself. Too little consideration is being given to this amendment and its implications and the consequences, I again affirm, are not fully realized by many Members of this body.

Mr. McCARRAN. Mr. President, will the Seantor yield?

Mr. KING. I yield to the Senator from Nevada.

Mr. McCARRAN. Would the Senator consent to a unanimous-consent request at this time that the pending business be laid aside, and that Senate bill 69 be taken up by the Senate at this time?

Mr. KING. What is Senate bill 69?

Mr. McCARRAN. It is the car-limit bill with regard to interstate commerce. Would the Senator consent to that if a unanimous-consent agreement to that effect were asked for?

Mr. KING. Mr. President, does the Senator in charge of the bill, the Senator from Nevada, think it would be fair to the District and to the country to put aside the pending bill?

Mr. McCARRAN. I desire to say to the Senator what I really believe. I may be mistaken in my belief, but I really believe that the consideration of Senate bill 69 will not take more than a few hours.

Mr. KING. Since the Senator from Nevada has charge of the bill, I do not know whether I could properly interpose an objection, although I call his attention to the fact that it is imperative that this tax bill be enacted into law at the earliest possible moment.

Mr. TYDINGS. I call for the regular order.

Mr. KING. I have the floor, Mr. President.

The PRESIDING OFFICER (Mr. HATCH in the chair). The regular order is called for. The Senator from Utah has the floor.

Mr. McCARRAN. Mr. President, while the Senator from Utah has the floor, out of courtesy to me I ask the privilege of saying that when this bill shall have been disposed of I shall move for the consideration by the Senate of Senate bill 69.

Mr. KING. Mr. President, I think it would be a mistake to lay aside the pending bill, and certainly if this were done, and intervening measures occupied the time of the Senate for several weeks, the District of Columbia would be in a most unfortunate situation. It is known that there is a large deficit and that within a few days its funds will be exhausted and current obligations will remain unpaid.

I am repeating when I protest against the amendment which is under consideration, believing as I do that it will interfere with the enactment of needed tax legislation. I again protest against it because of the impropriety and unfairness of attaching riders to appropriation bills.

Mr. McCARRAN. Will the Senator yield?

Mr. KING. I yield.

Mr. McCARRAN. In view of all the concessions that have been made here this afternoon, I desire to say with reference to this amendment that I am not in accord, and I have not been in accord, with this bill from beginning to end. I only hope we may work out a bill that will be worth while. It is unfortunate to have to work it out in a conference committee. I do not believe that is the function of a conference committee, but it looks as though we shall be forced to do it in this instance.

In order to have this matter concluded, so as to go to conference, while I do not disagree with the Senator from Utah, I believe this tax matter should be worked out for the District, and the conference committee can cut off this amendment just as well as any other. It seems to me that if we destroy this amendment now we may destroy the whole bill. Let us go to conference with the whole bill and then take out that which is objectionable.

Mr. KING. Mr. President, with all due respect to my friend, I cannot follow his conclusion.

Mr. BORAH. Mr. President, does the Senator yield?

Mr. KING. I yield to the Senator from Idaho.

Mr. BORAH. Mr. President, I should like to ask whether it would be possible to reach an agreement to fix a definite time to dispose of the bill on the calendar. The trouble is that the Senator from Maryland has not had an opportunity to be heard. If there could be an understanding or agreement that the bill would be taken up at a certain time and disposed of, I myself would feel that that was the best way to dispose of it.

Mr. BARKLEY. Mr. President, in that connection I wish to state that it is impossible at this time to enter into any agreement as to when the bill might be taken up. Of course, we all understand that it cannot be disposed of on a call of the calendar. This sort of bill cannot be disposed of with the limited debate that is permitted when the calendar is being called. I am certain that it would be possible within the near future for the Senator from Maryland to move to proceed to the consideration of the bill, and while I am not for the bill—not that I am opposed to it, but I have never been enthusiastic about the type of legislation which it embodies—I shall be glad to cooperate with the Senator in an effort to arrange for a definite time in the near future when he may move to proceed to the consideration of the bill on the calendar, if that is any satisfaction or consolation to the Senator.

Mr. TYDINGS. Mr. President, will the Senator from Utah yield to me while I answer?

Mr. KING. I yield.

Mr. TYDINGS. That would not be satisfactory to me, because the proposal is purely nebulous. For 5 or 6 months this measure has been on the calendar, and every time it has been reached the clarion voice of the Senator from Utah has said "Over." So I have been unable to secure consideration of the bill, and it is a matter of poetic justice that finally it finds itself on a bill in charge of a Senator who happens to be the Senator from Utah.

Every Member of this body knows where he stands on this bill, and if the Senator from Utah will cease filibustering and give me an opportunity to make a few remarks about the bill, I shall be glad to have a vote, and there will be no delay.

Mr. KING. Mr. President, if the Senator were more accurate, his position would be more tenable. The fact is that this amendment has never been on the calendar. It is true that although the Tydings bill has been upon the calendar for some time, no motion has ever been made by the Senator to have the bill considered. He could have moved at any time to take the bill up for consideration; but he did not do so. Many measures which were placed upon the calendar subsequent to the Tydings bill being reported have been, by motion, taken from the calendar, considered, and passed by the Senate. But, as stated, the Senator has not availed himself of the opportunity to move for consideration of his measure. He has been content to remain silent. Perhaps

the President's communication, dated April 24 of this year, to the President of the Senate, has deterred the Senator from making a motion to take the bill up for consideration. As I have shown, the President's letter is a powerful argument against the bill; and the report of the Federal Trade Commission constitutes an almost invincible argument against its being enacted into law. It is true that upon two or three occasions during the morning hour, and under the 5-minute rule, the Tydings bill, as well as many other bills, were reached; but as Senators know, it is an almost universal rule that important measures—measures which call for discussion and consideration—are passed over when called during the morning hour. Senators frequently object to the consideration of measures which they have introduced, and which are reached upon a call of the calendar during the morning hour, because they believe due consideration during the limited period available is not possible. Upon two or three occasions during the morning hour when the Tydings bill was reached I asked that it be passed; but, as stated, no motion was made to take the bill up for consideration, notwithstanding the request made. May I say that I will join with the Senator in requesting that the so-called Tydings bill now on the calendar be taken up for consideration at an early date. While I am opposed to the bill, I shall not object to its being brought before the Senate at a time when it can be fully and adequately considered. I am objecting, however, to its being considered as an amendment to a revenue bill vital to the District of Columbia, and which must be passed within the next few days if the officials of the District of Columbia shall have funds with which to meet current obligations.

Mr. BARKLEY and Mr. TYDINGS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. KING. I yield first to the Senator from Kentucky.

Mr. BARKLEY. Time and time again the argument is made that it is unwise to attach substantive legislation such as the bill of the Senator from Maryland to a tax bill or some other bill. I am not out of harmony with the Senator from Utah on this question. But the bill is here, it is a part of the measure now before us, and we have to vote on it before the tax bill can be disposed of, because I take it that it will be impossible to eliminate it by unanimous consent, or by any other method except by a vote. That being true, and the proposal in title 8 being well understood, I express the hope that we may arrive at a vote on it without unnecessary delay, so that Senators may express their feelings about it. If it is stricken out on a vote, that will eliminate it and simplify the bill, and if it is left in the bill by a vote, it will then go to conference, where it can be disposed of.

Mr. TYDINGS. Mr. President, I have no objection to the conferees taking such action as the conferees may deem wise, but if I may make an observation——

Mr. KING. I yield to the Senator.

Mr. TYDINGS. The Senator from Utah in the committee made the same objections to the bill being attached as an amendment that he is now making on the floor of the Senate. The vote was 11 to 1 in favor of putting it on the bill. The only vote against it in the committee was that of the Senator from Utah, who was present either in person or by proxy. With that overwhelming majority in the committee the Senator from Maryland thinks he is well within his rights in insisting that the Senate vote the amendment up or down. If the Senator from Utah had not objected so many times when the bill was reached on the calendar, it would not now be here in the shape against which he complains.

Mr. KING. Mr. President, I regret that the Senator is not accurate in the statement just made. I say again that I objected two or three times only and then during the morning hour, as we all object to bills, even our own measures, when we know it is impossible to consider proposed legislation of great importance during the morning hour. I suggest now that I shall be glad to join with the Senator in having the bill taken up at as early a day as possible, to be fixed by the leader and by the Senator.

My protest is first against the bill itself. I think the President was right in pointing out its evils, and the Federal Trade Commission was right in its objections, as stated in the letter to the President. Farm organizations of the country and many of the consumers' leagues are right in protesting against it, because they perceive its effects in increasing prices because of the virtual repeal of antitrust laws and the fixing of prices by manufacturers and retailers.

Legislation of this kind, to my mind, is inherently wrong. But the Senator from Maryland, or any other Senator, has the right, of course, to have the bill considered on its merits, under proper auspices and at a proper time, when debate upon it may reveal its virtues and disclose its vices.

Mr. President, I have evidence to show unjustifiable increase in prices which have taken place in those States which have by their laws made inoperative the antitrust laws. I desire, however, to call attention to the report made by Professor Grether, who made a careful study of the effect of the minimum-price law enacted in California. Professor Grether is connected with one of the universities of California. His report, made after extensive research and study, may be found in the California Law Review for December 1936. In his report he refers to a survey made by him showing the prices of 134 advertised drug items. I may say in passing that the protagonists of the Tydings amendment are some of the drug manufacturers and retail druggists. For a number of years they have carried on an aggressive campaign for the modification of the antitrust laws and the legalization of contracts made between manufacturers and distributors and retailers specifying prices at which their products must be sold. Professor Grether states in the Law Review referred to that the—

> * * * 1934 contractual prices were approximately one-third above the average of advertised prices for the first 6 months of 1933.

The data compiled by Dr. Grether showed price variations ranging from increases of 50 percent on hospital supplies, salts, and soaps; 33⅓ percent on cosmetics, cod-liver oils, deodorants, food tonics, laxatives, liniments, pills, and tablets to slightly smaller increases on many other articles.

While the California fair-trade laws were more or less suspended during the N. R. A. regime, the National Association of Retail Druggists endeavored to establish minimum prices under the codes which would prevent sales below cost plus heavy mark-ups. However, after careful investigation, the N. R. A. officials refused to accede to this demand, finally only a minimum resale price which was set at the delivered wholesale price of dozen lots, or practically invoice cost. Further discussing the effects of the California law, Professor Grether says:

> There can be no doubt that resale-price maintenance under the California Fair Trade Act has made for higher prices on advertised products sold through cut-rate and chain-store institutions. The evidence presented above, in the discussion of price conditions in 1933 in comparison with 1934 and 1935 contractual prices, is conclusive on this point.

The data presented by Dr. Grether show clearly the effect of the California Fair Trade Act on prices in that State. The data show that the independent drug stores, which for years had been on a high-price level, did not materially increase their prices. The same situation exists in other States where there are similar so-called fair-trade-practice acts. But they also show that the chain stores and other popular-price stores were compelled to raise their prices to the higher levels fixed by resale-price contracts with manufacturers. In other words, the manufacturers fixed resale prices at about the same figure as the relatively inefficient independent dealer, or credit-and-delivery service dealer had always charged, but such prices were in many cases far above the prices at which the efficient store and the popular-price stores theretofore found profitable. It is clear that the California plan deprives consumers of cosmetics and drugs of the opportunity to buy these commodities at lower costs.

If these popular-price stores are forced to sell at approximately the same price as the full-service, high-cost neighborhood drug stores, they will lose volume to the small

stores and the consumer will be permanently deprived of the opportunity to buy at lower prices through an efficiently operated distribution system. Commenting on this phase of the situation, Professor Grether states—page 697:

Without doubt those consumers, who wish to buy standard drug products with a minimum of professional attention and merchandising services, are harmed by resale-price maintenance, except insofar as they are able to obtain equivalent quality under private brands.

The Federal Trade Commission reached the same conclusion. It reported in part II, page 160, of its report on resale-price maintenance that—

The fact is that consumers live on different economic levels and have varying standards of living. To the housewife purchasing on the basis of $10,000 family income, fine store fixtures, roomy aisles, beautiful displays, couteous salespeople, credit, and *frequent* and expensive delivery services may be worth the additional cost. To ask the wife of the day laborer to pay the price necessary to cover the additional cost on any goods that both families use may be asking her to pay for service which she cannot afford and which, therefore, she does not desire, because every cent saved in buying may mean ability to satisfy, to some extent, wants that otherwise would remain ungratified.

In California, at least, manufacturers have attempted to benefit by reason of this situation by demanding larger profits. Professor Grether says, in speaking of the California laws:

* * * it is not merely a loss limitation device, but allows the guaranteeing of margins to dealers.

He shows a table on page 681 which indicates minimum retail margins on over 1,000 drug items on which he was able to obtain wholesale quotations on the July 1934 list of contractual items. This list shows an arithmetical average minimum margin of 31.02 percent—of contractual price—which hits fairly close to the 33⅓-percent margin on the selling price—equivalent to a 50-percent mark-up on the cost—which the National Association of Retail Druggists has set as its immediate objective. And this 31.02-percent margin was in 1934. Margins have widened since that time. Professor Grether says—page 682:

It is rather surprising that so high an average [margin] should appear with a plan but recently introduced, for some manufacturers were loathe to raise prices sufficiently from the cut-rate levels to allow wide margins.

Mr. President, New York has enacted a so-called fair-trade practice statute, and it has resulted in an unwarranted increase in prices to the injury of consumers. Under this act, known as the Feld-Crawford Act, there has been a mark-up on costs of cosmetics of 65 percent; drugs, 57 percent; liquors, 56 percent; books, 70 percent; and miscellaneous articles, 60 percent.

In other words, the efficient distributor, who does not need any such margin on these items to make a satisfactory profit on a satisfactory volume of sales, is required by law to take this additional profit. Naturally the increased price to the consumer may result in a reduced volume of sales and no more than his present total of profit for the year's business. But the consumer must pay the increased price, and particularly the consumer who thinks it worth while to make his purchases at the popular-price chain stores throughout New York City and the downtown popular-price department stores.

I invite attention to a statement made by Professor Grether in connection with his investigation which shows the intimidation and coercion which were resorted to in order to accomplish certain results favorable to those who favored the price-fixing plan. He states:

* * * through meetings, called usually at night after store hours so all might attend, personal discussions and informal contacts, the druggists often developed a collective attitude of cooperation with friendly manufacturers as well as the negative one of opposition to those who did not meet the demands of the dealers. There can be little doubt that the plan was an effective element in the whole movement for resale-price control. * * *

The amount of strength that was demonstrated by retail druggists through the organized devices discussed in the preceding pages may best be illustrated by two very famous cases. First, early in August 1934 a well-known aspirin manufacturer was requested by a petition of signatures 20 feet in length to operate under the act.

He did not want to engage in price fixing and take advantage of the State law.

When the petition did not seem to receive the reception that the dealers expected, the published statements in the Northern California Drug News became increasingly antagonistic in tone. It was made clear in these statements that the dealers had the power of substitution even in this case. The slogan was "No Fair Trade Act—No Orders."

That is, unless you accept the Fair Trade Act you get no orders.

The most terse statement of attitude was the following:

"This aspirin is a sort of Napoleon in the patent-medicine army, but then, even the great Frenchman met his Waterloo when the rest of Europe got together, decided that they had enough of him, and cooperated against him."

The outcome of the controversy was that the company issued fair-trade contracts early in 1935.

The company was compelled to issue fair-trade contracts because the opposition was so great and the combination so powerful. If it had not capitulated it would have lost its entire trade in California. Profressor Grether continues:

The second case was publicized nationally and had repercussions throughout the entire country. It is peculiarly well adapted to reflect the state of mind of retail druggists throughout the Nation as well as in California.

In the January 1, 1935, issue of the Northern California Drug News there is an editorial lauding a well-known national dentifrice and antiseptic manufacturer for finally issuing fair-trade contracts after months of request, including a formal petition, on the part of retailers. The company was praised particularly because it guaranteed minimum margins of 18.4 percent, 26.5 percent, and 34.2 percent—depending upon the quantity purchased. However, on July 13, 1935, dealers in California received letters from this firm advising them that it was necessary to withdraw from operation under the Fair Trade Act, since they were making shipments directly from Chicago and hence were involved in interstate commerce.

Immeditely a storm broke loose in California which swept into other States before it had spent itself. On July 17 the northern association passed a resolution condemning the company and urging and advising its members to "discontinue the sale of the products of any and all companies which cancel fair-trade contracts." Similar action was taken in the southern association. The response of the trade was amazing; an almost universal boycott was raised against the firm. For a period it was possible to obtain the products of the firm only from a few cut-rate outlets. An interesting aspect was that a number of large wholesale houses also cooperated by refusing to deliver the items of the company.

It appears that the company had a startling decline in sales in California. Worse still, the antagonism spread into other States and affected sales and attitudes nationally. The outcome was that the company capitulated completely, again issuing contracts in California, and likewise, so it is stated, giving a check of $25,000 to the National Association of Retail Druggists to be used in its fight for price-maintenance legislation.

Mr. President, pressure was brought by various retailers who were availing themselves of the provisions of price-fixing State laws to compel not only retailers but manufacturers and distributors to accept contracts that were issued pursuant to the so-called fair-trade laws. If this amendment is enacted into law, then, in every State in which the so-called fair-trade measures are enacted, the antitrust laws will be superseded, contracts will be forced upon retailers who may not desire to avail themselves of opportunities to increase and fix prices, and also upon manufacturers and distributors who likewise are opposed to such price-fixing measures.

In my opinion, the evidence is conclusive that already in those States which have enacted the so-called fair-trade acts prices have been materially increased and the consumers have been penalized. I predict that there will be a revolt among consumers against measures and policies which create monopolies and which bear oppressively upon the consuming public.

Mr. President, in conclusion, I renew my protest against this amendment. I am advised that there are sufficient votes to secure its passage. I cannot help but believe its evils and dangers are not fully understood by Senators, but I am persuaded that sooner or later there will be an aroused public sentiment against State or Federal laws which encourage or permit monopolies and monopolistic practices and increase prices until they bear oppressively upon the consuming public.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

| | | | |
|---|---|---|---|
| Austin | Capper | Johnson, Colo. | Reynolds |
| Bailey | Caraway | La Follette | Schwellenbach |
| Barkley | Chavez | Lodge | Sheppard |
| Bilbo | Donahey | McCarran | Smith |
| Bone | Ellender | McGill | Steiwer |
| Borah | Frazier | McKellar | Thomas, Okla. |
| Brown, Mich. | Gerry | Maloney | Thomas, Utah |
| Brown, N. H. | Gibson | Minton | Truman |
| Bulow | Hale | Moore | Tydings |
| Burke | Hatch | Nye | Vandenberg |
| Byrd | Herring | O'Mahoney | White |
| Byrnes | Hughes | Pope | |

The PRESIDING OFFICER. Forty-seven Senators have answered to their names. A quorum is not present. The clerk will call the names of absent Senators.

The Chief Clerk called the names of absent Senators, and Mr. BULKLEY, Mr. CONNALLY, Mr. HARRISON, Mr. HITCHCOCK, and Mr. McNARY answered to their names when called.

The PRESIDING OFFICER. Fifty-two Senators having answered to their names, a quorum is present.

## 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 bill (S. 2067) to provide for, foster, and aid in coordinating research relating to cancer; to establish the National Cancer Institute; and for other purposes.

The message also announced that the House had disagreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2193) to authorize the construction of certain auxiliary vessels for the Navy; that the House further insisted upon its amendments to the bill, asked a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON of Georgia, Mr. DREWRY of Virginia, and Mr. MILLARD were appointed managers on the part of the House at the further conference.

## DISTRICT OF COLUMBIA TAXES

The Senate resumed the consideration of the bill (H. R. 7472) to provide additional revenue for the District of Columbia, and for other purposes.

Mr. TYDINGS. Mr. President, I wish to make a very brief statement in explanation of the pending amendment.

There is on the calendar Senate bill 100, sometimes called the Miller-Tydings bill, the text of which now appears on the District of Columbia tax bill as an amendment. The bill was first introduced in the House and later in the Senate. Long and extensive hearings by the Judiciary Committee of each branch were held. Many witnesses appeared pro and con on the measure, and finally it was reported favorably both by the Judiciary Committee of the Senate and by the Judiciary Committee of the House.

Because of my inability to get the bill up sooner and the fact that this is the second session of the Congress in which it has appeared on the calendar, I took the liberty of offering it in the committee as an amendment to the District of Columbia tax bill. It is a very short bill.

Forty-two States of the Union have already adopted the provisions of the amendment which I hold in my hand, and it is a law in those States. Only six States in the Union have not enacted such a fair-trade act. Forty-two States already have it. The action upon it is almost unanimous, and will be unanimous, in my judgment, as soon as the remaining six legislatures meet.

This is not an effort to tear down the antitrust law. It is an effort to strengthen the antitrust law, to make it apply so that the small businessman shall enjoy the same privileges which larger businessmen have enjoyed under the Sherman antitrust law through all the years. The bill is against monopoly. It is in behalf of the small and independent business. Those who ask for it are the small businessmen, the Independent Retail Grocers' Association, the independent druggists of America, the book sellers of America. Why do they ask for it? It is because the practices of monopoly have tended more and more to drive the small concerns out of business. Let me give one illustration and for the purpose I will take books.

A book such as Gone With the Wind is published. It sells for a particular price. All the big department stores buy it, and all the independent book stores buy it. The independent book stores sell nothing but books. The large department stores sell a variety of articles, and Gone With the Wind can be bought in those particular stores for less than the stores paid for it from the publisher. The result is that practically all the sales of the book are made at less than cost, and are not made by the book stores of America but by stores dealing in other commodities. As a consequence the book store soon finds it has lost its biggest opportunity to do a good business at a reasonable profit, while the other stores obviously could not stay in business and sell things at less than the price paid for them but make up the loss on the book by the sale of other articles. So in the end the public pays the full price of the book in that fashion.

There is not a line in the amendment which would permit manufacturers to combine with other manufacturers, wholesalers with other wholesalers, or retailers with other retailers.

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

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

Mr. TYDINGS. I prefer to finish my statement, and then I shall be glad to yield. I shall only speak a moment or two longer.

Mr. BARKLEY. I merely desired a little information.

Mr. TYDINGS. What does the amendment do? It permits a man who manufactures an article to state the minimum resale price of the article in a contract with the man who buys it for ultimate resale to the public, provided—and this "provided" is mountain-high—that the article about which the contract is written is in free and open competition with other articles. If it is not in free and open competition with other articles, no such contract may be written.

For example, to show that the adoption of the amendment would not result in price increases, let us take the case of a tube of tooth paste. There are on the market 25 or 30 varieties of tooth paste. Under the amendment, manufacturers may not combine with each other for the purpose of price maintenance; but if a manufacturer wishes to say that his particular kind of tooth paste may not be sold by a retailer at less than a certain minimum price, and that minimum price is high, other tooth-paste manufacturers will come in and take his business. The very language of the amendment says that such contracts shall be legal only as to articles which are in open and direct competition with other articles. The element of competition is never absent in a single line of this measure. This is a measure for the small businessman; and the persons who appeared before the Judiciary Committee in opposition to the proposed legislation were not little-business men. They were big-business men. Those who appeared for the proposed legislation were small-business men or their representatives.

Mr. BARKLEY rose.

Mr. TYDINGS. I yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, I am asking purely for information. I find here that after stating that every contract, combination in the form of trust or otherwise, and so forth, is illegal, the proviso goes on to say:

> That nothing herein contained shall render illegal, contracts or agreements prescribing minimum prices for the resale of a commodity which bears, or the label or container of which bears, the trade mark, brand, or name of the producer or distributor of such commodity and which is in free and open competition with commodities of the same general class produced or distributed by others, when contracts or agreements of that description are lawful as applied to intrastate transactions.

I desire to ask the Senator if that is to be interpreted to mean that the contracts which are permitted under this proviso are permitted so long as the articles are in free

and open competition, and so long as the State in which they are sold permits that sort of contract to be entered into and enforced.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. What would be the effect of a law of this kind in a State where there was no such authority to enter into contracts of this kind?

Mr. TYDINGS. The State law would prevail.

Mr. BARKLEY. So the proposed legislation would not in any way infringe upon State laws that might prohibit that sort of contract?

Mr. TYDINGS. Not in the slightest degree.

Mr. BARKLEY. I will say to the Senator that of course that is quite different from the provisions which have been contained in similar legislation which has been pending in Congress ever since I have been here.

Mr. TYDINGS. That is true.

Mr. BARKLEY. And, in my judgment, the change very much improves the proposed legislation.

Mr. TYDINGS. What we have attempted to do is what 42 States have already written on their statute books. It is simply to back up those acts, that is all; to have a code of fair trade practices written not by a national board such as the N. R. A. but by each State, so that the people may go to the State legislature and correct immediately any abuses that may develop. We are trying to decentralize fair trade practices rather than to have the matter dealt with as it was dealt with under the old N. R. A., which tried to put one blanket over the whole country, and which, in my judgment, allowed manufacturers to combine with other manufacturers, wholesalers with wholesalers, and retailers with retailers. Under the pending amendment it is illegal for manufacturers to combine, for wholesalers to combine, or for retailers to combine. The transaction is purely a vertical one from the manufacturer to the retailer.

I could talk longer on the subject. I think, however, every Senator is familiar with it. I believe every Senator has had opportunity to examine into it, because I feel that in every State of the Union many, many of the constituents of Senators have written to them about it, either pro or con. I have never voted for a price-fixing bill in my life so far as I can recall.

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

Mr. TYDINGS. Yes.

Mr. SCHWELLENBACH. As I understand, the Senator has an amendment on the desk.

Mr. TYDINGS. That is true.

Mr. SCHWELLENBACH. Will the Senator explain just what the amendment does as compared to what is printed in the bill?

Mr. TYDINGS. Originally, as the Senator from Washington will recall, there was a message from the administration in opposition to this measure. I may say that I have been in consultation with the Attorney General's office, and the amendment I have offered was suggested by me and accepted by the Attorney General as curing the objections of the administration; and before I explain it briefly, I think I am now in a position to say that the original objections have been eliminated.

The amendment provides that nothing in this particular provision shall permit manufacturers to combine with manufacturers, wholesalers with wholesalers, factors with factors, or retailers with retailers. That is made absolutely certain. I do not think it was necessary, but I was glad to put it in to place the matter beyond the peradventure of a doubt.

As this is the small-business man's measure, as it is not a price-fixing measure, as the element of competition is always present, and as 42 States have already enacted similar legislation, I ask, on the further ground of State rights and decentralized government, that the action of these 42 States be supported.

Mr. AUSTIN. Mr. President, I am in favor of this measure. I sat in the subcommittee which considered it in conjunction with the Robinson-Patman bill and other similar bills, and which took much testimony, at a former session of Congress. Afterward, I acted with the present presiding officer [Mr. HATCH in the chair] and another Senator whose name I do not recall as a subcommittee, to consider the Miller-Tydings bill; and the committee reported it unanimously. It was afterward favorably reported to the Senate; but, for reasons which are well known, it never has had an opportunity to be considered.

I am for this measure for two particular reasons. One of them is the broad reason that it is in the right direction with respect to fundamental government. That is to say, it is exactly the reverse of centralization of authority in Washington to fix prices.

This Congress has passed the Guffey-Vinson Act, enabling the central Government to fix prices of coal. This Congress has passed the amendment to the Agricultural Adjustment Act giving the sanction of the Department of Agriculture and of the Federal Government to licenses and contracts for the sale of milk which fixes a minimum price to producers of milk. In effect, the Robinson-Patman law now in force is a price-fixing law which finds its authority here in Washington. My primary objection to all those bills was that they ran counter to our theory of a dual system of government in which the control of production, manufacture, and mining was expressly reserved to the several States, and that they reached over State boundaries and undertook to regulate intrastate commerce.

This proposed legislation is in just the opposite direction. Here is a measure which recognizes our form of government. Here is a measure which says, "We will not go into the State of Vermont with a regulation of prices from any other State in the Union, or from Washington, unless the State of Vermont is willing to have it done." It is that freedom which is left by this measure and expressly sanctioned by it—that freedom of every State in the Union to declare its own policy with respect to its own domestic affairs which appeals to me most strongly.

I have already seen the effect of it. That independence has already been exercised by States of the Union in anticipation of the passage of this or some similar legislation. As has been pointed out, 42 States have enacted similar statutes declaring what they call fair-trade practices with respect to prices, and preventing price cutting, which is unfair and which tends to drive little men out of business. On the other hand, my own State, the State of Vermont, has exercised its independence and its right as a sovereign State to say, "We do not want price fixing in this State." Therefore, the State of Vermont can declare its own policy and have it effective with the cooperation of the Federal Government if this measure is enacted, because, if that is done, no manufacturer doing business in another State and transporting his goods into the State of Vermont can say there that the resale price of his product shall be so much and no less. Whether or not that is wise I am not undertaking to argue. The point is that it is more important to the people of the United States of America to save fundamental institutions than it is to declare themselves upon a mere matter of economic policy. I am more in favor of preserving the independence of the several States, and their right to manage their own affairs than of fixing prices or not fixing prices.

The other reason why I am in favor of this measure is that I think its effect would be to remove a vice in our economic system. It would remove protection to the price cutter. Notwithstanding the marvelous wisdom of the United States Congress, of course, we cannot expect that their laws will operate wisely in all cases and upon all people. That is true of the Sherman antitrust law, that is true of the Federal Trade Commission Act, that is true of the Clayton Act, that is true of the Guffey-Vinson law, that is true of the amendment of the A. A. A., that is true of the Robinson-Patman law. Any law passed by the Federal Congress attempting to apply one uniform, horizontal rule all over the

great continent and upon all the different States, with their different types of resources, is bound to have inequities and inequalities and hardships in its operation.

Mr. President, I intend to detain the Senate for only a few more moments. I am for the measure because it restores fair competition, and because it removes protection to the price cutter.

On this question I call attention to the fact that high authority has commented upon price cutting as not a virtue but a vice which is harmful to the consumer. I read an extract from an opinion of Mr. Justice Holmes in a case decided in 1911, as follows:

> I cannot believe that in the long run the public will profit by this Court permitting knaves to cut reasonable prices for some ulterior purpose of their own, and thus to impair, if not destroy, the production and sale of articles which it is assumed to be desirable that the public should be able to get.

I quote from another Justice, Mr. Justice Brandeis, this being from an opinion rendered before he was elevated to his present dignified position:

> The evil results of price cutting are far-reaching. * * * The process of exterminating the small independent retailer, already hard pressed by capitalistic combinations, would be greatly accelerated by such a movement (meaning permissive price cutting) * * *. Shall we, under the guise of protecting competition, further foster monopoly by creating immunity for the price cutters? Americans should be under no illusions as to the value or effect of price cutting. It has been the most potent weapon of monopoly—a means of killing the small rival to which the great trusts have resorted most frequently. It is so simple, so effective. Far-reaching organized capital secures by this means the cooperation of the short-sighted unorganized consumer to his own undoing.

Mr. President, I refrain from further comment upon the measure. I am for it. I think it is a grand step in the right direction.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. TYDINGS] to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

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

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

The bill was read the third time, and passed.

Mr. KING. Mr. President, I ask unanimous consent that the bill as passed be printed in the usual form, with the amendments adopted by the Senate numbered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KING. I move that the Senate insist upon its amendments, ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. KING, Mr. MCCARRAN, Mr. TYDINGS, Mr. CAPPER, and Mr. AUSTIN conferees on the part of the Senate.

Mr. THOMAS of Oklahoma subsequently said: Mr. President, I ask unanimous consent that the votes by which the House bill 7472 was ordered to a third reading and passed be reconsidered. I had two amendments printed, and I thought those in charge of the bill knew about them, but evidently they had forgotten about them. I was called from the Chamber for a few moments, and when I returned the bill had been passed.

Mr. MCCARRAN. Mr. President, if it be the consensus of the other Members of the Senate, I am entirely content that the amendment proposed by the Senator from Oklahoma may be considered as having been offered and having been agreed to.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the votes by which the bill was ordered to a third reading and passed be reconsidered in order that the Senator from Oklahoma may offer his amendment and have it accepted by the chairman of the committee.

Mr. MCCARRAN. I have no objection.

The PRESIDING OFFICER. The Senator from Kentucky has asked unanimous consent that the votes by which the District tax bill was ordered to a third reading and passed be reconsidered. Is there objection? The Chair hears none, and it is so ordered.

Mr. THOMAS of Oklahoma. Mr. President, during the past two winters the Appropriations Committee has reported an amendment to the District appropriation bill. Last year the Senate accepted the amendment. The House conferees objected because it was a taxation amendment. I now offer the amendment to the District tax bill, because it had hitherto been objected to when offered to the District appropriation bill and I ask that the amendment be agreed to and go to conference.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

> The Commissioners of the District of Columbia are hereby authorized and empowered, in their discretion, to secure and to install, at no expense to the said District, mechanical parking meters or devices on the streets, avenues, roads, highways, and other public spaces in the District of Columbia under the jurisdiction and control of said Commissioners; and said Commissioners are authorized and empowered to make and enforce rules and regulations for the control of the parking of vehicles on such streets, avenues, roads, highways, and other public spaces, and as an aid to such regulation and control of the parking of vehicles the Commissioners may prescribe fees for the privilege of parking vehicles where said meters or devices are installed.
>
> The Commissioners are further authorized and empowered to pay the purchase price and cost of installation of the said meters or devices from the fees collected, and thereafter such meters or devices shall become the property of said District and all fees collected shall be paid to the collector of taxes for deposit in the Treasury of the United States to the credit of the revenues of said District.

Mr. KING. Mr. President, my information is that the amendment is not very agreeable to the District of Columbia Commissioners; but I do not object. Let it go to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

### LIMITATION OF THE SIZE OF TRAINS

Mr. MCCARRAN. Mr. President, I move that the Senate proceed to the consideration of Senate bill 69, limiting freight or other trains to 70 cars.

Mr. MCNARY. Mr. President, I have no special reason for objecting to the motion made by the able Senator from Nevada. However, I should like to have it understood that the bill will not be considered this afternoon or tomorrow, and not before Monday.

Mr. BARKLEY. Mr. President, it is not contemplated that the bill will be disposed of this afternoon. It is desirable that it be made the unfinished business and that we go as far as we can in an explanation and exposition of the bill. It is my purpose then to move a recess until Monday.

Mr. MCNARY. Mr. President, a number of Senators have left in the belief that the Senate would not take up the bill today, or even consider it. It is called up rather unexpectedly. I am not objecting to that particularly, but I think that if it is made the unfinished business we will have gone far enough for the day. We will have a few days next week without any pressing legislation, so far as I know, and I feel that after the bill is made the unfinished business the Senate should take a recess.

Mr. BARKLEY. The Senator from Nevada advises me that he does not wish to proceed with the bill this afternoon, and after it is made the unfinished business it will be entirely satisfactory that the Senate take a recess.

Mr. MCNARY. That is conformable to my suggestion, and I shall not object.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 69) to amend an act entitled "An act to regulate commerce", approved February 4, 1887, as amended and supplemented, by limiting freight or other trains to 70 cars, which was read, as follows:

*Be it enacted, etc.*, That the act entitled "An act to regulate commerce", approved February 4, 1887, as amended and supplemented, be further amended by the addition thereto of a new section, designated as "Section 26a", reading as follows:

"SEC. 26a. After July 1, 1937, it shall be unlawful for any common carrier subject to the provisions of this chapter to run, or permit to be run, over its line or road, or any portion thereof, any train consisting of more than 70 freight or other cars, exclusive of caboose: *Provided*, That this act shall not apply in cases of engine failures between terminals."

OPERATIONS OF HOME OWNERS' LOAN CORPORATION IN PENNSYLVANIA

Mr. DAVIS. Mr. President, I ask unanimous consent that I may offer a brief resolution, and have it read.

The PRESIDING OFFICER. The Senator from Pennsylvania asks unanimous consent that he be allowed to offer a resolution.

Mr. DAVIS. And I ask for its immediate consideration.

The PRESIDING OFFICER. The Senator asks for immediate consideration of the resolution?

Mr. DAVIS. Yes.

The PRESIDING OFFICER. The clerk will read the resolution.

The legislative clerk read the resolution (S. Res. 157) as follows:

*Resolved*, That the chairman of the Federal Home Loan Bank Board is directed to transmit to the Senate at the earliest practicable date the following information: (1) The total number of home mortgages and other obligations and liens secured by real estate acquired by the Home Owners' Loan Corporation in the Commonwealth of Pennsylvania during the fiscal years ending 1934, 1935, and 1936; (2) the total value of such mortgages, obligations, and liens; (3) the total number of defaults in such Commonwealth in each such fiscal year; (4) the total number of foreclosures in such Commonwealth by such Corporation during each such fiscal year and the amount of money involved; (5) the total number of homes in such Commonwealth acquired by the Corporation during each such fiscal year, the total amount of the loans made thereon, and the amount paid by the Corporation in acquiring such homes; (6) the total number of such homes resold by the Corporation each such fiscal year and the amount realized therefor; (7) the number of agencies or offices maintained by the Corporation in such Commonwealth and their addresses; (8) the name, address, position, and salary of all officers and employees (including permanent and part-time attorneys) employed by the Corporation in such Commonwealth during each such fiscal year, grouping together all said persons employed in each such agency or office.

Mr. BARKLEY. Mr. President, may I ask the Senator whether this is the type of resolution which has been adopted and upon which reports have been made with respect to other States?

Mr. DAVIS. The resolution is similar to one offered by the junior Senator from California [Mr. McADOO]. This is the only way by which we can get the information from the Home Owners' Loan Corporation, namely, through a resolution of the Senate.

Mr. BARKLEY. I do not know about that; I have never had any difficulty obtaining information from them.

Mr. GUFFEY. I object to the immediate consideration of the resolution.

The PRESIDING OFFICER. Objection is heard.

Mr. DAVIS. I have a letter here from the Chairman of the Home Owners' Loan Corporation, Mr. John H. Fahey, who informs me in effect that he would like to have the matter handled in this way if they are to give the information.

The PRESIDING OFFICER. Objection is heard to immediate consideration.

Mr. McNARY. Who made the objection?

The PRESIDING OFFICER. The junior Senator from Pennsylvania [Mr. GUFFEY] objected.

Mr. GUFFEY. Mr. President, I should like to have an opportunity to read the resolution before I consent to its adoption.

Mr. McNARY. That is always fair, of course. I was going to say to the Senator that I have no interest in the matter other than that a few days ago a similar resolution was adopted, to which I consented, offered by the junior Senator from California [Mr. McADOO], and the resolution now offered follows the exact language used in the resolution heretofore adopted.

Mr. BARKLEY. Mr. President, in view of the fact that the junior Senator from Pennsylvania did not know this matter was to be brought up, I think he should have an opportunity to read the resolution.

Mr. GUFFEY. Mr. President, the resolution asks for information covering several years, and it would result in a duplication and triplication of work. I have no objection except to the necessity of the Home Owners' Loan Corporation going over the records for 3 or 4 or 5 years.

Mr. DAVIS. Mr. President, a similar resolution was adopted by unanimous consent when it was offered by the Senator from California [Mr. McADOO] on May 13.

Mr. BARKLEY. I suggest that the Senator let the matter go over until Monday.

Mr. GUFFEY. If it were calling for information as to 1 year only, I would see no objection, but I do see objection to requesting information extending over a period of 4 or 5 years, and having a comparison made, because of the duplication which would result.

Mr. DAVIS. Inasmuch as my colleague objects, I ask that the resolution go over.

The PRESIDING OFFICER. The resolution will go over, under the rule.

INTERIOR DEPARTMENT APPROPRIATION BILL—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate and House amendments to Senate amendments to the bill (H. R. 6958) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1938, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 74 and 121.

The committee of conference report in disagreement Senate amendment numbered 89.

The committee of conference also report in disagreement Senate amendments numbered 93 and 95, and the amendments of the House thereto.

CARL HAYDEN,
KENNETH MCKELLAR,
ELMER THOMAS,
ALVA B. ADAMS,
GERALD P. NYE,
FREDERICK STEIWER,
*Managers on the part of the Senate.*

JED JOHNSON,
J. G. SCRUGHAM,
EMMET O'NEAL,
JAMES M. FITZPATRICK,
CHAS. H. LEAVY,
ROBERT F. RICH,
W. P. LAMBERTSON,
*Managers on the part of the House.*

The report was agreed to.

WAGES AND HOURS OF LABOR

Mr. BLACK. Mr. President, it was my intention to move that the Senate proceed to the consideration of the wages-and-hours bill. However, upon conference with the Senator from Nevada [Mr. McCARRAN] and the Democratic leader, the Senator from Kentucky [Mr. BARKLEY], we agreed that I would not make that motion; but it is my intention to ask that that bill be taken up immediately after the disposition of the bill which the Senate has just agreed to make the unfinished business.

In that connection I may state—and I am sure it is satisfactory to the Senator from Nevada—that we understood

that probably it would not take long to consider the bill which the Senator from Nevada has asked to have taken up; and it is also agreed between us that if there should be any effort to bring about an unreasonable delay in taking action upon that bill, it will be satisfactory to the Senator from Nevada to let it be laid aside and have it follow the wage and hour bill, instead of having it passed upon first.

Mr. McNARY. Mr. President, I always like to accede so far as I can to understandings between Senators; but the Senate controls its own business.

Mr. BARKLEY. Mr. President, all that the Senator from Alabama is doing is to give notice that that sort of arrangement has been made.

Mr. McNARY. If a bill is made the unfinished business, of course it may be displaced by vote of the Senate, but not by another measure being taken up upon an understanding between two Senators. Upon that proposition I stand.

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

Mr. BARKLEY. I yield.

Mr. BLACK. I did not intend to leave the genial Senator from the State of Oregon under the impression that I had attempted to usurp any of his prerogatives or any of the prerogatives of the Senate, but I thought the Senator from Oregon would be interested in knowing the idea we had and the agreement that we would call upon the Senate to act upon the matter, upon which the Senate alone would have the power to act.

Mr. McNARY. That is true.

Mr. BLACK. I would not have it understood that I thought the Senator from Nevada or my friend the Senator from Oregon would have that power.

Mr. McNARY. I am simply advising the Senator.

Mr. BLACK. I appreciate the counsel and advice of the Senator from Oregon upon that point, but I still insist that we should endeavor to follow the course suggested, if necessary.

Mr. McCARRAN. Mr. President, in order that the record may be complete, I desire to say that I concur in the expressions of the Senator from Alabama.

### DEVELOPMENT OF USES OF SOUTHERN AGRICULTURAL PRODUCTS

Mr. BILBO. Mr. President, I ask unanimous consent that Senate Bill 2789 be acted upon at this time. I think no Senator will object to it. It is an emergency measure.

Mr. McNARY. Mr. President, may the clerk state the title of the measure?

The PRESIDING OFFICER. The bill will be read by title.

The CHIEF CLERK. A bill (S. 2789) to provide for the establishment and maintenance of a regional research laboratory for the development of industrial uses for southern agricultural products; the first unit to be devoted to the development of industrial uses for cotton and cotton products; additional units to be provided for the study of other crops as additional funds are provided.

Mr. BILBO. Mr. President, this bill has run the gantlet of the Bureau of the Budget and the Department of Agriculture. A special letter was written by the President endorsing the measure. It was unanimously favorably reported by the Committee on Agriculture and Forestry. The bill authorizes an appropriation to be made next year. It is necessary that the bill shall be passed at this session, because it provides for donations to be made by the 1st of March by 1 out of the 14 Southern States set out in the bill. For that reason I ask immediate consideration of the measure.

Mr. McNARY. Mr. President, I am advised that the Committee on Agriculture and Forestry favorably reported the bill. The measure seems to be one which conforms to the general desires of the Senators from the cotton States. It is merely an authorization, and I have no objection to it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with amendments, in section 5, page 4, line 14, after the word "other", to strike out "southern"; in line 17, after the words "peanut hulls", to insert "sweet and Irish potatoes"; and in line 18, after the word "other", to strike out "southern"; so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of Agriculture is authorized and directed (1) to establish and maintain a regional research laboratory within one of the following Southern States: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia; (2) to conduct at such laboratory research, experiments, investigations, tests, and demonstrations with respect to the chemical, physical, and physiological properties and utilization and preservation of cotton and its byproducts, including cottonseed, cottonseed meal, cottonseed oil, cotton hulls, moats, cotton lint and linters, and cotton stalks; and the collection, harvesting, preservation, and industrial utilization of whole cotton as a raw material for the manufacture of cellulose, cellulosic materials, lignin and lignin derivatives, etc., with a particular view to the development of wider uses of cotton by industry; and (3) to make public the results of such research, experiments, investigations, tests, and demonstrations. This shall constitute the first unit.

SEC. 2. Such laboratory shall be established only upon the condition that the State in which it is to be located shall provide suitable lands without expense to the United States and shall provide the sum of $250,000 to defray the expenses of the construction of suitable buildings. The Secretary of Agriculture shall within 60 days after the enactment of this act transmit to the Governor of each of the said States information with respect to the lands necessary to provide a suitable site for such laboratory. If thereafter any of the said States, on or before March 1, 1938, submits to the Secretary of Agriculture an offer to provide the lands and money required by this section, with such guaranties for the performance thereof as may be satisfactory to the Secretary, he shall accept from among the offers submitted the offer of the State deemed by him to be most desirable for the location of such laboratory. Upon the acceptance of the offer of any State, the Secretary of Agriculture shall as soon thereafter as practicable accept, in the name of the United States, title to the land offered by such State and the money offered by such State shall be covered into the United States Treasury as a special fund to be used for the purpose of this act.

SEC. 3. The Secretary of Agriculture is authorized and directed to construct, on any lands acquired under this act for the purpose of establishing such laboratory, suitable buildings and appurtenances thereto at a cost not in excess of $250,000. The Secretary is further authorized, for the purposes of this act, to acquire such equipment, apparatus, and supplies as he deems necessary and to cooperate with other branches of the Department of Agriculture, other departments or agencies of the Federal Government, States, State agricultural experiment stations, universities and other State agencies and institutions, counties, municipalities, business or other organizations, corporations, associations, scientific societies, and individuals upon such terms and conditions as he may prescribe.

SEC. 4. Any money received from a State under this act is hereby made available solely for the construction of buildings and appurtenances for such laboratory; and, in addition thereto, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $250,000 for each fiscal year, beginning with the fiscal year ending June 30, 1939, to carry out the purposes of this act. Ten percent of the appropriations may be expended for administrative purposes in the District of Columbia.

SEC. 5. The Secretary of Agriculture is further authorized to establish from time to time as funds are provided, other than the funds available under this act, additional units on the land acquired under this act for research in other farm products and byproducts such as rice, straw, rice hulls, tung nuts, tung hulls, tung oil, peanuts, peanut oil, peanut hulls, sweet and Irish potatoes, sugar cane bagasse, palmetto fiber, and any other crop and its byproducts that offer promising possibilities for new and wider industrial outlets for agricultural products.

The amendments were agreed to.

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

The title was amended so as to read: "A bill to provide for the establishment and maintenance of a regional research laboratory for the development of industrial uses for agricultural products; the first unit to be devoted to the development of industrial uses for cotton and cotton products, additional units to be provided for the study of other crops as additional funds are provided."

### MARION SHOBER PHILLIPS

Mr. REYNOLDS. Mr. President, on May 10 the Senate passed Senate bill 108, for the relief of Marion Shober Phillips. A similar bill (H. R. 2093) was passed in the House

on July 20. The bills are precisely alike. I ask unanimous consent for the immediate consideration of the House bill.

Mr. WHITE. Mr. President, may we have the bill read?

The PRESIDING OFFICER. The bill will be read.

The bill (H. R. 2093) for the relief of Marion Shober Phillips was read the first time by its title and the second time at length, as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Marion Shober Phillips the sum of $2,500, the payment of such sum being in full satisfaction of all claims against the United States by reason of injuries sustained by the said Phillips on May 27, 1934, while assisting Government officers, under their orders, in seizing and destroying an illicit liquor distillery: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Carolina for the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. BARKLEY. 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 MESSAGES REFERRED

The PRESIDING OFFICER (Mr. HATCH in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

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

Mr. WHEELER, from the Committee on Interstate Commerce, reported favorably the nomination of Joseph B. Eastman, of Massachusetts, to be an Interstate Commerce Commissioner for a term expiring December 31, 1943. (Reappointment.)

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers for promotion, and also the nominations of sundry officers for appointment, by transfer, in the Regular Army.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state in order the nominations on the calendar.

POSTMASTER'S NOMINATION REPORTED ADVERSELY

The legislative clerk read the nomination of Charles I. Davis to be postmaster at Leesville, La., which had been reported from the Committee on Post Offices and Post Roads adversely.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination?

The nomination was rejected.

POSTMASTERS

The Legislative Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask that the remaining nominations of postmasters on the calendar may be confirmed en bloc.

Mr. O'MAHONEY. Mr. President, I observe that there is a long list of postmasters who have been nominated, and the confirmation of whose nominations is requested. Some months ago the House of Representatives passed a bill placing the appointment of postmasters under the Civil Service. A similar measure has been introduced in the Senate, and, as I understand, is now pending before the Civil Service Committee. May I ask the chairman of the Committee on Post Offices and Post Roads what progress is being made with that proposed legislation?

Mr. McKELLAR. Very little progress is being made in regard to it, for the reason that a canvass of the Senate—not of every Member of the Senate but of about 50 or 60—has disclosed that but 3 Senators were mildly in favor of the bill. I think its strongest advocate was the Senator from Wyoming [Mr. O'MAHONEY]; another Senator who favored the bill was the Senator from Idaho [Mr. POPE]. The Senator from Maine [Mr. WHITE] also endorsed it.

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

Mr. McKELLAR. I yield.

Mr. MALONEY. I should like to say at this point that I was not canvassed.

Mr. McKELLAR. I am very sorry. I will canvass the Senator right now.

Mr. MALONEY. I am in favor of the bill.

Mr. McKELLAR. That makes four Senators in favor of the bill.

Mr. KING. I will try to neutralize that by saying that I am opposed to it.

Mr. McKELLAR. I am quite sure that the Senate is overwhelmingly opposed to it. However, we are trying to work out another bill that we hope will be satisfactory. I do not know whether or not we will be able to do so.

Mr. O'MAHONEY. May I ask the Senator whether in each case the name of the person nominated to be postmaster was first upon the civil-service list?

Mr. McKELLAR. I have not the slightest idea. When post-office nominations are sent in, according to the usual rule, the clerk of my committee takes the nominations for a given State to the two Senators from that State, and if there is no objection on the part of the Senators, the nominations are reported and placed on the calendar. We made no investigation as to whether or not the nominees whose names are now on the calendar were the highest on the civil-service list.

Mr. O'MAHONEY. Have the Senators from each of the respective States where are located the post offices to which these nominees have been appointed been canvassed with respect to the nominations?

Mr. McKELLAR. Oh, yes; all of them. I will say that I believe the nomination for postmaster at Leesville, La., which was sent in, was rejected at the request of the two Senators from Louisiana.

Mr. O'MAHONEY. Mr. President, I may say that, of course, it is common knowledge that the President of the United States several years ago recommended that the appointment of postmasters be made under civil-service rules, and from time to time, during the past 4 years, there has been consideration of that suggestion made by the President. I am curious to know whether the chairman of the Committee on Post Offices and Post Roads and the chairman of the Committee on Civil Service can give us any idea as to whether or not the bill to which the Senator from Tennessee just a moment ago referred will be reported at the present session of Congress?

Mr. McKELLAR. I will be very glad to answer the Senator, so far as I am concerned. I am opposed to the bill.

Mr. O'MAHONEY. I understand that that is the attitude of the Senator.

Mr. McKELLAR. And, so far as I have gone, I think my colleagues on the subcommittee are not in favor of it.

Mr. O'MAHONEY. I think that is very likely to be true.

Mr. McKELLAR. I think it is true, and I doubt very much whether that bill goes through at the present session. Does that answer the Senator's question?

Mr. O'MAHONEY. No; it does not.

Mr. McKELLAR. Well, I am ready to answer, if I can.

Mr. O'MAHONEY. What I am anxious to know is whether the committee in charge of the bill will give Members of the Senate an opportunity to vote upon it by reporting the bill.

Mr. McKELLAR. Does the Senator mean by reporting it adversely?

Mr. O'MAHONEY. By reporting the bill.

Mr. McKELLAR. I think the subcommittee will report that particular bill adversely. That is my judgment. I may be mistaken; I have been mistaken very recently.

Mr. O'MAHONEY. I will not pursue the matter any further this afternoon, except to express the hope that the Committee on Civil Service, with the assistance of the chairman of the Committee on Post Offices and Post Roads, will report the bill and have it placed on the calendar, so that Members of the Senate may express their opinions with respect to the matter.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee that the nominations of postmasters on the calendar, with the exception of the one which was rejected, be confirmed en bloc? The Chair hears none, and the nominations are confirmed en bloc.

COAST GUARD

The legislative clerk read the nomination of Albert A. Lawrence to be professor (temporary) with the rank of lieutenant.

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

The legislative clerk read the nomination of Anthony F. Glaza to be district commander with the rank of lieutenant.

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

IN THE NAVY

The legislative clerk proceeded to read sundry nominations for promotion in the Navy.

The PRESIDING OFFICER. Without objection, the nominations in the Navy are confirmed en bloc.

That concludes the calendar.

RECESS TO MONDAY

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock and 5 minutes p. m.) the Senate took a recess until Monday, July 26, 1937, at 12 o'clock meridian.

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## NOMINATIONS

*Executive nominations received by the Senate July 23 (legislative day of July 22), 1937*

SOLICITOR FOR THE DEPARTMENT OF LABOR

Gerard D. Reilly, of Massachusetts, to be Solicitor for the Department of Labor.

ACTUARIAL CONSULTANT, SOCIAL SECURITY BOARD

William R. Williamson, of Connecticut, to be an actuarial consultant in the Social Security Board.

COLLECTOR OF CUSTOMS

Fred G. Pabst, of Galveston, Tex., to be collector of customs for customs collection district no. 22, with headquarters at Galveston, Tex. (Reappointment.)

APPOINTMENTS AND PROMOTIONS IN THE NAVY

MARINE CORPS

First Lt. Russell Lloyd to be a captain in the Marine Corps from the 1st day of July 1937.

The following-named citizens to be second lieutenants in the Marine Corps, revocable for 2 years, from the 1st day of July 1937:

Zedford W. Burriss, a citizen of Iowa.
James A. Embry, Jr., a citizen of Oklahoma.
Lawrence C. Hays, Jr., a citizen of Georgia.
Sidney M. Kelly, a citizen of Kentucky.
William W. Lewis, a citizen of Virginia.
Austin C. Shofner, a citizen of Tennessee.
McDonald I. Shuford, a citizen of South Carolina.

POSTMASTERS

ALABAMA

Lewis A. McLean to be postmaster at Livingston, Ala., in place of W. P. Tartt, resigned.

Henry Leland Cummins to be postmaster at Opp, Ala., in place of G. C. Nix, resigned.

CALIFORNIA

Clarence R. Pierce to be postmaster at Gridley, Calif., in place of D. B. Robb, deceased.

FLORIDA

Paul E. Mahan to be postmaster at Hobe Sound, Fla. Office became Presidential July 1, 1936.

IDAHO

William Newman to be postmaster at Warren, Idaho. Office became Presidential July 1, 1936.

ILLINOIS

Jerome A. Borkovec to be postmaster at Berwyn, Ill., in place of J. J. Janda, resigned.

Bernice Irene Bryant to be postmaster at Browning, Ill. Office became Presidential July 1, 1936.

Thomas Edward Mostyn to be postmaster at Midlothian, Ill., in place of Frank Ohlhausen. Incumbent's commission expired March 17, 1936.

Earle E. Bower to be postmaster at Richmond, Ill., in place of J. H. Ryan, removed.

INDIANA

Jerome F. Shandy to be postmaster at Terre Haute, Ind., in place of J. W. Wood. Incumbent's commission expired January 25, 1936.

IOWA

John H. Petersen to be postmaster at Sabula, Iowa, in place of H. M. Mohr, deceased.

KANSAS

Blanche Jacobs to be postmaster at Gorham, Kans., in place of A. A. Weigel, removed.

Frederick A. Leith to be postmaster at Sharon, Kans. Office became Presidential July 1, 1936.

LOUISIANA

Edward J. LeBlanc to be postmaster at Abbeville, La., in place of P. O. Broussard. Incumbent's commission expired February 21, 1935.

Amos V. McLanahan to be postmaster at Florien, La. Office became Presidential July 1, 1936.

J. Wiley Miller to be postmaster at Many, La., in place of H. M. Clark. Incumbent's commission expired June 23, 1936.

Laverna O. Ramsey to be postmaster at Pleasant Hill, La., in place of J. R. Ramsey, deceased.

MASSACHUSETTS

Irene C. Alward to be postmaster at Lynnfield Center, Mass. Office became Presidential July 1, 1936.

MICHIGAN

Ralph H. Premo to be postmaster at Amasa, Mich., in place of J. H. Nowell. Incumbent's commission expired December 18, 1933.

Waldo Whitehead to be postmaster at Atlanta, Mich., in place of Hance Briley. Incumbent's commission expired June 17, 1934.

Bernice M. Young to be postmaster at Twining, Mich. Office became Presidential July 1, 1936.

MINNESOTA

Alphonse J. Koelzer to be postmaster at Waterville, Minn., in place of W. G. Gish. Incumbent's commission expired January 25, 1936.

MISSISSIPPI

Lloyd C. Hopkins to be postmaster at Walnut, Miss., in place of W. T. Byrd, transferred.

MISSOURI

William H. Fleahman to be postmaster at Jonesburg, Mo., in place of J. R. Thompson, removed.

Basil V. Jones to be postmaster at Pleasant Hill, Mo., in place of F. L. Mertsheimer. Incumbent's commission expired April 14, 1936.

MONTANA

Clayton S. Hall to be postmaster at Poplar, Mont., in place of R. A. Hoerr, resigned.

NEBRASKA

Nels L. Nelson to be postmaster at Lynch, Nebr., in place of E. G. Miller. Incumbent's commission expired March 29, 1936.

NEW YORK

Cornelius J. O'Connell to be postmaster at Chestertown, N. Y., in place of E. E. Carpenter. Incumbent's commission expired July 13, 1936.

Walter B. Jaynes to be postmaster at Greene, N. Y., in place of O. J. Hoag. Incumbent's commission expired March 22, 1936.

Richard J. Longtin to be postmaster at Paul Smiths, N. Y. Office became Presidential July 1, 1934.

NORTH CAROLINA

William A. Allison to be postmaster at Troutmans, N. C., in place of C. G. Smith, resigned.

OKLAHOMA

Robert J. Morrow to be postmaster at Pawhuska, Okla., in place of Vernon Whiting. Incumbent's commission expired December 18, 1934.

OREGON

Dewey D. Horn to be postmaster at Bonanza, Oreg., in place of E. E. Puddy, resigned.

SOUTH DAKOTA

James M. Stanford to be postmaster at Midland, S. Dak., in place of S. N. Dorwin, deceased.

TEXAS

Ruth Berger Reeves to be postmaster at Boling, Tex., in place of G. E. Berger, resigned.

John A. Blasdel to be postmaster at Richmond, Tex., in place of G. A. Reading, resigned.

Hattie M. Sims, to be postmaster at Ropesville, Tex. Office became Presidential July 1, 1936.

WASHINGTON

Easton L. Mudgett, to be postmaster at Coupeville, Wash., in place of W. T. Howard. Incumbent's commission expired January 28, 1936.

Harry A. Mykrantz, to be postmaster at Twisp, Wash., in place of Edward Johnson, deceased.

WEST VIRGINIA

Peter J. Groseclose, to be postmaster at Hemphill, W. Va., in place of N. W. Joyce, removed.

Earl Wesley Alley, to be postmaster at Jenkinjones, W. Va., in place of E. L. Head, resigned.

Edward R. Christian, to be postmaster at Quinwood, W. Va., in place of J. W. Bell, deceased.

WISCONSIN

Ray L. Truskowski, to be postmaster at Sobieski, Wis. Office became Presidential July 1, 1936.

WYOMING

Robert W. Macy, to be postmaster at Moorcroft, Wyo., in place of A. J. Macy, resigned.

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## CONFIRMATIONS

*Executive nominations confirmed by the Senate July 23 (legislative day of July 22), 1937*

COAST GUARD OF THE UNITED STATES

Albert A. Lawrence to be a professor (temporary) in the Coast Guard of the United States with the rank of lieutenant.

Anthony F. Glaza to be a district commander in the Coast Guard of the United States with the rank of lieutenant.

PROMOTIONS IN THE NAVY

TO BE CAPTAINS

Harold T. Smith (an additional number in grade)
Penn L. Carroll
Benjamin V. McCandlish
Mark L. Hersey, Jr.
Max Burke De Mott
Wallace L. Lind
Marion C. Robertson
Edward C. Raguet
Williams C. Wickham
Claude S. Gillette (an additional number in grade)
Thomas E. Van Metre
John H. S. Dessez
Sherman S. Kennedy

TO BE COMMANDERS

Henry R. Oster (an additional number in grade)
Edward B. Rogers
Harold B. Sallada
George R. Fairlamb, Jr.
Joseph W. Gregory
Felix B. Stump
Walter C. Calhoun
Carl F. Holden
Lester J. Hudson
Samuel B. Brewer
Allen I. Price
Merrill Comstock
William F. Dietrich
John B. Heffernan
Edward J. Moran
Elliott M. Senn
Thomas R. Cooley
Francis T. Spellman
Ben H. Wyatt
Robert L. Porter, Jr.
Ward P. Davis
Earl W. Morris
Robert W. Fleming
Robert E. Keating
Allen R. McCann
William G. Ludlow, Jr.
Leonard B. Austin
Andrew R. Mack
Guy W. Clark
John V. Murphy
Francis A. Smith
Douglas A. Spencer
Charles W. Weitzel
Laurence E. Kelly
Forrest P. Sherman
Ernest B. Colton
James Fife, Jr.

TO BE LIEUTENANT COMMANDERS

George C. Miller
George H. Lyttle
Robert W. Berry
Lorenzo S. Sabin, Jr.
Donald T. Giles
Campbell D. Emory
Arthur H. McCollum
Harold R. Parker
Arnold E. True
Keith R. Belch
Wakeman B. Thorp
Charles F. Macklin, Jr.
Lawrence E. Divoll
William A. Griswold
Edward P. Moore
Donald L. Erwin
William C. Gray
Peter M. Moncy
Frederick I. Entwistle
Burtnett K. Culver
Clinton A. Misson
Thomas L. Lewis
William D. Johnson, Jr.
Joseph R. Barbaro
Leslie K. Pollard
Charles R. Lamdin
Henry T. Wray
Philip G. Nichols
Alex M. Loker
Robert E. Jasperson
James V. Carney
Harold A. Houser
Leo J. McGowan
John P. Heath
Francis J. Bridget
Robert F. Hickey
Theodore R. Wirth
James A. Roberts
Charles R. Brown
John M. Hoskins
Lionel L. Rowe
Floyd F. Ferris
Jefferson D. Beard
Ruthven E. Libby
Clarence E. Voegeli
Nicholas A. Draim (an additional number in grade)
John J. Pierrepont
Robert N. Hunter
Harvey T. Walsh
Wilson P. Cogswell
John S. Harper
Peter G. Hale
Adelbert F. Converse
William S. Parsons
Robert E. Blue
Harold D. Baker
Bruce B. Adell
Raymond A. Hansen
Bradford E. Grow
Alvin I. Malstrom
Edwin A. Taylor
John C. Lester
Armand J. Robertson
John H. Shultz
James E. Craig
Roger E. Nelson
Herbert E. Regan
Thomas M. Stokes
Warren K. Berner
Alan R. McCracken
Omer A. Kneeland
Hyman G. Rickover
Paul H. Wiedorn

TO BE LIEUTENANTS

Harper D. Scrymgeour
Carroll H. Taecker
Edwin J. S. Young
John A. Williams

Frank McD. Nichols
Jack C. Renard
Earl H. Pope
Joseph P. Canty
Albert C. Perkins
Charles T. Fitzgerald
Herman L. Ray
Roy Jackson
Roy L. Johnson
John F. Davidson
Bruce A. Van Voorhis
Charles O. Triebel
Reynold D. Hogle
Richard R. Ballinger
William T. Easton
Granville C. Briant
Charles H. Crichton
William M. Walsh
Seraphin B. Perreault
Finley E. Hall
Robert N. S. Clark
William I. Darnell
David J. Welsh
William E. Pennewill
Lloyd K. Greenamyer
Robert H. Wilkinson
Daniel Carlson
Robert W. Denbo
Jacob W. Britt
Albert D. Lucas
Charles R. Fenton
Robert J. Connell
Whitmore S. Butts
George L. Kohr
James H. Flatley, Jr.
William S. Stovall, Jr.
Thurlow W. Davison
Carl E. Giese
Frank A. Brandley
John H. McElroy
William J. Richter
Dominic L. Mattie
James H. Howard
William B. Moore
Donald W. Gladney, Jr.
William E. Gentner, Jr.
Frederick V. H. Hilles
Paul L. de Vos

TO BE LIEUTENANTS (JUNIOR GRADE)

Robert H. Isely
Clarence A. Keller, Jr.
George T. McCutchan
Francis A. Dolan
Robert S. Camera
Jamie E. Jones
Edward H. C. Fredericks
Glover T. Ferguson
James D. Ferguson
Irvin L. Dew
Stanley M. Barnes
George D. Gregor
Reuben E. Stanley
Elliott L. James, Jr.
George P. Unmacht
William M. Rakow
William A. Hunt, Jr.
David R. Stephan
Maurice B. Brown
Frank A. Nusom
James P. Craft, Jr.
Richard F. Kane
Spencer M. Adams
Fred D. Pfotenhauer
Melvin W. Woods
Robert D. Risser
Homer H. Nielsen
Lester S. Chambers
Robert K. Johnston
Edwin S. Lee, Jr.
Edwin H. Schantz
Leslie M. Slack
Grayson Merrill
Clyde J. Van Arsdall, Jr.
John J. Hyland
Richard R. Boutelle
William E. Sweeney
Robert L. Townsend
William L. Guthrie
James R. Compton
Otto C. Schatz, Jr.
Hugh M. Maples
Howard T. E. Anderson
John A. Horton, Jr.
William C. Murphy
Willard J. Bain
Charles W. Brewer
Frederic W. Hawes
James S. Tyler
Marvin I. Rosenberg
Carl W. Middleton, Jr.
Arthur E. Krapf
Eric L. Barr, Jr.
Allan G. Schnable
John C. Nichols
Arden Packard
Statton R. Ours, Jr.
Joseph B. Tibbets
Edward N. Blakely
Barton E. Day
Earl K. McLaren
Howard E. Day, Jr.
Lewis Freedman
Thomas B. Oakley, Jr.
Marshall W. White
Terry L. Watkins
Robert Donaldson
Francis O'C. Fletcher, Jr.
Thompson C. Guthrie, Jr.
James M. Clute
William J. Drumtra
Cecil K. Harper
Robert R. Williams, Jr.
Herman H. Kait
James W. Brock
Philip H. Torrey, Jr.
Frank K. Upham
George W. Lautrup, Jr.
Charles H. Clark
Walker Ethridge
Richard E. Bly
Charles Antoniak
Jackson D. Arnold
Frank M. Whitaker
William M. Collins, Jr.
James H. Newell
Henry C. Spicer, Jr.
James E. Owers
Carlyle Ingram
Stuart Stephens
Mark A. Grant
William A. Dean, Jr.
Leslie K. Taylor
James E. Johnson
Samuel R. Brown, Jr.
Wendell H. Froling
Clarence T. Doss, Jr.
William W. Stark, Jr.
George F. Davis
Frank C. Bolles, Jr.
Arthur L. Benedict, Jr.
Craig R. Garth
Lester J. Stone
Joseph W. Stivers
Malcolm C. Reeves
Willie M. Dickey
Sidney D. B. Merrill
William A. Stevenson
George F. Stanish
Robert M. Milner
Isaiah M. Hampton
Gordon P. Chung-Hoon
Charles E. Thurston, Jr.

TO BE MEDICAL INSPECTORS

John M. McCants
Richard C. Satterlee
Herbert L. Shinn
John R. Poppen
Carl J. Robertson
Lea B. Sartin
William H. Funk
George W. Wilson
Wendell H. Perry
Joseph B. Logue

TO BE SURGEONS

John M. Bachulus
Harry D. Templeton
Walter F. J. Karbach
Dwight J. Wharton
Arthur P. Morton
Oliver R. Nees
Harvey E. Robins
Robert K. Y. Dusinberre
Carl D. Middlestadt
John Q. Owsley, Jr.
Arra B. Chesser
John R. Smith
Thomas F. Cooper
John R. Lynas
Walter G. Kilbury
Carl M. Dumbauld

TO BE PASSED ASSISTANT SURGEONS

William L. Engelman
Paul K. Perkins
Howard K. Sessions
Victor G. Colvin
Donald O. Wissinger
Harold J. Cokely
William T. Booth
James J. Sapero
George R. Hogshire, Jr.
Charles D. Bell
Stephen E. Flynn
Frank R. Urban
Edgar Ricen
Clarence R. Pentz
Alton R. Higgins
Luther G. Bell

TO BE A DENTAL SURGEON

Francis W. Lepeska

TO BE PAY INSPECTORS

David P. Polatty
Carlton R. Eagle
Wilson S. Hullfish
Percy C. Corning
Frank C. Dunham
Walter A. Buck
Thomas E. Hipp
Ray C. Sanders

TO BE PASSED ASSISTANT PAYMASTERS

Charles A. Meeker
John K. Chisholm
William J. Laxson

TO BE A NAVAL CONSTRUCTOR

Thomas B. Richey

## POSTMASTERS

### ALABAMA

James Harold Long, Guntersville Dam.

### CALIFORNIA

Richard G. Power, Colusa.
Nina N. Chamberlain, Durham.
Elizabeth T. Schellenberg, Palos Verdes Estates.

### CONNECTICUT

Paul Louis Hebert, Somersville.

### GEORGIA

Frank S. English, Gordon.
Frank H. Moxley, Wadley.

### ILLINOIS

Clarence C. Franke, Algonquin.
Emmert M. Reeser, Orangeville.
Kate M. Weis, Teutopolis.
Lawton C. Spangler, Woodlawn.

### IOWA

Max L. Barton, Salem.

### KANSAS

Henry Burden, Cawker City.

LOUISIANA

Pollard Hugh Mercer, Winnfield.

MARYLAND

Earla V. Newman, Beltsville.
Grover C. Kirn, Jessups.

MASSACHUSETTS

George Arnold Rice, Pepperell.

MICHIGAN

Helen B. Martin, Indian River.
Audrey J. Filley, Michigan Center.
Charles P. Murray, Pellston.
John W. Corrigan, Union Pier.
Rex. J. Tuttle, Walled Lake.

MINNESOTA

Alta R. Dickson, Big Falls.
Leonard N. Riley, Ellsworth.
Maurice A. Marchand, Rice.

MISSOURI

Christian E. Kleck, Wheatland.

MONTANA

Grover Cleveland Dowen, Chinook.

NEBRASKA

William Earl Goodhard, Elkhorn.

NEW YORK

John Rewey Ford, Berkshire.
Marion S. Tower, East Moriches.
John J. Scherer, Jr., Montrose.
Rosemary Hearn, Port Byron.
Edward D. Bradley, Pottersville.
Thomas W. Smith, West Winfield.

NORTH CAROLINA

Paul E. Rickman, Arden.
W. Reid Howe, Cramerton.
Mae S. Ray, Whitakers.

NORTH DAKOTA

Anders G. Hagburg, Gladstone.
Arlen D. White, San Haven.
Celeste M. Reiman, White Earth.

OHIO

Vern C. Wallace, East Canton.
Carl W. Gerig, Smithville.

OKLAHOMA

John C. Affholder, Blackwell.
Frank Ferguson, Camargo.
Ivan E. Wallace, Snyder.

PENNSYLVANIA

Richard Armstrong, Allenwood.
Lillian M. Tierney, Hallstead.
Kenneth F. Eakin, Harrisville.
Mary Joan Ingram, Woodville.

SOUTH CAROLINA

Earle M. Wharton, Ware Shoals.

TENNESSEE

Johnnie F. Moore, Donelson.

WEST VIRGINIA

Myrtle Blackman, Parsons.

WISCONSIN

Theodore J. Helmke, Hamburg.
Lawrence H. Hardebeck, Lakewood.

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## REJECTION

*Executive nomination rejected by the Senate July 23 (legislative day of July 22), 1937*

POSTMASTER

LOUISIANA

Charles I. Davis to be postmaster at Leesville, in the State of Louisiana.

# HOUSE OF REPRESENTATIVES

## FRIDAY, JULY 23, 1937

The House met at 12 o'clock noon.

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

O Thou who art our life and light, we pray Thee to come through the deep blue vault of Thy eternal dwelling place and hear our prayer. Be Thou with us, urging us to find and use our best powers; blend our beings with Thine and make us one with Thee. We praise Thee for the Voice proclaiming, "This is My beloved Son in whom I am well pleased." By kindly word and brave example may we be a most helpful influence in the lives and homes of men. Impress us more and more with the sacredness of our tasks. Oh that every possessor of wealth and every wielder of power and authority would kneel at the altar of our God and pray: "Thy kingdom come, in earth as it is in heaven." O lift the curtain of our country and show Thyself good and just. Through Christ our Savior. Amen.

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

### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H. R. 1086. An act for the relief of Weymouth Kirkland and Robert N. Golding;

H. R. 1420. An act for the relief of Dewey Jack Krauss, a minor;

H. R. 1561. An act for the protection of oyster culture in Alaska;

H. R. 1961. An act to authorize the conveyance by the United States to the State of Wisconsin of a portion of the Twin River Point Lighthouse Reservation, and for other purposes;

H. R. 3251. An act for the relief of Joseph A. Rudy;

H. R. 3408. An act to amend the Civil Service Act approved January 16, 1883 (22 Stat. 403), and for other purposes;

H. R. 4246. An act for the relief of N. C. Nelson;

H. R. 4896. An act to authorize a preliminary examination and survey of Cayuga, Buffalo, and Cazenovia Creeks, N. Y., with a view to the control of their floods;

H. R. 5040. An act to provide for the establishment of a Coast Guard station at or near Beaver Bay, Minn.;

H. R. 5140. An act to provide for the establishment of a Coast Guard station at or near St. Augustine, Fla.;

H. R. 5552. An act to provide for the relinquishment of an easement granted to the United States by the Green Bay & Mississippi Canal Co.;

H. R. 6358. An act to amend section 107, as amended, of the Judicial Code so as to eliminate the requirement that suitable accommodations for holding court at Columbia, Tenn., be provided by the local authorities;

H. R. 6402. An act for the relief of Emory M. McCool, United States Navy, retired;

H. R. 6496. An act granting the consent of Congress to the State of Montana, or the counties of Roosevelt, Richland, and McCone, singly or jointly, to construct, maintain, and operate a free highway bridge across the Missouri River, at or near Poplar, Mont.;

H. R. 6636. An act granting the consent of Congress to the county of Carroll, in the State of Indiana, to construct, maintain, and operate a free highway bridge across the Wabash River at or near Lockport, Ind.;

H. R. 6899. An act to repeal the limitation on the sale price on the old post office and courthouse site and building at Fourth and Chestnut Streets, Louisville, Ky.;

H. R. 6916. An act to amend the laws relating to enlistments in the Coast Guard, and for other purposes;

H. R. 6920. An act granting the consent of Congress to the Commonwealth of Massachusetts, Middlesex County, and the

city of Lowell, Mass., or any two of them, or any one of them, to construct, maintain, and operate a free highway bridge across the Merrimack River at Lowell;

H. R. 7017. An act to amend section 4450 of the Revised Statutes of the United States, as amended by the act of May 27, 1936 (49 Stat. 1380, 1383; U. S. C., 1934 edition, title 46, sec. 239);

H. R. 7401. An act to authorize the Secretary of Commerce to convey to the Commissioners of the Palisades Interstate Park, a body politic of the State of New York, certain portions of the Stony Point Light Station Reservation, Rockland County, N. Y., including certain appurtenant structures, and for other purposes;

H. R. 7611. An act to adjust the pay of certain Coast Guard officers on the retired list who were retired because of physical disability originating in line of duty in time of war;

H. R. 7641. An act to authorize the attendance of the Marine Band at the National Encampment of the Grand Army of the Republic to be held at Madison, Wis., September 5 to 10, inclusive, 1937; and

H. J. Res. 365. Joint resolution authorizing Federal participation in the Seventh World's Poultry Congress and Exposition to be held in the United States in 1939.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 449. An act for the relief of Earl Hill;

H. R. 3551. An act for the relief of Hans Everson;

H. R. 4688. An act to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed during a hurricane in Samoa on January 15, 1931; and

H. R. 6906. An act to impose an occupational excise tax upon certain dealers in marihuana, to impose a transfer tax upon certain dealings in marihuana, and to safeguard the revenue therefrom by registry and recording.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 126. An act authorizing the President to present a Distinguished Service Medal to Harold R. Wood;

S. 537. An act to provide suitable accommodations for the district court of the United States at Glasgow, Mont.;

S. 606. An act for the relief of Mabel F. Hollingsworth;

S. 607. An act to authorize improvement of navigation facilities on the Columbia River, and for other purposes;

S. 608. An act to authorize the leasing of certain Indian lands subject to the approval of the Secretary of the Interior;

S. 744. An act for the relief of Lulu M. Peiper;

S. 840. An act to authorize the Secretary of the Interior to issue patents for certain lands to certain settlers in the Pyramid Lake Indian Reservation, Nev.;

S. 1168. An act for the relief of Joseph W. Bollenbeck;

S. 1514. An act for the relief of the Corbitt Co.;

S. 1774. An act to authorize the purchase of certain lands adjacent to the Turtle Mountain Indian Agency in the State of North Dakota;

S. 1880. An act to amend an act entitled "An act authorizing the Court of Claims to hear, consider, adjudicate, and enter judgment upon the claims against the United States of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles", approved June 28, 1934;

S. 1971. An act to provide for the recognition by the Government of the United States of the academic standing of military and naval schools under its jurisdiction;

S. 2060. An act to amend the Wisconsin Chippewa Jurisdictional Act of August 30, 1935 (49 Stat. L. 1049);

S. 2067. An act to provide for, foster, and aid in coordinating research relating to cancer; to establish the National Cancer Institute; and for other purposes;

S. 2091. An act for the relief of Ada Saul, Steve Dolack, and Marie McDonald;

S. 2115. An act to amend section 77 of the Judicial Code, as amended, to transfer Clinch County from the southern district of Georgia to the middle district;

S. 2159. An act for the relief of George R. Slate;

S. 2215. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto;

S. 2232. An act for the relief of E. Sullivan;

S. 2261. An act for the relief of Scott Hart;

S. 2263. An act providing for per-capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury;

S. 2273. An act to authorize the consideration of the recommendation of an award for distinguished service to Col. John A. Lockwood, United States Army, retired, and for other purposes;

S. 2299. An act for the relief of M. M. Twichel;

S. 2305. An act for the relief of William F. Kimball;

S. 2317. An act for the relief of Robert L. Summers;

S. 2383. An act to amend the act authorizing the Attorney General to compromise suits on certain contracts of insurance;

S. 2387. An act to authorize certain officers and employees of Federal penal correctional institutions to administer oaths;

S. 2417. An act for the relief of Samuel L. Dwyer;

S. 2444. An act for the relief of William C. Willahan;

S. 2473. An act to provide that individual tax returns may be made without the formality of an oath, and for other purposes;

S. 2557. An act for the relief of William T. J. Ryan;

S. 2619. An act to amend paragraph (1) of section 22 of the Interstate Commerce Act, as amended;

S. 2751. An act to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the West Point Military Reservation, N. Y., for the construction thereon of certain buildings, and for other purposes;

S. J. Res. 153. Joint resolution providing for consideration of a recommendation for decoration of Sgt. Fred W. Stockham, deceased; and

S. J. Res. 158. Joint resolution to provide for the appointment of a delegate to the First Pan American Congress of Deaf Mutes.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 534. An act granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for diversion of the waters of the Yellowstone River;

S. 1143. An act for the relief of G. L. Tarlton;

S. 1144. An act for the relief of the Frazier-Davis Construction Co.; and

S. 2521. An act to authorize the assignment of officers of the line of the Marine Corps to assistant quartermaster and assistant paymaster duty only, and for other purposes.

### NATIONAL CANCER INSTITUTE

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2067) to provide for, foster, and aid in coordinating research relating to cancer, to establish the National Cancer Institute, and for other purposes, and consider the same.

The Clerk read the title of the bill.

Mr. SNELL. Mr. Speaker, reserving the right to object, I do not know that I have any objection to taking up this bill, but it is a new proposition, and I think the House should be thoroughly informed on it. I would not want this bill to go through without a full explanation to the House or what it is supposed to do, with some estimate of its probable cost.

Mr. BULWINKLE. I may say to the gentleman from New York that I and the members of the subcommittee shall be pleased to make a full explanation to the House.

Mr. SNELL. With that understanding, Mr. Speaker, I have no objection.

Mr. RANKIN. Mr. Speaker, reserving the right to object, how much time will the consideration of this bill take?

Mr. BULWINKLE. I imagine it will take 30 minutes.

Mr. RANKIN. Not over 30 minutes?

Mr. BULWINKLE. No.

The SPEAKER. The gentleman from North Carolina [Mr. BULWINKLE] informed the Chair that he understood there would be practically no controversy on the matter; and, based on that assurance, the Chair agreed to recognize the gentleman for a unanimous-consent request, with the understanding there would not be prolonged debate on the matter.

Mr. BULWINKLE. I think it will take only 10 minutes to answer the request of the gentleman from New York for an explanation. I want to give the gentleman full information.

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

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.*, That for the purposes of conducting researches, investigations, experiments, and studies relating to the cause, diagnosis, and treatment of cancer; assisting and fostering similar research activities by other agencies, public and private; and promoting the coordination of all such researches and activities and the useful application of their results, with a view to the development and prompt widespread use of the most effective methods of prevention, diagnosis, and treatment of cancer, there is hereby established in the Public Health Service a division which shall be known as the National Cancer Institute (hereinafter referred to as the "Institute").

SEC. 2. The Surgeon General of the Public Health Service (hereinafter referred to as the "Surgeon General") is authorized and directed for the purposes of this act and subject to its provisions, through the Institute and in cooperation with the National Cancer Advisory Council hereinafter established—

(a) To conduct, assist, and foster researches, investigations, experiments, and studies relating to the cause, prevention, and methods of diagnosis and treatment of cancer;

(b) To promote the coordination of researches conducted by the Institute and similar researches conducted by other agencies, organizations, and individuals;

(c) To procure, use, and lend radium as hereinafter provided;

(d) To provide training and instruction in technical matters relating to the diagnosis and treatment of cancer;

(e) To provide fellowships in the Institute from funds appropriated or donated for such purpose;

(f) To secure for the Institute consultation services and advice of cancer experts from the United States and abroad; and

(g) To cooperate with State health agencies in the prevention, control, and eradication of cancer.

SEC. 3. There is hereby created the National Advisory Cancer Council (herein referred to as the "Council"), to consist of six members to be appointed by the Surgeon General with the approval of the Secretary of the Treasury, and of the Surgeon General, ex officio, who shall be chairman of the Council. The six appointed members shall be selected from leading medical or scientific authorities who are outstanding in the study, diagnosis, or treatment of cancer in the United States. Each appointed member shall hold office for a term of 3 years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of office of the members first taking office shall expire, as designated by the Surgeon General at the time of appointment, two at the end of the first year, two at the end of the second year, and two at the end of the third year after the date of the first meeting of the Council. No appointed member shall be eligible to serve continuously for more than 3 years, but shall be eligible for reappointment if he has not served as a member of the Council at any time within 12 months immediately preceding his reappointment. Each appointed member shall receive compensation at the rate of $25 per day during the time spent in attending meetings of the Council and for the time devoted to official business of the Council under this act, and actual and necessary traveling and subsistence expenses while away from his place of residence upon official business under this act.

SEC. 4. The Council is authorized—

(a) To review research projects or programs submitted to or initiated by it relating to the study of the cause, prevention, or methods of diagnosis and treatment of cancer, and certify approval to the Surgeon General for prosecution under section 2 (a) hereof any such projects which it believes show promise of making valuable contributions to human knowledge with respect to the cause, prevention, or methods of diagnosis and treatment of cancer;

(b) To collect information as to studies which are being carried on in the United States or any other country as to the cause, prevention, and methods of diagnosis and treatment of cancer, by correspondence or by personal investigation of such studies, and with the approval of the Surgeon General make available such information through the appropriate publications for the benefit of health agencies and organizations (public or private), physicians, or any other scientists, and for the information of the general public;

(c) To review applications from any university, hospital, laboratory, or other institution, whether public or private, or from individuals, for grants-in-aid for research projects relating to cancer, and certify to the Surgeon General its approval of grants-in-aid in the cases of such projects which show promise of making valuable contributions to human knowledge with respect to the cause, prevention, or methods of diagnosis or treatment of cancer;

(d) To recommend to the Secretary of the Treasury for acceptance conditional gifts pursuant to section 6; and

(e) To make recommendations to the Surgeon General with respect to carrying out the provisions of this act.

SEC. 5. In carrying out the provisions of section 2 the Surgeon General is authorized—

(a) With the approval of the Secretary of the Treasury, to purchase radium from time to time without regard to section 3709 of the Revised Statutes; to make such radium available for use in carrying out the purposes of this act; and, for such consideration and subject to such conditions as the Secretary of the Treasury shall prescribe, to lend such radium to institutions, now existing or hereafter established in the United States for the study of the cause, prevention, or methods of diagnosis or treatment of cancer, or for the treatment of cancer;

(b) To provide the necessary facilities where training and instruction may be given in all technical matters relating to diagnosis and treatment of cancer to such persons as in the opinion of the Surgeon General have proper technical training and shall be designated by him for such training or instruction; such persons while receiving training or instruction may, with the approval of the Surgeon General, receive a per-diem allowance to be fixed by the Surgeon General but not to exceed $10;

(c) To establish and maintain, with the approval of the Secretary of the Treasury, research fellowships in the Institute with such stipends or allowances (including traveling and subsistence expenses) as the Surgeon General may deem necessary to procure the assistance of the most brilliant and promising research fellows from the United States or abroad;

(d) To secure for the Institute, from time to time and for such periods as may be advisable, the assistance and advice of experts, scholars, and consultants from the United States or abroad who are learned and experienced in the problems involved in accomplishing the purposes of this act;

(e) To make grants in aid for research projects certified by the Council pursuant to section 4 (c); and

(f) To adopt, upon recommendation of the Council and with the approval of the Secretary of the Treasury, such additional means as the Surgeon General may deem necessary or appropriate to carry out the provisions of sections 1 and 2 of this act.

SEC. 6. The Secretary of the Treasury is authorized to accept on behalf of the United States gifts made unconditionally by will or otherwise for study, investigation, or research into the cause, prevention, and methods of diagnosis and treatment of cancer, or for the acquisition of grounds or for the erection, equipment, and maintenance of premises, buildings, and equipment for the Institute. Conditional gifts may be accepted by the Secretary if recommended by the Surgeon General and the Council. Any such gifts, if in money, shall be held in trusts and shall be invested by the Secretary of the Treasury in securities of the United States, and the principal or income thereof shall be expended by the Surgeon General, with the approval of the Secretary of the Treasury, for the purposes prescribed by this act, subject to the same examination and audit as provided for appropriations made for the Public Health Service by Congress. Donations of $500,000 or over in aid of research under this act shall be acknowledged permanently by the establishment within the Institute of suitable memorials to the donors.

SEC. 7. (a) There is hereby authorized to be appropriated a sum not to exceed $750,000 for the erection and equipment of a suitable and adequate building and facilities for the use of the Institute in carrying out the provisions of this act. The Secretary of the Treasury is authorized to acquire, by purchase, condemnation, donation, or otherwise, a suitable and adequate site or sites in or near the District of Columbia for such building and facilities, and to erect thereon, furnish, and equip such buildings and facilities when funds are made available.

(b) There is hereby authorized to be appropriated the sum of $700,000 for each fiscal year, beginning with the fiscal year ending June 30, 1938, for the purpose of carrying out the provisions of this act (except subsection (a) hereof). Sums appropriated pursuant to this subsection may be expended in the District of Columbia for personal services, stenographic recording and translating services, by contract if deemed necessary, without regard to section 3709 of the Revised Statutes; traveling expenses (including the expenses of attendance at meetings when specifically authorized by the Surgeon General); rental, supplies and equipment, purchase and exchange of medical books, books of reference, directories, periodicals, newspapers, and press clippings; purchase, operation, and maintenance of motor-propelled passenger-carrying vehicles; printing and binding (in addition to that otherwise provided by law); and for all other necessary expenses in carrying out the provisions of this act.

SEC. 8. (a) There is hereby authorized to be appointed in the Public Health Service, in accordance with applicable law, such commissioned officers as may be necessary to aid in carrying out the provisions of this act.

(b) This act shall not be construed as superseding or limiting (1) the functions, under any other act, of the Public Health Service or any other agency of the United States relating to the study of the prevention, diagnosis, and treatment of cancer; or (2) the expenditure of money therefor.

(c) The Surgeon General with the approval of the Secretary of the Treasury is authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

(d) The Surgeon General shall include in his annual report for transmission to Congress a full report of the administration of this act, including a detailed statement of receipts and disbursements.

(e) This act shall take effect 30 days after the date of its enactment.

(f) This act may be cited as the "National Cancer Institute Act."

Mr. BULWINKLE. Mr. Speaker, this bill is the result of three bills introduced in the House and one bill introduced in the Senate. The gentleman from Washington [Mr. MAGNUSON], the gentleman from Texas [Mr. MAVERICK], and the gentleman from Ohio [Mr. HUNTER] had introduced bills in the House and Senator BONE had introduced a similar bill in the Senate. Ninety-four Senators joined in introducing the Senate bill.

This bill provides for a cancer institute here in Washington. It does not provide for hospitalization. To begin with, the bill authorizes an appropriation of $750,000 for a building and equipment for the institute, and an annual appropriation thereafter of $700,000. Of this $700,000, $200,000 is to be spent annually for 5 years for the purchase of radium, which is to be lent or rented, under certain restrictions and with the authorization of the Secretary of the Treasury and the Public Health Service, to various communities and to the medical associations.

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

Mr. BULWINKLE. I yield to the gentleman from California.

Mr. COLDEN. Would it not be better to locate this institution near the geographic center of the country in order to make it more accessible to a greater number of people?

Mr. BULWINKLE. The medical experts and the Public Health Service asked to have it here.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BULWINKLE. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. How many patients will be cared for in this clinic?

Mr. BULWINKLE. This will be a research institution, not a clinic. If the clinic and the research institution were together, the clinical part would overbalance the research part. This is strictly and purely for research.

Mrs. ROGERS of Massachusetts. I am heartily in favor of it. I know the Women's Field Army, under the leadership of Mrs. Grace Morrison Poole, of Massachussetts is doing a great work in arousing interest in the eradication of the terrible disease of cancer. They are working under the guidance of Dr. Clarence C. Little, of Maine. It is not necessary to speak of his great contribution in cancer research work. I shall vote for the bill with the greatest pleasure. I commend the gentleman from North Carolina and the committee for their fine achievement in bringing this bill to a vote.

Mr. BULWINKLE. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. MAVERICK].

CANCER INSTITUTE BILL HAS MAGNIFICENT AND WORTHY PURPOSES

Mr. MAVERICK. Mr. Speaker, this cancer institute bill which is now before us is something that ought to give happiness to the heart of every Member of Congress. I hope it will pass unanimously, because it is such a grand and glorious thing. From every viewpoint—scientific, emotional, and common sense—it is worthy legislation.

Cancer has been known to the civilized races of the world for 3,000 years, but the cause is still unknown. We must find the cause, for over 150,000 people yearly die of cancer in the United States alone. Every year there are 275,000 new cases.

One out of every eight persons past the age of approximately 40 years dies of cancer. This means that 60 Members of the present Congress will die of cancer. In other words, I estimate about 25 of the gentlemen here today will die of cancer. This is not very pleasant, but true.

ANIMAL AND VEGETABLE RESEARCH—WHY NOT HUMAN?

At the present time the Federal Government is spending nearly $900,000 for the investigation of problems relating to cotton; on forest products, $500,000; and on dairy cattle around $400,000. In addition, untold millions are spent in private endeavor along such lines and in connection with the Government.

My cancer bill, when first introduced, provided an authorization of $2,400,000 for the establishment of a cancer hospital. But that provision is not in this bill, which has been entirely rewritten, and which relates solely to research. Instead of the $2,400,000 carried in my bill, this bill provides $750,000 for the establishment of the institute, and the annual expenditure of $1,000,000 has been cut down to $700,000.

BILL—RESEARCH, CAUSE, DIAGNOSIS, TREATMENT

This new bill rewritten by the committee, and introduced by the distinguished gentleman from North Carolina [Mr. BULWINKLE], provides for conducting research activities, experiments, and studies with relation to the cause, diagnosis, and treatment of cancer. This is the fundamental purpose of the bill.

However, the purpose is also to assist research agencies, both private and public, all over the United States, which is very important. An attempt will be made to coordinate the cancer activities in the United States. As everyone knows, there are private foundations, but it is estimated that they are doing only 10 to 20 percent of the necessary amount of cancer research work. The activities authorized in this bill will not in any way interfere with private research but will cooperate with it.

APPROVED BY DOCTORS; NOT STATE MEDICINE

This is in no way state medicine. The project has been approved by every doctor I know of in the United States. I know of no doctor who disapproves. The hearings before the joint Senate and House committee were attended by the men most eminent in this field in the country.

This institute would also lend radium to the various hospitals over the United States, which is a commendable thing. My friends, radium does not depreciate and can be used over and over again, year after year. This activity will, therefore, be of little annual cost to the country. The original cost of the radium will be the main cost. There is both romance and real scientific achievement in all this.

It will also provide for fellowships. Methods for training technicians will be established, and the study and research with respect to this disease will be promoted.

NATIONAL ADVISORY COUNCIL, CANCER INSTITUTE

There will be a national advisory council of six members, on which will sit the Surgeon General. Their duty will be to review research projects, collect information and make it available to the public, to review applications of all kinds, and to work with the universities and laboratories of the country.

Mr. Speaker, I believe this is the most commendable bill we have had under consideration this year. It is nonpolitical and will be under the United States Public Health Service. I hope the bill will receive your unanimous support.

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

Mr. MAVERICK. I yield to the distinguished gentleman from New York.

Mr. SNELL. I notice that the first appropriation is $750,000 for a building and $700,000 for annual expenses. Was it brought out in the hearings that $750,000 would provide proper buildings for such an institute as is planned, and what will be the ultimate expense of running such an institute?

Mr. BULWINKLE. Mr. Speaker, if the gentleman from Texas will permit, I may say that the ultimate expense will be less than $700,000 per year, because $200,000 of that amount, for a period of 5 years, is to be used for the purchase of radium, and the ultimate expense will not be over

$500,000 per year. At the present time approximately $140,000 is being appropriated to the Public Health Service for this purpose.

Mr. SNELL. And that will be taken into consideration?

Mr. BULWINKLE. Yes; that will be considered by the Appropriations Committee.

Mr. MAVERICK. And, Mr. Speaker, I want to again call attention to the fact that this is not going to provide for a hospital, as originally provided in my bill. I had hope for a small hospital, at least for research purposes, but that has been eliminated. So it might be called simply a central cancer institute for research and training. The Veterans' Administration states that they are going to have over 400,000 cases of cancer within the next 20 or 30 years.

Mr. SNELL. How do they know that?

Mr. MAVERICK. They know that from their actuarial statistics. They know what the figures have been for the last 100 years, and they know there will be a certain number in the future. The number is no doubt reasonably accurate, just as the figures of insurance companies are reasonably accurate in reference to life and death.

[Here the gavel fell.]

Mr. RICH. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I would like to ask the gentleman from Texas whether in the research work they expect to do they are going to work in harmony with the medical colleges of the country and with the many research bureaus and foundations that have been set up for the same purpose?

Mr. MAVERICK. Mr. Speaker, I may say to the gentleman from Pennsylvania that I went to see Dr. James Ewing in New York, who is considered the most eminent authority on cancer in the United States and the dean of the cancer specialists. He told me that the purposes of this legislation are good and that he would be pleased to cooperate.

The leading cancer men and university professors have come here to testify at the hearings, and it is understood that this is to be a central cancer institute which is to cooperate with the universities and private foundations. I assure you it will in no way interfere with them but helps them.

I believe, on account of what has been said about cancer in Congress in the last few weeks, that it helped toward creating a private foundation at Yale of $10,000,000. In other words, this is going to increase private research instead of decreasing it. The fight on this deadly disease will be greatly benefited by the passage of this bill.

I may also state that in California and in the West, generally, there is a comparably small amount of radium. Most of the radium in this country is in New England and in New York. This will greatly increase the benefits in the western part of the United States.

Mr. RICH. I believe this will be a fine thing if they will cooperate with the medical centers; and if there is anything this measure can accomplish that will help to conquer this disease, it will be the wisest money we could spend.

Mr. MAVERICK. I may say to the gentleman that this matter has been discussed for at least a period of 3 years with all kinds of reputable doctors and specialists, and they have substantially agreed on this measure. They think it is all right and look forward to its passage.

Mr. RICH. As I understand, the men who are to have charge of this institute have made up their minds as individuals that they will cooperate with the foundations and colleges of the country. So we will not have duplication of effort and money unnecessarily spent for information already at hand.

Mr. MAVERICK. The gentleman is right. Those in charge want to cooperate with the colleges and foundations. Also there will be no duplication of effort and unnecessary expenditure of money; on the contrary, the establishment of the institute will have a tendency to eliminate those bad features.

Mrs. ROGERS of Massachusetts. I think this is one of the most meritorious measures that has come before Congress. It will bring hope and aid to thousands of sufferers. The doctors have all been unanimous in their approval. And the gentleman, I understand, has not received a single objection to the bill. I sincerely trust it will become law. Anyone who has visited the big cancer ward in a hospital such as Hines well knows that all possible should be done for cancer.

Mr. MAVERICK. Not one objector. I have sent it to thousands of doctors and have spoken over the radio. I have received several hundred letters from doctors over the country, and none have made objection.

I want also to tell you another thing that this bill will do. It will stop the work of a lot of crooked cancer "doctors" and quacks operating up and down the border of the United States and Mexico. It will expose fraud everywhere. This is one of the benefits that will result from this bill. It will promote proper research, coordinate activities, will give the benefit of science to the people, and protect them from crooks. This is really a great thing.

[Here the gavel fell.]

Mr. MAGNUSON. Mr. Speaker, I want to be brief in adding my endorsement to this bill.

I was one of the introducers in the House of the cancer bill following the Senate bill. This bill has been amended by the able subcommittee which considered it. They have ironed out some of the difficulties, and this is a composite bill that meets the approval of every person interested in cancer bills in the House.

In answer to the gentleman from Pennsylvania [Mr. RICH], with regard to the medical profession, if he will examine the record of the cancer hearings he will find that every eminent physician, every eminent cancer specialist in the entire United States has endorsed the principles of the Senate bill, in substance, and, as a matter of fact, all of these bills are very nearly the same.

I have inserted in the RECORD an excellent testimonial from the Mayo brothers in regard to this measure. The cancer specialist at Johns Hopkins University testified in favor of it. The bill is very broad in its scope; it is not perfect; it does not meet the problem, probably, as we should like to meet it, but it is certainly a start in the right direction. It means that the United States Government is today, for the first time, taking cognizance of this cancer problem, which, as we all know, is one of the greatest medical problems in the United States. I endorse this bill. I do not think it has been referred to—I came into the Chamber a little bit late—but it is the first time in the history of the Congress that 94 Senators put their names on one bill. That will give you some idea of the nonpartisan character of the legislation, and how we should support it and endorse it.

Mr. WADSWORTH. Mr. Speaker, it is with genuine regret that I rise to ask the House to consider the implications of this measure. I fear my voice will be as one crying in the wilderness. The bill, of course, will pass. It appeals to the sympathy of everybody. But perhaps it will not be objectionable if I ask your consideration of this situation from the standpoint of broad public policy. As the gentleman from Washington [Mr. MAGNUSON] has said, this is the first time that the Government of the United States has undertaken to embark upon such a course. Once we start, the Government must continue.

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

Mr. WADSWORTH. Yes.

Mr. MAVERICK. I do not think the gentleman from Washington exactly meant that. This is not the first time the Government has gone into this type of work.

We have worked on syphilis, typhoid, tuberculosis, tropical diseases, and on hundreds of other maladies. Some have been practically eliminated. We have been spending from $35,000 to over $100,000 a year on cancer itself for several years.

The use of the words "cancer institute" is new, and it is a great extension of activities. There ought to be a great extension.

Mr. WADSWORTH. I mean where we have an institute for the study of any particular disease.

Mr. MAVERICK. Yes, we have; under the National Public Health Institute. They study all kinds of diseases, and they have been working on them for years. This is a drive on cancer.

Mr. WADSWORTH. But this is a special and separate institute that is proposed, under a separate board of managers. I cannot yield further. Assurance is given that the establishment of this institute will not finally result in the establishment of a hospital. Members will pardon me if I describe my own experience in that connection. The State of New York maintains at the city of Buffalo an institute for the study of cancer. It has done so for many years. For several years I was a member of the board of managers of that institute. I am no longer such. It was established with the assurance that it would merely be a research institute. But it was pointed out at the beginning or very nearly the beginning of our efforts that in order that the institute should be as effective as possible it was necessary that the institute be able to house patients within its borders. As I recollect, we started with 25 beds. Of course, the treatment was free. That institute has gone along through the years, amply and generously supported by the Legislature of the State of New York in annual appropriations. The clamor for treatment, however, from these poor unfortunates, heard at the institute, has finally resulted in Governor Lehman this year, as I recall, in an official utterance, stating that the time has come when it is the moral obligation of this State institute at Buffalo to treat all patients that may present themselves, free of charge, and a recommendation has been made for the erection of a 100-bed hospital. That is the future I see for this measure, Mr. Speaker, and I ask the House seriously to consider it. We have had this same experience in New York. True, the hospital, as I understand it, has not yet been provided for by the legislature, but it is on the way, and we might just as well face the facts. The pressure becomes irresistible. When Government undertakes the establishment of an institute for the study of a disease, and the presence of patients is regarded as necessary, there can be no limit fixed eventually on the number of those patients.

Mr. O'CONNOR of New York. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. O'CONNOR of New York. How does the gentleman discriminate between his fear of the Government going into the hospital business and cities pretty generally taking care of their sick people?

Mr. WADSWORTH. I make this discrimination, that this is not a Federal function. It is a function of the municipality or of the State.

Mr. O'CONNOR of New York. Does not the gentleman think that health is a very important asset so far as the people are concerned?

Mr. WADSWORTH. If that is true, and we are to follow that argument, then the Federal Government might well establish hospitals of a general nature all over the country for everybody to come to.

Mr. O'CONNOR of New York. Of course, the Government does it for its soldiers.

Mr. WADSWORTH. The Government does it for disabilities incurred in war, but the States and the cities might well take care of these other people.

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

Mr. WADSWORTH. I yield.

Mr. MAGNUSON. I think possibly this issue on cancer is being somewhat confused because of this one exception: One of the main purposes of this bill is the hope that somewhere some place out of this money some grant-in-aid, whether it is a hospital or not, there will become known to the people of the United States the cause of cancer and the cure of cancer. Most all other diseases have known cures. That is what we are striving at for cancer.

Mr. WADSWORTH. I understand the motive behind the introduction of the bill. It is a very worthy one. I yield to no one in my desire that this mystery shall be solved, but I merely want to lay before the House the picture presented to us. This is not the only disease in connection with which there is mystery. Infantile paralysis is another. I can see great possibility and indeed probability that the establishment of one Federal institute to study a given disease will be followed by the establishment of another and then another and then another. This is a new Federal function that is being proposed, on a small scale, to be sure, but it proposes to put the Federal Government into a field never before occupied by the Government. Thus far great efforts have already been made. For example, the New York laboratory which has been operating for years, distributes its publications to the medical profession all over the United States.

There is a great institute at Princeton University, financed by the Rockefeller Institute. Another one has been provided for at Yale University by a bequest of $10,000,000. There are foundations, committees, and organizations for the study of these things, including cancer, scattered all over this country. Consider the Mayo establishment in Minnesota. Discoveries coming out of any one of them are immediately made available to the whole medical profession.

Now, we must make up our minds whether the establishment of this institute will so hasten the solution of this mystery as to justify us in putting the Government into a new field which will expand, without any doubt whatsoever, in many directions not contemplated by the authors of this bill.

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

Mr. WADSWORTH. I yield.

Mr. PHILLIPS. Does the gentleman not think it is worth a try?

Mr. WADSWORTH. I would say so if no one else were trying, but there are hundreds and hundreds of people trying. The best minds in America are working on this thing.

Mr. PHILLIPS. It is true, is it not, that the problem has not yet been solved?

Mr. WADSWORTH. That is perfectly true.

The SPEAKER. The time of the gentleman from New York has expired.

The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

### CONSTRUCTION OF CERTAIN AUXILIARY VESSELS FOR THE NAVY

Mr. VINSON of Georgia. Mr. Speaker, I call up the conference report on the bill (S. 2193) to authorize the construction of certain auxiliary vessels of the Navy; and I ask unanimous consent that the statement may be read in lieu of the report.

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

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2193) to authorize the construction of certain auxiliary vessels for the Navy, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree

to the same with an amendment, as follows: At the end of the matter inserted by said amendment, insert the following: ": *Provided*, That such amount may be exceeded by not more than 20 per centum, subject to the approval of the President"; and the House agree to the same.

CARL VINSON,
P. H. DREWRY,
CHARLES D. MILLARD,
*Managers on the part of the House.*

DAVID I. WALSH,
HOMER T. BONE,
G. M. GILLETTE,
FREDERICK HALE,
JAMES J. DAVIS,
*Managers on the part of the Senate.*

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2193) to authorize the construction of certain auxiliary vessels for the Navy submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment no. 1: Provides for an equal division, subject to $50,000,000, proposed by the House, may be increased to not exceeding $60,000,000, subject to the approval of the President.

On amendment no. 2: Provides for an equal division, subject to the public interests, of construction between Government and private establishments; applies the provisions of the 10-percent profit law applying to the construction of presently authorized combatant naval vessels; and provides for a differential of 6 percent in favor of private west coast establishments in the award of construction contracts, all as proposed by the House.

CARL VINSON,
P. H. DREWRY,
CHARLES D. MILLARD,
*Managers on the part of the House.*

Mr. VINSON of Georgia. Mr. Speaker, for the benefit of the Members of the House, I desire to make a short statement to the effect that when the bill passed the Senate there was no limitation of cost. When the bill passed the House we put a limitation of $50,000,000. In conference we agreed to the limitation with this proviso:

*Provided*, That such amount may be exceeded by not more than 20 percent, subject to the approval of the President.

That came about due to the reason that the Navy Department estimates were made in December 1936 and they are apprehensive, on account of the increased cost of labor and material, that it will be impossible to construct the ships within the $50,000,000.

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

Mr. VINSON of Georgia. I yield.

Mr. SNELL. What information came to you whereby you would expect it would cost 20 percent more than it did in December?

Mr. VINSON of Georgia. In a letter from the Acting Secretary of the Navy, Admiral William D. Leahy, which I will read to the gentleman if he desires.

Mr. SNELL. I would like to hear it. What is the date of the letter?

Mr. VINSON of Georgia. It is dated July 3. It reads as follows:

MY DEAR MR. CHAIRMAN: Bill S. 2193, authorizing the construction of certain auxiliary vessels for the Navy, as reported to the House by the Committee on Naval Affairs, contains a limitation of cost of $50,000,000. This limitation was based on the figure of $48,206,050 which was presented by the Navy Department at the hearings before your committee. This figure of $48,206,050 is based on estimates prepared in December 1936.

Information of recent date indicates that a large increase in the cost of engineering material has taken place, and from all indications this increase will continue above the present level. At the present time it is necessary to increase the estimates for the cost of these vessels.

In view of uncertainty as to future costs of construction, and in order that these vessels essential to naval efficiency may be constructed, it is recommended that the bill as it passed the Senate be approved by the House of Representatives without a limit of cost, or, if it is the will of the House of Representatives that a limit of cost be fixed, that the limit be set at $60,000,000.

Sincerely yours,

WILLIAM D. LEAHY,
*Admiral, United States Navy,*
*Acting Secretary of the Navy.*

Mr. SNELL. What time did the House pass the bill?

Mr. VINSON of Georgia. I do not know at the moment, but I refused when they sent this to my committee to ask that the bill be changed when the bill was presented to the House.

Mr. SNELL. Does not the gentleman think that he should have done that when the estimates had already been revised 20 percent upward?

Mr. VINSON of Georgia. No. I was hoping that we could convince the Senate that we could construct these vessels within $50,000,000. I was unwilling, therefore, even in conference, to raise it to $60,000,000. We agreed upon the proviso which leaves it discretionary with the President, if the exigencies of the occasion demand it, to ask Congress to increase it by an additional $10,000,000.

Mr. SNELL. Is there any doubt in the gentleman's mind what will happen if we leave it discretionary?

Mr. VINSON of Georgia. Yes; there is considerable doubt, because it may be that they can still build these vessels within $50,000,000. The testimony before the committee was that they hoped to build them within the $50,000,000. I was desiring to hold down this appropriation to $50,000,000, and was so desirous in conference with my other conferees of holding it down to $50,000,000.

Mr. SNELL. But the gentleman did not make any statement to the House that the vessels had been estimated to cost more than $50,000,000.

Mr. VINSON of Georgia. No; because I was still hopeful that the vessels might be built within the $50,000,000.

Mr. SNELL. Does not the gentleman think he ought to have stated that he had a communication from the Navy Department stating that they could not build the vessels within the original estimate?

Mr. VINSON of Georgia. In conference the Senate insisted on raising the amount. I insisted that it should remain at $50,000,000. We finally compromised by making it discretionary with the President to increase the amount by 20 percent if necessary.

Mr. SNELL. Does not the gentleman know that when he leaves it that way the ships will cost $60,000,000?

Mr. VINSON of Georgia. I doubt it. I hope not. Let me call this language to the gentleman's attention: It is provided that such amount may be exceeded by not more than 20 percent, subject to the approval of the President. I assume that the President is not going to approve an additional $10,000,000 unless the bids are so high that it is impossible to get the ships built for the $50,000,000.

Mr. SNELL. Can the gentleman point to any definite act on the part of the President that shows he has ever cut down an appropriation or made any definite move to keep them down?

Mr. VINSON of Georgia. Oh, yes.

Mr. SNELL. I wish the gentleman would point out one.

Mr. VINSON of Georgia. I am not going to get into that phase of the matter, I am not going to enter into a partisan discussion of the Budget system. We are all very anxious to hold this cost down to $50,000,000.

Mr. SNELL. I am very anxious to, also, but I think you have opened the door to raise the cost to $60,000,000.

Mr. VINSON of Georgia. I do not agree with the gentleman.

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

Mr. VINSON of Georgia. I yield.

Mr. SABATH. Does this apply to the two battleships?

Mr. VINSON of Georgia. No; not at all.

Mr. SABATH. What is included in the $50,000,000 to $60,000,000?

Mr. VINSON of Georgia. This includes six ships that are known as auxiliary ships; that is, not fighting ships. It does not apply to battleships.

Mr. O'CONNOR of New York. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. O'CONNOR of New York. The bill passed the House on the 9th of July.

Mr. VINSON of Georgia. That is probably true.

Mr. O'CONNOR of New York. Why did not the gentleman come in at that time for an increased amount?

Mr. VINSON of Georgia. For the simple reason that I was hoping to be able to convince the Senate that $50,000,000 should be the limit because the facts, in my opinion, justified a limitation of $50,000,000. Being unable to convince the Senate I accepted this proviso.

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

Mr. VINSON of Georgia. I yield.

Mr. TABER. Does not the gentleman feel that instead of discretion being delegated to the President that the House should keep that authority itself?

Mr. VINSON of Georgia. It is an authorization only. It does not follow that it will be exercised. The Appropriations Committee of the House has got to make the appropriations. This merely permits the Appropriations Committee to make appropriations of $10,000,000 more than the bill carries if recommended by the President.

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

Mr. VINSON of Georgia. I yield.

Mr. SCOTT. This increase in the amount does not mean that they can build additional ships.

Mr. VINSON of Georgia. Not at all.

Mr. SCOTT. This was included merely to be able to build the ships should prices advance to that extent.

Mr. VINSON of Georgia. Yes.

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

Mr. VINSON of Georgia. I yield.

Mr. BOILEAU. In view of the fact that the gentleman and his committee were advised before this bill was on the floor of the House on July 9 that in the opinion of the Navy Department these ships would cost $60,000,000 instead of $50,000,000, does not the gentleman think that the Members were entitled to have that information before they voted upon the bill?

Mr. VINSON of Georgia. I may say to the gentleman that the Committee on Naval Affairs thought that these vessels should have been built within $50,000,000.

Mr. BOILEAU. Yes; but in view of the fact those who will be charged with letting the contracts and building the ships were of the opinion they would cost $60,000,000, does not the gentleman think the House should have had that information before it passed this bill

Mr. VINSON of Georgia. I may say we were striving to hold this Budget down, and it is purely a guess today as to whether or not these ships can be built for forty, fifty, or fifty-five million dollars, because there is a period of 3 years involved. Conditions may be such that these ships can be built for less than $50,000,000 or they may be built for $55,000,000 or $60,000,000.

Mr. BOILEAU. What estimate did the gentleman have other than from the Navy Department?

Mr. VINSON of Georgia. When the testimony was heard by the Committee on Naval Affairs it was thought they could be built for $50,000,000, so I put $50,000,000 in the bill.

Mr. BOILEAU. But before the House took action the same source that gave the gentleman the opinion modified its figures and said they would cost $60,000,000 instead of $50,000,000. May I ask the gentleman whether he has received any additional information from any other source since the bill passed the House?

Mr. VINSON of Georgia. No. The matter went over to the Senate and the Senate insisted on the amendment after receiving information that probably the Department would have to come to the Congress and ask for an additional authorization. Therefore we accepted this proviso, which places it in the discretion of the President.

Mr. BOILEAU. Does not the gentleman think we ought to insist on our disagreement to the Senate amendment and leave it at $50,000,000, as the House was advised in the first instance they would cost only $50,000,000?

Mr. VINSON of Georgia. I may say to the gentleman the testimony justified without a shadow of doubt the committee putting a limitation of $50,000,000 in here.

Mr. BOILEAU. Then let us vote down the Senate amendment.

Mr. VINSON of Georgia. Contracts will have to be awarded, and if they are over $50,000,000, then the contracts cannot be awarded and the whole thing will have to come back to the Congress for an authorization of probably more than $60,000,000.

Mr. BOILEAU. The House of Representatives should have had that information before a department comes in here and asks for an authorization to build warships or anything else.

Mr. TABER. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from New York.

Mr. TABER. I am going to tell the gentleman what I think will happen as a result of the acceptance of this amendment. Those who are designing the ships will design them with the idea that they will come within a $60,000,000 limitation rather than a $50,000,000 limitation, and the Department will come over to the Appropriations Committee and ask for authority to begin the ships, and when we get into the construction of the ships we will find they will cost $60,000,000 instead of $50,000,000 unless we stick to the $50,000,000 right now. If the $60,000,000 is put in there, it will be there for good.

Mr. VINSON of Georgia. May I tell the gentleman what will happen? When the bids are called for and opened and it is found they are over $50,000,000, you cannot let a contract. Then they will have to come back to the Congress and say, "We cannot let the contracts unless we have an authorization of $60,000,000."

Mr. RICH. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Pennsylvania.

Mr. RICH. When we take the estimates that are given for the construction of these ships, we take the estimates of the Government navy yards and we take estimates of shipbuilding yards, which are under private control. We find there is a difference of about 25 percent in connection with some of the bids that have been opened between Government yards and private yards. Who is correct? If you take the Government bids and it comes within the $50,000,000 estimate, you do not know whether it is going to be $60,000,000 or $75,000,000, because the Government in figuring its cost does not figure the interest on the money it has invested in these shipbuilding yards. It does not figure interest on money and it does not figure overhead, which a private yard would have to consider. If you are going to take the Government bids, as you now have the bids, for the construction of these ships, they may cost a hundred million dollars; then the Department will come back here and say it needs $100,000,000 to construct the ships because it took the estimates of the Government shipbuilding yards. And the taxpayer foots the bills just because we are not cautious enough in determining cost in Government shipbuilding yards.

Mr. VINSON of Georgia. I may say that the bill provides that one-half of the ships shall be constructed by private yards and one-half by Government yards.

Mr. UMSTEAD. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from North Carolina.

Mr. UMSTEAD. If, as the gentleman stated a moment ago, when the bids are asked for and opened, it is found that these ships cannot be built by contract for $50,000,000, the gentleman states that the Navy Department would have to come back and ask for an additional authorization. Why would it not be possible some time for the Navy Department to modify its plans so as to bring the costs within the prices bid? [Applause.]

Mr. VINSON of Georgia. I may say to the gentleman in reply to the question, we do not care to put a round peg in a square hole. These ships are being designed for specific military reasons. They must have certain characteristics. They must have a certain speed. They must have a certain cruising radius and a certain capacity, and all that, which makes

it necessary that they meet a certain pattern in order to perform a certain military mission.

Mr. UMSTEAD. I am quite certain that the gentleman is not committed to the philosophy that the Navy Department ought to be permitted to be the sole judge of what it should accept in the way of authorization as to every item which it presents to the Congress.

Mr. VINSON of Georgia. I may say to the gentleman from North Carolina that I do not consider I am qualified, nor do I consider there is any Member of this House qualified, to advise the Navy Department as to the characteristics of any type of ship it is going to construct. I have implicit confidence in the engineering ability of the officers of the Navy Department, and as one Member I am going to be compelled to rely upon their viewpoint as to the type of ship to be constructed.

Mr. UMSTEAD. I am delighted to see that the chairman of the legislative Committee on Naval Affairs has completely shifted his position since he brought out the bill for an additional naval air base at Tongue Point. On that occasion the gentleman was differing from the Navy Department about everything.

Mr. VINSON of Georgia. If the gentleman from North Carolina as well as the gentleman from New York [Mr. TABER] had followed my suggestion when that bill, with reference to building an air base, was here, it would have saved the construction of one ship which will cost the taxpayers of the country $12,000,000.

Mr. UMSTEAD. That matter was pretty well thrashed out on that day, and the evidence was not convincing that a seaplane tender would be needed at Tongue Point.

Does not the gentleman believe the vessels mentioned in this bill can be built for $50,000,000?

Mr. VINSON of Georgia. I may say to the gentleman that the testimony of Admiral DuBose was along this line. I asked him the point-blank question, "Your estimate is $48,000,000. Can you build it for $48,000,000?" He stated that under the estimates made in December they thought they could. I said, "I am opposed to carrying into the House a bill without a limitation, and so far as the committee is concerned, we will give you a leeway of $2,000,000 additional on account of the uncertainty regarding prices of materials." The admiral and the other witnesses were perfectly satisfied. However, it developed after the hearings that they are apprehensive that they cannot do the engineering work in connection with construction within the estimate of $50,000,000, and they asked for this additional $10,000,000 in case the facts and circumstances in the bids justify such an increase.

Mr. UMSTEAD. They now wish for a 25-percent leeway?

Mr. VINSON of Georgia. No; they want a 20-percent leeway.

Mr. UMSTEAD. The difference between $48,000,000 and $60,000,000 is $12,000,000, which is 25 percent of $48,000,000.

Mr. VINSON of Georgia. The gentleman is correct. However, the gentleman will bear in mind that he controls the purse strings. If he is not satisfied, then the bill would not carry the money.

Mr. UMSTEAD. That excuse may be offered as to every bill authorizing appropriations.

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

Mr. VINSON of Georgia. I yield to the gentleman from Illinois.

Mr. SABATH. In view of the gentleman's experience with the Navy Department and the engineers, he should realize that if the engineers realize they can go up to $60,000,000 on these vessels, they will provide specifications allowing for the most luxurious fittings, fixtures, and everything else.

Mr. VINSON of Georgia. May I say to the gentleman from Illinois that I have a higher regard for the men that man the United States Navy than to think they will spend the taxpayers' money simply because they have the opportunity to do so.

Mr. SABATH. I have nothing against the men who man the Navy; it is the engineers to whom I refer.

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

Mr. VINSON of Georgia. I yield.

Mr. LUDLOW. Does the gentleman think it is absolutely necessary to build all these auxiliary ships now? Could we not go at it a little more gradually, and in this way come within the $50,000,000?

Mr. VINSON of Georgia. It will take 3 years years to build these ships, and the Navy Department is apprehensive that slowness will increase the cost. The more ships you build at one time the cheaper you can build them. The longer you string them out the higher the cost runs.

Mr. LUDLOW. I do not think the gentleman understood my question. Does the gentleman think it is absolutely necessary to build all of these auxiliary ships now?

Mr. VINSON of Georgia. Yes; I think it is absolutely necessary.

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

Mr. VINSON of Georgia. I yield.

Mr. THOM. Is the cost of construction of these auxiliary ships covered by the cost plus 10 percent feature of the general building program?

Mr. VINSON of Georgia. Yes; it is.

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

Mr. VINSON of Georgia. I yield.

Mr. BEAM. If I understood the statement of the chairman of the Committee on Naval Affairs, the testimony before that committee showed that $48,000,000, as stated by Admiral Du Bose, would be sufficient to build these ships. However, in addition to this amount, in the House bill an additional $2,000,000 has been allowed.

Mr. VINSON of Georgia. The gentleman is correct.

Mr. BEAM. We voted on that and passed it. According to the statement of the gentleman from New York [Mr. O'CONNOR], this bill was passed on July 9. The gentleman had in his possession a letter dated July 3, stating that an additonal $10,000,000 was necessary, but no Member of the House had this information. During the meetings of the conferees of the House and the Senate was any additional evidence taken which would justify the Navy Department or the Committee on Naval Affairs in coming here and asking the House to vote an additional $10,000,000, when we had no information of that at the time we passed the House bill?

Mr. VINSON of Georgia. May I state to the gentleman the information set forth in this letter was all the information that was before the conferees. This was the information the committee had when we presented the bill, but we were hoping we could convince the Senate to stand with us in building these ships for $50,000,000.

Mr. BEAM. As long as the chairman of the Committee on Naval Affairs is satisfied that $50,000,000 is sufficient, I suggest that the membership of the House stand with the chairman of the Committee on Naval Affairs and vote down this additional $10,000,000. [Applause.]

Mr. VINSON of Georgia. I may say to the gentleman that the chairman of the Committee on Naval Affairs is satisfied that the Navy Department, on account of the uncertainty about the cost of material and labor, together with the responsibilities with reference to carrying out of the provisions of the Walsh-Healey law, believes it is almost impossible for it to reach a conclusion that it can build these ships within the $50,000,000 cost. The thing that will happen will be that contracts will not be awarded if the bids exceed $50,000,000. We will come right back here and ask for additional legislation to increase the amount $10,000,000. Therefore, we put in this provision, the responsibility to rest with the President, that if the facts justify it the President is authorized to permit the Navy Department to come before Congress and ask for an additional $10,000,000. If the facts do not justify it, they will not ask for it.

Mr. BEAM. Will further hearings be held concerning the additional $10,000,000?

Mr. VINSON of Georgia. Not at all.

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

Mr. VINSON of Georgia. I yield.

Mr. MASSINGALE. May I ask the gentleman this question? Is the urgency for the immediate letting of these contracts so great, in the gentleman's estimation, that the House cannot afford to stand upon what it has done in order that the Government may save, perhaps, $10,000,000 or $12,000,000 on these ships?

Mr. VINSON of Georgia. Let me say to the gentleman you will not be saving one dollar. It is only a question of legislative procedure as to whether you want to authorize it now or whether you want to come back here next fall or before this session adjourns and ask that these contracts be extended not to exceed $60,000,000.

Let me make this statement to the House: This is an administration bill, and this is requested in a communication I have from the President. This is a Senate bill. The House sought to save $10,000,000 by holding the amount down to $50,000,000. The Navy Department is apprehensive that it cannot be built within the $50,000,000. Now, it is up to the House to say whether you want to try to build these ships within the $50,000,000, and if you cannot, to leave it discretionary with the President to go before the Appropriations Committee and ask for the additional $10,000,000. This is all there is to the bill.

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

Mr. VINSON of Georgia. I yield.

Mr. UMSTEAD. Is it not a fact that the letter of the President to which the gentleman has referred applied to the original bill and not to this conference report?

Mr. VINSON of Georgia. Yes; it applied to the bill, which carried no limitation whatsoever.

Mr. UMSTEAD. Is it not a fact also that the Navy Department is in no better authoritative position now to say that these ships cannot be built for $50,000,000 than they said they could be, and as the gentleman informed us they could be, less than 30 days ago?

Mr. VINSON of Georgia. When the bill passed the Senate there was no limitation whatsoever. The sky was the limit. They could go before the Appropriations Committee and say it would cost $75,000,000 to build these ships; and that is the bill with respect to which the Chief Executive, in a communication dated June 8, said:

> As you are aware, the bill authorizing the auxiliary building program for the Navy passed the Senate a few days ago.
>
> May I express the hope that this bill, together with the other naval authorization bills which have already received my approval through the Bureau of the Budget, including the bill for the new naval hospital and hospital site, be passed during the present session of Congress?

The action of the House was in the interest of economy in limiting the amount to $50,000,000.

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

Mr. VINSON of Georgia. I yield to the gentleman.

Mr. ENGEL. The statement was made the other day that it would cost $20,000,000 more to build a battleship in a Government yard than in a private yard.

Mr. VINSON of Georgia. I may say to the gentleman that if he will read the record of the debate on this bill he will find a statement covering that matter, and I beg the gentleman to excuse me from going into that matter at this time.

Mr. ENGEL. Can the gentleman give us any information as to the difference in cost of construction in private yards and in Government yards?

Mr. VINSON of Georgia. Suffice it to say that in a great many instances you can build them as cheaply in private yards as in navy yards, and in some instances they are higher in private yards than in Government yards, but, as one Member of Congress, I am unwilling to destroy the private yards and have all the work done in the navy yards.

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

Mr. VINSON of Georgia. I yield to the gentleman from Oklahoma.

Mr. MASSINGALE. Does not the gentleman realize that the way the matter now stands, so far as action by the House is concerned, if these contracts are let or if bids are called for, nobody is going to bid over $50,000,000, because they know that the award will not be made? If we say to them that they will be given a leeway of $10,000,000 or $12,000,000, that means the Government of the United States will have to pay $10,000,000 or $12,000,000 more.

Mr. VINSON of Georgia. Not at all, because if the Navy is not satisfied, it has the discretion to build them itself.

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

Mr. VINSON of Georgia. I yield.

Mr. ENGEL. Upon what was the estimate based with respect to the estimated cost of construction in private yards as compared with Government yards?

Mr. VINSON of Georgia. The comparison was made in the Navy Department comparing the cost of construction in the navy yards with industrial yards and all of that information is in the RECORD.

Mr. Speaker, the other two amendments were agreed to by the Senate.

Mr. Speaker, I move the previous question on the final adoption of the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

Mr. TABER. Upon that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 86, nays 224, not voting 121, as follows:

[Roll No. 121]

YEAS—86

| | | | |
|---|---|---|---|
| Bacon | Ferguson | Lea | Pierce |
| Bland | Fitzgerald | Lewis, Colo. | Ramsay |
| Boland, Pa. | Forand | McCormack | Ramspeck |
| Bradley | Ford, Calif. | McFarlane | Sanders |
| Brooks | Gambrill | McGehee | Scott |
| Brown | Gearhart | McGrath | Secrest |
| Buck | Green | McGroarty | Sparkman |
| Carter | Gregory | Magnuson | Spence |
| Casey, Mass. | Griswold | Mansfield | Tarver |
| Chapman | Hamilton | Martin, Colo. | Tinkham |
| Clark, Idaho | Hart | Moser, Pa. | Tolan |
| Colden | Havenner | Norton | Vinson, Fred M. |
| Costello | Healey | O'Connell, R. I. | Vinson, Ga. |
| Cummings | Higgins | O'Connor, N. Y. | Wallgren |
| Curley | Hobbs | O'Toole | Welch |
| Deen | Izac | Owen | West |
| Delaney | Jarman | Pace | Whelchel |
| Dempsey | Jenckes, Ind. | Patrick | Wigglesworth |
| Dockweiler | Keller | Peterson, Fla. | Wilcox |
| Dorsey | Kennedy, N. Y. | Peterson, Ga. | Wolverton |
| Elliott | Keogh | Pettengill | |
| Farley | Kramer | Phillips | |

NAYS—224

| | | | |
|---|---|---|---|
| Aleshire | Cooper | Halleck | Lesinski |
| Allen, Ill. | Cravens | Hendricks | Luce |
| Allen, La. | Crawford | Hildebrandt | Luckey, Nebr. |
| Allen, Pa. | Creal | Hill, Okla. | Ludlow |
| Amlie | Crosser | Hill, Wash. | Luecke, Mich. |
| Anderson, Mo. | Crowe | Honeyman | McAndrews |
| Andresen, Minn. | Daly | Hook | McLaughlin |
| Andrews | DeMuth | Hope | McLean |
| Arends | DeRouen | Houston | McSweeney |
| Arnold | Dingell | Hull | Mahon, S. C. |
| Ashbrook | Dirksen | Hunter | Mahon, Tex. |
| Atkinson | Disney | Imhoff | Maloney |
| Barden | Ditter | Jacobsen | Mapes |
| Barry | Dixon | Jarrett | Martin, Mass. |
| Bates | Dondero | Jenkins, Ohio | Massingale |
| Beam | Doughton | Jenks, N. H. | Maverick |
| Beiter | Dowell | Johnson, Luther A. | May |
| Bell | Dunn | Johnson, Minn. | Mead |
| Biermann | Eberharter | Johnson, Okla. | Merritt |
| Binderup | Eckert | Johnson, W. Va. | Michener |
| Boileau | Edmiston | Jones | Miller |
| Boren | Eicher | Kee | Mills |
| Boykin | Engel | Kelly, Ill. | Mitchell, Tenn. |
| Buckler, Minn. | Evans | Kerr | Mott |
| Burdick | Faddis | Kinzer | Mouton |
| Cannon, Mo. | Fitzpatrick | Kirwan | Murdock, Ariz. |
| Carlson | Flannery | Kitchens | Murdock, Utah |
| Cartwright | Fletcher | Kleberg | Nelson |
| Case, S. Dak. | Ford, Miss. | Knutson | Nichols |
| Champion | Frey, Pa. | Kocialkowski | O'Brien, Ill. |
| Church | Garrett | Kopplemann | O'Brien, Mich. |
| Citron | Gehrmann | Kvale | O'Connell, Mont. |
| Clark, N. C. | Gildea | Lambertson | O'Connor, Mont. |
| Claypool | Gingery | Lamneck | O'Day |
| Cluett | Gray, Ind. | Lanham | O'Neal, Ky. |
| Cochran | Greever | Lanzetta | O'Neill, N. J. |
| Coffee, Nebr. | Griffith | Larrabee | Oliver |
| Coffee, Wash. | Guyer | Leavy | Patman |
| Colmer | Gwynne | Lemke | Patterson |

| | | | |
|---|---|---|---|
| Patton | Rogers, Okla. | Smith, Wash. | Treadway |
| Pearson | Romjue | Snell | Turner |
| Poage | Sabath | Snyder, Pa. | Umstead |
| Polk | Sadowski | South | Vincent, B. M. |
| Powers | Sauthoff | Steagall | Voorhis |
| Rabaut | Schaefer, Ill. | Stefan | Wadsworth |
| Randolph | Schneider, Wis. | Sumners, Tex. | Warren |
| Rankin | Schulte | Sutphin | Wearin |
| Reed, Ill. | Scrugham | Swope | Weaver |
| Rees, Kans. | Seger | Taber | Wene |
| Reilly | Shafer, Mich. | Terry | Whittington |
| Rich | Shanley | Thom | Williams |
| Rigney | Shannon | Thomason, Tex. | Wolcott |
| Robertson | Sheppard | Thompson, Ill. | Wolfenden |
| Robinson, Utah | Short | Thurston | Wood |
| Robsion, Ky. | Simpson | Towey | Woodrum |
| Rogers, Mass. | Smith, Conn. | Transue | Zimmerman |

NOT VOTING—121

| | | | |
|---|---|---|---|
| Allen, Del. | Drewry, Va. | Johnson, Lyndon | Reece, Tenn. |
| Bernard | Driver | Kelly, N. Y. | Reed, N. Y. |
| Bigelow | Duncan | Kennedy, Md. | Richards |
| Bloom | Eaton | Kenney | Rutherford |
| Boehne | Ellenbogen | Kloeb | Ryan |
| Boyer | Englebright | Kniffin | Sacks |
| Boylan, N. Y. | Fernandez | Lambeth | Schuetz |
| Brewster | Fish | Lewis, Md. | Sirovich |
| Buckley, N. Y. | Flannagan | Long | Smith, Maine |
| Bulwinkle | Fleger | Lord | Smith, Va. |
| Burch | Fries, Ill. | Lucas | Smith, W. Va. |
| Byrne | Fuller | McClellan | Somers, N. Y. |
| Caldwell | Fulmer | McGranery | Stack |
| Cannon, Wis. | Gasque | McKeough | Starnes |
| Celler | Gavagan | McMillan | Sullivan |
| Chandler | Gifford | McReynolds | Sweeney |
| Clason | Gilchrist | Maas | Taylor, Colo. |
| Cole, Md. | Goldsborough | Mason | Taylor, S. C. |
| Cole, N. Y. | Gray, Pa. | Meeks | Taylor, Tenn. |
| Collins | Greenwood | Millard | Teigan |
| Cooley | Haines | Mitchell, Ill. | Thomas, N. J. |
| Cox | Hancock, N. Y. | Mosier, Ohio | Thomas, Tex. |
| Crosby | Hancock, N. C. | O'Leary | Tobey |
| Crowther | Harlan | O'Malley | Walter |
| Culkin | Harrington | Palmisano | White, Idaho |
| Cullen | Harter | Parsons | White, Ohio |
| Dickstein | Hartley | Peyser | Withrow |
| Dies | Hennings | Pfeifer | Woodruff |
| Douglas | Hill, Ala. | Plumley | |
| Doxey | Hoffman | Quinn | |
| Drew, Pa. | Holmes | Rayburn | |

So the conference report was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Meeks (for) with Mr. Hancock of New York (against).
Mr. Sullivan (for) with Mr. Reece of Tennessee (against).
Mr. Drewry of Virginia (for) with Mr. Thomas of New Jersey (against).
Mr. Cullen (for) with Mr. Mason (against).
Mr. Stack (for) with Mr. Tobey (against).
Mr. Pfeifer (for) with Mr. Eaton (against).
Mr. Bloom (for) with Mr. Cole of New York (against).
Mr. Byrne (for) with Mr. Douglas (against).
Mr. Gavagan (for) with Mr. Withrow (against).
Mr. O'Leary (for) with Mr. Teigan (against).
Mr. Kelly of New York (for) with Mr. Reed of New York (against).
Mr. Kenney (for) with Mr. Plumley (against).
Mr. Sirovich (for) with Mr. Lord (against).

General pairs until further notice:

Mr. McReynolds with Mr. Crowther.
Mr. Boylan of New York with Mr. Taylor of Tennessee.
Mr. Cox with Mr. White of Ohio.
Mr. Driver with Mr. Smith of Maine.
Mr. Burch with Mr. Holmes.
Mr. Fuller with Mr. Fish.
Mr. Smith of Virginia with Mr. Clason.
Mr. Rayburn with Mr. Hartley.
Mr. Parsons with Mr. Woodruff.
Mr. Hennings with Mr. Rutherford.
Mr. Lambeth with Mr. Maas.
Mr. Hancock of North Carolina with Mr. Gifford.
Mr. Starnes with Mr. Brewster.
Mr. Greenwood with Mr. Culkin.
Mr. Flannagan with Mr. Hoffman.
Mr. Gasque with Mr. Millard.
Mr. Doxey with Mr. Gilchrist.
Mr. Cooley with Mr. Englebright.
Mr. McClellan with Mr. Bernard.
Mr. Bulwinkle with Mr. Ellenbogen.
Mr. Boehne with Mr. Allen of Delaware.
Mr. Hill of Alabama with Mr. Mosier of Ohio.
Mr. Celler with Mr. Quinn.
Mr. McMillan with Mr. Fleger.
Mr. Harter with Mr. Duncan.
Mr. Dickstein with Mr. Mitchell of Illinois.
Mr. Taylor of Colorado with Mr. Chandler.
Mr. Collins with Mr. Gray of Pennsylvania.
Mr. Dies with Mr. Ryan.

Mr. O'TOOLE changed his vote from "no" to "aye."

Mr. PATTON changed his vote from "aye" to "no."

Mr. COX. Mr. Speaker, I cannot qualify. If I could, I would vote "no."

The result of the vote was announced as above recorded.

Mr. VINSON of Georgia. Mr. Speaker, I move that the House insist upon its disagreement to the Senate amendment and ask for a further conference.

The SPEAKER. The question is on the motion of the gentleman from Georgia that the House insist upon its disagreement to the Senate amendment and ask for a further conference.

The motion was agreed to.

The Chair appointed the following conferees: Mr. VINSON of Georgia, Mr. DREWRY, Mr. MILLARD.

EXTENSION OF REMARKS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address delivered by myself.

The SPEAKER. Is there objection?

There was no objection.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent that all Members of the House have 5 legislative days within which to extend their remarks on the cancer bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. BOILEAU. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address delivered by my colleague, Mr. WITHROW, on the subject of automobile manufacturer-dealer relation.

The SPEAKER. Is there objection?

There was no objection.

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

The SPEAKER. Is there objection?

There was no objection.

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein an editorial by a late editorial writer.

The SPEAKER. Is there objection?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address delivered by myself.

The SPEAKER. Is there objection?

There was no objection.

COMMITTEE ON LABOR—PERMISSION TO SIT DURING SESSION OF THE HOUSE

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the Committee on Labor may be permitted to sit during the session of the House on Monday next.

The SPEAKER. Is there objection?

There was no objection.

PROPOSED MARCH OF UNEMPLOYED ON WASHINGTON

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

Mr. O'CONNOR of New York. Mr. Speaker, reserving the right to object, I shall not object to the gentleman's address, but I shall be compelled to object to any further addresses.

The SPEAKER. Is there objection?

There was no objection.

Mr. HALLECK. Mr. Speaker, the national jamboree of the Boy Scouts of America which was recently held in Washington came to an end on Friday, July 9. It was an eventful and successful gathering of the flower of this Nation's youth. The boys conducted themselves while in the National Capital in a manner which reflects credit on them, their organization and their leaders.

As a contribution to the success of the Jamboree, the Federal Government made available, in addition to public parks and grounds for camping purposes, thousands of tents and much other Army equipment. The Boy Scouts used this equipment well, conserved it, and left their camp grounds in perfect order. We in Washington are all happy that they

came to visit us and proud of the record they made while here.

But, Mr. Speaker, what is the picture today? Two weeks after the Boy Scouts departed, Army tents still dot the scenery from Hains Point up to and around the Washington Monument. Very few have been removed, although some have blown down. An inspection of the camp reveals a recent accumulation of newspapers, packing boxes, and other rubbish. There is every evidence that vagrants are taking possession of the camp and that they are rapidly undoing the good order in which the Boy Scouts left the camp.

An inspection, made as recently as last night, reveals that many of the tents have been heaped in piles under other tents, there to mildew and deteriorate. These tents and other equipment cost the taxpayers of this Nation a large sum of money. While no one will complain of the use of the equipment by the Boy Scouts, it is fair to say that the equipment is now being very carelessly handled. What would seem to be unnecessary damage to the equipment and the grounds, since the Scouts left, has occurred.

All of which gives rise to the question, "Why has this huge amount of Army equipment been left standing for such a length of time?"

Possibly we can find the answer to this and some other current questions in a news release from the Workers' Alliance of America, issued from their Washington headquarters under date of July 22. According to this release—

> The largest gathering of unemployed in Washington in recent years will be seen on August 23, when the national job march, sponsored by the Workers' Alliance of America, arrives here.

The release further states that—

> Four main columns and 10 auxiliary columns of auto caravans, leaving cities from the Atlantic to the Pacific, will move across the country to converge in Washington.

And further along in the release it is stated that—

> Practically all of the job marchers will travel in old cars, the finances being raised by the 2,500 local units of the alliance, from trade unions and other friendly organizations, and contributions from merchants, city and State official bodies. Many of the units will have special children's detachments, others will have women's and youth detachments.

And then there is found in the release a possible explanation of why the tents and other Army equipment have not heretofore been removed. This explanation is in the paragraph which reads:

> To house the marchers in Washington an appeal will be made to the Quartermaster Department of the United States Army for use of the tents and other equipment used by the Boy Scouts Jamboree. This equipment is still in Potomac Park in Washington. An appeal will also be made for Army rations in order to feed the thousands of job marchers.

None of us can deny to any citizen of this country his right to petition Congress for a redress of grievances. But it must be borne in mind that the relief appropriation for the coming year has already been made by Congress. The amount provided in the bill as finally passed was suggested by the President of the United States as being adequate. The Congress fixed the amount after long and careful investigation and debate.

Further than that, it is safe to say that the overwhelming sentiment in Congress is for an adjournment before August 23. By that time it is almost certain that this session will have adjourned and the Members will have gone home.

That unemployed men and women, together with their children, should be encouraged to come to Washington by the thousands under the circumstances as they exist is wellnigh unthinkable.

The release heretofore referred to by me indicates that many of the persons making the trip will be without funds to maintain themselves, either on the way or after they arrive in Washington. If they should arrive in Washington as contemplated by the press release, an unsafe and possibly dangerous situation would be presented. Once before a rather similar occupation of Washington took place, and it ended with tragic results.

While all of us are sympathetic with those who are so unfortunate as to be unemployed, we certainly cannot sympathize with nor can we afford to encourage an effort to bring thousands of unemployed men with their wives and children to Washington in an attempt to force Congress to make increased appropriations at this time.

In spite of the fact that everyone knows that there are no jobs available in Washington, the press release states:

> If you want your W. P. A. job back, march with us. If you are unemployed and want a job, march with us. If you are sympathetic to our desire for jobs, contribute and help us.

If communications reaching me from farmers of my State, and reaching other Members of Congress from the farmers of other States, are true, there are more jobs available in the harvest fields of the West and Midwest than there are in Washington. Many of us have received communications from farmers complaining of the shortage of farm help. They say that the W. P. A. and other governmental activities are keeping men from the farms. While farm work may not, in the eyes of some, be the most desirable work in the world, it has always, and will today, provide honest employment at reasonable wages for a great and substantial number of our people.

Mr. Speaker, the tents are still up in Potomac Park. The marchers will soon be here in Washington to put the pressure on the President and Congress, although it is probable that Congress will not be here.

Is it possible that someone in authority has permitted these tents to remain in Potomac Park so that they might be available for the use of the marchers; or, in fact, to encourage the marchers to come to Washington? I present this question in all seriousness and in the earnest hope that undue and unnecessary hardship and privation shall be avoided, trouble prevented, and the integrity of the Government maintained. [Applause.]

### ADJOURNMENT OVER

Mr. O'CONNOR of New York. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I reserve the right to object. What business will come up for consideration during the remainder of the afternoon before we adjourn?

Mr. O'CONNOR of New York. It is my understanding that we will take up nothing but the Bonneville Dam matter, with 1 hour under the rule and 2 hours of general debate upon the bill.

Mr. SNELL. Mr. Speaker, the gentleman states his understanding. Is that the understanding of everyone?

The SPEAKER. The Chair has no present intention of recognizing anyone for any further business this afternoon.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I shall ask unanimous consent to bring up the conference report upon the Interior Department appropriation bill. There was just one controversial matter, and that has been settled. It is a unanimous report.

The SPEAKER. With that exception, the Chair knows of no additional legislative business to come up this afternoon. Is there objection to the request of the gentleman from New York that when the House adjourns today it adjourn to meet on Monday next?

There was no objection.

### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate agrees to the amendments of the House to the amendments of the Senate nos. 35, 37, 53, 97, 98, 124, 125, and 133 to the bill (H. R. 6958) entitled "An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1938, and for other purposes"; disagrees to the amendments of the House to Senate amendments nos. 93 and 95; further insists upon its amendments nos. 93, 95, 74, 89, and 121 to said bill; agrees to a further conference with the

House on the disagreeing votes of the two Houses thereon, and appoints Mr. HAYDEN, Mr. MCKELLAR, Mr. THOMAS of Oklahoma, Mr. ADAMS, Mr. NYE, and Mr. STEIWER to be the conferees on the part of the Senate.

FORMER REPRESENTATIVE ANNING S. PRALL

Mr. O'CONNOR of New York. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR of New York. Mr. Speaker, it is a matter of great personal grief to me to announce the death this morning of a former Member of this House, Hon. Anning S. Prall, chairman of the Federal Communications Commission. Many of the Members here served with Representative Prall during the five terms that he served in this House, which he entered in the Sixty-eighth Congress. He was outstanding in his ability. He was exceptional in his courtesy, and the aspect of a gentleman radiated from him. In his death we, who knew him intimately and loved him, have lost a friend, and the administration has lost one of its outstanding leaders.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, I join with the gentleman from New York [Mr. O'CONNOR] as we all do in expressing our grief over the passing of our former distinguished colleague, Hon. Anning S. Prall.

I wish to call to the attention of the House one practice that has been neglected of late. It was the practice here for more than 100 years that whenever a former Member of the House passed away, some sitting Member from his State arose and announced his death. We try to keep a compiled directory of the records of all men who have served in the American Congress. In 1927, when the last directory was compiled, there were more than 100 men, I think possibly 200 men, the record of whose death could not be found, because in recent years they have been neglecting to make these announcements. So I trust that whenever a former Member passes away some Member from his State will do as the distinguished gentleman from New York [Mr. O'CONNOR] has done today, arise and announce his passing, and let it go in the RECORD in order that it may help to keep the history of this country and the history of the Congress and the history of the Members of the House for future generations.

I sincerely trust that whenever a former Member passes from your State you will do as the gentleman from New York [Mr. O'CONNOR] has done today, rise and respectfully announce his passing to the House, tell where and when he died, in order that this record may be accurately kept.

[Here the gavel fell.]

BONNEVILLE DAM

Mr. O'CONNOR of New York. Mr. Speaker, I call up House Resolution 277.

The Clerk read as follows:

House Resolution 277

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 7642, a bill to authorize the completion, maintenance, and operation of Bonneville project for navigation, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Rivers and Harbors, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. O'CONNOR of New York. Mr. Speaker, I yield 30 minutes to the gentleman from New Jersey [Mr. MCLEAN].

Mr. Speaker, this is an open rule for the consideration of the so-called Bonneville Dam project, providing for 2 hours of general debate. As represented to the Rules Committee, this bill pertains to the disposition of the surplus power generated by that project.

Mr. CANNON of Missouri. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. CANNON of Missouri. This rule provides for the waiving of all points of order in the bill. The bill contains a provision, at page 16, section 10, which is subject to a point of order and which is objectionable for two reasons: In the first place, it carries a direct appropriation; and, in the second place, it provides for a permanent appropriation. There has been considerable discussion recently, both in the House and in the Committee on Appropriations, of this character of appropriations; and I would be glad if the gentleman from New York will yield to the gentleman from Texas [Mr. MANSFIELD], chairman of the Committee on Rivers and Harbors, who reported this bill, to tell us whether he expects to insist on consideration of that provision in the form in which it now appears in the bill.

Mr. O'CONNOR of New York. Let me say first to the gentleman there has grown up in this House a practice which should be curtailed as far as possible; that is, for the legislative committees to include appropriations in their bills; and it is always with reluctance that the Rules Committee provide in the rule to waive points of order. On the other hand, the great Committee on Appropriations, of which the gentleman from Missouri [Mr. CANNON] is acting chairman, is rapidly developing a sort of violation of the rules of the House by including legislation in appropriation bills. Those two matters should be stopped as far as possible. It usually happens that after appearance before the Rules Committee and after the hearing is had the legislative committee says, "We have a matter in here which we think may be subject to a point of order", and because of the necessity for expedition the Rules Committee reluctantly, in some instances, includes a waiver of points of order. But the legislative committees should not have appropriations in their bills, and the Appropriations Committee should not have legislation in its bills.

Mr. CANNON of Missouri. I am glad to have the gentleman from New York make that statement, because I am in hearty accord with it. It is important that for the sake of expedition and in order to maintain the integrity of our proceedings appropriations be excluded from legislative bills and no legislation be included in any appropriation bill.

It is the policy of our committee to adhere strictly to the rule prohibiting the consideration of legislation in appropriation bills.

Mr. O'CONNOR of New York. In the District of Columbia appropriation bill there were only 32 pieces of legislation, as I recall it. [Laughter.]

Mr. CANNON of Missouri. To be exact there are 17, which fall largely into two classes—limitations effecting retrenchments under the Holman rule which are always in order on an appropriation bill and which are really fiscal rather than legislative, and standardized forms which have been carried in the bill from time immemorial, and which had their origin back in the days before appropriating authority was confined to one committee. The fact is the policy of excluding legislative provisions of any importance has been more rigidly insisted on this year than in previous sessions. I would be glad if the gentleman would yield to the gentleman from Texas and give us an opportunity to have his views on the subject.

Mr. O'CONNOR of New York. Mr. Speaker, I yield to the gentleman from Texas [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Speaker, in reply to the gentleman from Missouri [Mr. CANNON] let me say that after conversation with him over the telephone today I drafted a proposed amendment which I believed will be entirely satisfactory to the gentleman from Missouri. It was not the intention of the Committee on Rivers and Harbors to include an

appropriation in this bill, but there was a provision which was copied from the T. V. A. bill which could be construed as an appropriation, and when it was called to the attention of the committee we gladly agreed to yield upon the point.

I submit to the chairman of the Committee on Appropriations this amendment and ask whether or not that form will be satisfactory to him?

Mr. CANNON of Missouri. It is the intention of the gentleman from Texas to offer this as a committee amendment?

Mr. MANSFIELD. Yes. The committee has authorized me to offer that as an amendment, and I expect to do so when that is reached under the 5-minute rule.

Mr. CANNON of Missouri. The amendment brings the section within the rule and removes any grounds for objections to the special order proposed by the gentleman from New York.

Mr. O'CONNOR of New York. Mr. Speaker, I yield 10 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, this bill is a part of the administration's power program and is one of the most important measures of its kind ever presented to the Congress of the United States, especially insofar as it affects the people of the Far West.

Bonneville is one of the largest power dams now in the world. They will soon be generating power at this dam and have it ready for distribution. This will mean for that great Western country a yardstick such as we have in the Tennessee Valley and such as they have in the Province of Ontario, Canada. This bill, with one or two exceptions, meets with the approval, I believe, of an overwhelming majority of those Members who believe as I do, in using the public power resources of America for the benefit of the American people in order to bring electricity to the ultimate consumer at the lowest possible rates, based upon the cost of production, transmission, and distribution.

One of the changes that will be proposed is for a unified control in order that the Administrator may have complete control of the dam, complete control of the generating facilities, and deliver to the Army Engineers a sufficient amount of power to operate the locks and also the fishways at all times. We believe that amendment is necessary in order to promote harmony in the organization and to prevent friction in the years to come.

Another amendment I shall propose is that where power is sold to a private power company to be resold for profit the administrator shall fix the retail rates. The measure as it now stands reads that he may fix the retail rate. I want to strike out the word "may" and insert the word "shall" so that there can be no question in the future about this power being delivered to the ultimate consumers of that area at the proper rates.

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

Mr. RANKIN. I yield.

Mr. MANSFIELD. That amendment has already been agreed upon as a committee amendment.

Mr. RANKIN. I thank the chairman of the committee, the distinguished gentleman from Texas [Mr. MANSFIELD]. He informs me that that amendment has already been agreed to.

Mr. Speaker, we have here a chart prepared under the direction of our distinguished colleague from Oregon [Mr. PIERCE]. I trust that every Member of Congress will study it carefully. You will see that where rates are high consumption is low. For instance, you will notice in one Arizona City where the rates are 11½ cents a kilowatt hour the average annual domestic consumption is only 150 kilowatt hours. In the next Arizona city where the rates are 10½ cents the average annual use is only 300 kilowatt hours a year. In Tacoma, Wash., however, where the average kilowatt hour rate is 1.68 cents the annual domestic use is 1,565 kilowatt hours. In Tupelo, Miss., under the T. V. A. rates of 1.78 cents per kilowatt hour the domestic annual use of electrical energy averages 1,864 kilowatt hours a year.

Let us take up the Canadian situation. You will notice that in the Ontario section under the Ontario Power Commission, taking in this particular instance Fort William, Ontario, the average cost is 0.75 cent, or 7½ mills, a kilowatt-hour. How much do they use? They use 5,240 kilowatt-hours a year on an average. Those people have been heating their homes for years with electricity. They call it white coal, because it is the cheapest fuel they can find.

It has been said here, and was said to me before the committee, that Ontario's rates were cheap because they got their power from Niagara Falls and did not have to build a dam. It is just as much trouble to chisel a sluiceway and a penstock in that rock at Niagara Falls as it is to build a dam across one of these rivers.

Surely they cannot make that charge as to Winnipeg. Winnipeg has no Niagara Falls, yet their rate is 9 mills a kilowatt-hour on an average. They use an average of 4,250 kilowatt-hours a year. How does that compare with the average in the United States? The average in the United States is more than five times the Winnipeg rate, and we find the average use is 710 kilowatt-hours annually, or approximately one-sixth of the quantity used in Winnipeg.

Is there a Member of the House who cannot see what it means to bring these rates down in order to enable the American people to use electricity and electrical appliances, to enjoy the blessings of this modern civilization, to lift from the shoulders of the housewife the interminable drudgery under which the women of this Nation have struggled in the days gone by? Can any man look at that chart and fail to see that the greatest thing we can do for the American people is to develop hydroelectric power on our navigable streams and transmit it to the homes of our people at rates based upon the cost of production, transmission, and distribution?

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

Mr. RANKIN. I yield.

Mr. BIERMANN. To what kind of use do these average figures apply?

Mr. RANKIN. These are domestic rates.

Mr. BIERMANN. They do not apply to business at all?

Mr. RANKIN. No. The commercial rates, however, run along parallel with them.

Mr. BIERMANN. But these figures are strictly for domestic use?

Mr. RANKIN. These are for homes; these are residential rates.

Mr. Speaker, when we were paying 10 cents a kilowatt-hour for electricity a few years ago, we were using on an average of 35 kilowatt-hours a month. Today we are using about 160 kilowatt-hours a month, and I believe a month ago it ran up to as much as 180 kilowatt-hours a month.

Our people are beginning to realize what electricity is for.

I will give you another figure. The average saturation point for the use of electrical refrigerators in this country is 29 percent, which covers the big cities of the Nation. In my own home town today it is 80 percent. The other day I sent out questionnaires to the farmers who are receiving electricity throughout the area I represent. I received back 89 questionnaires and of those 89 farmers 66 had electric refrigerators. The money they had been previously spending on gasoline and accessories, and so forth, they are now spending on their homes and building places for their children to live in.

Mr. Speaker, this is the greatest movement of modern times, certainly the greatest movement ever started in this country by any administration. It means that we will not only bring this relief to the people of the cities but we will electrify the farm homes of America. For the last few years our farmers' children have been rushing through school to get away from home. Today that picture is being reversed. Wherever a power line goes into a farm home and delivers electricity at the proper rate, it makes that home and farm more profitable and more attractive. We find their children rushing through school now to get back home instead of rushing through school to get away from home.

We are building a civilization for the future in order that throughout the centuries to come this country may take its

place and maintain it as the leading Nation of the earth in the onward march of progress. A good deal has been said about what we are spending. This dam will add hundreds of millions of dollars to the wealth of that western country. If you electrify every farm home in America at the rate at which this power will be sold, at the T. V. A. rate or at the Winnipeg rates, or the Ontario rates, you will add $100,000,000,000 to the value of the farm property of America, and you will add inestimably to the happiness and prosperity of the American people. [Applause.]

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein the table shown on the blackboard.

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

There was no objection.

Mr. O'CONNOR of New York. Mr. Speaker, I yield 5 minutes to the gentleman from Utah [Mr. ROBINSON].

Mr. ROBINSON of Utah. Mr. Speaker, I want to assure my colleagues I do not often rise in this House to speak and I would not on this occasion were it not for the fact I feel that a serious injustice will be done not only to this Congress but to all people concerned if this bill is passed in its present language.

I call attention to one feature only of the bill. The title reads, "To authorize the completion, maintenance, and operation of Bonneville project for navigation, and for other purposes." One would assume from an examination of that title that this was a Bonneville Dam bill and I have no objection to that feature of the bill. However, the committee for some unaccountable reason has dragged into this Bonneville proposition a matter that should in nowise be brought into the discussion. I refer to page 12 of the bill wherein it provides that—

> The President shall direct the holding of public hearings by such agency or agencies as he may designate and the preparation prior to December 31, 1937, of a report to the President.

For what? It has nothing to do with the Bonneville project. It states the report shall include—

> The findings of such agency or agencies respecting any unreasonable discrimination against the Boulder Canyon project.

That is the only reference to the Boulder Canyon project there is in this bill. What does that mean? It means that here is a project from 1,000 to 1,200 miles away from the Boulder Dam project, not connected in any way on earth with the Boulder Dam project, which was authorized by Congress after 6 years of debate in Congress.

Mr. Speaker, under the Boulder Dam project a solemn agreement was entered into as to how the money should be paid, under what circumstances it should be paid, what deductions should be made, and this argument fixed the rights of the parties. The States involved accepted that contract, feeling that it was a solemn and binding obligation.

What happened? On June 1 of this year some of the parties to that contract must begin to perform. This is the first time they have had any obligations under the contract. The contract provides that if there is any discrimination or wrong being done, the parties will meet every 15 years and adjust the discriminations. There is a provision in the contract that in 1945 there will be an adjustment made of any discriminations that may at that time exist. But here comes one of the parties to the contract who wants to have the interest rate reduced from 4 percent to 3 percent, although the contract provides for 4 percent and although that interest is being paid partly by private concerns. I say "partly." Twenty-six percent of it is being paid by the Southern California Edison Co.

Mr. COLDEN. Will the gentleman yield?

Mr. ROBINSON of Utah. I will if the gentleman will secure some more time for me.

Mr. COLDEN. Just merely for a correction. It is 8 percent.

Mr. ROBINSON of Utah. It is 26 percent, and not only that but the California Edison Co. and the city of Los Angeles underwrote the whole project. They are responsible for every dollar of it. There is no question about that. I cannot yield to the gentleman any further. If the gentleman has any questions to ask about these facts, I can produce them. There is no question about the facts I am giving out.

Mr. CARTER. Will the gentleman yield? I will see that the gentleman gets a few minutes more time.

[Here the gavel fell.]

Mr. McLEAN. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. ROBINSON of Utah. I yield to the gentleman from California.

Mr. CARTER. The gentleman has stated that the President calls these public hearings.

Mr. ROBINSON of Utah. Yes.

Mr. CARTER. Is the gentleman afraid that the President and the men he appoints will not render a just and fair decision in this matter?

Mr. ROBINSON of Utah. I am glad the gentleman mentioned that. I think it is absolutely wrong for the Congress to enter into a solemn obligation after spending 6 years working on the matter, then saying to any one man, "You go ahead and fix this contract up any way you want." I do not approve of that. I am for the President. I think he has done a fine job. I am for Secretary Ickes, too, but I would like to call attention to a statement made by Secretary Ickes on this very thing. Mr. Merriam, speaking for Secretary Ickes, stated:

> I may say that Secretary Ickes, because he regards the problems of Boulder Dam and Bonneville as entirely dissimilar, does not favor such a rider.

Meaning the rider referring to Boulder Dam.

I think the time has come when we must call a halt to this kind of a proposition. Surely this Congress is not going to permit a committee to come in here and authorize someone to change a contract just as soon as the parties who are to perform under that contract must begin to pay. The only purpose of this is to give an advantage to California of some $78,000,000 in interest. They are obligated to pay this sum. In giving the city of Los Angeles this advantage you give the same advantage to the utility companies who have signed contracts and obligated themselves to make these payments. [Applause.]

[Here the gavel fell.]

Mr. McLEAN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, no one can deny that the conservation of our natural resources insofar as it surmounts State lines is a national problem, and we have always recognized it as such. We have maintained our navigable waters, and our reclamation program has been under way for a great many years. The rapid development of the uses of electricity has brought the use of electricity very prominently into our everyday life. The only difference between us is one of management, and that is most important.

I read this Bonneville Dam bill and learn from it that it is a temporary measure, that it is to remain in force only until other means are provided for handling this situation. If we proceed the way we are now going with this alleged program, as I pointed out 2 or 3 years ago, Congress is going to have a great many things to answer for. It is going to have to answer for all of the incompetence, extravagance, and inefficiency of not only the Tennessee Valley Authority, but the Bonneville administrator and every other similar agency which we set up and give authority which Congress itself should exercise.

The Tennessee Valley Authority has at least one virtue which the authority to be set up under this act does not have. In the Tennessee Valley Authority there is safety in numbers. At least there is some check on their activities by their criticism of each other. They are now in a wrangle from which some good may result. Under this proposal the Congress will turn over not to three men, each a check on the other, but to one individual, all of its prerogatives, and give him exclusive power over the operation of the Bonneville project, with full power to build an organization, create jobs, and fix rates for power sold. There will be

nobody to question any of his acts or performances. Under this act he will be appointed at a salary of $10,000 per year for an indeterminate term.

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

Mr. McLEAN. I yield.

Mr. MANSFIELD. Is not the gentleman mistaken regarding the powers of the administrator who is to be appointed? He has nothing to do except transmit and sell the surplus power.

Mr. McLEAN. I do not so understand the act. This bill confers upon the administrator the right to purchase land, the right to build transmission lines, the right to exercise the power of eminent domain, to take real and personal property in the name of the United States, and for that purpose the act confers upon him full authority provided by existing condemnation statutes. The bill gives him authority to acquire and condemn lands and provides that to carry out the purposes of this act he may file suits, and in all litigation he shall be represented by such counsel as he may select. The Department of Justice and law enforcement officers of the Government are to be ignored.

Mr. MANSFIELD. That is only for the purpose of transmitting and selling the power.

Mr. McLEAN. I may say, with all due deference, that if the chairman of the committee will read the act carefully he will find we have put all this authority into the hands of this administrator, a single individual. The things I have stated are so. This administrator will have these exclusive rights under the language of this bill.

In confirmation of this, may I read section 11, as follows:

> The administrator may, in the name of the United States, bring such suits, at law or in equity, as he may find necessary in carrying out the purposes of the act; and he shall be represented in all litigation affecting the status or operation of Bonneville project by such counsel as he may select.

In another section it is provided that—

> The administrator, the Secretary of War, and the Federal Power Commission, respectively, shall appoint and fix the compensation of such attorneys, engineers, and other experts as may be necessary for carrying out the functions entrusted to them under this act, without regard to the provisions of other laws applicable to the employment, compensation, and classification of officers and employees of the United States; and they may, subject to the civil-service laws, appoint such other officers and employees as may be necessary to carry out such functions and fix their salaries in accordance with the Classification Act of 1923, as amended.

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

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

Mr. RANKIN. The gentleman realizes this dam is practically finished?

Mr. McLEAN. I do.

Mr. RANKIN. Would the gentleman abandon it?

Mr. McLEAN. I would not.

Mr. RANKIN. What would the gentleman do with the power which is to be generated there?

Mr. McLEAN. I have sufficient confidence in the Corps of Engineers of the United States Army to allow them to operate this project temporarily until such time as we have a proper board or body set up to handle it.

Mr. RANKIN. Would the gentleman increase the number of administrators from one to three?

Mr. McLEAN. I am not prepared to answer that now. I am criticizing the bill before me.

This bill, like most of the New Deal measures which have been submitted to Congress, comes to us without mature deliberation, and from another source. I call attention to page 148 of the hearings, which shows that this bill came here from the Secretary of the Interior, or the Power Policy Committee, and we are asked to pass it on that recommendation.

This bill creates another T. V. A. The only difference is that this is a one-man T. V. A. with exclusive power.

Mr. SMITH of Washington. Mr. Speaker, will the gentleman yield?

Mr. McLEAN. I yield.

Mr. SMITH of Washington. May I call the gentleman's attention to section 2 on page 3 of the bill, commencing at line 11 and continuing to line 15, referring to the administrator, which reads as follows:

> He shall act in consultation with an advisory board composed of a representative designated by the Secretary of War, a representative designated by the Secretary of the Interior, and a representative designated by the Federal Power Commission.

Does not the gentleman think in view of this provision he is in error when he claims the administrator has the autocratic powers in administering this project which the gentleman has been attributing to him?

Mr. McLEAN. I do not, because section 2 gives the administrator the exclusive power to build up and he will build up an organization just as strong and powerful as the T. V. A., and will fix all the rates, just as the T. V. A. is doing, but he will not be reporting to Congress in an understandable way. The T. V. A. is not doing it.

Mr. SMITH of Washington. The gentleman has referred to the matter of rates. May I call the attention of the gentleman to section 5 and the provision on page 11, beginning in line 3 and continuing to line 7, that—

> Rate schedules and revisions thereof shall from time to time be prepared and submitted by the administrator to the Federal Power Commission and shall become effective as approved by the Federal Power Commission.

In other words, the administrator does not have final jurisdiction as to rates and cannot say what the rates shall be. That is a matter that is subject to the final approval of the Federal Power Commission.

Mr. McLEAN. That may be the gentleman's opinion, but as I read the bill, this administrator will become a czar over the Bonneville operation. Read, for instance, the provision in section 1:

> The Secretary of War shall provide, construct, operate, maintain, add to, and improve at Bonneville project such machinery, equipment, and facilities for the generation of electric energy as may be necessary to develop salable electric energy as rapidly as markets may be found therefor by the administrator.

[Here the gavel fell.]

Mr. McLEAN. Mr. Speaker, I yield myself 10 minutes more.

The administrator is given power to dictate to the Secretary of War to what extent power shall be developed there without any authority from the Congress.

I object to placing all this power in the hands of this one individual, making him a czar and a T. V. A. authority for the Columbia River operation.

This act is called a Bonneville Dam Act. It is more than that. I have the word of Secretary Ickes in the hearings that the object and purpose of this act is to establish a national power policy. If this is so, this matter is of sufficient importance, particularly in the light of the program which has been introduced providing for seven authorities similar to the T. V. A. and which we understand is to be brought forward soon, to have more mature consideration than the bill can possibly have at this time.

Much has been said about yardsticks, and the statement has been made that this Bonneville operation will be a yardstick for all the operations in the Northwest. We are also told that the T. V. A. is a yardstick for all the operations in the territory where it exists.

It may interest some of you gentlemen to know how much the T. V. A. has cost the United States up to this point. The program as outlined to the Committee on Appropriations at the last session of the Congress indicated a total cost of all projects of development of $479,000,000, and the total cost, as revised at the present session, is $520,000,000. In other words, the T. V. A. had revised its estimates of its operations upward $30,000,000 since the last session of Congress. It does not appear anywhere of record that they have in anywise, in fixing their rates, included any part of the cost of their operation or allocated any particular part of the expense to the fixing of the rates which they charge.

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

Mr. McLEAN. Their rates are more or less guesswork and in no part of any of their reports and at no point in any hearings I have read do I find any reference whatever to the theorem which they have followed in allocating, as is just

and proper, a portion of the cost to flood control, a portion to navigation, and a reasonable and fair charge against the cost of the development of electricity.

Furthermore, the report of the T. V. A. shows that their receipts from the sale of electric power are only very slightly in excess of the cost of operation of their electrical department, which does not take into account any of the expense of operation.

I venture to say—and I say this with confidence—the T. V. A. rates will not stand the test of examination when all of the charges which are proper are included in the rates which they charge. I do not say this in criticism of the T. V. A.; I do not say this in support of any rates previously charged; I do not say it in support of any electric company or power trust; I say it for the information of the Congress. We are not informed as to how the T. V. A. rates are fixed, and until we know the substance of the rates, until we know the basis upon which they are formulated, and until we know the elements that enter into such rates, we are not in position to know whether or not those rates are fair and reasonable and commensurate with the cost of production, and any ex-parte statement that is made about the rates that are charged in other portions of the country, using T. V. A. rates as a comparison or as a yardstick, is not in keeping with proper business and legal practice.

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

Mr. McLEAN. Yes.

Mr. RANKIN. The gentleman talks about the T. V. A. costing so much and their spending $500,000,000. As a matter of fact the gentleman knows if he has kept up with the appropriations that he is including all the prospective expenses in the future, all of the prospective appropriations in the future, and not what has been spent.

Mr. McLEAN. That is where we differ. Is it not perfectly proper for the Congress of the United States to anticipate the ultimate cost of a public improvement, and in this T. V. A. proposition the Congress of the United States has been deceived as to the ultimate cost. When this program was outlined there was an entirely different viewpoint. The act under which the T. V. A. was created provides for a method of financing the proposition. It provided that they should have $50,000,000 to begin their operations, and that they should make a report of their ultimate operations to the Congress or the President in order that we could determine what the future activity was to be, and that report was to aid and assist us in directing their operations. What happened? Such a report has never been made, and the money which they were allocated in the bond issue has never been used, they never intend to use it, they never intend to make the examination and report contemplated by the Tennessee Valley Act, and if the gentleman will read their reports he will see the ridiculous reason given as to how they construe that provision of the law, and instead of following the dictates and mandate of Congress there was allocated to them $75,000,000 out of the relief fund and other emergency relief appropriations, and what Congress thought ought to be done was ignored, and since that time they have gone along freely by themselves, doing just as they please, ignoring Congress except when some excuse was necessary for some mistake that they had made, or there was some difference of opinion which existed between them, and then they came to Congress and asked Congress to settle their differences.

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

Mr. McLEAN. Let me ask the gentleman this. Does not the gentleman think that Congress ought to know what the ultimate cost of any public improvement is going to be?

Mr. RANKIN. Let me say to the gentleman from New Jersey that we know about as accurately as it could be known. The gentleman cannot tell us what the Navy will cost in the future or what any other governmental enterprise will cost in the future. Here is the point I want to ask the gentleman: The gentleman talks about the T. V. A. yardstick being inaccurate. Let him turn around and look at that blackboard, and he will find that Tacoma, Wash., Windsor, Ontario, Ottawa and Winnipeg, Canada, all have lower rates than the T. V. A. has, all of them paying out, all of them doing sound business, and look at the use of power that those people have.

Mr. McLEAN. Oh, there is no difference between the gentleman and me in that respect. It is fundamental, elemental that the cheaper the rate the more will be consumed. We have no difference as to that. That is no great discovery or anything unique about that.

Mr. RANKIN. Then how does the gentleman stand here and say that the T. V. A. rates are too high?

Mr. McLEAN. I did not say that. I said that to use the T. V. A. rates as a comparison or yardstick is inaccurate as we understand them at the moment, because we have no way of determining whether those elements which ought to go into the making of a rate have been used by the T. V. A. I have read their reports and I have read their testimony and I have tried to find out, without success. I read in some newspaper that Dr. Morgan said that he was not prepared to tell how much of the cost of the dam went into the making of electric rates.

Mr. RANKIN. I agree with the gentleman on one thing and that is that the T. V. A. rates are wrong; they are too high and ought to be reduced and will be reduced as the years go by, and these rates at Bonneville will be lower than the present T. V. A. rates.

Mr. McLEAN. How does the gentleman reach the conclusion that they are too high?

Mr. RANKIN. Because we take the results at Tacoma, Wash., Winnipeg, Canada, and the rates of the Ontario Power Commission, where they have done the same thing.

Mr. McLEAN. And the gentleman disregards the investment of the United States, which ought to be considered.

Mr. RANKIN. All that investment is charged to power, every dollar of it, and all of them have cheaper rates than the T. V. A.

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

Mr. McLEAN. Yes.

Mr. RICH. I want to make an observation here in reference to the statement of the gentleman from Mississippi [Mr. RANKIN]. The gentleman from Mississippi told me that he could prove that power rates produced by coal could be produced as cheaply as they could by water, but he has failed up to this time to produce that information.

Mr. McLEAN. We are going too rapidly in establishing different bodies and boards. We ought to respond more readily to the suggestion of the President that our Government ought to be reorganized, boards and agencies should be coordinated and consolidated, and before we create other agencies, we ought to have some definite program and scheme as to how this power-development program is going to be regulated and managed.

Let us not talk anymore about surplus power. The words "surplus power" have lost their efficacy. The phrase need no longer to be used as a delusion and a snare calculated to induce the courts to circumvent constitutional limitations. The Government of the United States is in the electrical power business. It is the purpose of the administration to produce all the power we can possibly produce and it is our purpose to find markets for it. Let us be honest with the people about it, but let us organize a body or a board that can scientifically guide and direct the activity so that we will have a real yardstick. The T. V. A. yardstick was lost 2 or 3 years ago. It may be you will find it in one of the vacant houses up at the town of Norris or somewhere else, but as far as having a value in comparison of rates is concerned, it does not exist.

I sometimes think I will soon have to sit on the Democratic side of this House. A few days ago I had to vote to sustain the President when the members of his own party were walking out on him. I heard the gentleman from California say the other day that we were passing a bill which the President would probably veto. I do not see how the President can consistently approve of the bill that was passed yesterday, if he insists on his program of economy and efficiency. It would seem as if Members of Congress

do not see or they do not want to see what is going on. They are disregarding a program of economy for one of personal interest. They are either blind or they do not care. Let us be fair in our efforts to effect a legislative program and not horse traders. Not like a fellow up in my territory who thought he was swindled in a deal for a mule he bought. As the bargain was closed the mule dashed away and smashed his head against the side of the barn and liked to kill himself. The purchaser said to the seller: "The deal is off; I didn't buy a blind mule." The seller replied, "That mule ain't blind. He just don't give a damn." [Laughter and applause.]

Mr. RANKIN. You should have had an electric light in that barn.

The SPEAKER. The time of the gentleman from New Jersey [Mr. McLEAN] has expired.

Mr. O'CONNOR of New York. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

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

The resolution was agreed to.

Mr. MANSFIELD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7642) to authorize the completion, maintenance, and operation of Bonneville project for navigation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7642, with Mr. WILCOX in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with and the bill will be printed in the RECORD at this point.

There was no objection.

The bill is as follows:

*Be it enacted, etc.*, That for the purpose of improving navigation on the Columbia River, controlling floodwaters, promoting the national defense, and for other purposes, the dam, locks, power plant, and appurtenant works now under construction at Bonneville, Oreg., and North Bonneville, Wash. (hereinafter called Bonneville project), shall be completed, maintained, and operated under the direction of the Secretary of War and the supervision of the Chief of Engineers, subject, however, to the provisions of this act relating to the power and duties of the Columbia River Administrator provided for in section 2 (a) (hereinafter called the Administrator) respecting the sale and distribution of surplus electric energy generated at said project. So far as may be consistent with the purposes aforesaid, and to effect such purposes with the greatest possible public benefit and to avoid the waste of water power, the Secretary of War shall provide, construct, operate, maintain, add to, and improve at Bonneville project such machinery, equipment, and facilities for the generation of electric energy as may be necessary to develop salable electric energy as rapidly as markets may be found therefor by the Administrator. The electric energy thus generated and not required for the operation of the dam and locks at such project and the navigation facilities employed in connection therewith, shall be delivered to the Administrator, at a switchboard to be installed in or near the power plant, for disposition as provided in this act.

SEC. 2. (a) The surplus energy generated in the operation of the Bonneville project shall be disposed of by and through the Administrator as hereinafter provided. The Administrator shall be appointed by and be responsible to the Secretary of the Interior, shall receive a salary at the rate of $10,000 per year, and shall maintain his principal office at a place selected by him in the vicinity of Bonneville project. No Administrator shall during his continuance in office have any financial interest in any public-utility company engaged in the business of generating, transmitting, distributing, or selling electric energy to the public, or in any holding company or subsidiary company of a holding company as such terms are defined in the Public Utility Holding Company Act of 1935. The Administrator shall, as hereinafter provided, make all necessary or appropriate arrangements for the disposition of electric energy generated at Bonneville project not required for the operation of the dam and locks at such project and the navigation facilities employed in connection therewith. He shall act in consultation with an advisory board composed of a representative designated by the Secretary of War, a representative designated by the Secretary of the Interior, and a representative designated by the Federal Power Commission. The form of administration herein established for Bonneville project is intended to be provisional pending the establishment of permanent administration for Bonneville and other projects in the Columbia River Basin.

(b) In order to encourage the widest possible use of all electric energy that can be generated and marketed and to provide reasonable outlets therefor, and to prevent the monopolization thereof by limited groups or localities, the Administrator is authorized and directed to provide, construct, operate, maintain, and improve such electric transmission lines and substations, and facilities and structures appurtenant thereto, as he finds necessary, desirable, or appropriate for the purpose of transmitting electric energy, available for sale from the Bonneville project to existing and potential markets, and for the purpose of interchange of electric energy to interconnect the Bonneville project with other Federal projects.

(c) The Administrator is authorized, in the name of the United States, to acquire, by purchase, lease, condemnation, or donation, such real and personal property, or any interest therein, including lands, easements, rights-of-way, franchises, electric transmission lines, substations, and facilities and structures appurtenant thereto, as the Administrator finds necessary or appropriate to carry out the purposes of this act. Title to all property and property rights acquired by the Administrator shall be taken in the name of the United States.

(d) The Administrator shall have power to acquire any property or property rights, including patent rights, which in his opinion are necessary to carry out the purposes of this act, by the exercise of the right of eminent domain and to institute condemnation proceedings therefor in the same manner as is provided by law for the condemnation of real estate. In respect of condemnation of any property or property rights, the Administrator shall have the rights conferred by the act of February 26, 1931 (46 Stat. 1421, ch. 307, secs. 1 to 5, inclusive), as now compiled in sections 258a to 258e, inclusive, of title 40 of the United States Code.

(e) The Administrator is authorized, in the name of the United States, to sell, lease, or otherwise dispose of such personal property as in his judgment is not required for the purposes of this act and such real property and interests in land acquired in connection with the construction or operation of electric transmission lines or substations as in his judgment are not required for the purposes of this act: *Provided, however,* That before the sale, lease, or disposition of real property or transmission lines, the Administrator shall secure the approval of the Secretary of the Interior.

(f) Subject to the provisions of this act, the Administrator is authorized, in the name of the United States, to negotiate and enter into such contracts, agreements, and arrangements as he shall find necessary or appropriate to carry out the purposes of this act.

SEC. 3. (a) As employed in this act, the term "public body", or "public bodies", means States, public power districts, counties, and municipalities, including agencies or subdivisions of any thereof. As employed in this act, the term "cooperative", or "cooperatives", means any form of non-profit-making organization or organizations of citizens supplying, or which may be created to supply, members with any kind of goods, commodities, or services as nearly as possible at cost.

(b) In order to insure that the facilities for the generation of electric energy at the Bonneville project shall be operated for the benefit of the general public, and particularly of domestic and rural consumers, the Administrator shall at all times, in disposing of electric energy generated at said project, give preference and priority to public bodies and cooperatives.

(c) To preserve and protect the preferential rights and priorities of public bodies and cooperatives as provided in subsection (b), not less than 50 percent of the energy which the electric generating facilities, installed or readily installable, at the Bonneville project are capable of producing, shall be reserved for sale to said public bodies and cooperatives until January 1, 1941: *Provided,* That the electric energy so reserved for but not actually purchased by and delivered to such public bodies and cooperatives prior to January 1, 1941, may be disposed of temporarily so long as such temporary disposition will not interfere with the purchase by and delivery to such public bodies and cooperatives at any time prior to January 1, 1941: *Provided further,* That nothing herein contained shall be construed to limit or impair the preferential and priority rights of such public bodies or cooperatives after January 1, 1941; and in the event that after such date there shall be conflicting or competing applications for an allocation of electric energy between any public body or cooperative on the one hand and a private agency of any character on the other, the application of such public body or cooperative shall be granted.

(d) An application by any public body or cooperative for an allocation of electric energy shall not be denied, or another application competing or in conflict therewith be granted, to any private corporation, company, agency, or person on the ground that any proposed bond or other security issue of any such public body or cooperative, the sale of which is necessary to enable such prospective purchaser to enter into the public business of selling and distributing the electric energy proposed to be purchased, has not been authorized or marketed, until after a reasonable time, to be determined by the Administrator, has been afforded such public body or cooperative to have such bond or other security issue authorized or marketed.

(e) It is declared to be the policy of the Congress, as expressed in this act, to preserve the said preferential status of the public bodies and cooperatives herein referred to, and to give to the people of the States within economic transmission distance of the Bonneville project reasonable opportunity and time to hold any

election or elections or take any action necessary to create such public bodies and cooperatives as the laws of such States authorize and permit, and to afford such public bodies or cooperatives reasonable time and opportunity to take any action necessary to authorize the issuance of bonds or to arrange other financing necessary to construct or acquire necessary and desirable electric distribution facilities, and in all other respects legally to become qualified purchasers and distributors of electric energy available under this act.

(f) The Administrator, insofar as practicable, shall consult and cooperate with the States and citizens thereof, and with public bodies and cooperatives, within economic transmission distance of Bonneville project, in the furnishing of such information, advice, and recommendations as the Administrator deems necessary or appropriate to enable public bodies and cooperatives to avail themselves of the preferential rights and priorities afforded by this act.

SEC. 4. (a) Subject to the provisions of this act and to rate schedules approved by the Federal Power Commission as hereinafter provided, the Administrator shall negotiate and enter into contracts for the sale at wholesale of electric energy, either for resale or direct consumption, to public bodies and cooperatives and to private agencies and persons. Contracts for the sale of electric energy to any private person or agency other than a privately owned public utility engaged in selling electric energy to the general public shall contain a provision forbidding such private purchaser to resell any of such electric energy so purchased to any private utility or agency engaged in the sale of electric energy to the general public and requiring the immediate canceling of such contract of sale in the event of violation of such provision. Contracts entered into under this subsection shall be binding in accordance with the terms thereof and shall be effective for such period or periods, including renewals or extensions, as may be provided therein, not exceeding in the aggregate 20 years from the respective dates of the making of such contracts. Contracts entered into under this subsection shall contain (1) appropriate provisions, to be agreed upon by the Administrator and the purchaser, for the equitable adjustment of rates at appropriate intervals, not less frequently than once in every 5 years, and (2) in the case of a contract with any private purchaser engaged in the business of selling electric energy to the general public, appropriate provisions authorizing the Administrator to cancel such contract upon 5 years' notice in writing if in the judgment of the Administrator there is reasonable likelihood that any part of the electric energy purchased under such contract will be needed to satisfy the requirements of public bodies or cooperatives, and authorizing such cancelation in respect of all or any part of the electric energy so purchased under the contract, to the end that the preferential rights and priorities accorded public bodies and cooperatives under this act shall at all times be preserved. Contracts entered into under this subsection shall contain such terms and conditions, including among other things stipulations concerning resale and resale rates, as the Administrator may deem necessary or appropriate to effectuate the purposes of this act and to insure that resale of electric energy to the ultimate consumer shall be at rates which are reasonable and nondiscriminatory. Such contract shall also require such utility to keep on file in the office of the Administrator a schedule of all its rates and charges to the public for electric energy and such alterations and changes therein as may be put into effect by such utility.

(b) The Administrator is authorized to enter into contracts with public or private power systems for the mutual exchange of unused excess power upon suitable exchange terms for the purpose of economical operation or of providing emergency or break-down relief.

SEC. 5. It is the intent of the Congress that rate schedules for the sale of electric energy which is or may be generated at the Bonneville project in excess of the amount required for operating the dam, locks, fishways, and appurtenant works shall be determined with due regard to, and predicated upon, the fact that such electric energy is developed from water power created as an incident to the construction of the dam in the Columbia River at the Bonneville project for the purposes set forth in section 1 of this act. Rate schedules and revisions thereof shall from time to time be prepared and submitted by the Administrator to the Federal Power Commission and shall become effective as approved by the Federal Power Commission. The Federal Power Commission in fixing rates for power on amortization costs on all major Federal power projects shall establish a rate of interest which shall be uniform throughout the United States. From time to time the Administrator may, and upon the request of the Federal Power Commission shall, prepare and submit new revised or modified rate schedules to the Federal Power Commission; and such rate schedules shall become effective as approved by the Federal Power Commission. If any rate schedule submitted by the Administrator is not approved by the Federal Power Commission, the Federal Power Commission may revise such schedule in conformity with the standards prescribed by this act and, as so revised, such schedule shall become effective. Rate schedules shall be fixed with a view to encouraging the widest possible use of electric energy, having regard to the recovery, upon the basis of the application of such rate schedules to the capacity of the electric facilities of Bonneville project, of the cost of producing and transmitting such electric energy, including the amortization of the capital investment, including interest, over a reasonable period of years. Rate schedules shall be based upon an allocation of costs prepared by the Administrator and submitted to the Federal Power Commission for its approval. In computing the cost of electric energy developed from water power created as an incident to, and a byproduct of, the construction of Bonneville project, the Administrator shall allocate to the costs of electric facilities such a share of the cost of facilities having joint value for the production of electric energy and other purposes as the power development may fairly bear as compared with such other purposes. In order to distribute the benefits of an integrated transmission system and to encourage the equitable distribution of electric energy, the rate schedules may provide for uniform rates or rates uniform throughout prescribed transmission areas.

SEC. 6. (a) The President shall direct the holding of public hearings by such agency or agencies as he may designate and the preparation prior to December 31, 1937, of a report to the President which shall include—

(1) The findings of such agency or agencies respecting any unreasonable discrimination against the Boulder Canyon project with respect to charges against power for construction costs, amortization, and interest on the basis of the standards prescribed in this act and in view of the physical, financial, and economic conditions surrounding each project; and

(2) The recommendations of such agency or agencies concerning changes, if any, in charges and rates at Boulder Dam necessary to correct and remove such discrimination, and the effective dates thereof.

(b) The Secretary of the Interior, subject to the approval of the President and notwithstanding the provisions of any other statute, shall correct and remove such discrimination and adjust charges and rates to the extent that he deems necessary and appropriate as a result of the report submitted pursuant to paragraph (a) hereof.

(c) Nothing shall be done under this section which will delay the date at which the separate fund referred to in section 5 of the Boulder Canyon Project Act will become available or reduce the amount thereof, or which will impair the rights of the States of Arizona and Nevada to the payments provided for in paragraph 4 (b) of said act, but either or both of said States may elect by appropriate legislative action within 2 years from June 1, 1937, to receive in lieu thereof annually during and after the fiscal year in which such election is made the sum of $300,000 each until 1987. Rates fixed under paragraphs (a) and (b) shall include increments to the extent necessary to provide revenue to meet payments required by this paragraph (c).

SEC. 7. Notwithstanding any other provision of law, all purchases and contracts made by the Administrator or the Secretary of War for supplies or for services, except for personal services, shall be made after advertising, in such manner and at such times, sufficiently in advance of opening bids, as the Administrator or Secretary of War, as the case may be, shall determine to be adequate to insure notice and opportunity for competition. Such advertisement shall not be required, however, when (1) an emergency requires immediate delivery of the supplies or performance of the services; or (2) repair parts, accessories, supplemental equipment, or services are required for supplies or services previously furnished or contracted for; or (3) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed $500; in which cases such purchases of supplies or procurement of services may be made in the open market in the manner common among businessmen. In comparing bids and in making awards, the administrator or the Secretary of War, as the case may be, may consider such factors as relative quality and adaptability of supplies or services, the bidder's financial responsibility, skill, experience, record of integrity in dealing, and ability to furnish repairs and maintenance services, the time of delivery or performance offered, and whether the bidder has complied with the specifications.

SEC. 8. (a) The Administrator, subject to the requirements of the Federal Water Power Act, shall keep complete and accurate accounts of operations, including all funds expended and received for the account of Bonneville project.

(b) The Administrator may make such expenditures for offices, vehicles, furnishings, equipment, supplies, books, periodicals, attendance of meetings, and for such other facilities and services as he may find necessary or appropriate for the proper administration of this act.

(c) In December of each year, the Administrator shall file with the Congress, through the Secretary of the Interior, a financial statement and a complete report as to the operation of Bonneville project during the preceding governmental fiscal year.

SEC. 9. The Administrator, the Secretary of War, and the Federal Power Commission, respectively, shall appoint and fix the compensation of such attorneys, engineers, and other experts as may be necessary for carrying out the functions entrusted to them under this act, without regard to the provisions of other laws applicable to the employment, compensation, and classification of officers and employees of the United States; and they may, subject to the civil-service laws, appoint such other officers and employees as may be necessary to carry out such functions and fix their salaries in accordance with the Classification Act of 1923, as amended.

SEC. 10. All receipts on account of Bonneville project shall be covered into the Treasury of the United States to the credit of miscellaneous receipts, save and except that the Treasury shall set up and maintain from such receipts a continuing fund of $500,000, to the credit of the Administrator and subject to check by him, to defray emergency expenses and to insure continuous

operation. There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this act.

SEC. 11. The Administrator may, in the name of the United States, bring such suits, at law or in equity, as he may find necessary in carrying out the purposes of the act; and he shall be represented in all litigation affecting the status or operation of Bonneville project by such counsel as he may select.

SEC. 12. If any provision of this act or the application of such provision to any person or circumstance shall be held invalid, the remainder of the act and the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

The CHAIRMAN. The gentleman from Texas [Mr. MANSFIELD] is recognized for 1 hour.

Mr. MANSFIELD. Mr. Chairman, I shall consume but a very few minutes of your time. I do not know and I do not care what you think about the yardstick of the T. V. A. It has nothing whatever to do with this bill as it has been reported. The bill before us is for the distribution and sale of power produced at a navigation dam, built in the Columbia River, which will go to destruction and waste before another session of Congress unless we pass some provision for its sale and salvage. Now, the question is, Are we in favor of that? Are we in favor of saying we will not pass a bill and permit millions of dollars worth of power to go to destruction? You are not called upon to make an appropriation to produce this power. That has already been done. The money has been paid. More than 90 percent of the construction work has been completed. We are advised that power will be produced in the fall, before the next session of Congress.

Mr. LUTHER A. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. LUTHER A. JOHNSON. How much money has the Government spent on this project already?

Mr. MANSFIELD. Approximately $50,000,000.

Mr. LUTHER A. JOHNSON. And what will be the additional cost if this bill is passed?

Mr. MANSFIELD. It is impossible to tell. This bill authorizes an appropriation of $500,000 to start. It will be necessary to construct two short trunk lines of distribution in order to reach the market. One of those will be about 40 miles down the river to the city of Portland. Another one will be a line in the opposite direction for about the same distance, where it is proposed that counties, cities, farm organizations, and others will be organized to meet the Government lines and take charge of the power at that point.

Mr. LUTHER A. JOHNSON. And the purpose of this bill is to cash in on some of the money we have already spent?

Mr. MANSFIELD. Absolutely; to cash in on the money that has already been expended.

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

Mr. MANSFIELD. I yield.

Mr. SNELL. Is there not a still further purpose in connection with this bill; that is, to make the Congress approve of what has been done by the P. W. A., without authorization by Congress, and also a further establishment of the policy of Congress with reference to this proposition?

Mr. MANSFIELD. I know of nothing in the bill that calls upon us to endorse or to criticize the T. V. A. or the P. W. A. It is a law within itself. It is true that this follows the lines for distribution and sale of this power similar to those that were adopted in the T. V. A. I do not know how to contrive a better means of disposing of it. If the gentleman from New York can point out a better way, I will be glad to give it consideration.

Mr. SNELL. It seems to me that the real purpose of this bill, in addition to selling the power that we shall generate and own up there, is to establish a Federal policy along the line of manufacturing, distributing, and selling electrical energy. That, honestly, it seems to me is the purpose of the bill.

Mr. MANSFIELD. This does not set the precedent. The precedent was set when the project was authorized.

Mr. SNELL. But all these projects were not originated by Congress, they were originated outside of Congress. In passing this bill, however, we set our stamp of approval on them.

Mr. MANSFIELD. This project was approved by Congress in the rivers and harbors bill of 1935. It was put in the bill as a Senate amendment. The House by a record vote instructed the House conferees to accept it, by a majority vote and a fair majority in the House. The House conferees declined to accept the Senate amendment, if the gentleman recalls.

Mr. SNELL. That is just what I had in mind, that the House did not accept it.

Mr. MANSFIELD. The House instructed us to accept it and the conferees had to accept it by order of the House. There was where the precedent was established.

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

Mr. MANSFIELD. I yield.

Mr. WADSWORTH. I may be mistaken in my recollection, but is it not a fact that the Bonneville project was started by Executive order before 1935 and not approved by the Congress?

Mr. MANSFIELD. The actual construction was.

Mr. WADSWORTH. But had it received congressional approval at the time it was started?

Mr. MANSFIELD. It is the understanding that river and harbor projects originate when the survey is authorized. The survey was authorized in 1927, I believe, in what was known as the 308 program, when approximately 200 rivers were authorized to be surveyed for various purposes, including power, irrigation, navigation, flood control, and other useful purposes. The engineers had made a report on this project and on this entire river and watershed. Under that survey, then, the Public Works Administration adopted it as its project in about 1933 and started construction.

After the decision of the Supreme Court in the case of the United States against Arizona, in which the Parker Dam action was nullified by the decision of the Court, this and other projects amounting to approximately $200,000,000 were considered in jeopardy of the law, and they were placed in the river and harbor bill for ratification and approval by the highest authority known to man, the Senate of the United States, of which the distinguished gentleman from New York was a former and an honored Member.

Mr. SNELL. Mr. Chairman, will the gentleman yield for one further question?

Mr. MANSFIELD. I yield.

Mr. SNELL. Along the line of the questions I asked the gentleman a few minutes ago, I find in the hearings on this matter, page 148, that Secretary Ickes, in reply to a question by the gentleman from New York [Mr. CULKIN], said:

> After all, it was necessary to draft this particular bill to agree, if we can, upon a national power policy regardless of the T. V. A.

Mr. MANSFIELD. That is true, Mr. Ickes made that statement before the committee.

Mr. SNELL. That is what I was trying to bring out in my former questions, and the gentleman thought that this was not a policy bill.

Mr. MANSFIELD. That was the viewpoint of Mr. Ickes, perhaps.

Mr. BEITER. Mr. Chairman, will the gentleman from Texas yield?

Mr. MANSFIELD. I yield.

Mr. BEITER. The gentleman from New York is not opposed to that policy, is he?

Mr. SNELL. I am absolutely opposed to that policy, and always have been.

Mr. BEITER. I know the gentleman from New York is for the St. Lawrence seaway. That would be included in the national policy.

Mr. SNELL. That is an entirely different proposition. Certainly I am for the St. Lawrence seaway. If the gentleman wants to discuss the St. Lawrence seaway, I will be glad to discuss it with him at any time, at any place.

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

Mr. MANSFIELD. I yield.

Mr. RANDOLPH. Following the questioning of the gentleman from New York of the chairman of the committee, is it not a fact that this dam was built primarily as an aid to navigation, and that now use of the surplus water will help return to the Government the money that has been used for this purpose?

Mr. MANSFIELD. The gentleman is entirely correct. Bonneville Dam is a navigation project.

Mr. SNELL. Will the gentleman tell us how much navigation there ever has been there or ever will be above that dam?

Mr. MANSFIELD. No; I cannot, although otherwise I am quite familiar with the situation. The Bonneville Dam is about 40 miles above the city of Portland on the Columbia River, our second largest and most important river in the United States. Ocean ships will pass through this lock at this dam. It is a 30-foot project for ocean ships as an outlet for lumber and wheat, wheat being the principal farm product of the interior of that country, to enter into the export trade and the coastwise trade of the United States. In the recent river and harbor bill we adopted the project as a 30-foot depth project. Up to this dam from Portland the project depth will be 30 feet. Below Portland the depth is 35 feet. Portland is one of the deepest ports in the United States. This dam will carry navigation through the Cascade Range. Ships drawing 27 feet of water can sail 43 miles above the dam to what is known as The Dalles.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield further?

Mr. MANSFIELD. I yield.

Mr. RANDOLPH. Then, according to the statement of the chairman of the committee, from the standpoint of a dam strictly for navigation, it is needed?

Mr. MANSFIELD. Absolutely.

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

Mr. MANSFIELD. I yield.

Mr. RANKIN. The two gentlemen from New York suggested debating the St. Lawrence waterway proposition. I wonder if it ever occurred to the gentleman on my right to go into the rates the people of the State of New York are paying in comparison with Ontario, which is right across the river. According to the Ontario rates the people in the State of New York were overcharged in 1936 $190,237,810 for electric light and power.

Mr. SNELL. Will the gentleman yield?

Mr. RANKIN. The gentlemen from New York have been critizing the T. V. A. rates.

Mr. SNELL. Let me ask the gentleman a question.

Mr. RANKIN. Wait a minute.

Mr. MANSFIELD. Mr. Chairman, I cannot yield for this discussion out of my time.

Mr. SNELL. May I say to the gentleman that the power company of New York sells its power for less per kilowatt-hour than does the Ontario Power Co.

Mr. RANKIN. They do not sell it to the people for less. They sell it to the Aluminum Co. of America at cheap rates, but not to the people.

Mr. SNELL. They sell it for less and the figures will bear me out. The gentleman is mistaken.

Mr. MANSFIELD. Mr. Chairman, I reserve the balance of my time, and I now yield 5 minutes to the gentleman from New York [Mr. BEITER].

Mr. BEITER. Mr. Chairman, the gentleman from Mississippi [Mr. RANKIN] has repeatedly pointed out that the Hydroelectric Commission of Ontario, Canada, is a model organization and that their rates are the yardstick by which all other hydro plants should be governed. Let us be fair. During the hearings that have been conducted recently by the Rivers and Harbors Committee he repeatedly referred to the Ontario rates and I became a little bit suspicious then because of the low rate we have in the State of New York. So I asked for information with reference to a comparison of rates as between the Ontario Power Co. and the Niagara Hudson Power Co. which serves the State of New York. This is the information they gave me:

The latest available comparison between the average revenue per kilowatt-hour received by Niagara Hudson system operating companies and the Hydro-Electric Power Commission of Ontario, was made by Mr. Floyd L. Carlisle, chairman of the board of directors of Niagara Hudson Power Corporation, before the Commission on Revision of the Public Service Law of New York State in December 1929. At that time Mr. Carlisle testified that in 1928 the average revenue per kilowatt-hour for electric sales in the Province of Ontario for all classes of service was 10.6 mills, while the average revenue per kilowatt-hour for the Niagara Hudson system, with taxes deducted, was 9.3 mills. As you undoubtedly know, the Hydro-Electric system pays practically nothing in taxes. The above, as far as we know, is the latest comparison made. However, I believe that any analysis made today would show virtually the the same comparable results.

It might be interesting to learn of the taxes paid yearly by Niagara Hudson system companies. For the year 1936 Niagara Hudson paid in Federal, State, and local taxes $12,287,231.93, an increase of $1,253,923.78 over 1935. An idea of the relative size of the system's 1936 taxes may be had from the following breakdown. Out of every dollar received from our electric and gas customers in 1936, 15.3 cents were set aside for the payment of taxes. Our tax bill was more than double the 1936 net income and more than 70 percent of the wages and salaries paid during the year to our 10,600 employees.

The record of Niagara Hudson system rate reductions speaks well for the company's policy of passing on savings to customers. In 1936 the average residential electric consumer's bill was 22.2 percent less than it was in 1929—the year of the formation of Niagara Hudson. At the same time the average cost represented a considerably less average than that of the Nation as a whole. In that year the United States average price for residential electric use was 4.69 cents a kilowatt-hour, whereas Niagara Hudson's price was 3.01 cents, or 16.6 percent lower. Since 1929 rate reductions to all classes of customers (gas and electric) have aggregated more than $8,040,000. Rate reductions of approximately $453,000 were made effective last year.

As plans mature for further simplification of existing rate structure and of consolidation of operating companies, it is the plan of the company to pass on any savings that may be accomplished in further rate reductions to its customers.

Mr. RANKIN. Will the gentleman yield? He made a reference to me in speaking of the Niagara Hudson Power Co.

Mr. BEITER. Permit me to complete my statement first. It has been pointed out that $195,000,000 has been spent by the T. V. A., and one-third of that is charged for soil conservation, one-third for flood control and transportation, and the other one-third for hydropower. In the set-up of any private utility there is soil conservation, there is flood control, and there is navigation, but those companies are not permitted in any case to charge off a certain portion to some other agency. While I have not made a study of the T. V. A. operations, so far as I know the benefits derived by the people of that section in low power rates have been tremendous, and I approve of the Government's maintaining a public power authority there so long as these benefits to the consumers continue. I merely want to bring out in this statement that unless and until it is definitely shown that a Federal power authority can benefit the people of the section involved by bringing about lower rates and service equal to or better than that provided by a private company, then there is no need for creating any such governmental agency.

[Here the gavel fell.]

Mr. MANSFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. COLDEN.]

Mr. RANKIN. Will the gentleman yield for a suggestion?

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

Mr. RANKIN. The gentleman from New York [Mr. BEITER] overlooked telling the House that from 75 to 90 percent of the electricity produced by the Niagara Hudson Co. is gobbled up by the Aluminum Co. of America at rates far below those existing in the rest of the country.

Mr. SNELL. That statement is not true. It is not 90 percent.

Mr. RANKIN. About 90 percent.

Mr. SNELL. No. It is not anywhere near 90 percent.

Mr. RANKIN. The gentleman from New York [Mr. SNELL] is wrong as usual.

Mr. SNELL. They do not begin to take 90 percent of the power.

Mr. COLDEN. Mr. Chairman, I am going to direct my remarks to the Boulder Dam project.

The Boulder and the Bonneville Dams are two of the Nation's greatest public power projects. Both are built on the largest rivers of the Pacific States which flow on the western slope of the Rocky Mountains. These two outstanding power developments are not only linked together from the geographical standpoint, but coincide in time. Firm power at Boulder Dam became available on June 1, and the opening of the Bonneville project is but a few months in the future. These twin servants of present civilization become the masters of two turbulent streams and convert their energies to the use of man. They will not only reduce the toil of industry but they will greatly lessen the drudgery of the farm.

A BLESSING TO THE FARM

These harnessed rivers will pump the water, saw the wood, grind the feed, turn the grindstone, and even milk the cows, relieving the farmer of endless chores and labors, contributing to his welfare and adding to his hours for recreation. In addition, the light and power afforded by these great dams will give luster and brilliancy to the great marts of merchandise, bring a glow of sunshine to midnight streets, and add to the comfort and the good cheer of a million hearthstones. They will relieve the housewife in both the city and on the farm of backaches over the washtub, of sweat drops over steaming irons, the toil of the broom and the churn, and during heated days of summer will bestow the blessings of the icebox and of the cooling fan. And in wintertime, their warmth will drive away the chill of winter and the biting frost.

SOME INTERESTING HISTORY

On Monday, January 13, 1823, 114 years ago, Mr. Colden, a Representative in Congress from the city of New York, and its former mayor, made a speech on the floor of the House in support of a bill making provision for the occupation of the mouth of the Columbia River. In a lengthy discussion, he made this statement:

> According to official representations on our files, the harbor is safe and capacious—accessible to the largest merchant vessels—peculiarly defensible. The climate is so mild that frost is rare. The soil is fruitful and produces luxuriantly.

This was a typical viewpoint of the proponents who favored the extension of the boundaries of the United States from the Rocky Mountains to the shores of the Pacific in the Northwest.

On the same day, Mr. Tracy, also a Representative of New York, was stirred to reply to the remarks of his colleague, Mr. Colden. In his discussion, among other objections, he stated:

> The coast in the vicinity of the mouth of the Columbia is high, rugged, and, to use the technical phrase of sailors, iron-bound. The entrance into the river, or rather into the estuary into which the river disembogues, is difficult and dangerous, owing to the bars or shoals * * *. The climate, instead of being as I have heard it described, bland and salubrious, is bleak and inhospitable. It is true that deep snows or severe frosts are seldom known during 4 or 5 months of the year, but the vapor arising from the ocean, which is driven by the constantly prevailing west winds on the high mountains, is condensed by the cold and descends in drenching rains almost unremittingly. A dry day at this season is a luxury rarely enjoyed, and the cheering ray of a sunbeam scarcely ever experienced.

These two contradictory opinions expressed by these two gentlemen from New York demonstrate the then uncertain information of what is known as the great empire of the Northwest. It affords me some degree of pride that the opinion of an earlier Member of Congress and of my family has been vindicated, and that he contributed his support to the planting of the American flag on the then far Pacific shores. The establishment of American sovereignty at the mouth of the Columbia River was a great factor in the later extension of American government over the territory of the south, including California, the State which I now have the honor to represent.

PROGRESS OF PACIFIC STATES

The three States of the Pacific coast—California, Oregon, and Washington—afford this Nation an open door to Russia, the Orient, the South Seas, the Pacific shores of Latin America, and to the populations of the East Indies and Australia. Planting the American flag at the mouth of the Columbia River not only extended the frontiers of our country but it moved our boundaries to the West to the natural lines of national defense and endowed the citizenship of America with untold riches in fish and gold and ores, immeasurable resources of petroleum, the grandest forests under the canopy of heaven, fields of golden wheat, vineyards that yield the golden and gladdening spirits, a great variety of fruits, including the finest citrus fruits grown in the world, Florida not excepted.

What would Mr. Colden and Mr. Tracy of New York say today? One of the objections to the extension of our domain to the Columbia shores was slow transportation. The steamboat at the time was working miracles in the transfer of the traveling public and of merchandise. But today the Atlantic is bound to the Pacific by less than 24 hours of flight by air; the steam engine shoots across the continent from shore to shore in approximately 3 days, and many make the trip in an automobile within a period of 5 days. Such has been the miracle of progress in the past 114 years. The growth of the Pacific Coast States is one of the marvels of our country. Its resources, its productivity, is a most inspiring theme. I regret that time does not permit for me to elaborate and to expatiate on the marvels of the Pacific coast, and particularly the unparalleled attractions and progress of the great State of California. I have made this reference to the historical background merely to prepare you, my colleagues, for a discussion of section 6 of H. R. 7642, which pertains to the Boulder Dam in which southern California is deeply concerned.

THE SEVEN-STATE COMPACT

Mr. Chairman, there are three great river basins in the Pacific States and the western slope of the Rocky Mountains—the Columbia River, the basin of the Sacramento and San Joaquin Rivers, one of the most fertile sections of the Nation, then the Colorado River basin that covers a considerable area in seven States, namely, California, Arizona, Nevada, Utah, Colorado, Wyoming, and New Mexico. It was these seven States whose representatives signed, subject to legislative ratification, the so-called Colorado River compact at Santa Fe, N. Mex., in 1922. Six years later the Swing-Johnson bill, named after Representative Philip Swing and Senator HIRAM JOHNSON of California, passed Congress and was approved by President Coolidge in the year 1928.

AN EPIC OF PEACE

Previous to the signing of this compact between the seven States, brave souls with a vision of the future battled for the building of the Boulder Dam. This struggle, which took a militant form, was born in the hearts of the struggling farmers principally in the Imperial Valley of Southern California. Much of their land was below the level of the sea and all of it below the flood levels of the Colorado River and all periodically threatened by destruction by the floods of the wild Colorado and again by the lack of water in the dry season. These farmers were face to face with the problem, Shall we control the river and survive or shall we succumb, lose our livelihood and our hearthstones, and become wandering families on the face of the earth? It was a battle of the spirit of brave men and women against the uncertainties, the handicaps, and the uncontrolled and merciless tempers of an incorrigible river.

It was a bitter conflict against skepticism and prejudice and the suspicion of private utility interests. It was the pioneer movement in a new field of Government enterprise and the first extensive effort to provide large quantities of power for public use by a governmental agency. Some day this struggle will afford the novelist or the poet the theme for a great American epic. It is one of the stern, persistent, and

patient battles of man against nature, a conquest won by the arms and tools of peace.

LOS ANGELES A BIG FACTOR

The unparalleled growth of Los Angeles was one of the contributing factors in the solution of this problem. About the year 1900, when the city of Los Angeles had a population of 100,000 people, the water supply became a question of grave concern. Since financiers and private corporations feared the hazards of such an undertaking the bungalow owners voted $25,000,000 in bonds and built the famous aqueduct to the north of the Sierra Nevadas and brought water from 240 miles away. This was deemed sufficient for a population of somewhere between a million and a million and a half people. Many there were who thought that this would provide the city of Los Angeles with water for domestic purposes for a century to come, but the optimistic prophets were too modest.

The census of 1930 gave Los Angeles approximately one and one-quarter million population, with nearly 1,000,000 more in the surrounding territory. Los Angeles was faced with the problem of providing water for a million more. Foresighted citizens had long since conceived plans for the utilization of waters from the Colorado River, with the result that the metropolitan water district was organized by 13 cities of southern California for the purpose of augmenting their domestic supply. These cities are, namely, Los Angeles, Pasadena, Glendale, Long Beach, Torrance, Santa Monica, Burbank, Beverley Hills, Compton, San Marino, Santa Ana, Anaheim, and Fullerton.

THE COSTS AND MAGNITUDE

Mr. Chairman, the cost of the Boulder Dam project is estimated at approximately $165,000,000, including about $38,000,000 for the All-American Canal. The cost of the dam and powerhouse has amounted to about $100,000,000, including interest during construction at the rate of 4 percent per annum. Of this amount $25,000,000 was allocated by Congress to flood control. The cost of the generating machinery will probably equal the remaining $27,000,000. The costs against power may be tabulated as follows:

| | |
|---|---|
| Direct charges to power: | |
| Cost of dam directly allocated to power | $75,000,000 |
| Cost of machinery | 27,000,000 |
| Total direct charges to power | 102,000,000 |
| Indirect charges to power: | |
| Cost of dam allocated to flood control but payable out of excess earnings from power | 25,000,000 |
| Total charges to power | 127,000,000 |

The hard-driven contracts for the sale of water for the generation of electricity, which made possible the construction of Boulder Dam, provides that the cost of the generating machinery shall be repaid to the United States in 10 years with interest at 4 percent.

From the foundation to the top the dam is 726 feet, the highest in the world. The height of the river will be raised 584 feet. The reservoir will contain 30,500,000 acre-feet when full. The water of the reservoir would cover the State of New York to the depth of 1 foot. The dam will stop the entire average flow of the river for 2 years, and would supply about 5,000 gallons of water for every inhabitant on the earth, or 80,000 gallons for each person in the United States. It is estimated that the Boulder Dam will irrigate more than a million acres of desert and will produce about 1,700,000 horsepower.

The mean annual run-off of the Colorado River Basin States was estimated at 16,000,000 acre-feet. In the Colorado River compact 7,500,000 acre-feet were allocated to the upper basin States—Colorado, Utah, Wyoming, and New Mexico—and an equal amount was allotted to the lower basin States, with a proviso that the lower States might increase their consumptive use of such water by an additional 1,000,000 acre-feet per annum. Although California by prior rights in the use of water for irrigation was entitled to a larger proportion, our State agreed to limit its use to 4,400,000 acre-feet plus one-half of the surplus waters available. Nevada obtained a comparatively small amount of 300,000 acre-feet per annum and Arizona 2,800,000 acre-feet from the main river. Arizona never ratified the compact but the other six did ratify it on a six-State basis.

FLOOD CONTROL AND THE IMPERIAL VALLEY

The flood-control factor of the Boulder Dam is of great importance. The irrigated lands lie below this point. In addition to the control of the floods the stored water affords a uniform and permanent supply of water for irrigation for a large area of exceedingly fertile land that is particularly adapted to the growing of alfalfa, long-staple cotton, winter and early spring vegetables, and fruits. About 30,000 carloads of cantaloups are shipped from the Imperial Valley each season, and the alfalfa affords from 7 to 10 cuttings per season and averages about 1 ton per cutting.

A POOR PROPHET

Incidentally, I might say that I saw the northern part of the Imperial Valley from the windows of a Southern Pacific train for the first time in the year 1902. As a publisher of a country newspaper in northwest Missouri, I wrote to my readers that I was now in southern California, that as I gazed out of the window, I could see nothing but sand and sage brush and barren mountains in the distance; that I would rather own 100 acres of the blue-grass land in northwest Missouri than all of California I could see at the moment. Since that date, I have traversed this route many times, and it has proven to be one of the most fertile and productive sections of California and one of the outstanding garden spots of the world. There is no doubt that Congressman Colden of New York of 1823 was a better prophet than the Representative of California who bears the family name in 1937.

SUCCESS OF PUBLIC OWNERSHIP

There are two additional dams below Boulder Dam neither of which compare in size to the latter. Parker Dam, the first below Boulder, is being built by the Metropolitan Water District of Southern California as a feature of its project of supplying 13 cities of southern California with a domestic would rather own 100 acres of the bluegrass land in north- of Yuma, the Imperial Dam will supply the All-American Canal with the water for irrigation required by the Imperial Valley.

The development of power early became a controversial factor in the building of the Boulder Dam. It was urged by many that this dam should be built for flood control only and that a low dam would suffice. Others, seeeing the possibilities of power development, urged a high dam, and around this controversy the battle raged for many years.

The success of the bureau of power and light of the city of Los Angeles contributed much to the building of the high dam for production of power. In building the Los Angeles aqueduct, the production of power developed naturally in the fall of the water from an altitude of 4,000 feet to the floor of Los Angeles, which lies but a few hundred feet above sea level. The success of the bureau of light and power of Los Angeles is marked. It not only has saved millions in reduction of rates to the local consumers, while at the same time creating a municipal equity of over $50,000,000, but it has been a big factor in attracting industries to Los Angeles. With a heavy transient flow of citizens within the State it was impossible to find work for these newcomers, so Los Angeles launched one of the most successful industrial programs in the history of modern cities.

The growth of the city, and the surrounding territory, made new demands for more cheap power. In addition, it will be necessary for the Metropolitan Water District to elevate water to a height of 1,700 feet in order to bring it to Los Angeles and neighboring cities. So the Metropolitan Water District united with the city of Los Angeles and placed its influence behind the high-dam project and the development of light and power.

ONLY GUARANTEED PUBLIC POWER PROJECT

Mr. Chairman, under the Swing-Johnson Act, the Government did not expend a dollar until the payment of the

cost of Boulder Dam and the machinery for generating power was underwritten by Los Angeles and other cities, the Metropolitan Water District, and other local private companies. The Metropolitan Water District agreed to take 36 percent of the firm power available.

Mr. MURDOCK of Utah. Mr. Chairman, will the gentleman yield?

Mr. COLDEN. I yield.

Mr. MURDOCK of Utah. The gentleman knows that the Metropolitan Water District had nothing whatever to do with the original contracts, and that the original contracts were underwritten by the city of Los Angeles and the Southern California Edison Co.

Mr. COLDEN. May I say to the gentleman from Utah that the Metropolitan Water District has assumed very largely the responsibility of the city of Los Angeles, and still remains by far the largest consumer and taxpayer in that district.

Mr. MURDOCK of Utah. If the gentleman will yield further, I admit that, but when the gentleman talks about the persons or the institutions which underwrote the original contracts, he will find this great public-utility corporation looming very large in the picture, and that power company will be one of the large beneficiaries under the modification of contracts asked.

Mr. COLDEN. Under this proposal the private power companies utilize about 8 percent of the power, and 92 percent goes to public agencies.

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

Mr. COLDEN. Yes; I yield to my chairman.

Mr. MANSFIELD. Is it not a fact that at the time this contract was entered into Boulder Dam had no competition from other places nearby in the production of power, and that it brought about a great change in conditions?

Mr. COLDEN. The statement of my chairman is correct.

Mr. ROBINSON of Utah. Mr. Chairman, will the gentleman yield? The gentleman has referred to me.

Mr. COLDEN. I cannot yield further now.

The States of Arizona and Nevada are each allocated 18 percent of the power, which they are permitted to take upon notice at any time during the 50-year period. So far neither State has assumed any large responsibility for the purchase of power. Nevada is taking some and has plans to take more. Los Angeles and a private company agree to use and pay for the portion allocated to Arizona and Nevada until these States are ready to use it. The cities of Los Angeles, Pasadena, Glendale, and Burbank, all of which have successful municipally owned light and power plants, are allocated 20 percent of the Boulder power. Private utilities are allocated the 8 percent remaining. The result is that the major portion of power is allocated to public agencies which serve the consumer at approximate cost. The guaranty of this huge project was only possible because of the publicly owned utilities of southern California.

POWER ESSENTIAL TO PACIFIC STATES

It might be said, in this connection, that the Pacific coast is more power conscious, more interested in public ownership of light and power than any other section of the Nation. The Pacific Coast States are denied large areas of coal, such as are found in Pennsylvania, West Virginia, Kentucky, and Illinois, for example. The Pacific coast has great resources in minerals, in fisheries, in timber, and in agricultural and horticultural products that yield themselves to manufacturing, processing, and canning. Many of the products, particularly of California, are unique in that they find a wide market reaching beyond the boundaries of our own country. Canning products of the Pacific coast, fisheries, fruits, vegetables, seek the markets of the world. Light and power lend themselves to this sort of enterprise. So light and power are absolutely essential to the industry and the progress of the Pacific coast. China and Japan, and other parts of the Orient furnish the greatest potential market in the world. The keen business foresight of the Pacific coast has long cast its vision of profitable trade toward other nations sharing the shores of this great ocean.

PAYS FOR FLOOD CONTROL

Southern California has not only agreed to pay for the construction of the Boulder Dam and generating machinery for light and power within a period of 50 years, including interest at 4 percent, but also $25,000,000 for flood control. These funds come from the revenues derived from the light and power consumers in southern California. Every bungalow owner, every business house, every factory, help carry this load. The money comes from the pockets of the people of Southern California. No other Government light and power project has the guarantee that its cost will be defrayed by an iron-bound contract such as exists regarding Boulder Dam. The flood-control burden serves Arizona and other parts of California.

Mr. FORD of California. Mr. Chairman, will the gentleman yield to me?

Mr. COLDEN. I yield.

Mr. FORD of California. Does the gentleman know any other power project which has $25,000,000 of flood control saddled on its back?

Mr. COLDEN. Absolutely not.

Mr. MANSFIELD. And they get no more benefit from that flood control than any other section of the United States.

Mr. MURDOCK of Utah. Mr. Chairman, will the gentleman yield?

Mr. COLDEN. I shall yield in just a moment.

BUILDS OWN TRANSMISSION LINES

Not only has southern California guaranteed the payment of this immense improvement with 4-percent interest but, in order to avail itself of the light and power produced at Boulder Dam, the city of Los Angeles has built two transmission lines a distance of 270 miles, at a cost of approximately $23,000,000, to bring the power to the users and consumers within the city. The Metropolitan Water District has expended $3,400,000 to build a transmission line to its pumping stations. Thus not only the burden of paying for the dam and its electric equipment but the additional burden of operating the transmission lines falls upon the consumers of southern California.

Since the signing of the Boulder Dam Act of 1928 the Government's policy toward public power projects has decidedly changed. Today we have the great Tennessee Valley Authority building a number of projects without any ironclad guaranty of payment from the consumers. Bonds have been authorized at an interest rate of not to exceed 3½ percent, but no bonds have as yet been issued. Funds are supplied by the Treasury, with no specific obligation for repayment. Transmission lines are built by the T. V. A., and no initial cost is assumed by the consumers in that territory.

BOULDER DAM DISCRIMINATED AGAINST

The same liberal policy is being pursued toward Bonneville Dam. Here again the Government is building a great power project with transmission lines, and also Grand Coulee. The favored citizens at these dams assume no responsibility as to payment; they merely may purchase and use such light and power as they find convenient. It may safely be assumed that the rate of interest on these investments will be on a par with the T. V. A. and much less than is now being paid at Boulder Dam. It is assumed that the same provisions will prevail at the Fort Peck Dam on the upper Missouri. In addition, it is the current opinion that at Bonneville more than $25,000,000 will be charged off to navigation and will form no part of the capital investment upon which the consumers of light and power will base their rate of payment. The T. V. A. will undoubtedly charge off large amounts for navigation, flood control, and other purposes in their many projects. Southern California desires the Boulder Dam project to be kept on a sound financial basis, but it feels it should not be charged a higher interest than at other projects, and that in view of the present policy of the Government the cost of flood control should be treated differently and more in line with the present policy.

So the Boulder Dam project finds itself threatened with discrimination on two very vital points. One is the rate of interest of repayable advances; the other is that power at

Boulder Dam is charged with payment with interest of a $25,000,000 charge for flood control. Consequently, the representatives of southern California ask that the Congress, in its deliberations, place them on a parity with competing governmental projects. This discrimination is far reaching in its final effect. Many major and basic industries of this country are seeking locations or are planning branches. Like all good businessmen, they shop around to see where they can obtain the most favorable location and the most economical cost of light and power, which is more and more becoming a vital factor in every aspect of industry.

GOVERNMENT MAKES PROFIT AT BOULDER

If we should place Bonneville Dam on the basis of the Boulder Dam, we would first require the citizens of municipalities and other political organizations and private utilities and industries, to underwrite the entire cost of the project with an agreement to repay the entire cost within 50 years, including interest at 4 percent. Bonneville would be required to pay 37½ percent of its surplus revenues to the States of Washington and Oregon in lieu of taxes. It would further load the consumers of the Northwest with the cost of navigation on the Columbia River. To place these onerous obligations on the people of the Northwest would, in all probability, defeat the entire proposition and deny the citizenship of that territory the tremendous benefits to be derived from the present program.

So the citizens of southern California merely ask that so far as the Government is concerned, the financial conditions be equalized as nearly as possible. Under present conditions the consumers of light and power in southern California are paying a profit to the Government of approximately $1,000,000 annually since the Government borrows at less than 3 and receives 4 percent on its advances for Boulder Dam.

DISCRIMINATION AGAINST PUBLIC POLICY

Congress created the Interstate Commerce Commission in order that there should be no discrimination in railway rates. Congress established the Federal Communications Act to protect the public from discriminations by telephone, telegraph, and radio companies. Congress created the Federal Power Commission to prevent unreasonable differences in rates, charges, service, facilities, or in any other respect, either as between localities or as between classes of services and to prevent undue preference or advantage to any person, or the subjection of any person to any undue prejudice or disadvantage. Thus, it is clearly the policy of the Federal Government to prevent discrimination against the citizens of any section of the country. And all that the consumers of light and power are asking in southern California is that this policy be extended to the Boulder Dam power project.

PUBLIC HEARINGS TO BE HELD

Section 6 empowers the President to direct the holding of public hearings by such agency or agencies as he may designate for the consideration of any unreasonable discrimination against the Boulder Canyon project with respect to charges against power for construction costs, amortization, and interest. Also that the agency conducting these hearings is authorized to recommend changes in charges and rates at Boulder Dam necessary to correct and remove such discriminations. The Secretary of the Interior, subject to the approval of the President, shall correct and remove such discriminations and adjust charges and rates to the extent that he deems necessary and appropriate. This section, we believe, provides a procedure that will remove the discriminations that exist against Boulder Dam.

We ask your support of this bill and the Boulder amendment, in order that southern California may stand upon a parity with its competitors, in order that our people may not be discriminated against; the southern California may enjoy a square deal along with the manifold blessings of the New Deal. We are not asking that rates be the same as at other projects, and we do not believe that rates should be made uniform at all projects, but according to the physical and financial conditions that control the production of light and power. What we ask is, that so far as the Government is concerned, from its standpoint, it will treat all projects alike.

UPPER BASIN STATES PROTECTED

At one time in the hearings the upper basin States injected some objections to this bill. The question was raised concerning the payment of $300,000 per year to the States of Nevada and Arizona in lieu of an 18¾ percent of the surplus to each State after cost of operation and also the Government financial requirements are paid. Nevada has unofficially indicated a desire to have a stated and uniform annual amount instead of uncertain revenues to be derived from the 18¾ percentage. So far Arizona has not indicated its intention respecting this option. It is a matter to be determined by the legislatures of the States.

A further provision in paragraph C of section 6, reemphasizes that the rights of the upper basin States shall not be impaired in the separate fund which will be created after the other liabilities are liquidated. The Boulder Dam Act provides that after the Boulder Dam, its equipment and the $25,000,000 for flood control are paid for, then the revenues are to be appropriated by Congress for other projects in the Colorado River Basin. Thereby the people of southern California are deprived of the ownership of the project they will have paid for but will continue to contribute to the development of other areas some of which will be far removed from its boundary and trade territory.

UPPER BASIN STATES BENEFITED

Because this bill in no manner impairs the rights of the upper basin States, there is no reason for any objection from that territory. The fact is that the upper basin States have been greatly benefited by the compact. The use of the waters of the Colorado is governed by priority. The Imperial Valley of Southern California, before the construction of the Boulder Dam and previous to any considerable development of irrigation in the upper basin States, was using practically all of the normal flow of the Colorado River during the irrigation season.

If the Colorado River compact had not been entered into and Boulder Dam not built, the upper basin States, because of the previous use of the waters in southern California, would have had very limited use of the Colorado River and its tributaries. The seven-State compact conserved practically half of these waters for the use of the upper-basin States, which were utilizing but a fraction of the amount. California conceded this liberal allowance because of the necessity of flood control and the advantages of a normal flow of water from storage and from the benefits of cheap light and power. So, instead of complaint, the upper basin States should rejoice and give their hearty support to the Boulder Dam amendments in the Bonneville bill.

CALIFORNIA HAS BEEN AND IS FAIR

So far as I am informed, there has never been any attempt on the part of the State of California, or of the political organizations in southern California, in any way to impair the rights of other States in the Boulder Dam compact. California has pursued a fair and neighborly policy. We recognize the rights of the neighboring and other States of the Colorado basin. We are prepared to carry out this contract in good faith. If the Federal Government had not afforded competitive projects more liberal provisions, this issue involved in section 6 of H. R. 7642 would probably not have arisen. But time and conditions have changed since southern California assumed the enormous obligation of reimbursing the Government for the building of Boulder Dam. We simply ask that the Government shall not deal harshly with us and not place burdens upon our consumers that are not shared by the people who enjoy the benefits and the blessings of the other Federal projects. We believe that we are justified in making this appeal. I submit the issue to the fair judgment of my colleagues. [Applause.]

Mr. SEGER. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, just as the gentleman from New York [Mr. BEITER] took the floor the gentleman from Mississippi [Mr. RANKIN] interjected a remark to the

effect that 90 percent of the power produced up in the Niagara region is sold to the Aluminum Co. of America. No doubt what the gentleman had in mind was the T. V. A., where they have sold 100 percent of the power produced at the Norris Dam to the Aluminum Co. of America, and the output of another dam has been contracted to the Monsanto Chemical Co. of St. Louis. The gentleman has stated he does not approve of the low rates the T. V. A. has made to these large corporations, and I do not wonder, because the price the T. V. A. is receiving for the power furnished these two gigantic corporations—and the Aluminum Co. of America is one of the largest of organizations—is far below the cost of production.

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

Mr. KNUTSON. I yield.

Mr. WHITE of Idaho. How does the gentleman reconcile the facts stated in the letter read by the gentleman from New York [Mr. BEITER] when the people of Canada pay less for power and the Commission receives more and the people of New York pay more and the Niagara Hudson Co. receives less?

Mr. KNUTSON. I am coming to that, if the gentleman will permit.

For many years we have had held out to us statements of the wonderful benefits that were being derived from public ownership of power in Ontario. I have some very interesting figures here.

In 1896 the public debt of the Province of Quebec, which operates under private ownership, was $32,207,000, while the debt of Ontario was only $33,644. In 1911 the people of Ontario embarked on a program of public ownership, and their debt jumped to $24,765,000, whereas the public debt of the Province of Quebec had decreased to $28,170,000. In 1932, which is the latest year for which figures are available as contained in the Canadian Yearbook, the public debt of the Province of Ontario, which operates under public ownership, was $577,705,000, whereas in Quebec, where they have private ownership and derive taxes from the utilities, the debt was only $108,188,700.

I here insert the table of indebtedness.

It is not difficult to appreciate the protest Ontario's taxpayers are making against the tremendous increase in their tax burden. The following statement from the Canada Yearbook of 1933, official publication of the Dominion of Canada, compares the indebtedness in two Provinces—Quebec and Ontario—from 1896 to 1932:

| | Page index | Quebec, private ownership | Ontario, public ownership |
|---|---|---|---|
| Capital invested | 6 | $567,218,230 | $367,701,419 |
| Primary power (horsepower) | 18 | 2,914,070 | 1,395,914 |
| Output (kilowatt-hours) | 24 | 8,449,936,000 | 2,931,850,000 |
| Revenue | 8 | $43,508,546 | $40,303,483 |
| Expenses, total | 10 | $13,686,380 | $36,496,900 |
| Taxes | 10 | $3,083,265 | $292,293 |
| Number of employees | 12 | 3,275 | 5,893 |
| Pay roll | 10 | $4,625,974 | $9,930,206 |
| Revenue (excluding taxes) | | 40,425,281 | 40,011,190 |
| Capital invested per horsepower | | 194 | 263 |
| Revenue per horsepower (excluding taxes) | | 13.87 | 28.66 |

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

Mr. KNUTSON. I prefer not to, as my time is limited. The gentleman disagreed with the remarks I made on T. V. A. sometime ago, but I notice in the extension of the remarks he subsequently inserted he denounced the very things I denounced—the contracts which were made between T. V. A. and the Aluminum Co. of America and the Monsanto Chemical Co. of St. Louis. Therefore, I assume the gentleman and I are in accord, at least to that extent, although the gentleman did not so indicate when I first took the floor to speak on the operation of T. V. A.

Mr. RANKIN. Now, will the gentleman yield?

Mr. KNUTSON. No; I cannot yield now.

Mr. RANKIN. Do not point at me then.

Mr. KNUTSON. In Quebec they had, according to the Canadian Yearbook, $567,000,000 invested in utilities which were under private ownership, whereas in Ontario there is but $367,000,000.

Quebec produces, in round figures, 2,900,000 horsepower as against 1,395,000 horsepower produced in Ontario.

The revenue received by Quebec is $43,508,000 as against $40,303,000 in Ontario.

Now, get this: The number of employees in Quebec is about half as large as the number employed in Ontario, although Quebec produces twice as much power. In other words, in Ontario, they use the public utilities as a place to unload all their hacks and worn-out politicians.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a brief question there?

Mr. KNUTSON. Yes.

Mr. SNELL. I would like to add to the gentleman's statement that two of the largest power companies in Quebec have some of their best contracts with the Ontario Power Commission.

Mr. KNUTSON. Yes, that is true. The report so states.

Mr. SNELL. They are selling power to them at a profit and then, in turn, they are reselling it at another profit.

Mr. KNUTSON. The Canadian Yearbook gives that information, I may say to the gentleman from New York.

Now, get this! The pay roll in Quebec, privately operated, is $4,625,000, and notwithstanding the fact that Quebec produces twice as much power as Ontario, the pay roll of Ontario is $9,930,000 or more than twice as much.

Now, let us see how the prices have been jigged up to the people in that Province. In Ontario the cost per horsepower in 1917 was $14.50, in 1933 it was $26.59, or an increase of 54.5 percent.

I will now give the increases as shown by the following table:

| Municipality | Population | 1917 | 1933 | Percent increases, 1917–33 |
|---|---|---|---|---|
| Toronto | 621,596 | $14.50 | $26.59 | 83 |
| Hamilton | 150,063 | 14.00 | 25.84 | 85 |
| Brantford | 30,153 | 19.00 | 27.28 | 44 |
| St. Catharine's | 25,645 | 14.00 | 24.02 | 72 |
| Peterborough | 22,798 | 17.70 | 33.36 | 88 |
| Port Arthur | 19,430 | 20.75 | 26.28 | 27 |
| Niagara Falls | 18,678 | 11.50 | 21.78 | 89 |
| Welland | 10,338 | 14.00 | 24.65 | 76 |
| Midland | 7,802 | 19.00 | 33.54 | 77 |
| Preston | 6,173 | 19.00 | 28.31 | 49 |
| Dundas | 5,137 | 14.00 | 27.09 | 93 |
| Arthur | 993 | 45.00 | 73.28 | 63 |
| Wyoming | 475 | 38.32 | 52.61 | 37 |
| Coldwater | 641 | 28.00 | 42.92 | 55 |
| Chatsworth | 263 | 30.18 | 48.16 | 60 |

The last report of the Ontario Hydroelectric Commission, for the year ending October 31, 1933, shows a deficit of $4,221,000. In addition, T. Stewart Lyon, new chairman of the hydro commission, points out that during the next 2½ years the commission must accept additional deliveries of $260,000 horsepower on contracts made with the Beauharnois and Maclaren companies of Quebec before he took office.

Apparently the people of Toronto are thoroughly aroused. The Toronto Globe of March 17, 1934, quotes the mayor of Toronto as follows:

> My first duty is to the citizens of Toronto. I am not entering into political controversy with the Provincial Hydro. The rate for power to the local commission was fixed at $17.44 per horsepower when present rates to the consumer were decided upon. The rate has steadily increased and the amount which the system has paid over and above the price of $17.44 without an increase to the consumer is in the neighborhood of $18,000,000.
>
> An increase in rates to the local consumer appears likely—I am protesting against this bill—the 1933 hydro commission bill to the city. If we accept this burden an increase in rates appears unavoidable.

The Toronto Globe of March 19, 1934, declares that the city has practiced every economy to offset the increasing wholesale cost, but despite that fact shows a deficit of $729,000 for the years 1932 and 1933.

Toronto is not the only city hit by wholesale rate increases. The reports of the hydro commission for the years 1917 and 1933 reveal that the commission has made drastic

increases in its charges to the municipalities. The above table shows the boost to towns of all sizes.

The last available report of the Ontario Hydroelectric Commission, which is for the year ending October 31, 1933, shows a deficit of $4,221,000.

Of course, they can sell power below a private utility where they do not pay taxes, where they can pile up deficits for the people to pay that run to $4,000,000 or $5,000,000 a year, and where they lay nothing aside for depreciation. Under such circumstances, it is a wonder to me they cannot give it away. Do you call it a yardstick where they do not pay taxes, where they lay aside nothing for depreciation and replacement, and where they are allowed to pile up a deficit of $4,221,000 in 1 year? Is that a yardstick? Yes; just like T. V. A. is a yardstick.

Oh, the gentleman from Mississippi inserted a lot of figures on rates in Minnesota——

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

Mr. KNUTSON. No; I will not yield. The gentleman can take the RECORD in his own time and put in all the information he wants to, but I do not want any more of that kind in mine.

Mr. RANKIN. I cannot put in any more misinformation than the gentleman is putting in now.

Mr. KNUTSON. Of course, that is a matter of opinion, largely, and also of veracity.

Mr. RANKIN. I would have the advantage in either case.

Mr. KNUTSON. It has been the case wherever they have had public operation or public ownership that the whole set-up merely becomes an adjunct to some political machine. That is going to be the case down in Tennessee, as has been the case in Ontario and as has been the case all over the world, wherever they have tried public ownership, and I am not even excepting Russia.

I am not opposed to public ownership where they can at least break even after deducting for depreciation and interest on investment, but I am unalterably opposed to these quasipublic operations where huge deficits are piled up that must be liquidated in higher taxes. It is time we stopped kidding ourselves.

[Here the gavel fell.]

Mr. SEGER. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, in considering this bill, H. R. 7931, it seems to me the wise thing to do, until this project is put into operation and it is determined where this power is to be distributed, would be to retain control in the Army engineers. They are able and capable of handling it without additional cost to the Government. There is no use of our coming in here and setting up another board, another new department of government. If there ever was a party that said it was going to try to cut down Government organizations and consolidate departments, it is the party of this administration, which made that promise to the American people, yet hardly a bill comes before the House of Representatives that does not set up something new, some new body, some new organization. It seems to me that we should stop these new set-ups, new organizations, and the only way to stop is to stop now; do not set up any more bureaus. We talk about building these great, large power dams. We are building one up on the Columbia River, the Grand Coulee, 400 or 500 feet high, and this dam at Bonneville will soon be completed. We think that they are a blessing to the people of the Columbia River country. Bills have been passed in the House in the last 2 or 3 months providing for the construction of dams on the Sacramento River and on the San Joaquin River in California and on the Colorado River, and you are going to build many dams in the Northwest. These dams may rise up some day to damn all of you who think they are going to be of much benefit to your people; I hope, however, it will not be the case. Just this week up at Fairbanks, Alaska, there was a tremor in the earth, and when it subsided there was a crevice 6 or 8 inches wide into the bowels of the earth. You gentlemen know of the earthquakes you have had in California, you know of the tremors that you have had in Oregon and Washington and Montana and all through the Middle West, and if something like that should happen in the not distant future and it should break asunder these great dams that you are building for power purposes, the waters that are held back might rush down through these valleys and annihilate the people of these States. It may drown thousands of people and do untold damage to millions of dollars' worth of property. What a catastrophe that would be! I hope it never happens. You men here talk about flood control, and we are not doing these things we ought to do for the purpose of flood control. Gracious goodness, you are talking more about building power plants and putting the Government in business and putting private individuals out of business than you are about conserving the natural resources and doing the things of real benefit to the people.

If you want to build flood-control propositions, you ought to go to the headwaters, or to the tributaries of these streams, and build small dams so that if one did go, if one should break, you would not annihilate all of the people who live in its vicinity, for whom you are trying to do some real good. The blessings that you think are coming to you may annihilate all of the people who live in these valleys. These earthquakes have happened before, and in the Northwest section of the country where they are prevalent, they are liable to happen again. If you are going to take care of these people in flood control in these localities, you will stop this idea of trying to get the Government into all kinds of business; you will stop trying to set up these power plants, to put all the people in these States out of business who do an honest, legitimate business, so that they have to get on the Government pay roll to find a job. You are building up the greatest socialistic organization in this country, and by setting out these six or seven great power zones that the President talks about, before you have completed one, you are building another somewhere else. It seems incredible that men who are supposed to be men of common sense would start other projects before they finish one—before they know the actual results of the experiment. You talk about the T. V. A. and the yardstick it is supposed to be. If some of these men who talk about the cost of power knew what they are talking about, they would not talk as they do in the House of Representatives. They do not know how to figure costs as was revealed a few minutes ago by Mr. KNUTSON, of Minnesota. He is right.

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

Mr. RICH. I should be glad to yield if the gentleman will give me some more time.

Mr. MANSFIELD. I am sorry, but I have no time to give.

Mr. RICH. I need all of my time. I want to finish this statement, and then I shall be glad to yield to the chairman of the committee. Three or four weeks ago you heard the whiz of an airplane that came from Russia over the North Pole and over the Grand Coulee and the Bonneville dams and by all the dams in California. What a time we would have in that country providing we were at war with some of the nations in Asia and they had a 5-ton bomb tied on the tail of that airplane. What would happen if they dropped one bomb on one of those big dams? They would annihilate all of the people in those valleys. The onrush of water would drown them all. What destruction we would have. What pity we would have for the people of Washington and Oregon and California if such a thing should happen, and you say it is not possible? Three weeks after the first plane came over, another plane with three fine Russian gentlemen came along and went on down to San Diego. Suppose the first plane might have missed its objective, and the second plane had a bomb and it had dropped it on the Bonneville Dam, what would happen to all those towns that are down near the coast? They would annihilate your people and wreck them, and the gentleman from Oregon [Mr. PIERCE] would be the most sorrowful man in this country if anything like that should happen.

Mr. PIERCE. Will the gentleman yield?

Mr. RICH. I yield.

Mr. PIERCE. The gentleman is making more of a tremor and more noise than we ever heard out there. [Laughter.]

Mr. RICH. The trouble with you people out there is that you come in here. You do not make enough tremor for yourselves, and you get money out of the Federal Treasury to do things that are not reasonable. That is what we complain about in the East. Now, if you had some men out there who would get down to work and try to do something for themselves, instead of coming to the Federal Government to get the Federal Government to do everything for you, then I would take my hat off to you fellows in Washington, Oregon, and California. But when you come in here and want the Federal Government to do all these things I do not think that is proper. If it is so good, why compel us to do something for you? I will have to yield now to the chairman of the committee.

Mr. MANSFIELD. The gentleman called attention to the fact that a large number of dams were being constructed by the Federal Government near the western coast, especially in the Northwest. I will ask the gentleman if it is not a fact that the Government has constructed more dams in the State of Pennsylvania than it has west of the Mississippi River. [Applause and laughter.]

Mr. RICH. Now, the gentlemen on this side seem to snicker and laugh at that statement made by the genial chairman of this committee. They not only laughed at the things I said about these dams being destroyed and killing people, but the fact is what I have said may be a most serious realization to you and your people. I hope, however, the day will never come. I do not want any floods to visit you, much less any more earthquakes.

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

Mr. RICH. Oh, I have to answer the chairman of the committee. [Laughter.] Now, you talk about dams in Pennsylvania. I have traveled over Pennsylvania from west to east and north to south. I know of two or three lakes in Pennsylvania and I know several of them have been artificially made. When it comes to building dams I could not tell you for the life of me what the chairman is referring to about building dams in Pennsylvania. Grand Coulee Dam in Washington will cost 10 times more than all the dams combined that were ever built in Pennsylvania.

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

Mr. RICH. Will the gentleman give me some more time?

Mr. SEGER. I am sorry, but I do not have any more time.

Mr. RICH. I would like to have shown to the chairman of the committee that where they build 1 dam in Pennsylvania they build 40 in the West. Where $1 is spent in Pennsylvania $50 is spent for dams west of the Mississippi River.

Mr. SEGER. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. CARTER].

Mr. CARTER. Mr. Chairman, some question has been raised as to whether or not this is a legitimate navigation project. I think the chairman of the Committee on Rivers and Harbors has cleared that up very well. In addition, I want to say that in my opinion it is a legitimate navigation proposition. A survey was made under the direction of the Chief of Army Engineers. Commerce, to the extent of nearly 1,000,000 tons per annum, originates in this district. The total value of that tonnage for the year 1935, according to the report of the Chief of Engineers, was upward of $12,000,000. So I think there is no doubt whatever about this being a legitimate navigation proposition.

The Chief of Engineers not only surveyed this river and suggested improvements, but under his direction was carried on the construction of this vast dam and power-house that are now nearing completion.

I intend to vote for this bill, but there are some things in it which I do not like. One of the features of the bill with which I am not in accord is the fact that it does not put under the Chief of Army Engineers the entire operation of this plant. This bill, as the membership of this committee knows, provides for the appointment of an administrator to sell the power. I would like to have seen authority given to the Army engineers to sell this power, in addition to operating the plant and producing the power. I do not believe there is a finer body of men in the world than the Corps of Army Engineers. I have had an opportunity to observe their work for the past 12 or 14 years. They are competent. They are efficient. My humble opinion is that they not only would most splendidly operate the plant, but could very efficiently handle the disposition of the power.

Now, we say the T. V. A. is a yardstick; that we are experimenting there, more or less. We have a commission in control down there. Why not experiment a little out here on this Bonneville proposition and give the engineers a chance and see what they could do in the sale and distribution of that power? I think it would be a sane, reasonable, and sensible thing to do and I believe the Army engineers would demonstrate they could do it in a splendid way.

There is another provision of this bill, found on page 14, section 7, that has to do with the buying of supplies by the administrator whom it is anticipated to appoint. We have in our Revised Statutes, section 3709, which provides the manner of purchasing supplies, which very briefly is that bids shall be advertised for and then the contract awarded to the lowest responsible bidder. The opening of this section 7 attempts to repeal section 3709 in these words, "notwithstanding any other provision of law all purchases and contracts made by the administrator shall be made after advertising in such manner and at such times as the administrator or Secretary of War may decide is sufficient."

I believe that section should be amended. I do not believe that this administrator in the sale and distribution of the electricity, or the Secretary of War in operating the power-house and creating this electricity, should be permitted to go out and advertise for bids in any manner they choose.

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

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

Mr. CARTER. Nowhere in that section does it provide that the contract shall be awarded to the lowest responsible bidder.

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

Mr. CARTER. I yield for a brief question.

Mr. MAY. Has the gentleman considered the fact that under this act this administrator to be appointed is accountable to nobody at all except the Secretary of the Interior? He does not even have to report to the Congress, and may go out and buy anything and everything he wants to, without limit.

Mr. CARTER. Yes; I am mindful of that fact, and along that line I desire to call attention to paragraph (b), section 8, on page 15, under which the gentleman from Kentucky has just suggested that the administrator may make such expenditures for various matters as he desires. There is absolutely no limit on his power. I think that is a very bad provision to be carried in any bill. He can employ legal counsel for $100,000 a year. He can go into the market and buy 10 Lincoln cars if he wants to.

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

Mr. CARTER. In just a minute. He has more authority than the President of the United States has in the purchasing of supplies.

Mr. MURDOCK of Utah. Mr. Chairman, will the gentleman yield?

Mr. CARTER. I yield.

Mr. MURDOCK of Utah. I call the gentleman's attention to section 11, which also delegates power to him to sue in the name of the United States without any limitation whatever.

Mr. CARTER. I now yield to the chairman of the committee.

Mr. MANSFIELD. The committee—I believe the gentleman was not present—adopted an amendment providing that the attorneys should be assigned from the Department of Justice. That is to be offered as a committee amendment. The administrator will not be authorized to employ attorneys.

Mr. SNELL. How does that affect the other powers granted to the administrator?

Mr. CARTER. It places no limitation whatsoever on his other powers. If it be a good thing in the matter of the attorneys to curb his power, certainly his power should be curbed in these other matters. The fact that the committee adopted that amendment indicates that they were afraid he had too much power.

Mr. MANSFIELD. No; it was done at the request of the Attorney General because he wanted all that litigation to be handled through his department.

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

Mr. CARTER. I yield.

Mr. MAY. The suggestion of the chairman of the committee is exactly what is meant by this bill, that it is always the intention of every head of every bureau to get all the authority he can. The Attorney General even wants these lawyers in his department, wants to take them away from the administrator.

Mr. MANSFIELD. The attorneys are already in the Department of Justice. Why pay for them twice?

Mr. CARTER. Mr. Chairman, I cannot yield further at this time.

In closing let me repeat what I stated in the beginning, that I am for this bill but that I think some amendments are necessary. I think this is a most unusual grant of power, a greater grant of power than is given under ordinary circumstances and conditions, a greater grant of power than I know of in connection with any other activity of the Government. While the dam is an actuality—it is there—and while the power-house soon will be completed and legislation is necessary to provide for the disposition of this power, I do believe that the disposition of the power should be put under the Secretary of War so that the Corps of Army Engineers can carry on this work. It is my feeling that the office of administrator should be done away with entirely.

[Here the gavel fell.]

Mr. MANSFIELD. Mr. Chairman, I yield 5 minutes to the gentlewoman from Oregon [Mrs. HONEYMAN].

Mrs. HONEYMAN. Mr. Chairman, during the administration of Thomas Jefferson, what is known as the Lewis and Clark Expedition went to the Pacific Northwest with these words of the President in its ears:

Go to the Columbia River and lay the foundation for a great empire.

In 1932, Franklin Roosevelt made a Nation-wide broadcast in Portland, Oreg., in which he outlined his power policy. It was considered an appropriate place to make such a broadcast because of the possibilities of developing power on the Columbia River, just as he outlined his railroad and farm policies in other parts of the country.

The Seventy-third Congress enacted the legislation which authorized the construction of Bonneville Dam on the Columbia River. This dam will be completed late this year and ready to go into operation. This is what makes the pending legislation so necessary at this time. When it does go into operation two great services will be inaugurated—navigation and power. The gentleman from New York asked what navigation is already carried on on the Columbia River to and above Bonneville. It has been impossible for such navigation in the past because ships could not be taken over the rapids at Bonneville. The locks constructed as part of Bonneville Dam will take ocean-going vessels. Cargoes of raw materials can be brought to the industrial plants which it is contemplated will be established just below the site of the dam. The dam has created a basin which extends 43 miles above Bonneville to the great inland wheat empire of both Oregon and Washington.

Mr. MANSFIELD. And Bonneville is 143 miles from the ocean. That will make 186 miles of the river navigable.

Mrs. HONEYMAN. Yes; and it means not only that the river will be navigable for more than 175 miles from the ocean but it means also that ocean rates can be enjoyed 175 miles inland from the sea. Secondly comes the question of power. I cannot too strongly stress what this will mean to the people of that entire area. We know what the agricultural and rural elements mean to this country. We cannot ask or expect these people to remain in the rural areas to carry on the farming industry without the benefits and conveniences of modern improvements, without the modern comforts that come through the use of electrical appliances and are enjoyed by those in metropolitan districts. But they cannot use electrical appliances unless they can get cheap electric power that is to be developed at Bonneville and, after all, is developed by a natural resource which really belongs to them. [Applause.] For this reason I favor the distribution of power over the widest possible area to the ultimate consumer at lowest possible cost.

In the matter of operation at Bonneville Dam we hear much about a divided authority. This can occur in two places—between the navigation and power aspects of the project or divide the power department in two, between the generators and transmission lines. I think it is only practical to have the power under one authority who is responsible to only one Government department.

I do not question the ability of the United States Army engineers, nor their splendid record of efficiency and integrity as construction and navigation engineers, but power is another field. Therefore I intend to support an amendment which will be offered and which will put the power aspects of Bonneville under the civil administrator, who is responsible to the Secretary of the Interior. This divides the distribution in what seems to me the only practical place and that is between navigation and power. When this legislation is enacted by the passage of H. R. 7643 it will be the fulfillment of what may be called a prophecy of Thomas Jefferson and the realization of the dreams and hopes of the people of Oregon. [Applause.]

Mr. MANSFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from Washington [Mr. SMITH].

THE BONNEVILLE PROJECT—VICTORY FOR THE PEOPLE AFTER 5 YEARS OF CONTINUOUS EFFORT

Mr. SMITH of Washington. Mr. Chairman, it is a source of real gratification and no little personal satisfaction and pride to me that this legislation providing for the administration of the Bonneville Dam navigation and electric-power project has been advanced to the point where it is about to be passed by this body and sent to the Senate and the White House. The Bonneville project now in the course of construction and nearing completion is located on the Columbia River at Bonneville in the State of Oregon and North Bonneville in southwestern Washington, in my district.

For many years I have advocated the development of hydroelectric power on the Columbia River to serve southwestern Washington and have actively participated in the fight which has been waged in behalf of Bonneville from its very inception, long before I was elected to Congress in 1932. During the past 5 years, while I have been a Member of this body, I have been active in initiating and promoting this project, which is outstanding among all the electric-power projects undertaken by the Federal Government.

In the last Congress I sponsored one of the first bills for the administration of the project. As a member of the Committee on Rivers and Harbors I collaborated with our beloved chairman, Judge JOSEPH J. MANSFIELD, and my colleagues on the committee, in reporting out a bill, which was not enacted into law owing to the failure of the Senate to act thereon.

On the opening day of this session of Congress, on January 5, 1937, I reintroduced the bill which our committee reported out last year, H. R. 92, in order to again start

the legislation on its course through the Congress. Subsequently, when the matter was referred by President Roosevelt to his Committee on National Power Policy, I appeared before that Committee during the hearings held by it. In February 1937 the Committee completed its report and recommendations, and I was one of a group of Members of Congress from the Pacific Northwest who were called into conference by President Roosevelt regarding the same. Following this conference, the President submitted the report and recommendations of the Committee to the Congress, and I introduced the bill embodying the recommendations, H. R. 4948, on February 19, 1937, which resulted in the legislation being referred to the Committee on Rivers and Harbors, on which Washington and Oregon are both represented, instead of its going to another committee on which neither State was represented. This action also had the effect of expediting hearings and action on the legislation during this session, which is imperative and highly desirable. The Committee on Rivers and Harbors held very complete hearings on my bill, H. R. 4948, introduced February 19, 1937, and H. R. 6151, introduced by Mrs. HONEYMAN, of Oregon, on April 5, 1937, and H. R. 6387, introduced by Mr. PIERCE, of Oregon, on April 14, 1937, and H. R. 6973 and H. R. 7010, introduced by Mr. MOTT, of Oregon, on May 11–12, 1937, all of which were very similar, and with some slight modifications, followed very closely the provisions of the bill recommended by the President's National Power Policy Committee. The Committee on Rivers and Harbors concluded its hearings and reported favorably the pending committee bill, introduced by Chairman MANSFIELD, on June 24, 1937, which contains substantially the same provisions.

Mr. McLEAN. Will the gentleman yield?

Mr. SMITH of Washington. I yield to the gentleman from New Jersey.

Mr. McLEAN. There is in the bill the suggestion that the surplus power, not including what will be necessary to operate dams and the locks and fishery, be sold. Will the gentleman in his observations explain to us what effect the Bonneville Dam will have on the salmon industry out there on the Columbia River?

Mr. SMITH of Washington. I may say to the gentleman from New Jersey that the salmon industry is one of the leading industries in the Pacific Northwest and the matter of adequate protection for the salmon industry has been considered and given serious study by the Army engineers. Fishways and fish ladders have been constructed and it is the opinion of the Army engineers that the salmon industry will not suffer any damage. I think the ultimate cost of the fishways will be about $7,000,000.

Mr. McLEAN. Of course, the salmon industry is a very interesting industry. As I understand the gentleman from Washington, the only knowledge we have that this will not in any way affect the salmon industry is the opinion of the Army engineers?

Mr. SMITH of Washington. And other experts, including the Bureau of Fisheries.

Mr. McLEAN. I would be interested in knowing who the other experts are and upon what they base their judgment. As I understood it, the Director of the Biological Survey resigned because he did not feel that this development was proper on account of the fact it would destroy, so he thought, the salmon industry. He is a great naturalist.

Mr. SMITH of Washington. I think the gentleman from New Jersey is not correctly informed in regard to the attitude of the Chief of the Biological Survey. The Bureau of Fisheries has also made a very extensive study of this problem and they feel that with all the precautions that have been taken there will be no damage result to the salmon industry.

Mr. MANSFIELD. Will the gentleman yield?

Mr. SMITH of Washington. I yield to my chairman, the gentleman from Texas.

Mr. MANSFIELD. I may say that the salmon industry in Washington and Oregon in 1935 amounted to $11,142,407. This included the catch and the canning industries. It is the largest branch of our fishing industry in the United States, oysters being second. Provision in the way of fish ladders has met with the entire approval of the Bureau of Fisheries and these fish ladders were placed in there in accordance with the suggestion and advice of that Bureau, as the gentleman from Washington [Mr. SMITH] has stated.

Mr. McLEAN. The ingenuity of the American people should be entitled to great praise if we can claim credit for having taught salmon how to climb an artificial ladder.

Mr. MANSFIELD. They are having no trouble.

Mr. SMITH of Washington. There is no apprehension in our part of the country at all in regard to the proper protection and preservation of the salmon industry at the Bonneville Dam.

Mr. MAGNUSON. Will the gentleman yield?

Mr. SMITH of Washington. I yield to my colleague from Washington [Mr. MAGNUSON].

Mr. MAGNUSON. The salmon have been climbing artificially in that part of the country for the last 45 years and spawning in the upper stream.

Mr. SMITH of Washington. My colleague is correct. There is nothing in that situation which alarms the people of the Pacific Northwest.

May I have the attention of the distinguished minority leader, the gentleman from New York [Mr. SNELL]? In his remarks earlier this afternoon the gentleman expressed some fear that this project might not be self-liquidating.

Mr. SNELL. I still have a great deal of fear along that line.

Mr. SMITH of Washington. I assume that he has confidence in the judgment and ability, as I know we all have, of General Markham, Chief of the United States Army Engineers?

Mr. SNELL. I thought he had a lot of good ideas until he approved of the Florida Canal. Since then my opinion has not been so high.

Mr. SMITH of Washington. Mr. Chairman, during the hearings on this bill General Markham testified before our committee that the power side of the project would be amortized in 50 years, and it is his opinion, as expressed before our committee, that the Bonneville project is financially and economically sound and will be self-liquidating.

Mr. SNELL. I do not know whether it is in his testimony or not before the committee, but he said it would require 7 percent for depreciation, and in his own figures he uses about three-quarters of 1 percent. How can I have any confidence in that kind of a man?

Mr. SMITH of Washington. I do not have time to pursue this matter further.

SECTIONAL ANALYSIS OF THE BILL

Mr. Chairman, section 1 carries the reference to the Bonneville project, which is to be completed for the purpose of improving navigation on the Columbia River, and grants jurisdiction of the dam, locks, and power plant to the Secretary of War and the Chief of Army Engineers, who shall deliver the electric power to the administrator at the switchboard.

Section 2 states that the administrator shall dispose of surplus energy. The administrator is to be appointed by and be responsible to the Secretary of the Interior. He shall act in consultation with an advisory board composed of a representative designated by the Secretary of War, another by the Secretary of the Interior, and a third by the Federal Power Commission. The administrator is authorized to transmit electric energy so as to encourage the widest possible use and to prevent monopolization by limited groups or localities. He is authorized in the name of the United States to acquire, by purchase, condemnation, or otherwise, real and personal property, including lands, franchises, transmission lines, substations, and patent rights. The administrator is authorized to sell or dispose of property, except that in the case of real property or transmission lines he must secure the approval of the Secretary of the Interior. He is authorized to enter into such contracts as are necessary to carry out the purposes of the act.

Section 3 defines the terms "public bodies" and "cooperatives" as used in the act and establishes a preference in the disposal of electric energy for public bodies and cooperatives. To preserve these preferential rights, not less than 50 percent of the electric energy at Bonneville shall be reserved for sale to public bodies until January 1, 1941. Public bodies and cooperatives are to be given every opportunity to perfect their legal organization and vote bonds and market them.

The policy of Congress is declared in section 3 to be the preservation of the preferential status of the public bodies and cooperatives and to give the residents of States within economic transmission distance of the Bonneville project reasonable opportunity to take any action necessary to become fully qualified purchasers and distributors of electric energy available under the act. Further, the administrator, insofar as practicable, shall cooperate with States and public bodies and cooperatives within economic transmission distance of the Bonneville project to enable them to avail themselves of the preferential rights and priorities afforded by the act.

Section 4 authorizes the administrator to negotiate contracts for the sale at wholesale of electric energy for resale or direct consumption, provided that private persons or agencies other than privately owned public utilities are forbidden to resell electric energy to a private utility; contracts shall be for not more than 20 years, with provisions for equitable adjustment of rates not less frequently than once in 5 years, and in the case of a private utility contracts shall be cancelable upon 5 years' notice in writing if there is reasonable likelihood that any part of the electric energy sold under the contract will be needed for a public body. Contracts shall also contain stipulations concerning resale and resale rates to insure that the ultimate consumer shall pay rates which are reasonable and nondiscriminatory.

Section 5 prescribes that the administrator shall fix rates for surplus electric energy subject to the approval of the Federal Power Commission. If any rate schedule so submitted is not approved, then the Federal Power Commission may revise such schedules in conformity with standards prescribed by the act, and as so revised such schedule shall become effective. Rate schedules shall be fixed with a view to encouraging the widest possible use of electric energy, having regard, however, to the recovery of the costs of producing and transmitting electricity, including amortization of the capital investment, including interest, over a reasonable period of years in order to distribute the benefits of an integrated transmission system and to encourage the equitable distribution of electric energy. The rate schedules shall provide for uniform rates or rates uniform throughout prescribed transmission areas.

This is an important proviso because it contemplates and permits the establishing of certain rates within certain prescribed areas at and adjacent to the switchboard and also within prescribed transmission areas. This proviso is carried over from my bill, H. R. 4948, introduced on February 19, 1937.

Mr. Chairman, of course, this legislation could not and does not fix rates or establish these areas, this being the duty of the administrator, subject to the approval of the Federal Power Commission. The communities and industries closest to the switchboard in Vancouver, Camas, Washougal, North Bonneville, Stevenson—Clark, Skamania, and Cowlitz Counties—will naturally derive the largest benefits and experience great industrial development as a result of the low rates which will prevail in those areas. However, low-cost electric power can and will be generated to meet the needs of other areas in Lewis, Pacific, Wahkiakum, Grays Harbor, Mason, and Thurston Counties as well.

It is estimated that the Bonneville project will supply an abundance of low-cost electric power sufficient in quantity to meet all possible market demands for many years to come.

I am happy that I have succeeded in my efforts to make Bonneville a two-State project instead of allowing Portland and Oregon to "bottle it up" for their aggrandizement, to serve only one or two big industries in Portland. None of the bills in the House and Senate, excepting mine, even mentioned the State of Washington, but described and located the project as an Oregon project only.

This great Bonneville project, costing $55,000,000 with the first 2 units completed for the present project and ultimately over $100,000,000 when 10 units are completed to attain its full capacity, is one of the greatest hydroelectric power projects in the world. It will bring low-cost electricity within the reach of thousands of citizens in the homes and on the farms and give much employment in small and large factories. Bonneville will prove a benefit and a blessing to the men, women, and children of southwest Washington for generations to come. I am deeply grateful and happy that I have been privileged to have a humble part with President Franklin D. Roosevelt in making this beneficial project a reality. [Applause.]

The following telegrams and letters refer to the early history of the Bonneville Dam project and its progress:

HOQUIAM, *September 20, 1933.*

President FRANKLIN D. ROOSEVELT,
*Washington, D. C.:*

Hope you will not allow efforts to cripple Bonneville Dam project to succeed, as we are counting on your friendship as expressed in campaign last year to overcome conspiracy of power interests, railroads, and other special interests to have size of dam reduced so as to be practically useless for power, navigation, and flood control. Our people here in southwestern Washington are solidly behind you and will back you to the limit.

MARTIN F. SMITH, M. C.,
*Member Committee on Rivers and Harbors.*

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HOQUIAM, *September 20, 1933.*

Hon. HAROLD L. ICKES,
*Public Works Administrator, Washington, D. C.:*

Bonneville Dam as originally contemplated is strongly favored in southwestern Washington as reemployment measure to relieve acute distress, especially in western portion of State, and the people are very much opposed to any change in the project. We are counting on your continued support.

MARTIN F. SMITH, M. C.,
*Member Committee on Rivers and Harbors.*

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HOQUIAM, *September 20, 1933.*

Congressman CHARLES H. MARTIN,
*Washington, D. C.:*

Have just wired President Roosevelt, Ickes, and Senator Dill that our people here in southwest Washington are strongly opposed to changing original Bonneville Dam project. You can count on me for my active support and hope you will advise me of exact situation there along with any suggestions for putting Bonneville over.

MARTIN F. SMITH, M. C.

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WASHINGTON, D. C., *September 21, 1933.*

Hon. MARTIN F. SMITH, M. C.,
*Hoquiam, Wash.:*

Your statement much appreciated and very heartening. Some aggressive underhanded work is being done to wreck Bonneville project, which is greatest opportunity for navigation and cheap power yet presented. Hope you will impress upon President profound interest of half the State of Washington in this great undertaking. Many thanks and kindest regards.

CHARLES H. MARTIN, M. C.

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[Extract from Vancouver Chamber of Commerce letter, Oct. 31, 1933, signed by Secretary E. S. Lindley]

I want to thank you again for the fine work you did on Bonneville dam and I think I can say that if it had not been for your work, it is entirely possible that we might have lost the dam, at least for some time to come. The people of southwest Washington generally are quite cognizant of your work in this connection and are deeply appreciative.

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[Extract from Portland Chamber of Commerce letter, signed by Arthur J. Farmer, manager of maritime commerce department, Oct. 2, 1933]

We are jubilant over the outcome of Bonneville and know that your powerful expressions to the President and to Public Works Administrator Ickes were a potent factor in this early decision on the part of the President and the Public Works Board. As you have unquestionably noticed in the press, $31,000,000 were allotted and $20,000,000 were made immediately available for the construction of a 72-foot dam involving 6 of the potential 10 power units. We know that you agree that this project will give a decided impetus to the Third Congressional District of Washington and this part of Oregon.

THE WHITE HOUSE,
*Washington, March 18, 1936.*

Hon. MARTIN F. SMITH,

*House of Representatives, Washington, D. C.*

MY DEAR MR. SMITH: In considering the situation concerning the distribution and marketing of the power from the Bonneville Dam for which we should be making arrangements during the next few months, the need is apparent for some legislation at this session of Congress. While it is probably too early to make final recommendations concerning any general arrangements for the marketing of Bonneville power in relation to other major projects in the Pacific Northwest, we can establish an agency to deal temporarily with the Bonneville situation.

It is my opinion that a new agency for this purpose would be desirable, involving the appointment by the President of three individuals to serve as a Northwest power agency. Such an organization should have authority to enter into necessary arrangements for the distribution and marketing of the power.

I am writing to other Senators and Representatives from the area concerned and hope that it may be possible for you to agree together on some suitable procedure along these lines.

Sincerely yours,

FRANKLIN D. ROOSEVELT.

[Here the gavel fell.]

Mr. SEGER. I yield 5 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, we are considering a bill which involves the sum of $70,000,000. Fifty million dollars has thus far been expended on Bonneville project, and there will be required about $20,000,000 more to finish the project.

The bill is administrative in character. It does not appropriate any money. However, I question the wisdom of section 2 of the bill. I am going to support the bill and will vote for it.

Under section 2 we are launching on a program which involves the turning over of the administration of the power developed at this dam to an entirely new agency never before established by this Government. We are adopting a national power policy. Before the T. V. A. was created the Board of Army Engineers conducted and operated the power plants located in the Tennessee Valley. They did the job so well that when they turned it over to the T. V. A. they did so with an income of something like $600,000. A splendid, efficient job was completed by that Board.

Mr. PIERCE. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Oregon.

Mr. PIERCE. I would like to have the gentleman insert right there the exact figures. He will find the Army Engineers did not turn over anything, practically, as compared with what is being done at the present time.

Mr. DONDERO. I base that statement upon the testimony of General Markham, which will be found on page 44 of the hearings held in connection with this bill.

Mr. Chairman, we are about to turn this over to an administrator who will be appointed by and who will be responsible to the Secretary of the Interior. What reason exists for not turning this over to the Board of Army Engineers so that they may sell the power which is generated at this dam the same as they did in the Tennessee Valley?

Mr. COLDEN. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from California.

Mr. COLDEN. I know the gentleman from Michigan wants to be eminently fair. He will remember that General Markham testified they really do not want this responsibility. The gentleman also knows that the Army engineers are technicians, not salesmen.

Mr. DONDERO. I will quote what General Markham had to say on this particular subject. He stated:

We will do it if Congress asks us to do it, but we do not want the headache of marketing the power.

Mr. COLDEN. That is right.

Mr. DONDERO. That is exactly his testimony.

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

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

Mr. SNELL. The gentleman means that the receipts were $600,000 a year, not the profit?

Mr. DONDERO. The gentleman is correct.



Mr. SNELL. Let me read the testimony:

I cannot give you precisely the figures, but I think the income amounted to six-hundred-thousand-and-odd dollars a year.

That is the income. Certainly there would never be a profit of $600,000 a year on T. V. A., under the Army engineers or God or anybody else.

Mr. DONDERO. If we turn this back to the Army engineers, it would prevent the employment of an Administrator at $10,000 a year, and there would be practically no additional expense, or very little expense, to the Government of the United States.

Much has been said in the House for the last 3 or 4 years about the Tennessee Valley yardstick. May I quote what Dr. Morgan stated about that some time ago? I ask the Members of the House to pay particular attention to this, because what I am going to say may apply to your State equally as well as to the State of Michigan. Dr. Morgan said this:

The President wishes that somewhere in America there should be a case of public generation, distribution, and sale of power. He is of the opinion that power development in this country ought not everywhere to be a public project; that private development of power has decided advantages and ought not to be abandoned.

Still quoting the President, Dr. Morgan stated:

But he feels there ought to be, here and there, cases of public ownership which can serve as comparisons. And if they are to serve as comparisons, they must be open and aboveboard, with nothing hidden. They must be fair, with no special arbitrary advantages. They must pay taxes, just as private utility companies must do, and every other reasonable charge, if they are to provide us with a fair comparison.

Sometime ago the gentleman from Mississippi [Mr. RANKIN] stated that the people of my State of Michigan were overcharged some $34,000,000 a year based upon the Tennessee Valley yardstick. May I say in answer to that statement that 44 municipally owned electric-light plants in Michigan served the people of that State at an average cost of $27 annually for every domestic user, while the private utilities in the same State served the people of Michigan at $28 a year for every domestic user. This would make it appear that municipally owned plants really showed a saving of a dollar per customer per year. However, they paid no taxes, while the private utilities paid $12.30 in taxes for every domestic user in the State. Therefore, what appeared to be a dollar of saving was really a loss of $11.30 for each domestic user, because the people of the State lost this amount in taxes which the public utilities did not pay.

If there is to be a yardstick, let it be a fair yardstick—36 inches long in all cases, and let the 36 inches include taxes and all other proper costs. If we are going to measure the T. V. A. against private utilities, include in the T. V. A. cost the same taxes and costs private utilities pay, or exclude these costs from the private utilities and apply all of that difference against their domestic rates. As far as Michigan is concerned, the resulting rates would be materially lower than the T. V. A. rates.

The fact is that we have long had, and have at the present moment, a yardstick for rates. That test is whether the rates are cheap as compared with the value of the service which the consumer gets. The real test of the cheapness of electric rates is whether more and more people buy electricity, that is, become new customers of the industry, and whether they increase their use of electric energy after they begin taking the service.

By both these tests, electricity has been cheap for many years and is cheap now. The growth of the industry has been phenomenal, and it has continued for domestic service even during the 6 years since 1929. The number of kilowatt-hours sold to homes was 43 percent greater in 1935 than in 1929. The amount consumed by each home rose from 500 kilowatt-hours in 1929 to 673 in 1935. During the present year it is running about 700 kilowatt-hours. And this increase occurred during a period of depression when people cut down their purchases of almost every other commodity and service. Despite the fact that the people were driven to these curtailments and economies in every other

line, they increased their purchases of electricity constantly. It is a testimonial to the cheapness of the product which the electric industry produces and sells which stands unsurpassed in industry.

The growth in consumption and use has been accompanied by a steady reduction in the price of electricity. Since 1929 it has fallen from 6.33 cents per kilowatt-hour for the country as a whole, to less than 5 cents at the present time. All of these reductions have occurred under State regulation and private ownership.

A recent survey of domestic electric rates made by the Federal Power Commission shows that only three States have a lower average domestic rate for electricity than Michigan. The average monthly bill of the residential consumers in Michigan is one of the lowest in the United States. For a use of 25 kilowatt-hours per month there are only four States with a lower monthly bill. For 100 kilowatt-hours' use per month Michigan domestic customers pay $3.70. In only one State is the bill lower and that by only 1 cent per month. For 250 kilowatt-hours' use per month Michigan domestic customers pay $7.02. Only two States have lower bills, the lowest being only 4 cents per month below Michigan. Yet Michigan has only 24.7 percent water-power generation of electricity while the other two States, Washington and Oregon, generate over 93 percent of their electricity by water power. In this connection let it be noted that the majority of the farmers in Michigan using electricity pay the same rates as the customers in the cities.

Michigan has led the country during the depression in the extension of electricity to the farms. I quote from the Michigan Manufacturer and Financial Record of March 21, 1936:

> Michigan leads all States in the country in rural electrification, with 47,000 farms equipped with light and power, according to H. J. Gallagher, extension specialist in agricultural engineering at Michigan State College, East Lansing, Mich.
>
> The 47,000 electrically equipped farmhouses represent 27 percent of Michigan's farms, as compared to 13 percent for the entire United States. In addition, Michigan has been the leading State in the total number of farms connected to power lines annually for the last 4 years.

The American spirit of fair play and a square deal should manifest itself in the T. V. A. yardstick as expressed by Dr. Morgan, its director. Let its yardstick be an honest yardstick in which all of the citizens of the Nation can compete on an equal basis, then no one can be heard to complain, be it private or public ownership. The business of Government is not Government in business, and it should not set itself up as an example of economy and saving when it is known that within the last two decades the cost of electric current has been reduced 38 percent to domestic users while the cost of government has increased 830 percent.

Mr. SEGER. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, the Bonneville Dam will be completed and ready for operation in December of this year, and this is the reason the present bill, H. R. 7642, is before us at this time.

This bill creates an authority for the operation of the Bonneville project. It is in the nature of a compromise bill. In formulating it, the committee took what it thought to be the best features of the several individual bills introduced upon this subject, and I believe that in H. R. 7642 the committee has carefully drawn and thoroughly considered a bill, which will prove to be satisfactory not only to the people of Oregon and Washington but to all the people of the United States.

Something has been said here regarding the policy of the United States with respect to the development of hydroelectric projects. Whatever may be the opinion of some in this regard, I think it is now definitely settled that this is the policy of our Government, and I think, moreover, it will continue to be the policy no matter what may be the political complexion of future administrations. It has become the settled conviction of the people of this country that hydroelectric power and energy in our public streams, which belong to the people, should be publicly developed and used for the benefit of the people. That is my own belief and conviction, and it always has been. The Bonneville project is one of such hydroelectric developments, and it is the purpose of this bill to make the power from Bonneville immediately available to the people at as low a rate as may be consistent with sound financial principles.

This bill provides that the Corps of Army Engineers shall have jurisdiction of the dam and of the generation of the power up to the switchboard, after which jurisdiction is placed in the hands of an administrator to be appointed by the Secretary of the Interior. This administrator has authority to build transmission lines and sell the power. The bill provides that until 1941, 50 percent of this power shall be reserved for sale to public bodies, cooperatives, rural communities and municipalities, and that after that time these public bodies, cooperatives, and rural communities shall be given preference in all applications for power, whether those applications exceed 50 percent of the power available or not. The policy and the purpose of this bill is to obtain the widest possible distribution of this power and to make it available to the greatest number of people at the lowest rate possible.

This bill, of course, does not completely meet the views of everyone. As I have stated, it is a compromise bill. My own idea, for example, has been that it would be better to have the Army engineers operate the entire project, including the sale and distribution of power as well as the generation of it; in other words, that the adminstrator should be appointed from the Engineer Corps. On the other hand, it was the idea of some of my colleagues, particularly the gentleman from Oregon [Mr. PIERCE], that the entire jurisdiction should be given to the Secretary of the Interior. The committee evidently felt that neither of us was entirely right. So this bill is in the nature of a compromise, and my opinion is that it is a good compromise. As I have stated, I think it will work out to the best interests of all of our people and that it will be reasonably satisfactory to everyone.

Now, in this connection, Mr. Chairman, may I say a word in behalf of the engineers? I understand an amendment will be offered upon the reading of the bill proposing to take away from the Corps of Army Engineers what little jurisdiction has been given to them in the present bill and to give the entire jurisdiction to the administrator to be appointed by the Secretary of the Interior. In my opinion this would be a very grave mistake and could serve no useful purpose whatever. The engineers built this dam, as they have built practically every other great hydroelectric project as well as most of the other great public projects of this country. They have an unblemished record of more than 100 years, not only of unquestioned competency and efficiency but also a record of being absolutely free from politics. This is one of the reasons I suggested before the committee that as much jurisdiction as possible should be given to the Engineer Corps, who, by the way, are already on the Government pay roll and who have a thoroughly experienced personnel who are completely equipped now to commence the operation of the project.

The gentleman from Michigan [Mr. DONDERO] mentioned a moment ago the experience of the Engineer Corps in the operation of the Wilson Dam and the other dams on the Tennessee River which are now being operated by the T. V. A. In my opinion, the Army engineers made a wonderful record in the operation of that project prior to the time the T. V. A. Act was passed. During the 5 or 6 years of their operation, without any cooperation either from the administration or from the Congress, they operated the plant and sold five and one-half million dollars' worth of power at a total expense of $1,700,000.

Mr. MANSFIELD. And without any authority to put in transmission lines.

Mr. MOTT. Yes; they had no authority under the law at that time to put in transmission lines and sell it to pri-

vate individuals. They were obliged to sell it to large operators and to power companies.

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

Mr. MOTT. I yield to my colleague from Oregon.

Mr. PIERCE. Will the gentleman give us the figures of $25,000,000 that the utilities that bought that power got for it when the Army engineers sold it to them?

Mr. MOTT. I cannot give the gentleman those figures, but the record is that the Army engineers sold the power to the only customers they were permitted to sell to under the law; that they sold that power for $5,500,000; that it cost $1,700,000 to generate and sell it and that they turned in the balance to the Government, and that is a record for efficiency that no agency of the Government has ever duplicated.

Mr. PIERCE. It was practically 10 times what they paid the Government.

Mr. MOTT. That is not the point I am making. I simply stated, as a matter of record, that the Engineer Corps, which built the Wilson Dam, without the cooperation of anyone, undertook the operation of that project and sold the power to the only available customers there were, and in the years they operated it they sold $5,500,000 worth of it, and the total cost of operation was $1,700,000, and I repeat that that is a record for sound business efficiency and competency that no department of the Government has ever equaled.

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

Mr. MOTT. I yield.

Mr. SNELL. Does not the gentleman think in connection with that statement he should add that that was simply the cost of operating the plant, with the plant given to them, and there was nothing allowed for expense of maintenance or upkeep or depreciation or interest.

Mr. MOTT. That, perhaps, is true, but that was not the fault of the engineers. They had to take the situation as they found it and work within the very narrow limitations of existing law.

Mr. SNELL. And that is quite important.

Mr. MOTT. If that project had been under the operation and control of some political agency of this Government, it probably would have spent more for the operation of the plant than it received from the sale of power.

Mr. SNELL. I admit that the Army engineers did a good job, so far as that is concerned, but I do not want it to go out that they made money out of it.

Mr. MOTT. Those are the figures, and they are of record, and I contend it is a record which has not been duplicated.

The Army engineers also built the Madden Dam and the Panama Canal, and they operate that project now. They operate it very successfully, furnishing all the light and power to the Canal Zone.

Mr. MANSFIELD. And they are also operating the railroad down there.

Mr. MOTT. There are a great many business projects that have been built and are now operated by the Engineer Corps, comparable in size with the Bonneville Dam. I merely say this apropos of the effort which I understand will be made here this afternoon to take what little jurisdiction remains with the Engineers Corps away from them and turn it over to an agency of the Government which has had no experience in the operation of power plants. I think the Congress would make a great mistake in doing that. The committee has restricted the jurisdiction of the engineers solely to the operation of the power plants, and that jurisdiction should not be disturbed.

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

Mr. MOTT. I yield.

Mr. MAY. Would it not be more in keeping with the contention of the President with respect to economy and more in line with recent platforms of the Democratic Party with respect to the abolishment of bureaus, to let the Army engineers handle all of our river problems?

Mr. MOTT. That was the idea I advanced before the committee, and I still think I am right about it. However, let me say that the Committee on Rivers and Harbors of the House had this matter under consideration for many weeks, they heard a great number of witnesses, and their hearings cover several hundred pages of testimony. All of these matters were carefully considered and threshed out in committee, and, as a result, they reported, by a unanimous vote, the Mansfield bill which we are now considering.

Mr. Chairman, I trust the House will not seek to change in any material respect the bill which the committee has reported or try to undo the painstaking work the committee has put upon it.

The Committee on Rivers and Harbors is held in very high esteem and confidence by the general membership of the House. It is a hard-working, conscientious, and thoroughly competent body. Furthermore, it has always had the reputation of being extremely liberal. None of its members are of the so-called reactionary type, as some who have written to me apparently seem to think. All members of the committee favor public ownership of hydroelectric-power projects. None of them want private power companies to receive any benefit from this or any other Federal hydroelectric power project. All of them favor the widest distribution of power from Bonneville that is economically feasible, and they have all repeatedly expressed the opinion that this power should be sold at as low a rate as is consistent with good business and the safety of the taxpayers' investment in the project. They are also in favor of the rates being as nearly uniform as possible so that the territory immediately adjacent to the plant will not receive an undue share of the benefits to the detriment of the more remote territory. They believe, finally, that this huge Federal investment should be safeguarded by as competent and experienced a management as can be obtained, and that its administration should be divorced as much as possible from politics.

Mr. Chairman, after months of study this great committee has reported a good bill, a fair and a just bill, and I trust in considering and voting upon it, particularly in view of the fact the report of the committee is unanimous, the House will make no material amendments to the bill and that it will pass the measure virtually as it is now written. [Applause.]

Mr. SEGER. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, the part of this bill that interests me is the fact that we are moving in a direction which puts our people in a position, through the use of electric power, to mix agriculture and industry.

It seems to me that national defense must always consist largely of privately owned property, privately operated, and privately fought for. The most discouraging thing I find in the entire power program is the fact that it is so impossible to get accurate foundations for a determination of operating costs and capital costs.

I can appreciate that in the legal field an attorney would not have very much patience with a case which came into court if there were no facts on which to proceed. At the same time, in a discussion of a measure of this kind, it is most difficult to make progress unless you have accurate cost figures to determine a basis of comparison. The situation which governs here today as evidenced by the absence of certified accurate figures and absolute fair play on the part of those charged with the responsibility of presenting the figures for the guidance of Congress, is further proof of the difficulty of securing accurate information from political and Federal administration. I am satisfied in my own mind that we shall have to go through years of experience and disappointment before we will learn to place all comparisons, as between Federal administration and private ownership and administration, on a fair and square basis. In political matters it is entirely too easy to demagogue, ignore facts, and get away with it for "the time being." Sooner or later,

however, long-term debt increases, unsatisfactory operating results show up the absence of efficiency, the public wrath becomes operative and then we go on our way wiser and with more experience and less money, and a greater tax burden. This is all perhaps a cost of constitutional democracy in a country with such vast resources, expanse of territory, and the slow operation of such a democracy.

As one experienced in cost, I can appreciate why it is so difficult to get that foundation of fact. While construction is under way, who knows what the total cost will be with construction running over a long period of time and with direct labor and material costs rapidly advancing as they have during the past several years and months in particular. Before the organization is set up, who knows what the operating cost will be to perpetuate and carry on that organization, both from the standpoint of direct labor costs and material cost? We have these different projects under way being carried on with public funds and by Federal operation. Throughout the United States, everywhere you go, you find all types of jobs being carried on by the Federal Government. The private operator is almost passing out of the picture. To me that is highly destructive, and I think in due course we shall have to learn by experience that that, in turn, will destroy itself, and perhaps destroy the people of this country and our whole economic policy.

This is a Government of private ownership. It seems to me that if the other plans which we are carrying out and working on are to succeed, eventually we must stop financing with public funds, and get back to private ownership and private financing.

Going back to the thought of national defense, I hope some day that I may live to see electricity in all the farm homes of the country, so that those farm homes can some time participate in the fabrication of the industrialized products which, in turn, may move into the great stream of finished goods to supply the needs of our own people as well as to enter the channels of export to the other parts of the world.

Through visitation and research, I find that other countries of the world not nearly so well supplied with capital as we are, have undertaken such projects, and put them into operation, and that the farmers who are poverty stricken compared with that class of people in this country, in other countries have electricity in their homes, and are contributing to the great flow of industrialized products. I see no way whereby the farmers of this country can make such contribution in the absence of electricity in the farm home, and I hope we will not overlook that fact when we come to the time where we are discouraged with the financing of these products with public funds and are trying to get back to private initiative.

Mr. HILL of Washington. In those countries the gentleman mentioned which have electrified their rural districts was it done under private or public ownership?

Mr. CRAWFORD. The project was initiated by the so-called federal or central government.

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

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

Mr. TABER. Mr. Chairman, I think when we are considering this bill we should have in mind some of the facts that the hearings show about what the result will be for the Government if we go ahead with the same kind of figuring that we have presented to us here. On page 15 of the hearings you will find that General Markham stated toward the bottom of the page that 7 percent is the proper figure for depreciation. If you go over to page 17, you will find that when they came to figure the unit cost in figuring up the cost of electricity that they used $197,200 depreciation on a cost of upward of $30,000,000 which is a little less than two-thirds of 1 percent. All the way down the line in figuring up that cost they have left out substantial items. It is proposed by this bill to pay an administrator $10,000 a year. They figure that administration at only $20,000. The result of that situation is going to be that that cost will be $75,000, and that they are at least $50,000 out of line. On page 18 they figure the cost per kilowatt of the electricity which is to be produced, and instead of it being 4.6 mills as it shows at the top of the page for 2 units, the actual figure is a little over 1 cent, and instead of it being 2.196 mills, with 6 units in operation, the actual figure is upward of a half cent. Instead of its being with 10 units, the complete set-up, 1.737 mills, the actual figure is 4.4. When they come to you with that kind of a set-up and propose that they shall charge 3 mills a kilowatt for electricity and have the project pay for itself, the figures just do not go together and they are not there, and we ought not to authorize any more expenditures for this operation.

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

Mr. TABER. Yes.

Mr. MAY. I think section 2 of this bill is the most vicious thing in it, because it authorizes the appointment of an administrator at $10,000 who is responsible to nobody except the Secretary of the Interior, and without confirmation by the Senate.

Mr. TABER. It is a tremendously dangerous proposition and it ought not to be allowed. If these people in the Northwest wanted to operate two units already in operation, let them put it under the Army engineers and have it done honestly, and let them pay what it costs for electricity and see if it will work.

In the T. V. A., as far as I can figure, the cost of electricity which we are selling for a peak of about a half a cent a kilowatt is somewhere around 4 or 5 cents a kilowatt. That is using honest figures, depreciation and interest on the investment. If we are going to do this thing and call it a yardstick, let us do it honestly and fairly to the people of the United States and the taxpayers, and not on a subterfuge and set-up which deceives the people. That is what I do not like about this bill, aside from some of the things that other Members have referred to, like this continuing appropriation and the appointment of this administrator, without any control by Congress, without any report to Congress, without any control whatever by the people, but just running absolutely hog wild. Is it not about time that we consider these bills on their merits? Let us amend this bill so that it will not be a menace to the people of the United States.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN. The Chair will count.

Mr. RANKIN. Mr. Chairman, I move that the Committee do now rise, and on that I demand tellers.

The CHAIRMAN (after counting). One hundred and one Members are present, a quorum.

Mr. RANKIN. Mr. Chairman, I withdraw my motion.

Mr. SEGER. Mr. Chairman, I yield 2 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, since this Congress has assumed leadership, then responsibilities greater than they have ever had before fall upon this Congress. Before this Congress adjourns, in my judgment, the American people demand of the Congress that they take action on certain measures now pending. Before this Congress adjourns that should be done. While I am not officially connected with any advisory committee as to what this House should do, I ask unanimous consent to revise and extend my remarks and indicate, in my opinion, what action this Congress should take before it adjourns. [Applause.]

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

CONGRESSIONAL RESPONSIBILITY

Mr. BURDICK. Mr. Chairman, since Congress has conclusively demonstrated that it is not a rubber-stamp Congress, but on the contrary, is an active, coordinate branch of the Federal Government, new responsibilities appear which this Congress must assume. Certain legislation is

now pending which will bring some measure of relief to the people, and we cannot blame the President for not carrying out this program. We are in control of our own business and therefore we must accept full responsibility for what is done or what we fail to do before adjournment.

At this late hour, we cannot hope to pass measures that involve a new philosophy of Government; we cannot hope to pass measures that are not only highly controversial among Members of Congress but the people generally. There are, however, a few things we can do before adjournment, and if we fail to act, this Congress alone must assume the responsibility. No Member of this Congress should vote for an adjournment before we have accomplished this task. Without saying whose fault it is, the fact remains that we have accomplished very little during the six and one-half months we have been in session. The people do not care whose fault it is; they want and demand action.

If I occupied a position in the Congress where I could officially suggest what measures we should consider, at this late hour, I would suggest the following:

First. In the last deficiency appropriation bill, I would include another billion-dollar appropriation to continue the work of the P. W. A., W. P. A., and the enlargement of the activities of the Resettlement Administration.

Second. Pass the moratorium resolution, House Joint Resolution 27, which provides that in the drought area all forced collections of debts due the Government or any agency thereof be suspended for the next 12 months.

Third. Pass a workable crop-insurance bill to sustain the farming operations of the country without driving farmers on the general relief rolls. Such a plan is a money saver, as we have spent, since 1927, $600,000,000 on this general relief program for farmers, which a crop-insurance law would have avoided.

Fourth. Pass a new farm bill that will recognize that farmers are entitled to a living wage while engaged in a business that is a national necessity. Acts of this character are now before this Congress in the form of the Eicher and the Massingale cost-of-production bills.

Fifth. Since the time is too short to hope to pass the Townsend recovery act or any of the similar measures before Congress, we can at least make amendments to the Social Security Act, that will make the act more than a mere abject dole. I would suggest amendments to the Social Security Act to provide incomes for the aged wherever located without regard to legal residence as long as they are citizens of the United States, and increase the amount to $50 per month without regard to the contributions made by State governments. Any contribution made by State governments shall be in addition to the income provided by the Congress and that in the distribution of the said $50 it shall be done under rules and regulations that will not require the aged to deed over their property in order to secure such aid. We should provide in this act that no Indian citizens should be excluded from the benefits of the act. The Bigelow bill, and several others now before Congress, would, with proper amendments, accomplish this purpose. On no account should we adjourn and leave this Social Security Act to function as it is. The dire fact stares us in the face that the present act gives no more relief to the aged of this country than they would secure on the general relief rolls. Can we afford to adjourn and have this program continued?

Sixth. Pass the Peterson farm-tenant bill, as the act already passed pertaining to tenants only suggests the relief of one tenant in each of the 3,000 counties in the United States. What about the rest of the tenants? In many States the title to the land cultivated remains with only 23 percent of those who till the soil, therefore, do we not need to give some attention to the other 77 percent? The Peterson bill will give relief to all, not merely one out of every hundred.

Seventh. The Black-Connery bill providing for maximum hours of labor and minimum wages and the eradication of child labor, offers an opportunity to do something for labor. Properly amended, this bill would come close to doing the job, as far as we are able to do it. The bill should be so amended as to make it certain that there is an exact equality between men and women. Women want no protection not given to the men, but they do demand equal rights, which they are entitled to.

Eighth. Prohibit the Government from purchasing gold of the world at $35 per ounce or at any price, since we do not use this gold as a medium of exchange. This program of gold purchase at $35 per ounce, when countries like Russia can produce gold at $1 per ounce, enriches the Russian Government at the expense of the taxpayers of the United States.

Ninth. Refinance the farm mortgages of the United States and save 2,000,000 farm homes that are now in danger of being foreclosed. The Frazier-Lemke bill offers a solution, but by all means pass some bill.

I do not want to be understood as saying this program will adjust our economic affairs—none of these acts or all of them will make a final adjustment—but these acts offer needed repairs to a badly run-down system. I do want to be understood as saying that until we change our monetary system, we can expect no permanent improvement. Private persons must be completely barred from any control over the Nation's money. Interest must be abolished and the Nation's money used for all the people, or we cannot hope to extricate ourselves from financial bondage. With a public and private debt, created by private control of public money, of $300,000,000,000 drawing an annual interest charge of $15,000,000,000, where is there anyone who can say that this debt can be paid? A fair valuation of all our property today, both public and private, would not amount to the debt we owe.

In other words, we are worth nothing and our only outlook is to pay interest. Every dollar spent today does not buy a dollar's worth of merchandise, as 33⅓ percent of every dollar has to be expended for interest. Taxes take another 16⅔ percent, so actually our dollar is worth only 50 cents. This means that our purchasing power is cut, and we are purchasing only half of what we could and should purchase. I mean on this one score of interest and taxes alone we have reduced our purchasing power one-half. That is the trouble with us. We have had no overproduction, as Secretary Wallace thinks we have. We have had underconsumption. We could and should purchase annually in this country at least three times what we are purchasing. We cannot purchase what we want because we have no adequate means of exchange. We have permitted private persons to control our money, and they can, at a single meeting, determine whether credit should be extended or withdrawn. When credit is extended our national business expands, when it is withdrawn, as it was in 1920 by the Federal Reserve Board, we experience panics and ruined business. If I had my way, this private control of the Nation's medium of exchange would cease at this session of Congress. I realize how difficult it is to get the people of the country to see this. Not enough people in this country are yet aroused to this money situation.

In suggesting this outline of what we can do I am predicting that with this legislation, we can continue with a minimum of relief until the next session of Congress when we should tackle this money question and free the entire people of the United States from the clutches of a privately controlled money system that will eventually destroy the Government or continue it under the direction of money dictators while the people will live as financial slaves.

It is now up to the Congress to act. Especially it is the duty of the House of Representatives to act. We are close to the people. We more directly represent the American people than any other branch of the Government. Do we want to go home and face the people with a record such as we have made to date? This Congress has assumed leadership. Are we capable of it? [Applause.]

Mr. SEGER. Mr. Chairman, I have no further requests for time.

Mr. COLDEN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD of California. Mr. Chairman, I am supporting H. R. 7642 for the following reasons:

First, I am in full accord with the Federal Government's power-development policy, because I believe it is for the benefit of the American people, and will be for the conservation and proper use of the national water-power resources of the country.

The Bonneville Dam will shortly go into operation, and it is a natural conclusion that when that event occurs, machinery ought to be set up for the proper operation of that utility, so that it may begin a proper return, through the sale of electricity, to the United States Government of some of the funds that have gone into its construction. I do not believe any man would say that is not a wise policy at this time.

Furthermore, I want to say a word about section 6. Section 6 of this bill merely authorizes the President of the United States to appoint an agency for the purpose of investigating the set-up at Boulder Dam with a view to ascertaining whether or not all conditions surrounding that proposition are fair to that proposition, in the light of the new policy that the Government is carrying out in regard to Government-owned power projects. We do not ask for any specific thing. We merely ask that the question be gone into by a competent body, and if we are entitled to modification in any shape or form, that we should get it. If we are not, we do not ask for it.

Mr. MURDOCK of Utah. Mr. Chairman, will the gentleman yield?

Mr. FORD of California. I yield.

Mr. MURDOCK of Utah. In the Boulder Canyon Act it is specifically provided that the Government shall not have anything to say about the resale rate of electricity under power contracts, if there is a State set-up controlling that within the State where power is delivered. Under the Bonneville Act you have just the reverse of that, and it is specifically provided that the administrator shall not only control the rate at which he sells, but that he shall also control the resale rate. This act says that any modification of the Boulder Canyon contracts will be the standards of the Bonneville Act. I am wondering if the gentleman from California [Mr. FORD] is willing to go as far with the California contracts on the resale control as the Bonneville bill goes?

Mr. FORD of California. Our distribution system in the city of Los Angeles is publicly owned, and we sell the power at just exactly what it costs us to get it from the dam and deliver it to our customers.

Mr. MURDOCK of Utah. But it is controlled, is it not, by the Utilities Commission of California?

Mr. FORD of California. No, sir. It is controlled by the city of Los Angeles, under this charter.

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

Mr. FORD of California. I yield.

Mr. VOORHIS. It is also true that the city of Los Angeles is the largest city in America that does own its own power distributing system?

Mr. FORD of California. Yes. It has the most successful municipally owned power system in the United States.

The CHAIRMAN. The time of the gentleman from California [Mr. FORD] has expired.

Mr. COLDEN. Mr. Chairman, I yield to the gentleman from Kentucky [Mr. MAY] 2 minutes.

Mr. MAY. Mr. Chairman, I do not desire to use the 2 minutes but will get what time I can under the 5-minute rule.

Mr. COLDEN. Mr. Chairman, I yield 4 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, I preface my remarks by stating that I will reply to the gentlemen from Minnesota and New York who spoke so eloquently about the Canadian system some time within a week. Whether I get time to deliver it in the House does not matter; I will put it in the RECORD if I get the opportunity.

In regard to the Bonneville Dam, there is to be ready for delivery in January about 86,000 kilowatts of electrical energy. The question has been asked, What are you going to do with it? I am looking at my colleague now from the adjoining district on the west. If the lady will look at the chart on the blackboard, she will notice that Portland takes 1,110 residential kilowatt-hours per person annually; Tacoma, 1,565. If Portland would use electricity as freely as they use it in Tacoma, it would take 40 percent more than the 200,000 kilowatts now used, or 80,000 kilowatts, practically the output of these two units at Bonneville. Why does Tacoma use more than Portland? Because it is cheaper. If they would use as much electricity in Portland as they use in Winnipeg or Fort William, it would take the entire ultimate capacity of Bonneville to supply Portland alone. It is just a question of the price of the electricity. I have been an owner; I have been a manager of an electric power plant. I came out of the private game thoroughly convinced that the only solution was public ownership, and it is.

I am going to offer an amendment to this bill—but I shall vote for it as it stands if I am not successful in improving it—an amendment providing for unified control. I do not want two generals on the battlefield; I do not want two men running a threshing machine around me; I do not want two sources of responsibility, a divided responsibility between the agency that makes the electricity at Bonneville and the agency that sells it. One hand should direct all. My amendment takes out the language on pages 1 and 2 and down to line 19, on page 3, and provides unified control—one man in charge, one man responsible. To whom is he responsible, you ask. To the Secretary of the Interior, and he to whom? To the President of the United States.

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

Mr. PIERCE. I yield.

Mr. McSWEENEY. Is it not true that in private industry we find one group producing an article and another group selling it? Would not the gentleman's proposal throw the Army engineers into a field they have never been in before T. V. A.? And would we not be going against the best business experience?

Mr. PIERCE. The Army engineers will never stand for public ownership. They are private ownership adjuncts, helpers, and assistants.

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

Mr. PIERCE. I yield.

Mr. MOTT. The gentleman said that the Army engineers would never stand for public ownership.

Mr. PIERCE. No; they do not believe in public ownership.

Mr. MOTT. Is it not a fact that every project operated by the Army engineers is a publicly-owned project?

[Here the gavel fell.]

Mr. COLDEN. Mr. Chairman, I yield 4 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, criticism was offered a little while ago by the gentleman from Minnesota to the effect that the Ontario power system is showing a deficit, but in his argument he did not even attempt to show that he had even heard from Ontario since 1932. As a matter of fact, I have on my desk the report of the Ontario Power Commission for 1936. It is true they had a little trouble sometime ago, caused by the power interests. They tried to give them trouble, but they got rid of that influence and today they are on a sound basis. If the people of Minnesota and of every other State in the Union got power at the rates enjoyed by the people of Ontario they would save about $1,400,000,000 a year.

My distinguished friend from New York, the minority leader [Mr. SNELL], criticized my figures because I said that an overwhelming majority—I said I thought 90 percent—of the power generated by the Niagara-Hudson Co. was sold to a monopoly up there that uses most of it for the produc-

tion or manufacture of aluminum. That is true. By the time the power gets down to Potsdam, where the gentleman from New York lives, one of his constituents pays $1.91 for the same power for which we in the city of Tupelo pay 75 cents, under the T. V. A. rates.

My distinguished Republican friends shed a lot of tears about the fact that we were getting power so much cheaper. Let me tell you what was happening when they were in control of Muscle Shoals. You were selling power to the Power Trust at 1.56 mills per kilowatt-hour and they were selling it to the average domestic consumer at 10 cents a kilowatt-hour. The average domestic consumption in the tri-city area of Tuscumbia, Florence, and Sheffield was only 30 kilowatt-hours a month. A thousand kilowatt-hours that you were selling to the Power Trust for $1.56 cost those householders $100. Then you undertake to compare that condition with the condition we have today.

All kinds of irrelevant statements are made here in order to try to disparage public ownership of power facilities.

Why did not some of you have the courage to attack Tacoma, Wash.? Do you not know anything about this subject? Why did not you gentlemen who criticized public ownership attack the Tacoma, Wash., rates or her public power system? They have $23,000,000 invested and have it paid down to $7,000,000. This utility serves a population of 110,000, and the city has the cheapest power rates of any city in the continental United States. If all other points in the United States secured their power at the same rates they are getting in Tacoma, Wash., the American people would save approximately $1,300,000,000 a year, enough to pay the national debt in 20 years.

Oh, no, Mr. Chairman; this insidious influence that undertook to destroy the Ontario power system has attempted to destroy the Tennessee Valley Authority and is now attempting, and will continue to attempt, to destroy the Bonneville project.

Mr. McSWEENEY. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Ohio.

Mr. McSWEENEY. The gentleman from New York [Mr. TABER] and the gentleman from Michigan [Mr. CRAWFORD] spoke about the fact we had no real way of getting at the actual cost of developing power at the T. V. A. and other places. Are there not private groups that have gone into the cost of furnishing power by water and coal and did they not find the cost of one about equals the other?

Mr. RANKIN. Certainly.

[Here the gavel fell.]

Mr. COLDEN. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. COSTELLO].

Mr. COSTELLO. Mr. Chairman, I am very much interested in the passage of this legislation and intend to vote for it. As others of my colleagues will discuss at length the provisions of this bill concerning the Bonneville project, and since the Members from the Northwest are directly interested in that project, I shall confine my remarks to section 6 of the bill. This section is exclusively concerned with the Boulder Canyon development and so is a matter of direct concern and deep interest for the people of southern California.

The purpose of this section is to allow the President to appoint an agency, before which hearings can be held, looking to a readjustment of some of the provisions of the existing Boulder Dam contract. Due to the fact that the Boulder Dam contracts were entered into in the year 1930, and because certain binding obligations have been incurred in keeping with the policy of the Federal Government at that time, it now appears that an unwarranted hardship is placed upon the people of southern California. Were it not for a complete change in the policy of the Federal Government regarding flood control and power projects, and were it not for the more beneficial terms of contracts made in connection with more recent power developments, we would not now be asking for this opportunity for a hearing and possible revision of some of the provisions of our contract.

The changes which we would like to have made, are briefly the following: First, a reduction of the interest rate from 4 percent to 3 percent, or else in keeping with the approximate cost of money to the United States or in line with what is being charged on other major power projects. While this may mean a considerable saving to the people of southern California of possibly $1,000,000, it is not an unreasonable request, since it is not the intention of the Government to make a profit for itself from the money loaned for the original development of this project, but merely to secure to the Government the repayment of the cost of the project together with the repayment of such interest thereon as the Government has had to pay out on the money which it has borrowed for this purpose.

Secondly, we should like to have the charge for interest on the cost of the flood-control features of the project eliminated. Again we stand on firm ground in making this request, as the Boulder Dam project is the only development of this type to which the Government has even made a charge for flood-control costs. In every other case the Government has itself stood the entire cost of flood control and has not charged this item against the project. We are not asking, and do not intend to ask at the hearing, that this cost of $25,000,000 be written off, as has been done everywhere else, but merely are seeking to eliminate the 4 percent interest charge on this sum. Also in this connection, it would be desirable to have the repayment of this flood-control cost deferred until after the other costs have been completely reimbursed, thus allowing the other costs of the dam construction and the power development to be paid off first.

The third matter to have considered at the hearing would be the question of rates to be charged. As the present rates were established in 1930, and since there is no provision for any revision thereof before 1945, it is only equitable that a reconsideration of these rates should be made at this time in view of the changed economic conditions and to have the rates in keeping with those charged at other power projects of this kind. Identical rates cannot be had, as we in southern California have the cost burden of transporting our power over a great distance in order to bring it to the point of distribution and use. But comparable rates should be permitted, so that this one project will not be entirely out of line with like developments. In this connection it should be kept in mind that 92 percent of all the power generated and used is being sold to public agencies, hence a reduction of rates will be a direct benefit to consumers, and only of benefit to private corporations in regard to 8 percent of the power developed. Moreover one of these private power companies is required to pay for one-half of the power allocated to the States of Arizona and Nevada and which they fail to use. The heavy expense of providing the necessary transmission facilities for this power, which is subject to withdrawal by the States at any time, really makes of this privilege an arduous obligation, so far as the private corporation is concerned.

The fourth item to be considered would be the proposal to allow the States of Arizona and Nevada to receive a fixed annual payment of $300,000 in lieu of their present right to receive 18¾ percent of any surplus revenues remaining after meeting the normal annual charges for amortization. This would be left up to the legislatures of each State to determine under which procedure they would prefer to operate. Since the amount of the surplus revenues is an indefinite item, this would make it possible for each State to know in advance the exact amount which they could anticipate receiving each year. The sum of $300,000 is the anticipated 18¾ percent to which they would be entitled, and while in some years the percentage amount might vary, it is estimated that it would approximate this sum.

That is all that is sought under the terms of section 6 of this bill, and it will be noted therein that no reference is made to any of the upper-basin States, although in one or other instances there appears to be some opposition on the part of these upper-basin States to this section. The reason that the upper-basin States are not mentioned in this

section is that they are in no way affected by it, since they do not in any way share in the Boulder Dam project other than very indirectly. The only possible interest which these States can have in the financial operations of Boulder Dam would be an expectancy to receive something from the separate fund that would be created from surplus revenues. But whatever interest the upper-basin States might have, it cannot assume material form until after the complete amortization of this entire project.

The upper-basin States have been guaranteed under the terms of the Colorado River compact that they will be entitled to approximately 50 percent of the waters of the river. The question of prior rights due to usage have thus been waived on the part of the three lower-basin States, although they might have been in a position to acquire title by usage to a greater amount of the water than 50 percent. This matter is definitely settled, and is not of concern to us in this instance.

Thus it will be seen that as far as this legislation is concerned, the only possible effect it can have on the States of the upper basin would be in connection with the surplus revenues. Section 5 of the Boulder Canyon Project Act states:

> After the repayments to the United States of all money advanced with interest, charges shall be on such basis and the revenues derived therefrom shall be kept in a separate fund to be expended within the Colorado River Basin as may hereafter be prescribed by the Congress.

What the Congress may hereafter prescribe to have done with any such surplus funds some 40 or 50 years hence is entirely a matter of conjecture. So, likewise, the direct interest of the upper-basin States is extremely remote and will depend entirely upon what the Congress may determine at such time as the amortization has been entirely disposed of and the Government fully repaid the moneys it has advanced with interest thereon.

No opposition to section 6 of the pending bill comes from any one of the three lower-basin States. What little opposition does appear originates in one or more of the upper-basin States, States which have no rights nor direct interest in the matter, but which seemingly would attempt by their opposition to force the granting to them of some special benefits or privileges to which they are not now entitled. The enactment of this section, will work no hardship upon any of the States of the Colorado River Basin, but instead will relieve from certain inequalities those who have underwritten the complete cost and financing of this project. These inequalities and discriminations have occured by reason of the change in policy on the part of the Federal Government in regard to such projects, a change which has occurred since the signing of the contracts relating to Boulder Dam. Had the same contracts and the same provisions and obligations been required in connection with the Tennessee Valley Authority, the Grand Coulee or the Bonneville projects, as were required in the case of Boulder Dam, we would not now be asking for any revision of the terms of our contract. But since the Government itself has not pursued the course established in developing Boulder Dam, we feel that we have a right to ask for equal treatment along with these other projects, especially since it is but a matter of time before the Federal Government will be repaid every dollar of cost that it has incurred in connection with this very splendid and worth-while project. I do hope that the members will defeat any attempt to eliminate this provision of the bill or to modify it in any way. I urge the retention of section 6 in the bill and also a favorable vote on its passage.

Mr. SEGER. Mr. Chairman, I yield myself the balance of the time on this side.

Mr. Chairman, I want the Members to know this bill is not the result of one mind. The committee had before it four or five bills submitted by different interests in that section of the country, and we have recommended here what the majority of the Members thinks is a sound bill. I am going along with the bill, although I am not at all in accord with the administration features of the bill. I hope an amendment will be offered which will put the Army engineers in charge of the building of this project and its administration.

[Here the gavel fell.]

Mr. COLDEN. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. MAVERICK].

HARRY HOPKINS—LOST IN THE BILLIONS CONGRESS UNLOADED

Mr. MAVERICK. Mr. Chairman, Harry Hopkins, until just a short while ago, has been much in our mouths and on our minds. We have not heard much of him lately. We seem to have lost sight of him in the billions of dollars we have turned over to him.

Several weeks before and during the debate on the relief appropriations I suggested, along with others, that we have an investigation of the W. P. A.; that we definitely establish some policy, and have congressional committees for the purpose. So far Congress has done nothing about it.

We have failed to act on this issue for 5 years. If we leave Congress without doing anything, it will be a reflection on all parties and every Member of Congress.

And, my colleagues, strangely enough, this is something on which we can all agree, so pray let us do something about it!

Around $2,000,000,000 we hand out every year; a billion dollars every 6 months, and five hundred million every 3 months, and we do not know what is being done with it. We do not know what it is all about; we do not understand it; we do not know whether our money is going down a political rat hole or a social sewer—or, on the other hand, whether the expenditure is doing good and rebuilding the Nation.

Why, my colleagues, this situation is really ridiculous. For a few weeks before each term we have a relief bill, violent accusations are made against the W. P. A. We swear by the beard of the prophet that we are not going to vote any more money unless it is earmarked, and unless we know what is going to be done with it. Then the relief bill is brought on the floor, we have all kinds of antagonism and ill feeling—and then we always end up by giving Harry Hopkins all the money just the same, just as we did before, and still without knowing what is going to be done with it. I know of no better man to give it to than Hopkins, but what I say is still true.

WE SHOULD START PLANS NOW TO AVERT A FARCE

If we wish to really know what we are doing and intend to earmark funds, why not start right now making plans? If we ignore the problem now, and pass it over until the last minute, we will have the same farce next year as this year.

A worse thing may happen, for all I know, and that is without adequate information we may next time, in an election year, earmark relief funds for everything but relief, thereby diverting the fund from its real purpose. Or, still worse, we may get tied up in a big wrangle and do nothing.

The time to act is now.

BITTERNESS AND STRIFE CAN BE ELIMINATED

I wish again to make it plain that I am not criticizing Harry Hopkins. I have always believed he is doing an excellent job. But I believe Congress ought to know what is going on; that Congress ought to make the policies; and then something can be accomplished for the Nation, and, moreover, much of the bitterness and strife can be eliminated.

People are still making protests by the thousands about being taken off the W. P. A. rolls. In my own city all groups of the American Federation of Labor have asked that W. P. A. be abolished. I do not understand all this, because at the same time, those who oppose the W. P. A. and the New Deal, some of our leading businessmen and industrialists, demand that the W. P. A. be continued.

I still get letters saying there is graft; I still get letters from people saying that the W. P. A. is causing people to refuse good jobs. We have spent billions and billions of dollars—the exact number of billions not mattering very much, since there have been billions enough—yet we do not know how this matter is being conducted.

THREE SPECIFIC PROPOSALS TO MEET SITUATION

Mr. Chairman, I have proposed three specific things by the introduction of bills and House resolutions.

One, is to have an investigating committee; that is, a House select committee. (For more detailed discussion, see below, I, to investigate unemployment, House Resolution 224.)

Two, is to have an unemployment commission composed of three Senators, three Congressmen, and six citizens, and all to serve without pay. (See below, II, United States Unemployment Commission, H. R. 7503.)

Three, is to establish, as soon as possible, a permanent committee on unemployment, public works, public health, social security, and old-age pensions. (See below, III, standing committee, "Public Works and Welfare.")

PUBLIC OPINION FAVORS ACTION—HUNDREDS OF EDITORIALS APPROVE

I have made an analytical study of public opinion of the United States, and I can report that in general hundreds of newspapers have editorialized in favor of action in line with the bills and resolutions I have introduced. Thousands of newspapers have written stories about the matter.

All of these editorials and news stories seem to indicate a genuine interest in the matter, and not a partisan or political one. Nothing has been written in a spectacular manner. (See below, IV, Press Comment of Nation.)

All groups, of whatever political faith, conservative, liberal, or radical, seem to agree that the idea is good, and should be adopted by Congress. All seem to be in approval.

Of all the hundreds of newspapers in America which I have checked, I have not found one single paper which is opposed.

SELECT COMMITTEE TO INVESTIGATE, REPORT IN JANUARY

Now, let me discuss the investigating, or select committee first. My idea is for it to go to work at once and report its findings the 3d of next January when we return.

This committee should go into the whole question of unemployment and relief, the number of employables and those unemployed, and also the number of those who cannot work, and need relief. Also the general situation as to how the Government should handle the situation, and how much money is really necessary.

UNITED STATES UNEMPLOYMENT COMMISSION—12 MEMBERS

The second is the United States Unemployment Commission, on which I have introduced a bill and which may be superior to the special committee. I say this because it will have six citizens, three Senators, and three Representatives, and therefore, generally representative.

It seems to me this committee would be preferable, because it could present a coordinated job to both Houses simultaneously, and in which the six citizens will represent the people of the United States.

This commission would have broad authority of general study and investigation concerning the whole situation of unemployment security, its nature, the matter of rural and urban destitution and ill-health, and the problems of youth and old age. In addition to this, the question of relief and unemployment insurance could be studied.

Mr. Chairman, I have described the special investigating committee of the House, to be accomplished by simple House resolution, and unemployment commission of mixed membership, to be created by a bill.

Considered opinion indicates we should establish one, or both.

SENATE HAS PROVIDED COMMISSION—BILL BEFORE LABOR COMMITTEE

The Senate has provided for an investigation and has passed a bill for a commission somewhat similar to that provided in my bill, and it is now before the House Committee on Labor. I believe the most important thing for us to do in reference to relief and unemployment is to be ready for the next term of Congress rather than facing it without any knowledge of what we are going to do.

Looking into the very near future, and that is the third thing I mentioned, we ought also to establish a permanent committee to deal with the problem of unemployment, relief, and disasters of all kinds which must be dealt with by the Government of the United States. If we have the other committees first, we can then create this new standing committee, which will be a permanent one like that of the Naval Affairs, Public Lands, Agriculture, or what not.

NEW STANDING COMMITTEE—PUBLIC WORKS AND WELFARE

In the House resolution which I have introduced this standing committee would be called the Committee on Public Works and Welfare, and would concern itself with the following:

All proposed legislation concerning public works, public health, social security, the relief of unemployment, and the relief of destitution caused by floods, drought, and other emergencies.

It might be said that there is no committee to handle any of these matters now. That is, no policy-making or standing committees as in other matters.

The new standing committee would handle public works, which is now only handled by the Appropriations Committee; it would also handle public health, a specialized subject now rapidly developing. This latter subject is now handled by the Committee on Interstate and Foreign Commerce, which is very faithful, but greatly burdened by this extra work which they are not equipped to handle. It was before Interstate and Foreign Commerce that we had the cancer bills which we passed today. There is certainly no similarity between cancer and interstate commerce.

Mr. Chairman, at the present time the Committee on Ways and Means handles social security and old-age pensions—and everyone knows that committee is burdened enough with the problems of taxation. As for relief of unemployment and emergencies, no committee handles them now—except the matter goes before a Subcommittee on Appropriations. I think it quite plain that we must develop proper committees for all these recent and rapidly developing functions of government.

Mr. Chairman, the matters which I have discussed today are absolutely nonpartisan and in the interests of honest management, intelligent spending, and efficiency. Are we to make the same old mistakes year after year? Are we to shut our eyes and wait until next year and, just as the relief bill comes up, have some acrimonious discussions, and then unload some more billions with our eyes still blindfolded?

I tell you, my colleagues, that this is something the best friend or the worst enemy of W. P. A., the Republican, Democrat, Farmer-Labor, or Progressive, can support. I ask the Members of this House to give these matters their sympathetic consideration. [Applause.]

I. TO INVESTIGATE UNEMPLOYMENT, HOUSE RESOLUTION 224

*For study by House alone; select committee*

This committee would be composed of Members of the House alone, appointed by the Speaker. The idea would be to begin a study and investigation now, reporting at the very first of the next term.

The studies should include all phases of W. P. A. and unemployment. The report should include present-day practices, recommendations as to future policies, and the recommendation for a standing committee to be established.

*Authority of committee for broad powers*

Excerpts from the House resolution are as follows:

The committee is authorized and directed to conduct an investigation of unemployment within the United States with a view to determining—

(1) The number of employables who are unemployed;

(2) The number of unemployables who are in need of relief;

(3) The distribution of each of the foregoing among the several States; and

(4) Generally the manner in which the relief of unemployment shall be handled by the Government of the United States.

The committee shall also investigate from time to time the extent of any destitution caused by floods, drought, and other emergencies with a view to determining the manner in which the relief of such destitution shall be handled by the Government of the United States.

*Political connections, administrative costs shall be investigated*

The committee shall also conduct a thorough investigation of the Works Progress Administration with a view to determining—

(1) The extent, if any, to which relief is granted or denied because of political affiliations;

(2) The extent to which appointments to positions in the Works Progress Administration are governed by political affiliations;

(3) The administrative costs of furnishing relief and work relief through such offices of the Works Progress Administration throughout the United States as in the opinion of the committee are representative; and

(4) Such other matters connected with the administration of relief and work relief as in the opinion of the committee will furnish Congress with useful information in the formulation of a relief policy by the United States.

Mr. Chairman, the above matter explains in detail the purposes. This resolution has only been submitted after research and consultation with many different groups of people. I believe I prefer the "Unemployment Commission" for reasons I will submit under subhead II. But either committee would assist greatly in establishing permanent policies and of leading to the solution of our serious problems.

II. UNITED STATES UNEMPLOYMENT COMMISSION, H. R. 7503

*Twelve members—three each House and Senate, six citizens*

The establishment of a Commission by legislative enactment seems to me to be the best of the various approaches submitted. I say this because the Members of both Houses will have an opportunity of studying together, as in joint committees, with the further benefit of the advice and experience of citizens, probably businessmen, labor, religious, and professional leaders, directly representing the public.

Here are some of its provisions:

The Commission is authorized and directed to make a study and investigation of the problem of unemployment and insecurity throughout the United States with a view to determining—

(1) the nature and extent of unemployment;

(2) the nature and extent of rural and urban destitution, of ill health, of insecurity of youth, and of the aged and other destitute groups caused by or related to the problem of unemployment; and

(3) the relation between relief and unemployment insurance.

The Commission is required to report to the President and Congress immediately at the beginning of the second session of this the Seventy-fifth Congress. The submission of the report will at the same time give the matter to the public, who will be informed by the press. Also, no doubt several thousand copies of the report would be available for citizens throughout the Nation.

*Recommendations—relief, financial, creation of employment*

The report to be filed requires that it shall include "recommendations with respect to a comprehensive and permanent policy", with reference to the following:

(1) The relief of unemployment and destitution by means of work relief, direct relief, or otherwise;

(2) The division of the financial burden of relief, and the division of the responsibility for the administration thereof, between the United States and State and local governments;

(3) The coordination of a long-term relief and security program with various governmental agencies concerned; and

(4) The means of creating greater private employment.

*Cost, $75,000—and not wasted*

I make reference to the bill for further detail; but in order to give the worst, I have set out the amount as necessary for the investigation as $75,000. This may seem an extraordinarily large amount to spend, but considering the fact that billions upon billions have been, and will be, spent on relief, this is small in comparison; and, as I have already said, the members serve without pay.

When the grave importance of this question be considered, the money can be spent in good conscience. Moreover, it may lead to the solution of important problems, and the saving, rather than wasting, of huge sums of money. It may therefore be termed good business, too.

III. STANDING COMMITTEE, PUBLIC WORKS AND WELFARE

*In line with Navy, Public Lands, and others*

A committee for a designated purpose is naturally fitted to develop and carry out its own policies. This committee, charged with public health, social security, and old-age pensions, would soon become expert, and, what is just as important, would be sympathetic to such problems.

The members of this committee would also have the matter of relief destitution when caused by floods, drought, and other emergencies.

*Supreme Court decisions—New power, new committees*

All of the present committees in the House were created before the recent decisions of the Supreme Court on the Wagner labor relations bill, social security, and others. Previous to that time the conduct of Federal affairs was upon a narrow definition of the commerce power. This power of the Federal Government has been greatly widened.

Hence new committees are necessary to meet these new concepts.

IV. PRESS COMMENT OF NATION

*Unanimously approve permanent policies relief*

Mr. Chairman, several hundred editorials, as I mentioned before, have been written in recent weeks, principally during June and July, concerning the resolution and bills which I have introduced concerning unemployment, relief, the W. P. A., and the establishment of permanent policies in reference to those subjects.

Naturally, I would not place all these editorials in the RECORD, because it would take too much space. They have appeared in Republican, Democratic, and nonpartisan newspapers, besides industrial trade journals, farm and labor weeklies. I have haphazardly picked up a few of the editorials from the daily press, merely to indicate opinions as shown in every part of the United States.

For instance, the St. Joseph (Mo.) News Press approves of investigation in an editorial entitled "Billions Spent Blindly", and adds that there should likewise be an unemployment census.

Grand Rapids (Mich.) Press says:

Since policy making is the function of Congress, it should equip itself to declare policies intelligently and effectively.

The Middletown (Conn.) Press ends an editorial entitled "Wanted, Facts on Relief" as follows:

Those who desire completely disinterested inquiry favor the Maverick proposal.

SOUTHERN NEWSPAPERS STRONGLY FAVOR PERMANENT POLICIES

But let me quote some of the editorials from southern newspapers, and start with a small newspaper in Texas, the San Benito Light, which says, in part, as follows:

Right there the Congressman from San Antonio was talking horse sense. If his very active mind and lively energy can persuade his fellow Congressmen to dive intelligently into the muddy relief puddle and come out with some accurate information, he will have done the country a big service.

No two bureaus of the administration make the same guesses on unemployment. Harry Hopkins' guesses on relief requirements vary as his master's voice is devoted to announcement that recovery is here and "happy days are here again", or denouncing economic royalists (those citizens with incomes large enough to be taxed.)

The Cleveland (Tenn.) Banner says there should be a permanent agency; the Atlanta (Ga.) Constitution says that the relief policy should not be determined by a small group in an emergency administration, but by Congress with all possible information at its command. Likewise it is approved by the Birmingham (Ala.) Post, and concerning the situation the Birmingham (Ala.) News says that the sooner the country knows that (necessity for permanent policies) the better, ending with the statement that the proposal for a commission is timely.

Going back to Texas again, I read the following from the Dallas (Tex.) Journal:

MAURY MAVERICK, Texas Representative, is on the right track in demanding a real and impartial investigation of the country's relief needs and a clear-cut policy in dealing with them.

NEW JERSEY PAPERS URGE END OF CONFUSION

Here is another from the Hackensack (N. J.) Record, which says:

The present committee set-up of the Congress was established years ago, and a few changes have been made to meet altered circumstances. The result of this is much confusion, such as referring Mr. MAVERICK's own cancer bill to the Interstate and Foreign Commerce Committee, coupled with a situation in which there is no stated committee to deal with what is probably the greatest of current long-range problems.

And then to make the point clear this New Jersey newspaper says that the committee set-up suggested is genuinely necessary. Numerous other New Jersey newspapers approve.

We find the Springfield (Ill.) Journal starting out by saying in reference to me:

While we would be happy to think that he is all wrong about this, the chances are that he is right.

The editorial is ended by saying that in the present situation we are all guessing, and demands that definite policies be adopted.

RANDOM EDITORIALS FROM ALL OVER UNITED STATES

It would be impossible in the time allotted to read even the excerpts of the dozens of editorials which I hold in my hand. At random I see one from the Minneapolis (Minn.) Journal, Nashville (Tenn.) Banner, Boston (Mass.) Christian Science Monitor. The Suffolk (Va.) Herald says any sane person knows we will have this problem for generations; another from Staunton, Va., urges attention; there are especially good editorials from Oklahoma papers. Various western papers are also included.

From the Miami (Fla.) News it is stated that these resolutions are an attempt "to cut straight through the fog that has enveloped all our estimates about relief."

SOUND PUBLIC OPINION FAVORS STANDARDIZED PRACTICES

Mr. Chairman, I have not checked every State in the Union, but I think I can safely say that several editorials have been written in every State in the Union urging permanent policies and the adoption of the resolutions I have submitted, or similar measures. I do not mean that Congress should adopt this merely because newspapers have printed editorials. But as well as I can judge, all of the editorials are without bias and, although I have had diligent search made of the newspapers in the country, we have found no paper that opposes. All seem to agree that in relation to unemployment and relief we should at least know what we are doing.

Mr. Chairman, when an enemy of Harry Hopkins rises on the floor to denounce him we can consider that there is some personal bias in the statement. When a member of the minority party rises and makes a blast against the W. P. A., Harry Hopkins, and the "brain trusters" it may be only an opposition speech.

But when specific resolutions or bills are offered which can be projected as a nonpartisan, congressional duty, and accepted by all, it seems to me that we should do something about it. If I am any judge of sound public opinion, the people favor at least knowing what we are doing, along with permanent policies. I do not say that all the American people are storming Congress to pass these resolutions. There is no march on the Capital. But I do say that whatever thoughtful persons have given the matter any consideration favor the proposals (or at least generally the ideas involved), as far as I have been able to find.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc.*, That for the purpose of improving navigation on the Columbia River, controlling floodwaters, promoting the national defense, and for other purposes, the dam, locks, power plant, and appurtenant works now under construction at Bonneville, Oreg., and North Bonneville, Wash. (hereinafter called Bonneville project), shall be completed, maintained, and operated under the direction of the Secretary of War and the supervision of the Chief of Engineers, subject, however, to the provisions of this act relating to the power and duties of the Columbia River Administrator provided for in section 2 (a) (hereinafter called the Administrator) respecting the sale and distribution of surplus electric energy generated at said project. So far as may be consistent with the purposes aforesaid, and to effect such purposes with the greatest possible public benefit and to avoid the waste of water power, the Secretary of War shall provide, construct, operate, maintain, add to, and improve at Bonneville project such machinery, equipment, and facilities for the generation of electric energy as may be necessary to develop salable electric energy as rapidly as markets may be found therefor by the Administrator. The electric energy thus generated and not required for the operation of the dam and locks at such project and the navigation facilities employed in connection therewith shall be delivered to the Administrator, at a switchboard to be installed in or near the power plant, for disposition as provided in this act.

Mr. MAY. Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and ten Members are present, a quorum.

Mr. BEITER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BEITER: Page 1, line 10, strike out the comma after the word "Engineers" and insert a period. Strike out the remainder of line 10 and all of line 11, and, on page 2, strike out all of lines 1, 2, and 3, and line 4 down to and including the word "project."

Mr. BEITER. Mr. Chairman, if the amendment I have just offered is adopted, of course it will be necessary to offer perfecting amendments throughout the entire bill, particularly wherever reference is made in the bill to the administrator.

During the general debate on this bill much has been said with reference to the administration of the Board of Engineers. In my opinion, a division of power would be a detriment rather than an asset to the project. In view of the splendid reputation of the Board of Army Engineers on all projects they have handled in the past, if the matter were placed in the hands of the Board of Army Engineers from the time construction started until the time power is delivered, including control of switchboards and everything else that has to do with the project, we would have a better administration of the whole business. Furthermore, there would be a saving to the Government in that a salary of $10,000 a year, the cost of maintenance of the office, and so forth, would be saved.

I hope the amendment will be agreed to, and if it is, the other perfecting amendments will be offered.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, one of the worst mistakes we could make at this time would be to adopt the amendment offered by the gentleman from New York.

In the first place, this is not a military proposition. It is a question of the operation of a dam for the purpose of the generation and transmission of electric energy throughout that area. Further, I do not think the Army engineers want to operate this project, but even if they did, I feel that the administration is right in asking that we have a civilian administrator to carry out the program with reference to the Bonneville project.

I sincerely trust the amendment offered by the gentleman from New York [Mr. BEITER] will be voted down.

Mr. CARTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am very much in sympathy with the amendment offered by the gentleman from New York. So far, this entire project has been carried on under the direction of the Secretary of War by the Chief of Engineers, and I think it should continue to be carried on by these same men. They are experienced engineers, electrical as well as civil.

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

Mr. CARTER. I yield.

Mr. VOORHIS. I think all of us will agree with that statement, but is it not a little different question when you come to administering the matter of the sale and distribution of power?

Mr. CARTER. No; I do not think there is much difference in efficiency. Wherever you may meet it, it is the same. There is not a gentleman here who can rise on the floor of this House and dispute the efficiency of the Corps of Engineers.

Mr. WHITE of Idaho. Will the gentleman yield at that point?

Mr. CARTER. I decline to yield.

Mr. WHITE of Idaho. The gentleman asked for a gentleman to rise, and I rose.

Mr. CARTER. I did not ask any gentleman to rise, and I hope the next time this particular gentleman does rise he will rise in a parliamentary manner.

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

Mr. CARTER. I decline to yield.

It is not necessary to establish another commission in order to administer the affairs of the Bonneville powerhouses and dam. We are talking about economy here, and

I think the time has about come in the history of this country when we should begin to practice economy. I am just as eager as anybody to see this project carried on in an efficient manner. I am just as eager as anybody to see that this plant is administered in the interest of all of the people in that section of the United States. Because I believe the Corps of Engineers will administer it more efficiently than any administrator we can possibly get, I favor the amendment.

Mr. Chairman, there is already an argument brewing out there, and it has reached the floor of the House, with regard to who this administrator is going to be. May I say that the man who handles this job should be removed from politics entirely, and therefore, I shall be happy to support the amendment of the gentleman from New York.

Mr. MANSFIELD. Mr. Chairman, I rise in opposition to the proposed amendment.

Mr. Chairman, this proposition is not new to the committee, which has been working on this matter for more than a year. It may be new to a great many Members of the House.

The Secretary of the Interior has recommended that this entire operation be put under an administrator. The Secretary of War has recommended that the entire operation be under the War Department, which this amendment would provide. The committee, after weeks and weeks of trying to iron out these controversies and differences, not only between individuals out there in the several States but also between officials in our Government, decided that the proper thing to do was for the engineers to complete the navigation project, to have complete control of that operation as they have today, and as they have for 120 years had control of all navigation projects, to let them continue to operate the locks and dams, the fish elevator, and everything in connection with the dam itself, but turn the power over at the switchboard at the top of the river bank to the administrator to be appointed under the Secretary of the Interior. If you have two types of engineers operating together on this project, you are going to create more trouble than has ever been created before at any time.

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

Mr. MANSFIELD. I yield to the gentleman from Kentucky.

Mr. MAY. Can the gentleman from Texas, as chairman of the committee, tell us anything about the amount of money this administrator may spend without reporting to the Congress or anybody except the Secretary of the Interior?

Mr. MANSFIELD. He would expend the same amount that would be expended if this amendment is agreed to.

Mr. MAY. How much will that be?

Mr. MANSFIELD. He will spend what is necessary to distribute and sell this power to be appropriated by Congress. Neither one of them would expend more.

Mr. MAY. Did the gentleman determine in the hearings anything about the distance or the remoteness of the market for power from this dam? How far away is the market?

Mr. MANSFIELD. This bill does not provide, but the Army engineer in charge out there estimates that it will be necessary to put a trunk line down to Portland, about 40 miles, and another short trunk line in another direction, which would go to a place where the lines of the cooperatives are expected to meet the trunk line and take the power from it. The distribution and sale of this power is not a proper function of the Army engineers. They can do it, and they can do it efficiently, so far as that is concerned.

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

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

Mr. BEITER. Does not the Corps of Engineers handle the entire power project in the Panama Canal Zone?

Mr. MANSFIELD. They handle the entire power project there, but they do not sell power to the public. They provide power to the Government and provide power for the operation of the Canal as well as the railway. They sell a portion of the power to ship lines which operate through the Panama Canal. They sell no power to the public. They are doing a good job. There is no question about their efficiency, their honor, or their integrity. No man has ever defended the Corps of Engineers more than I have on the floor of this House and elsewhere. I will do it again whenever and wherever it is necessary, because I will not allow any slander to go unchallenged that may be brought against them. However, I consider that this is out of their line.

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

Mr. MANSFIELD. I yield to the gentleman from California.

Mr. COLDEN. Did not General Markham himself state that he did not care for this job?

Mr. MANSFIELD. General Markham himself wrote that provision in this bill, and he brought it in with the assurance that it had the approval of the President of the United States. After considering all these controversies, it is the best solution we can possibly work out.

Mr. ROBINSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Utah.

Mr. ROBINSON of Utah. Is it not possible to strike section 6 from this bill without in any way interfering with the bill insofar as the Bonneville project is concerned?

Mr. MANSFIELD. The gentleman is entirely correct. That would not affect Bonneville.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. BEITER].

The question was taken; and on a division (demanded by Mr. BEITER) there were—ayes 17, noes 68.

So the amendment was rejected.

Mr. MAY. Mr. Chairman, I offer a preferential motion.

Mr. Chairman, I move that the Committee do now rise.

The question was taken, and the Chair announced that the noes had it.

Mr. MAY. Mr. Chairman, on that I demand tellers.

Tellers were refused.

So the motion was rejected.

Mr. MAY. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. MAY moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. MAY. Mr. Chairman, I hope that my colleagues in the House will understand my purpose in this matter. This is one of the most important measures that has been presented to the House during this session. It involves the most serious question this Congress has been called upon to consider. It involves the simple question of whether or not the United States Government and this country, built upon the capitalistic system, have definitely decided by vote of the representatives of the people to depart from that principle and become a socialistic nation.

The question at issue is whether or not the Government of the United States shall become a business concern rather than a governmental concern, and go into the business of producing and selling electricity indiscriminately.

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

Mr. MAY. I do not yield, as I have not the time.

The next most serious thing is passing upon the various features of this bill. Within the last 2 hours the House voted overwhelmingly to prohibit the United States Navy from being given a blank check to spend an additional $10,000,000 on some battleships because they said it was bad policy to open the door and let any agency of the Government spend money without restriction, and yet under the provisions of section 2 of this bill you authorize an Administrator, appointed by the Secretary of the Interior, without even the consent of the Senate, on a salary of $10,000 to go out and acquire land, acquire transmission lines, acquire substations, acquire systems of transmission lines, and do anything and everything he wants to do without limit as to expense.

You not only do this, but you issue a blank check and put in his hands $500,000 a backlog to check against, and then say, "Now, get all of the earnings of this concern and do as you please with them, and you have a checking account here to do whatever you want to do." He can go out and divest a citizen of his property by condemnation proceedings, a thing unauthorized and unheard of in this country. He can do this under section 46 of the Judicial Code, which authorizes him to pay the money into the county court and then say to the land owner, "Get off—I have your property and you will get the money when you can show what it is worth", when everybody in this House knows that the soundest and most fundamental principle of law known to American jurisprudence is that the property of a citizen, for public purposes, is exempt from the hands of the Government or anybody else until he is paid for it. Yet this legislation does that very thing, and there is a spirit here this evening to push it through this House without consideration, with a mere handful of the Members present—less than a quorum of the House.

I say this is unwise and unnecessary, and so long as I live, so help me God, I shall never vote to turn this Government over to a bunch of irresponsible bureaucrats, without bond and without accountability to the appropriating authorities of this Government. In other words, you bring in a bill here that provides that a man can spend $1,000,000,000 if he wants to, without ever having seen the Appropriations Committee, of which you are a member.

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

Mr. MAY. Certainly; I shall be pleased to yield to the gentleman from Texas.

Mr. MANSFIELD. Would the gentleman from Kentucky go further and undertake to oust all the bureaucrats we have now?

Mr. MAY. I would like to oust 101 percent of them that we do not need.

Mr. RANKIN. Mr. Chairman, I rise in opposition to the amendment. We have just listened to the argument of the gentleman from Kentucky [Mr. MAY] to the effect that this is socialism. It is the very antithesis of socialism. It is taking to the individual home the resources of America, building up the individual, growing up a generation of responsible individuals.

Mr. Chairman, there was not any complaint from certain sources when the Power Trust attempted to regiment the American people and rob and plunder them in every conceivable manner, when it flooded the country with watered securities and at the same time controlled elections and even attempted to control the Congress of the United States.

No; Mr. Chairman, this is not socialism. This is Americanism. We are saving the resources of America for the American people, for the common people, the masses, and not for certain utilities that are now trying to control every phase of American life.

The gentleman from Kentucky [Mr. MAY] complains because this bill gives the right to this administrator to go out and under the right of eminent domain secure rights-of-way. That same privilege has been exercised by the utilities, the power companies, the railroads, and every other so-called public utility.

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

Mr. RANKIN. No; I cannot yield, but I will answer the gentleman without yielding. I know what he wants to ask. It is said that the administrator can go and take property and then pay for it. Oh, we made the Power Trust sick when we placed that provision in the T. V. A. Act. They wanted the T. V. A. to first go out and sue, and then they could drag them into the Federal court under the law, where there is a diversity of citizenship, because the power utilities are now incorporated in Delaware or Maine or in distant States in order to dodge responsibility in the State courts. So they wanted T. V. A. to have to sue for these rights-of-way, and for cutting down trees, and for taking the right to build a line across a 10-acre field. Then they could have gone and employed high-powered lawyers with whom they had been trying to deceive the courts for 2 or 3 years, and could have dragged T. V. A. into interminable litigation and kept it from building any lines at all. Of course, they would like to do that at Bonneville.

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

Mr. RANKIN. No; I must decline to yield. They would like to do the same thing at Bonneville, in order to prevent the Bonneville project from succeeding. But we have had some experience along this line. My Republican friends have been accusing the T. V. A. of paying people more than their property was worth. Every foot of ground, every right-of-way, everything the Bonneville project takes in order to extend this program will be paid for and the people will be satisfied. But, of course, the Power Trust will not be.

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

Mr. RANKIN. Yes.

Mr. DOCKWEILER. It has been intimated that whatever is spent by the Administrator, it would not have to be accounted for to the Appropriations Committee. Of course, he has to account for it.

Mr. RANKIN. Of course, and everybody seems to know that except my distinguished friend from Kentucky [Mr. MAY]. They have to go before the Committee on Appropriations and get the money before it can be expended.

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

Mr. RANKIN. Yes.

Mr. MAY. Is the gentleman from Mississippi in favor of the T. V. A. or the Bonneville or myself or anybody else taking a citizen's property without trial before a jury?

Mr. RANKIN. No.

Mr. MAY. That is what the T. V. A. Act does.

Mr. RANKIN. It does not. Nor I am not in favor of the power trust taking it in the corrupt manner they have been taking it, and that is what we are fighting against here, and that is what we want to end by the passage of this character of legislation. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired. The question is on the motion of the gentleman from Kentucky.

Mr. MAY. Mr. Chairman, I ask unanimous consent to withdraw my motion.

The CHAIRMAN. Without objection, the motion of the gentleman from Kentucky is withdrawn.

There was no objection.

Mr. PIERCE. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. PIERCE: Strike out all of section 1 and insert the following:

"That for the purpose of maintaining, operating, and improving the hydroelectric-power facilities now owned by the United States in the vicinity of Bonneville, Oreg., and North Bonneville, Wash. (hereinafter called Bonneville project), such facilities, (subject to the completion of the construction of the dam, locks, lifts, fishways, power plant, and appurtenant works by the Secretary of War, and the continued operation of the locks, lifts, and fishways by the Secretary of War), shall be administered by the Columbia River Administrator, as hereinafter provided. The Columbia River Administrator (hereinafter called the administrator) shall be appointed by, and responsible to, the Secretary of the Interior, shall receive a salary at the rate of $10,000 per year, and shall maintain his principal office at a place selected by him in the vicinity of Bonneville project. No administrator shall, during his continuance in office, have any financial interest in any public-utility company, holding company, or subsidiary company of a holding company, as such terms are defined in the Public Utility Holding Company Act of 1935. The form of administration herein established for Bonneville project is intended to be provisional pending the establishment of permanent administration for Bonneville and other projects in the Columbia River Basin.

"SEC. 2. (a) The administrator is authorized to operate, maintain, and improve the Bonneville project, as hereinafter provided. So far as may be consistent with the promotion of navigation and the control of floods, the administrator shall provide, construct, operate, maintain, and improve at Bonneville project such machinery, equipment, and facilities for the generation of electric energy as may be necessary to develop salable electric energy as rapidly as markets may be found therefor. The administrator shall, as hereinafter provided, make all necessary or appropriate arrangements for the disposition of electric energy generated at Bonneville project not required for the operation of the dam,

locks, lifts, and fishways, and the navigation facilities employed in connection therewith. Upon the requisition of the Secretary of War, the administrator shall allot and deliver to the War Department without charge so much electric energy as in the judgment of the War Department is necessary for use in the operation of such locks, lifts, and fishways, and the navigation facilities employed in connection therewith."

Mr. TABER. Mr. Chairman, I rise to a point of order. The amendment that has been offered is an attempt to amend sections that have not been read, and to strike out sections that have not been read. It is not a motion to strike out all after the enacting clause.

The CHAIRMAN. As the Chair understands the amendment offered by the gentleman from Oregon, he offers to substitute two sections for two original sections of the bill. He moves to strike out section 1, and serves notice that if his amendment is adopted he will then move to strike out section 2.

Mr. TABER. But the gentleman from Oregon did not do that, as I understood it, when he offered his amendment.

The CHAIRMAN. The gentleman has the opportunity of stating his position. Does the gentleman from Oregon offer his amendment as a substitute for the two sections, with the intention of moving to strike out the second section in the event his amendment is agreed to?

Mr. PIERCE. Yes; that is the idea.

The CHAIRMAN. That being the case, the Chair overrules the point of order and recognizes the gentleman from Oregon for 5 minutes.

Mr. MAY. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. MAY. As I understood the amendment, it changed all of the sections down to section 4?

The CHAIRMAN. The motion is to strike section 1 at this time and substitute two sections for sections 1 and 2 of the bill, with notice that a motion will be made to strike section 2 when read.

Mr. MAY. I may be under a misapprehension, but I thought it undertook to strike section 3, down to section 4.

The CHAIRMAN. The Chair does not so understand.

Mr. MAY. Section 1 is the only section that has been read.

The CHAIRMAN. The Chair does not so understand the motion. The point of order is overruled.

The gentleman from Oregon is recognized for 5 minutes.

Mr. PIERCE. Mr. Chairman, this is just opposite to the amendment offered by the gentleman from New York. It is my belief that this is what should be done. This is what I call unified control. This puts the administrator in charge not only of the generation but of the sale of electric current at Bonneville. I think it should be so. The hand that controls the levers that let the water in and out should be the same hand that sells the energy to the people who are to buy it. I do not believe in divided authority. I am willing to admit the chairman of the Committee on Rivers and Harbors has gone some distance with us in taking the Army engineers out of the sale part. I think he did so because the Army engineers did not want the job, but I want them to retire now from the management of the wheels, and when they want power to operate the locks or any of the facilities that they need for navigation, they can easily get it from the man who is operating the electric plant.

Just think for a moment: Electricity moves at the speed of light, 186,000 miles a second. Water moves slowly. When the administrator wants to sell power he wants to know that he can have it on the spot. He does not want to have to wait and figure out whether he can get it or not. He does not want to take the telephone to call up Washington to beg for more current. He wants to be able to say, "Deliver it", and to know that it will be delivered. It does not matter so much with the men who want power for the locks. They can wait, if necessary. It is a matter of minutes or hours, but the man who operates a factory down at Portland wants it immediately, and it is all-important that delivery can be made as he wants it, and smoothly and continuously.

As a man who has operated a small plant, I can affirm that I would not want to have the Army engineers or any other group of men tell me what power I could have or when I could have it. I do not want to criticize the Army engineers. I know of their efficiency. I know what they have done; but, as I said before, they are not public-ownership people. They do not drift that way. A man who is in charge of Bonneville should be sold on public ownership in order to make a success of it. If he is, he can make as much of a success as they have in Tacoma.

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

Mr. PIERCE. I yield.

Mr. RANKIN. This will leave the Army engineers in charge of navigation, in charge of the locks and in charge of the fishways, will it not, just as they are along the Tennessee River, if this amendment is adopted?

Mr. PIERCE. Yes; that is so. The same man who sells the electricity, who contracts for the sale of it, should be the man who directs the amount that is being made. You understand that at this big dam a time will come when, instead of generating 86,000 kilowatts in these two units, that may drop down one-third, when the tailrace fills with the floods of the Columbia River. The administrator must be ready to face that, and provide a continuous supply of firm power. He does not want a man in there directing how much juice is going to be generated. He wants to make his own arrangements for leveling up. Perhaps he will run a line to some of the public-ownership plants where the rivers are in flood at the time he is short, and can generate extra power for him; for instance, on the Mackenzie or on the Skagit. But that operation must be in the hands of a unified control if it is going to be a success. You cannot divide authority on a battlefield. This is a battlefield.

The CHAIRMAN. The time of the gentleman from Oregon [Mr. PIERCE] has expired.

Mr. HILL of Washington. Mr. Chairman, I move to strike out the last word.

Bonneville! Just about to be completed. The first dam to be completed in that wonderful river, the Columbia. I have told you before that one-sixth of the potential water power of the United States is in our State of Washington. Now we have completed the Bonneville project. There was a group that was and is fighting the building of any dams on the Columbia or anywhere, and that group now is fighting to place control of these dams, when completed, in the hands of those who favor private power companies instead of favoring the ultimate consumer. I have voted consistently in favor of these power dams, but I shall never vote again for any appropriation for any dam unless I am convinced that this power will go to the ultimate consumer at cost, and not through the hands of private companies unless they will observe the yardstick as explained and urged by the President since he first assumed the duties of his office in 1933. I have nothing against private companies as long as they are compelled to compete with municipal or other public utilities as in Tacoma and Seattle, Wash. There they must reduce their rates as often as the municipal plants, and the people of those cities are getting electric power at one-third of rates charged in the Yakima Valley, where the power companies have a monopoly.

Much is made of the taxes paid by power companies. They pay no taxes. They are paid by the ultimate consumer in overhead expenses. Moreover, in the State of Washington the valuation of all our private electric utilities for taxation purposes is only one-thirtieth of the valuation for rate-making purposes and hence the tax is insignificant.

In Tacoma, Seattle, and other cities of Washington that have municipal ownership, the city governments which generate the power also distribute it to the ultimate consumer. Of course the dams were built by engineers but the distribution is in the hands of civil authorities. So at Bonneville Dam, although it has been built by the Army engineers, the distribution to municipalities, power districts, cooperatives, and any surplus, if there is any, to private companies, should be under supervision of some civil administrator of the Federal Government in compliance with the section of the law which provides for cost of production.

My friend from Kentucky calls this socialism. I would ask him who owns the Army and the Navy of the United States? Is that socialism?

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

Mr. HILL of Washington. No; I cannot yield. The gentleman can answer in his own time. I would ask also who owns and operates the post offices in the United States? I ask any Member of this House if they think that the rural communities of this country would get their letters today if the post office was owned and operated by private companies?

My friend from Michigan [Mr. CRAWFORD] mentioned the fact that the rural people of certain foreign countries were getting all these fine electrical conveniences in abundance in their homes. I asked him and he admitted the fact that the public utilities were owned and operated by the countries themselves. I am proud to come by descent from old Norway, which has used her streams for the people of that country, and that is all we are asking for in the State of Washington, in the Northwest, and in the United States. I might add that the gentleman from Minnesota [Mr. KNUTSON], who berated public ownership on the floor of this House yesterday, to just remember the land of his birth, Norway.

The pending question is, Who shall operate Bonneville Dam? We believe that there should be an administrator. They ask, To whom is he responsible? He is responsible to the Secretary of the Interior, and the Secretary is responsible to the President of the United States. Others say that it should be in the hands of the Corps of Army Engineers. To whom are they responsible? They are responsible to the Secretary of War and he is responsible to the President of the United States, and in the final analysis, Congress alone has the authority to appropriate the funds provided for in this bill. What difference is there? None whatever as far as responsibility is concerned. The only thing is what has been established here and has been emphasized, that the administrator would administer this so that the ultimate consumer would get it at cost. We do not believe that the Army engineers would do that, and in support of our contention we ask you to consider what the Army engineers did at Muscle Shoals for 15 long years before one of the finest Americans in the United States, Senator Norris, and such men as Allman and Quinn, and my friend Rankin, here in the House, got the Muscle Shoals bill through. [Applause.]

[Here the gavel fell.]

Mr. MOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I hope this amendment may not prevail. In my opinion, if the Committee should adopt this amendment it would be one of the most unfortunate things that the Congress has done.

The gentleman from Washington seemed to be arguing against putting the Army engineers in charge of this project as administrator. There is no question of that kind before the House. The amendment offered by the gentleman from Oregon [Mr. PIERCE] was to take the operation of the power plant itself away from the Corps of Army Engineers and place it in the hands of the civil administrator—a political appointee of a political agency of this Government. Let me call attention to the fact that the House Rivers and Harbors Committee has reported out this bill giving to the Corps of Army Engineers jurisdiction to operate the power plant. The Commerce Committee of the Senate has reported out a bill giving jurisdiction over operation of the power plant to the Corps of Army Engineers. No committee of this Congress has ever suggested to the Congress that the operation of the power plant itself be placed in the hands of a civilian administrator or in the hands of anyone except the Army engineers who built it.

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

Mr. MOTT. I cannot yield in my very limited time. I am sorry.

This proposal was thoroughly threshed out before both the Senate and House committees. The gentleman from Oregon [Mr. PIERCE] offered his amendment before the House committee. It was thoroughly considered there, and I do not believe I am violating any confidence when I say that it received no support whatever from any single member of that committee.

This dam was built by the Corps of Army Engineers. A great many technical problems had to be met and solved. They were all met and solved by the Army engineers alone. When the dam is completed this year the greatest volume of water will flow over the spillway that flows over any dam in the world. The engineers built that dam under the authority of Congress with the thought and upon the supposition that they would operate it, as they have always operated all of our great dams with one or two exceptions. No one had any idea that the engineers would not operate it. It is necessary that an agency of this Government having an experienced personnel should operate this power plant up to the switchboard and then turn it over to the administrator.

That is what the bill as it stands before you now proposes to do. That is the considered judgment and the unanimous recommendation of the committee.

I told you when I took the floor an hour or so ago that when the proposal was before the committee I offered a bill which would place the entire jurisdiction in the Corps of Engineers. I did this because I thought they were the most competent, the most experienced, and the most free from politics. The committee did not concur in my point of view and likewise it did not concur in the point of view of my colleague from eastern Oregon. It has recommended this compromise bill, with which I am satisfied, and I think all the people of the States of Oregon and Washington are satisfied with this bill. I believe we should accept the judgment of the committee and pass this bill as it is written.

[Here the gavel fell.]

Mr. COFFEE of Washington. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am one of the six Members of the House from the State of Washington. All of us favor this bill.

Personally I am in favor of the amendment offered by the gentleman from Oregon because I believe it will incorporate a principle which is almost universally supported by the people of my State. Most of the Members of the House from the State of Washington have received resolutions and letters asking that the principle incorporated in the amendment offered by the gentleman from Oregon be written into this law.

Mr. Chairman, I come from the city of Tacoma, Wash., which is an outstanding example of the success of municipally operated light and power in America. We do not have to apologize to the gentleman from New York [Mr. SNELL] for the operation of the Tacoma light and power plant. I think it was significant that in the discussion today when reflections were cast upon the operations of publicly owned plants in the Province of Ontario, no statements were made reflecting upon the city of Tacoma's operation of the power plant.

Public ownership is a big issue in the State of Washington and any man who aspires to office as either a Member of the House or Senate from the State of Washington cannot, with impunity, oppose public ownership of power. The city of Tacoma sells power at a rate lower than any other city in the United States. The city of Tacoma sells power to its citizens at a rate so low it is universally used night and day by the residents, in great abundance. The record stands by itself.

Mr. MAY. Will the gentleman yield?

Mr. COFFEE of Washington. I have not the time. The lowest rate shown on the chart for any city in the United States is that of Tacoma, Wash.

Mr. Chairman, the municipally owned power plant of the city of Tacoma turns into the coffers of the public treasury more than a million dollars a year in the form of profit. It also pays in 7½ percent of its gross earnings to the city of Tacoma, which averages more than $200,000 a year.

How is that for taking property off the tax rolls? In lieu of taxation, it turns into the city's treasury more than $200,000 a year.

Mr. MAY. Will the gentleman yield?

Mr. COFFEE of Washington. Mr. Chairman, we feel very strongly about public power and any man who has the political philosophy of the gentleman from Kentucky [Mr. MAY] in my State would not last 5 minutes in the Democratic Party. [Applause.]

The President of the United States in 1932 and 1936 favored publicly operated power plants, and the gentleman from Kentucky [Mr. MAY] should be loyal enough to his President to back him up when he is fundamentally right. [Applause.]

Mr. MAY. Will the gentleman yield?

Mr. COFFEE of Washington. I am sorry, I cannot yield to the gentleman.

Mr. MAY. The gentleman mentioned my name.

Mr. COFFEE of Washington. I have not the time within 5 minutes.

Mr. Chairman, I want the Members of the House to realize that under public ownership of power we can have operation free of politics. In the city of Tacoma the light and power plant is run exclusively from the top to the bottom by employees under the civil service. We do not know whether they are Republicans or Democrats who operate our light and power plant. We have had the same general manager—the commissioner of public utilities—for 20 years. He is still there. In the city of Seattle they have had Jim Ross for more than 18 years running the city's light plant.

I know about the success of public ownership of power in the city of Tacoma. The arguments advanced by the gentleman from Pennsylvania [Mr. RICH] about earthquakes in the State of Washington do not carry weight with us, because there are more earthquakes in New York City than in our section of the country, particularly the State of Washington, and we are not worrying much about that. [Applause.]

[Here the gavel fell.]

Mr. McSWEENEY. Mr. Chairman, I rise in opposition to the amendment offered by my distinguished friend, feeling that if the Army engineers construct this dam it is only a matter of good husbandry on the part of the Government to allow those same engineers to have control of the intricate operations of a great dam of that kind. I have had experience myself as a civil engineer. I can remember right after the war America had interned a number of German ships. The best engineering ability in America was unable to go into the intricate operations of some of those ships, even though they had the blueprints, because in the construction of any great enterprise you will always meet with difficulties that only the ones who did the actual constructing know about. I say to my distinguished friend the gentleman from Oregon [Mr. PIERCE] that the Army engineers should be the men to maintain and operate this dam and bring the power to the switchboard.

Mr. WHITE of Idaho. Will the gentleman yield?

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

Mr. WHITE of Idaho. Does the gentleman think the men who build the locomotives ought to be hired by the railroads to run them?

Mr. McSWEENEY. I do not think that is a comparable proposition at all. This is a great dam that will meet different emergencies. There may be flood problems. There may be a shifting of soil. Breaks may occur. The walls may not stand the pressure. Under the plan of Governor PIERCE he admits he will have to have a batch of engineers to cooperate with the administrator. The engineers who do cooperate with the administrator are much better operating men and they ought to have something to say about the enterprise.

Mr. MOTT. Will the gentleman yield?

Mr. McSWEENEY. I yield to the gentleman from Oregon.

Mr. MOTT. The gentleman who spoke just previously stressed the fact that the Members should support the President. May I ask the gentleman if it is not a fact there is contained in the testimony of General Markham given before the Rivers and Harbors Committee of the House a statement and a letter in which the President himself recommends the operation of the power plant at this dam by the Army engineers? That is in the record.

Mr. McSWEENEY. Yes. The gentleman is correct.

[Here the gavel fell.]

Mr. MANSFIELD. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, what I said awhile ago against the other amendment applies with even greater force to the present amendment. If this amendment is adopted, we shall be in the attitude of taking a navigation dam project out of the hands of the Secretary of War, where such projects have been for 120 years. With more than 400 waterway projects in this country, Alaska, Puerto Rico, the Virgin Islands, and in Hawaii, this will be the only one which will have been taken out of the hands of the War Department by an act of Congress.

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

Mr. MANSFIELD. I yield to the gentlewoman from Oregon.

Mrs. HONEYMAN. If this amendment is adopted it would mean the taking of a navigation project out of the hands of the engineers, when the navigation aspects of the dam, the sea locks, and so forth, are left with the Army engineers.

Mr. MANSFIELD. I do not know about that, but it would be preferable to do that than to put these two engineers in there on the operation of the same dam. Whenever you put an engineer of the War Department and an engineer of the Department of the Interior on the same project so that they are messing around together with the same dam and the same machinery and the same locks, you are going to cause more Kilkenny stuff in this country than you ever heard of before. [Applause.]

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

Mr. MANSFIELD. I yield.

Mr. PIERCE. Who will operate Grand Coulee when it is completed? Will it not be the Secretary of the Interior?

Mr. MANSFIELD. That is not a War Department project. It is a reclamation project.

Mr. PIERCE. Will it not be the Secretary of the Interior?

Mr. MANSFIELD. Yes.

Mr. PIERCE. Why should it not be the Secretary of the Interior at Bonneville? Give us unified control on the Columbia River.

Mr. MANSFIELD. Who operates the navigation locks and dams on the Ohio River and on the Allegheny and all other navigation projects?

Mr. PIERCE. We are not generating power there.

Mr. MANSFIELD. We are generating power at a half dozen dams on the Ohio River, and we are generating power on the Mississippi River at Keokuk and at Rock Island. We are generating power at various other places all over the country. The War Department has jurisdiction over all of them at the present time.

Mr. KELLER. Who operates them?

Mr. MANSFIELD. The War Department does and always has.

Mr. KELLER. And administers them? Who owns the one at Keokuk?

Mr. MANSFIELD. That was built by a private corporation, but the Government has taken it over.

Mr. KELLER. The Government is not administering the price and the sale of that power.

Mr. MANSFIELD. I do not know whether the Government administers the sale there or not. In this bill we are putting it in the hands of an administrator, but we are not putting another engineer on the dam, with two engineers operating on the same proposition.

Mr. PIERCE. Oh, no.

Mr. MANSFIELD. Yes; the gentleman's amendment does that.

Mr. PIERCE. No; my amendment provides that the administrator provided by Congress is the sole administrator.

Mr. MANSFIELD. Then the gentleman's amendment takes the operation of the locks and dam out of the War Department, as I stated at first.

Mr. PIERCE. Yes; and places it in the hands of the administrator.

Mr. MANSFIELD. That is the gentleman's amendment?

Mr. PIERCE. Yes.

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

Mr. MANSFIELD. Yes.

Mr. McSWEENEY. Would it not be necessary to have a corps of engineers to advise this administrator, anyway? They will be private engineers.

Mr. MANSFIELD. What reason is there for taking one of more than 400 projects out of the hands of the War Department and putting it in the hands of a temporary official?

[Here the gavel fell.]

Mr. MANSFIELD. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

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

There was no objection.

Mr. O'CONNOR of Montana. Will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Montana.

Mr. O'CONNOR of Montana. If this amendment carries, would there be a duplication of the work of these various engineers?

Mr. MANSFIELD. The power facilities in the Bonneville Dam consist of 10 units, 2 of which are practically completed now. There are eight more to be installed, if and when the sale of power will justify it. If you put one set of men in there under the Corps of Engineers and another set under another department of the Government, one operating a portion of the turbines and the other a portion of the machinery, there will be trouble. It is all the same machinery. You can hardly divide the functions. It is a far better one to operate to the switchboard, and the other from that point to the consumer. The line of responsibility would be at the switchboard.

Mr. O'CONNOR of Montana. Then there would be duplication of work there?

Mr. MANSFIELD. Absolutely; there would be duplication of work and duplication of costs if this amendment is adopted. The Army engineers there now are costing the Government nothing, because their salaries and their work go on just the same whether they are there or anywhere else.

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

Mr. MANSFIELD. I yield.

Mr. FITZPATRICK. Will it not be absolutely necessary to keep the Army engineers there as far as navigation is concerned?

Mr. MANSFIELD. It is absolutely necessary, unless you amend all of our laws.

Mr. FITZPATRICK. If this amendment is adopted, then, you will have to have the engineers anyway?

Mr. MANSFIELD. Absolutely.

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

Mr. MANSFIELD. I yield to the gentleman from Oklahoma.

Mr. FERGUSON. Is it not true that in the gentleman's own experience with the Corps of Engineers he has found that it has always been a body that carries out the dictates of Congress and never has established any policies whatsoever?

Mr. MANSFIELD. No man can point to any act by which the Chief of Engineers of the United States Army has ever violated a mandate of Congress, and I defy any man to show me such an act. [Applause.]



Mr. PIERCE. Mr. Chairman, will the gentleman yield for one further question?

Mr. MANSFIELD. I yield to the gentleman from Oregon.

Mr. PIERCE. Did not Scattergood, who is the manager of the Los Angeles plant and the most eminent authority in the United States on public ownership of utilities, say before the gentleman's committee that it would cost him $1,000,000 a year if they had divided control at Boulder Dam?

Mr. MANSFIELD. I do not recall that.

Mr. COLDEN. But navigation is not the primary purpose at Boulder Dam.

Mr. MANSFIELD. Neither did the Army engineers construct Boulder Dam. It was constructed under the authority under which the gentleman from Oregon now wants to put this dam.

[Here the gavel fell.]

Mr. KRAMER. Mr. Chairman, I move that all debate on this amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon [Mr. PIERCE].

The question was taken; and on a division (demanded by Mr. PIERCE and Mr. RANKIN) there were—ayes 47, noes 67.

Mr. RANKIN. Mr. Chairman, I demand tellers.

Tellers were ordered and the Chair appointed as tellers Mr. PIERCE and Mr. COLDEN.

The committee again divided and the tellers reported that there were—ayes 56, noes 79.

So the amendment was rejected.

The Clerk read as follows:

SEC. 2. (a) The surplus energy generated in the operation of the Bonneville project shall be disposed of by and through the Administrator as hereinafter provided. The Administrator shall be appointed by and be responsible to the Secretary of the Interior, shall receive a salary at the rate of $10,000 per year, and shall maintain his principal office at a place selected by him in the vicinity of Bonneville project. No Administrator shall during his continuance in office have any financial interest in any public-utility company engaged in the business of generating, transmitting, distributing, or selling electric energy to the public, or in any holding company or subsidiary company of a holding company as such terms are defined in the Public Utility Holding Company Act of 1935. The Administrator shall, as hereinafter provided, make all necessary or appropriate arrangements for the disposition of electric energy generated at Bonneville project not required for the operation of the dam and locks at such project and the navigation facilities employed in connection therewith. He shall act in consultation with an advisory board composed of a representative designated by the Secretary of War, a representative designated by the Secretary of the Interior, and a representative designated by the Federal Power Commission. The form of administration herein established for Bonneville project is intended to be provisional pending the establishment of permanent administration for Bonneville and other projects in the Columbia River Basin.

(b) In order to encourage the widest possible use of all electric energy that can be generated and marketed and to provide reasonable outlets therefor, and to prevent the monopolization thereof by limited groups or localities, the Administrator is authorized and directed to provide, construct, operate, maintain, and improve such electric transmission lines and substations, and facilities and structures appurtenant thereto, as he finds necessary, desirable, or appropriate for the purpose of transmitting electric energy, available for sale from the Bonneville project to existing and potential markets, and for the purpose of interchange of electric energy to interconnect the Bonneville project with other Federal projects.

(c) The Administrator is authorized, in the name of the United States, to acquire, by purchase, lease, condemnation, or donation, such real and personal property, or any interest therein, including lands, easements, rights-of-way, franchises, electric transmission lines, substations, and facilities and structures appurtenant thereto, as the Administrator finds necessary or appropriate to carry out the purposes of this act. Title to all property and property rights acquired by the Administrator shall be taken in the name of the United States.

(d) The Administrator shall have power to acquire any property or property rights, including patent rights, which in his opinion are necessary to carry out the purposes of this act, by the exercise of the right of eminent domain and to institute condemnation proceedings therefor in the same manner as is provided by law for the condemnation of real estate. In respect of condemnation of any property or property rights, the Administrator shall have the rights conferred by the act of February 26, 1931 (46 Stat. 1421, ch. 307, secs. 1 to 5, inclusive), as now compiled in sections 258a to 258e, inclusive, of title 40 of the United States Code.

(e) The Administrator is authorized, in the name of the United States, to sell, lease, or otherwise dispose of such personal property as in his judgment is not required for the purposes of this act and such real property and interests in land acquired in connection with the construction or operation of electric transmission lines or substations as in his judgment are not required for the purposes of this act: *Provided, however,* That before the sale, lease, or disposition of real property or transmission lines the Administrator shall secure the approval of the Secretary of the Interior.

(f) Subject to the provisions of this act, the Administrator is authorized, in the name of the United States, to negotiate and enter into such contracts, agreements, and arrangements as he shall find necessary or appropriate to carry out the purposes of this act.

Mr. MANSFIELD. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WILCOX, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 7642) to authorize the completion, maintenance, and operation of the Bonneville project for navigation, and for other purposes, had come to no resolution thereon.

STILL FURTHER MESSAGE FROM THE SENATE

A still further message from the Senate, by Mr. Crockett, its Chief Clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6958) entitled "An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1938, and for other purposes."

PERMISSION TO FILE A REPORT

Mr. KELLER. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file a report from the Library Committee on the Jefferson Memorial bill.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object, simply to find out when the Bonneville bill will be taken up again. Can the gentleman from Texas tell us?

Mr. MANSFIELD. I think the gentleman will have to ask the Speaker.

The SPEAKER. The majority leader is not on the floor, but I think it is quite proper for the Chair to state that although we have made arrangements for the consideration of another bill on Monday, the Chair would be inclined to recognize this bill first after the disposition of District of Columbia business.

Is there objection to the request of the gentleman from Illinois?

There was no objection.

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks made this afternoon on the Bonneville bill and to insert certain telegrams and a letter from the President of the United States.

The SPEAKER. Is there objection?

There was no objection.

Mr. EICHER. Mr. Speaker, I ask unanimous consent to extend my remarks upon the cancer research bill.

The SPEAKER. Is there objection?

There was no objection.

CONFERENCE REPORT—INTERIOR DEPARTMENT APPROPRIATION BILL, 1938

Mr. LEAVY. Mr. Speaker, I submit a conference report and statement upon the bill (H. R. 6958) making appropriations for the Department of the Interior, for printing under the rule.

LEAVE TO ADDRESS THE HOUSE

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent that on Monday after the disposition of all business on the Speaker's desk and other special orders I may address the House for 15 minutes.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. DUNN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DEMUTH, for July 26 to 28, inclusive, on account of attending to conferences on flood control at Pittsburgh.

To Mr. MAAS, for 1 week, on account of illness.

To Mr. ARNOLD, for 1 week, on account of public business.

To Mr. BULWINKLE, for 15 days.

To Mr. HOFFMAN, on account of illness.

To Mr. DEEN, for 10 days, on account of important business.

EXTENSION OF REMARKS

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 126. An act authorizing the President to present a Distinguished Service Medal to Harold R. Wood; to the Committee on Naval Affairs.

S. 537. An act to provide suitable accommodations for the district court of the United States at Glasgow, Mont.; to the Committee on Public Buildings and Grounds.

S. 606. An act for the relief of Mabel F. Hollingsworth; to the Committee on Claims.

S. 607. An act to authorize improvement of navigation facilities on the Columbia River, and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 608. An act to authorize the leasing of certain Indian lands subject to the approval of the Secretary of the Interior; to the Committee on Indian Affairs.

S. 744. An act for the relief of Lulu M. Peiper; to the Committee on Claims.

S. 840. An act to authorize the Secretary of the Interior to issue patents for certain lands to certain settlers in the Pyramid Lake Indian Reservation, Nev.; to the Committee on Indian Affairs.

S. 1168. An act for the relief of Joseph W. Bollenbeck; to the Committee on Military Affairs.

S. 1514. An act for the relief of the Corbitt Co.; to the Committee on Claims.

S. 1774. An act to authorize the purchase of certain lands adjacent to the Turtle Mountain Indian Agency in the State of North Dakota; to the Committee on Indian Affairs.

S. 1880. An act to amend an act entitled "An act authorizing the Court of Claims to hear, consider, adjudicate, and enter judgment upon the claims against the United States of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles", approved June 28, 1934; to the Committee on Indian Affairs.

S. 1971. An act to provide for the recognition by the Government of the United States of the academic standing of military and naval schools under its jurisdiction; to the Committee on Military Affairs.

S. 2060. An act to amend the Wisconsin Chippewa Jurisdictional Act of August 30, 1935 (49 Stat. L. 1049); to the Committee on Indian Affairs.

S. 2091. An act for the relief of Ada Saul, Steve Dolack, and Marie McDonald; to the Committee on Claims.

S. 2115. An act to amend section 77 of the Judicial Code, as amended, to transfer Clinch County from the southern district of Georgia to the middle district; to the Committee on the Judiciary.

S. 2159. An act for the relief of George R. Slate; to the Committee on Military Affairs.

S. 2215. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

S. 2232. An act for the relief of E. Sullivan; to the Committee on Claims.

S. 2261. An act for the relief of Scott Hart; to the Committee on Claims.

S. 2263. An act providing for per-capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury; to the Committee on Indian Affairs.

S. 2273. An act to authorize the consideration of the recommendation of an award for distinguished service to Col. John A. Lockwood, United States Army, retired, and for other purposes; to the Committee on Military Affairs.

S. 2299. An act for the relief of M. M. Twichel; to the Committee on Claims.

S. 2305. An act for the relief of William F. Kimball; to the Committee on Claims.

S. 2317. An act for the relief of Robert L. Summers; to the Committee on Military Affairs.

S. 2383. An act to amend the act authorizing the Attorney General to compromise suits on certain contracts of insurance; to the Committee on World War Veterans' Legislation.

S. 2387. An act to authorize certain officers and employees of Federal penal correctional institutions to administer oaths; to the Committee on the Judiciary.

S. 2417. An act for the relief of Samuel L. Dwyer; to the Committee on Claims.

S. 2444. An act for the relief of William C. Willahan; to the Committee on Claims.

S. 2473. An act to provide that individual tax returns may be made without the formality of an oath, and for other purposes; to the Committee on Ways and Means.

S. 2557. An act for the relief of William T. J. Ryan; to the Committee on Military Affairs.

S. 2619. An act to amend paragraph (1) of section 22 of the Interstate Commerce Act, as amended; to the Committee on Interstate and Foreign Commerce.

S. 2751. An act to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the West Point Military Reservation, N. Y., for the construction thereon of certain buildings, and for other purposes; to the Committee on Military Affairs.

S. J. Res. 153. Joint resolution providing for consideration of a recommendation for decoration of Sgt. Fred W. Stockham, deceased; to the Committee on Military Affairs.

S. J. Res. 158. Joint resolution to provide for the appointment of a delegate to the First Pan American Congress of Deaf Mutes; to the Committee on Foreign Affairs.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1086. An act for the relief of Weymouth Kirkland and Robert N. Golding;

H. R. 1420. An act for the relief of Dewey Jack Krauss, a minor;

H. R. 1561. An act for the protection of oyster culture in Alaska;

H. R. 1961. An act to authorize the conveyance by the United States to the State of Wisconsin of a portion of the Twin River Point Lighthouse Reservation, and for other purposes;

H. R. 3251. An act for the relief of Joseph A. Rudy;

H. R. 3408. An act to amend the Civil Service Act approved January 16, 1883 (22 Stat. 403), and for other purposes;

H. R. 4246. An act for the relief of N. C. Nelson;

H. R. 4896. An act to authorize a preliminary examination and survey of Cayuga, Buffalo, and Cazenovia Creeks, N. Y., with a view to the control of their floods;

H. R. 5040. An act to provide for the establishment of a Coast Guard station at or near Beaver Bay, Minn.;

H. R. 5140. An act to provide for the establishment of a Coast Guard station at or near St. Augustine, Fla.;

H. R. 5552. An act to provide for the relinquishment of an easement granted to the United States by the Green Bay & Mississippi Canal Co.;

H. R. 6358. An act to amend section 107, as amended, of the Judicial Code so as to eliminate the requirement that suitable accommodations for holding court at Columbia, Tenn., be provided by the local authorities;

H. R. 6402. An act for the relief of Emory M. McCool, United States Navy, retired;

H. R. 6496. An act granting the consent of Congress to the State of Montana, or the counties of Roosevelt, Richland, and McCone, singly or jointly, to construct, maintain, and operate a free highway bridge across the Missouri River, at or near Poplar, Mont.;

H. R. 6636. An act granting the consent of Congress to the county of Carroll, in the State of Indiana, to construct, maintain, and operate a free highway bridge across the Wabash River at or near Lockport, Ind.;

H. R. 6899. An act to repeal the limitation on the sale price on the old post office and courthouse site and building at Fourth and Chestnut Streets, Louisville, Ky.;

H. R. 6916. An act to amend the laws relating to enlistments in the Coast Guard, and for other purposes;

H. R. 6920. An act granting the consent of Congress to the Commonwealth of Massachusetts, Middlesex County, and the city of Lowell, Mass., or any two of them, or any one of them, to construct, maintain, and operate a free highway bridge across the Merrimack River at Lowell;

H. R. 7017. An act to amend section 4450 of the Revised Statutes of the United States, as amended by the act of May 27, 1936 (49 Stat. 1380, 1383; U. S. C. 1934 edition, title 46, sec. 239);

H. R. 7401. An act to authorize the Secretary of Commerce to convey to the commissioners of the Palisades Interstate Park, a body politic of the State of New York, certain portions of the Stony Point Light Station Reservation, Rockland County, N. Y., including certain appurtenant structures, and for other purposes;

H. R. 7611. An act to adjust the pay of certain Coast Guard officers on the retired list who were retired because of physical disability originating in line of duty in time of war;

H. R. 7641. An act to authorize the attendance of the Marine Band at the National Encampment of the Grand Army of the Republic to be held at Madison, Wis., September 5 to 10, inclusive, 1937; and

H. J. Res. 365. Joint resolution authorizing Federal participation in the Seventh World's Poultry Congress and Exposition to be held in the United States in 1939.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 534. An act granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River;

S. 1067. An act for the relief of Asa J. Hunter;

S. 1143. An act for the relief of G. L. Tarlton;

S. 1144. An act for the relief of the Frazier-Davis Construction Co.; and

S. 2521. An act to authorize the assignment of officers of the line of the Marine Corps to assistant quartermaster and assistant paymaster duty only, and for other purposes.

ADJOURNMENT

Mr. MANSFIELD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 50 minutes p. m.), in accordance with the order heretofore adopted, the House adjourned until Monday, July 26, 1937, at 12 o'clock noon.

## COMMITTEE HEARINGS

COMMITTEE ON NAVAL AFFAIRS

The Committee on Naval Affairs will hold open hearings on the bill H. R. 5529, to replace the airship *Los Angeles*, Monday, July 26, 1937, at 10:30 a. m.

COMMITTEE ON IRRIGATION AND RECLAMATION

There will be a meeting of the Committee on Irrigation and Reclamation at 10 a. m., Monday, July 26, 1937. Business to be considered:

H. R. 6091, to provide for a preliminary examination and survey to determine the feasibility and cost of diverting the surplus waters of the Green River, Wyo., to the Bear River, for the purpose of irrigating the lands in the Bear River Basin.

H. R. 7567, to authorize the Secretary of the Interior to permit the payment of the costs of repairs, resurfacing, improvement, and enlargement of the Arrowrock Dam in 20 annual installments, and for other purposes.

H. R. 3786, providing for the allocation of net revenues of the Shoshone power plant of the Shoshone reclamation project in Wyoming.

H. R. 5960, to provide for studies and plans for the development of a reclamation project on the Cimarron River in Cimarron County, Okla.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold a public hearing in room 219, House Office Building, Washington, D. C., Wednesday, July 28, 1937, at 10 a. m., eastern standard time, on H. R. 7486, known as the bill to increase the efficiency of the Coast Guard.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

737. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, House of Representatives, for the fiscal year 1938, in the sum of $7,315 (H. Doc. No. 308); to the Committee on Appropriations and ordered to be printed.

738. A communication from the President of the United States, transmitting a deficiency estimate of appropriation for the Treasury Department for the fiscal year 1937 and prior years, amounting to $276.36, together with drafts of proposed provisions pertaining to existing appropriations (H. Doc. No. 309); to the Committee on Appropriations and ordered to be printed.

739. A communication from the President of the United States, transmitting a deficiency estimate of $100,000 for contract Air Mail Service, 1936, for the Post Office Department, transmitted to Congress on January 11, 1937 (H. Doc. No. 106, 75th Cong., 1st sess.), is hereby reduced to $82,000 (H. Doc. No. 310); to the Committee on Appropriations and ordered to be printed.

740. A communication from the President of the United States, transmitting deficiency estimates of appropriations for the fiscal years 1931 and 1932 in the sum of $483.40, and a supplemental estimate of appropriation for the fiscal year 1938 in the sum of $70,000, amounting in all to $70,483.40, for the Department of Justice (H. Doc. No. 311); to the Committee on Appropriations and ordered to be printed.

741. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the fiscal year 1938 in the sum of $15,000, and for the fiscal years 1937 and 1938 in the sum of $55,000, amounting to $70,000, for the Department of State (H. Doc. No. 312); to the Committee on Appropriations and ordered to be printed.

742. A letter from the Mine Inspectors' Institute of America, transmitting a report of a committee to recommend plans for practical experience for mine rescue crews and a resolution adopted by the Mine Inspectors' Institute of America, assembled at Columbus, Ohio, June 21, 22, and 23, 1937, which is self-explanatory; to the Committee on Appropriations.

743. A communication from the President of the United States, transmitting estimates of appropriations submitted by the several executive departments and independent offices to pay claims for damages to privately owned property in the sum of $36,215.45, which have been considered and adjusted under the provisions of the act of December 28, 1922 (U. S. C., title 31, sec. 215), and which require appropriations for their payment (H. Doc. No. 313); to the Committee on Appropriations and ordered to be printed.

744. A communication from the President of the United States, transmitting records of judgments rendered against the Government by the United States district courts, as submitted by the Attorney General through the Secretary of the Treasury, and which require an appropriation for their payment, amounting to $27,814.89 (H. Doc. No. 314); to the Committee on Appropriations and ordered to be printed.

745. A communication from the President of the United States, transmitting for the consideration of Congress, in compliance with section 2 of the act of July 7, 1884 (U. S. C., title 5, sec. 266), a schedule of claims amounting to $282,897.09, allowed by the General Accounting Office, as covered by certificates of settlement and for the services of the several departments and independent offices (H. Doc. No. 315); to the Committee on Appropriations and ordered to be printed.

746. A communication from the President of the United States, transmitting estimates of appropriations submitted by the Navy Department to pay claims for damages by collision or damages incident to the operation of vessels of the Navy, in the sum of $1,431.58 which have been considered and adjusted under the provisions of the act of December 28, 1922 (U. S. C., title 34, sec. 599), and which require appropriations for their payment (H. Doc. No. 316); to the Committee on Appropriations and ordered to be printed.

747. A communication from the President of the United States, transmitting a schedule of a claim allowed by the General Accounting Office, as shown by certificate of settlement transmitted to the Treasury Department in the sum of $95.27 (H. Doc. No. 317); to the Committee on Appropriations and ordered to be printed.

748. A communication from the President of the United States, transmitting a schedule of claims allowed by the General Accounting Office, as shown by certificates of settlement forwarded to the Treasury Department for payment, covering judgments rendered by the United States District Court for the Southern District of New York against the collector of customs, as provided under section 989 of the Revised Statutes (U. S. C., title 28, sec. 842), amounting to $7,597.53 (H. Doc. No. 318); to the Committee on Appropriations and ordered to be printed.

749. A communication from the President of the United States, transmitting a list of judgments rendered by the Court of Claims, which have been submitted by the Attorney General through the Secretary of the Treasury and require an appropriation for their payment, amounting to $343,471.58 (H. Doc. No. 319); to the Committee on Appropriations and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HEALEY: Committee on the Judiciary. H. R. 6961. A bill to prohibit the use of the mails for the solicitation of the procurement of divorces in foreign countries; without amendment (Rept. No. 1289). Referred to the House Calendar.

Mr. HEALEY: Committee on the Judiciary. House Joint Resolution 321. Joint resolution granting the consent of Congress to the minimum-wage compact ratified by the Legislatures of Massachusetts, New Hampshire, and Rhode Island; without amendment (Rept. No. 1290). Referred to the House Calendar.

Mr. PALMISANO: Committee on the District of Columbia. H. R. 7950. A bill to amend the District of Columbia Alcoholic Beverage Control Act; without amendment (Rept. No. 1291). Referred to the Committee of the Whole House on the state of the Union.

Mr. McCORMACK: Committee on Ways and Means. H. R. 7948. A bill providing for the promotion of employees in the Customs Field Service; without amendment (Rept. No. 1292). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR of Montana: Committee on Indian Affairs. S. 1622. An act authorizing the Arapahoe and Cheyenne Indians to submit claims to the Court of Claims, and for other purposes; with amendment (Rept. No. 1293). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 2249. An act providing for the manner of payment of taxes on gross production of minerals, including gas and oil, in Oklahoma; without amendment (Rept. No. 1294). Referred to the Committee of the Whole House on the state of the Union.

Mr. GEHRMANN: Committee on Indian Affairs. H. R. 4544. A bill to divide the funds of the Chippewa Indians of Minnesota between the Red Lake Band and the remainder of the Chippewa Indians of Minnesota, organized as the Minnesota Chippewa Tribe; with amendment (Rept. No. 1295). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 5170. A bill authorizing an appropriation for payment to the Sac and Fox Tribe of Indians in the State of Oklahoma; with amendment (Rept. No. 1296). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. H. R. 7187. A bill to amend section 12B of the Federal Reserve Act, as amended; with amendment (Rept. No. 1297). Referred to the Committee of the Whole House on the state of the Union.

Mr. PIERCE: Committee on Agriculture. H. R. 7836. A bill to amend the Agricultural Adjustment Act, as amended, by including hops as a commodity to which orders under such act are applicable; without amendment (Rept. No. 1298). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 68. An act authorizing the Western Bands of the Shoshone Nation of Indians to sue in the Court of Claims; without amendment (Rept. No. 1299). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLAR: Committee on the Library. House Joint Resolution 337. Joint resolution relating to the site to be selected for the memorial to Thomas Jefferson; with amendment (Rept. No. 1301). Referred to the Committee of the Whole House on the state of the Union.

## CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H. R. 6024) for the relief of Annie Riley Hale, and the same was referred to the Committee on War Claims.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ELLENBOGEN: A bill (H. R. 7980) providing for the payment of salaries to bailiffs of the United States Court, during their absence from service by reason of illness, and during their vacation period; and also providing for payment of pensions on retirement after 10 years of service, and for other purposes; to the Committee on the Judiciary.

By Mr. HILL of Washington: A bill (H. R. 7981) to authorize improvement of navigation facilities on the Columbia River, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PALMISANO: A bill (H. R. 7982) to regulate the manufacturing, dispensing, selling, and possession of narcotic drugs in the District of Columbia; to the Committee on the District of Columbia.

By Mr. THURSTON: A bill (H. R. 7983) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the founding of Iowa Territory; to the Committee on Coinage, Weights, and Measures.

By Mr. RANDOLPH: A bill (H. R. 7984) to authorize transportation of mail by airplane upon star routes over difficult terrain; to the Committee on the Post Office and Post Roads.

By Mr. MAY: A bill (H. R. 7985) to promote air commerce by providing for the enlargement of Washington Airport; to the Committee on Military Affairs.

By Mr. KRAMER: Resolution (H. Res. 284) authorizing a special committee to investigate the campaign expenditures of the various candidates for the House of Representatives, and for other purposes; to the Committee on Rules.

By Mr. WOODRUM: Joint resolution (H. J. Res. 454) making appropriations for participation by the United States in the New York World's Fair and in the world's fair to be held by the San Francisco Bay Exposition, Inc., both in 1939; to the Committee on Appropriations.

## PRIVATE BILLS AND RESOLUTIONS

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

By Mr. CARTWRIGHT: A bill (H. R. 7986) granting an increase of pension to Mary E. Lee; to the Committee on Invalid Pensions.

By Mr. CHAPMAN: A bill (H. R. 7987) for the relief of Ben L. Kessinger and M. Carlisle Minor; to the Committee on Claims.

By Mr. CLARK of Idaho: A bill (H. R. 7988) granting an honorable discharge to James B. Kilbourne; to the Committee on Military Affairs.

By Mr. CROWE: A bill (H. R. 7989) for the relief of Thomas Lewellyn and Drusilla Lewellyn; to the Committee on Claims.

By Mr. DIMOND: A bill (H. R. 7990) to extend the Metlakahtla Indians Citizenship Act; to the Committee on Indian Affairs.

By Mr. KELLY of New York: A bill (H. R. 7991) for the relief of Anna Mattil and others; to the Committee on Claims.

By Mr. KNUTSON: A bill (H. R. 7992) for the relief of Ray Hale; to the Committee on Military Affairs.

By Mr. KOCIALKOWSKI: A bill (H. R. 7993) for the relief of Alex Weisz; to the Committee on Military Affairs.

By Mr. MILLS: A bill (H. R. 7994) for the relief of sundry claimants; to the Committee on Claims.

Also, a bill (H. R. 7995) for the relief of R. B. Garrison; to the Committee on Claims.

Also, a bill (H. R. 7996) for the relief of Marvin Turnage; to the Committee on Claims.

Also, a bill (H. R. 7997) for the relief of Mrs. B. L. Upton; to the Committee on Claims.

By Mr. SHAFER of Michigan: A bill (H. R. 7998) for the relief of the First National Bank & Trust Co. of Kalamazoo, Kalamazoo, Mich.; to the Committee on Claims.

By Mr. TARVER: A bill (H. R. 7999) granting a pension to John R. Longwith; to the Committee on Pensions.

By Mr. WOOD: A bill (H. R. 8000) for the relief of the Welfare Finance Co., of Springfield, Mo.; to the Committee on Claims.

Also, a bill (H. R. 8001) for the relief of Charles B. Long; to the Committee on Claims.

By Mr. WOODRUM: A bill (H. R. 8002) extending the time for filing a claim for reimbursement for the funeral expenses

of Harold P. Straus; to the Committee on World War Veterans' Legislation.

By Mr. LUDLOW: Joint resolution (H. J. Res. 455) conferring jurisdiction on the Court of Claims to hear and determine the claim of Guy D. Sallee; to the Committee on Claims.

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## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3012. By Mr. ANDREWS: Resolution adopted by the Common Council of the City of Tonawanda, N. Y., on July 19, opposing ratification of a treaty by the Senate of the United States having to do with construction of the St. Lawrence Seaway; to the Committee on Rivers and Harbors.

3013. Also, resolution adopted by the Common Council of the City of Tonawanda, N. Y., on July 19, opposing House bills 7365 and 7392, having to do with establishment of seven regional planning boards and to create seven regional conservation authorities; to the Committee on Rivers and Harbors.

3014. By Mr. CURLEY: Petition of the Niagara Frontier Planning Board, endorsing the proposal to improve the barge canal from Three Rivers to the Niagara River; to the Committee on Rivers and Harbors.

3015. Also, petition of the Niagara Frontier Planning Board, Niagara Falls, N. Y., regarding the restoration and preservation of the beauty of the Falls; to the Committee on Ways and Means.

3016. Also, petition of the Jewish Social Service Bureau, St. Louis, Mo., regarding nonresidents who are in need; to the Committee on Labor.

3017. Also, petition of the New York County Lawyers Association, opposing House Joint Resolution 383, introduced by Congressman GEARHART, regarding regulating the terms of office of Justices and the age at which they must retire; to the Committee on the Judiciary.

3018. By Mr. FORAND: Petition of local 198, American Federation of Musicians, urging reinstatement to Works Progress Administration rolls those former Works Progress Administration workers unable to secure employment in private industry; to the Committee on Ways and Means.

3019. By Mr. HART: Memorial of the Board of Commissioners of the City of Newark, N. J., urging that the Works Progress Administration discontinue reduction of personnel and that reinstatements be made as quickly as possible; to the Committee on Appropriations.

3020. By Mr. LUTHER A. JOHNSON: Petition of H. J. Kent, president, and L. R. Hall, vice president, Navarro County Texas Agricultural Association, and also Mrs. S. B. Watson, H. P. McCuiston, J. C. Park, H. M. Marrish, J. M. Beckham, W. P. Thorp, W. C. Roberts, and H. C. Barlow, members and executive officers of said association, favoring agricultural adjustment legislation at this session of Congress; to the Committee on Agriculture.

3021. By Mr. LANHAM: Petition of Mrs. Zuma Kidd and others, of Cleburne, Tex., endorsing House bill 2257; to the Committee on Ways and Means.

3022. By Mr. THOMAS of New Jersey: Letter from Frank L. Halstead, Sussex County, N. J., commander, the American Legion, and signed by Charles M. McKeeby, commander, Post No. 86; James A. Wilson, commander, Post No. 157: F. J. Lawrence, commander, Post No. 213; David W. Goble, Jr., county vice commander; V. O. Walters, State executive committeeman; John Coates, past county commander; Leon C. McKeon, past county commander, vigorously requesting a congressional investigation of the activities of the German-American Bund Auxiliary who are operating a camp in Andover Township, Sussex County, N. J., known as Camp Norland; to the Committee on Rules.

3023. By Mr. THOMASON of Texas: Petition of residents of Fort Bliss, Tex., urging passage of House bill 2257; to the Committee on Ways and Means.

# SENATE

## MONDAY, JULY 26, 1937

*(Legislative day of Thursday, July 22, 1937)*

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

### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, July 23, 1937, was dispensed with, and the Journal was approved.

### CALL OF THE ROLL

Mr. LEWIS. In view of the bill which is pending, I ask for a roll call in order to secure a quorum.

The VICE PRESIDENT. The clerk will call the roll.

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

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|---|---|---|---|
| Adams | Davis | King | Radcliffe |
| Andrews | Dieterich | La Follette | Reynolds |
| Ashurst | Donahey | Lee | Russell |
| Austin | Duffy | Lewis | Schwartz |
| Bailey | Ellender | Lodge | Schwellenbach |
| Barkley | Frazier | Logan | Sheppard |
| Bilbo | George | Lonergan | Shipstead |
| Black | Gerry | Lundeen | Smathers |
| Bone | Gibson | McCarran | Smith |
| Borah | Gillette | McGill | Steiwer |
| Brown, Mich. | Glass | McKellar | Thomas, Okla. |
| Brown, N. H. | Green | McNary | Thomas, Utah |
| Bulkley | Guffey | Maloney | Townsend |
| Bulow | Hale | Minton | Truman |
| Burke | Harrison | Murray | Tydings |
| Byrd | Hatch | Neely | Vandenberg |
| Byrnes | Herring | Nye | Van Nuys |
| Capper | Hitchcock | O'Mahoney | Walsh |
| Caraway | Holt | Overton | Wheeler |
| Chavez | Hughes | Pepper | White |
| Connally | Johnson, Calif. | Pittman | |
| Copeland | Johnson, Colo. | Pope | |

Mr. LEWIS. I announce that the Senator from Tennessee [Mr. BERRY], the Senator from Missouri [Mr. CLARK], the Senator from California [Mr. MCADOO], the Senator from New Jersey [Mr. MOORE], and the Senator from New York [Mr. WAGNER] are necessarily detained from the Senate.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. BRIDGES] is unavoidably detained.

Mr. SCHWELLENBACH. I announce that the Senator from Nebraska [Mr. NORRIS] is detained from the Senate because of illness.

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

### MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 534. An act granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River;

S. 1067. An act for the relief of Asa J. Hunter;

S. 1143. An act for the relief of G. L. Tarlton;

S. 1144. An act for the relief of the Frazier-Davis Construction Co.;

S. 2521. An act to authorize the assignment of officers of the line of the Marine Corps to assistant quartermaster and assistant paymaster duty only, and for other purposes;

H. R. 1086. An act for the relief of Weymouth Kirkland and Robert N. Golding;

H. R. 1420. An act for the relief of Dewey Jack Krauss, a minor;

H. R. 1561. An act for the protection of oyster culture in Alaska;

H. R. 1961. An act to authorize the conveyance by the United States to the State of Wisconsin of a portion of the Twin River Point Lighthouse Reservation, and for other purposes;