Otto Frederick Lange to be lieutenant colonel, Infantry.
Harlan Leslie Mumma to be lieutenant colonel, Quartermaster Corps.
Alexander Mathias Weyand to be lieutenant colonel, Infantry.
Walter David Mangan to be lieutenant colonel, Field Artillery.
Edgar Ambrose Jarman to be major, Judge Advocate General's Department.
William Giroud Burt to be major, Infantry.
Howard Webster Lehr to be major, Infantry.
Marshall Joseph Noyes to be major, Corps of Engineers.
Charles Manly Walton to be major, Infantry.
Versalious Lafayette Knadler to be major, Field Artillery.
Samuel Lyman Damon to be major, Corps of Engineers.
Thomas Cleveland Lull to be major, Infantry.
Leonard Sherod Arnold to be major, Field Artillery.
Henry Blodgett McIntyre to be colonel, Medical Corps.
Martin Robert Reiber to be lieutenant colonel, Medical Corps.
William Kenneth Turner to be lieutenant colonel, Medical Corps.
Fletcher Emory Ammons to be major, Medical Corps.
Clifford Paul Michael to be captain, Medical Corps.
Oscar Samuel Reeder to be captain, Medical Corps.

POSTMASTER

CONNECTICUT

Peter M. Davey, Bridgeport.

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# HOUSE OF REPRESENTATIVES

## FRIDAY, JANUARY 14, 1938

The House met at 12 o'clock noon.

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

Our Father, author of the morning light, guardian through the darkness and the shadow of the night, be with us in the experiences of the day. Whatever may be our trial, give us the courage to stand without compromise for that which we believe to be true. Grant that the mists of uncertainty may be dispensed in the sunlight of a happy faith. Almighty God, we breathe out of our heart an earnest prayer for our Capital City; the circles of crime are dipping to murky depths. Be it according to Thy will to suppress the corrupting forces, lest they be instruments of immeasurable degradation. We pray that all righteous citizens may unite their powers to drain and cleanse the moral scrofula out of the dark channels of our city life. May they labor sleeplessly for her fair name and character. We thank Thee for our home life; may it ever be a symbol to us of Thy beautiful household where Thy presence pervades. Through Jesus Christ our Lord. Amen.

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

### PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that on Monday next, after the disposition of matters on the Speaker's table and the legislative program for the day, that I may be permitted to address the House for 30 minutes.

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

There was no objection.

### JOINT COMMITTEE ON HAWAII

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the Joint Committee on Hawaii may have 30 days more in which to file their report.

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

There was no objection.

### EXTENSION OF REMARKS

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to insert therein some short newspaper clippings and a table.

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

There was no objection.

Mr. FITZGERALD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address delivered by my colleague the gentleman from Connecticut [Mr. CITRON] and the Reverend Gilbert, chaplain of the Senate of the State of Connecticut, on the subject of flood control.

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

There was no objection.

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks.

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

There was no objection.

### HOME RULE FOR THE NATIONAL CAPITAL

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. The gentleman from West Virginia asks unanimous consent to address the House for 1 minute. Is there objection?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, in the other body much has been said in recent days of certain conditions existing in the Capital. I today have introduced a joint resolution proposing an amendment to the Constitution of the United States to provide for a republican form of government and representation in the Congress for the District of Columbia.

The time has come for the Congress of the United States to relieve itself from the burden of operating a municipal administration in the National Capital.

The problems of national government have become so complex and so strenuous that I am sure I speak for all my colleagues in saying none of us ever has enough time to do his work as he would like to. As much as has been accomplished since 1933 we all know that a great deal remains to be done before the United States is firmly established on a basis of permanent modern democratic prosperity.

I make this preamble by way of explaining why I say that Congress should divest itself now of an unnecessary and unjust burden: the operation of the District government.

When the Constitution of the United States was written, article I, section 8, directed the Congress:

> To exercise exclusive legislation in all cases whatsoever over such district (not exceeding 10 miles square) as may by cession of particular States and the acceptance of Congress become the seat of the Government of the United States, and to exercise like authority over all places purchased by the consent of the legislation of the State in which the same shall be, for the erection of forts, magazines and arsenals, dockyards, and other needful buildings.

It is that phrase "exclusive legislation in all cases whatsoever" which continues to place upon Congress the unnecessary and unjust burden of which I have spoken.

When the founding fathers were building the structure of the National Government, what is now the District of Columbia was no more than a village and a vision. Nobody conceived the present thriving and magnificent city of 625,000, nor the Washington we will have 10 years from now.

By 1947, according to George McAneny, chairman of the committee appointed by President Roosevelt in 1936 to study Washington's fiscal affairs, there will be 1,000,000 residents in the District. Thus we have confronting us an extremely important, fundamental issue.

Shall 1,000,000 Americans be disenfranchised, denied the right of citizenship, because they have moved to the Capital of the United States?

It is not necessary to argue the question of whether an American citizen should have the right to vote. That was settled by the Declaration of Independence and the Revolutionary War.

Yet at the heart and Capital of the world's most powerful democracy we have a great city in which the legal residents are denied the right of representation in the tax-making and law-making bodies, denied the right to elect their administrative government; denied the right to vote on the Presidency of the United States; and denied the right to elect or otherwise express their views upon the judges of their courts. Such a condition is repugnant to every true democrat. It is a denial of the democratic principle. It was never intended by the makers of the Constitution, I feel certain; even if it were, I brand it as un-American, unjust, and untenable.

In these times we hear the democratic principle of government denounced and reviled. Mussolini curses democracy and says that he stamps upon its rotten body. Hitler ridicules democracy as old-fashioned and the impossible in the modern economy. Stalin mocks it by shooting all political opposition—at the same time he marches his groveling subjects to the polls to vote for him. In Japan democracy is not even discussed.

It would become the Congress of the United States at this time to demonstrate the American confidence in democratic principles of government by instituting such at the Capital of the United States, and such is my motive in proposing the amendment to the Constitution of the United States here offered. This amendment simply relaxes the mandate of article I, section 8, that Congress must legislate in all cases whatsoever for the District.

This amendment would permit Congress to confer upon the District of Columbia whatever degree of sovereignty possible which is not in conflict with the general purpose of maintaining the seat of the National Government here. It would allow Congress to unburden itself of the many, many trivial and unimportant matters of municipal legislation which we cannot do now under article I, section 8. Both the Congress and the Supreme Court have made repeated efforts to find a way around that stricture, but if language has any meaning—and we must be honest in interpreting the Constitution—there is no escape short of amendment.

I wish to assure all legal residents of the States, who maintain establishments in the District, that their citizenship would be in no way affected by the granting of voting rights to legal citizens of the District proper. Many persons live in Washington and work for the Government, but maintain their voting rights in the States. Whatever the laws that might be enacted to grant the vote to bona fide legal residents of the District, it would have no effect whatsoever upon them. Only the laws of their own States could alter their status as voters.

I ask that this proposal be given serious consideration by every Member with a view to relieving all of us from the burden of operating the District government; to endowing the residents of this Capital with the citizenship to which they are entitled; and to demonstrating to the world that the Congress of the United States still has faith in democracy.

### EXTENSION OF REMARKS

Mr. ALLEN of Pennsylvania asked and was given permission to extend his own remarks in the RECORD.

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

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

There was no objection.

### THE GENERAL WELFARE ACT—H. R. 4199

Mr. SMITH of Washington. Mr. Speaker, 104 Members of this body have attached their signatures to the petition on the Speaker's desk for the discharge of the Ways and Means Committee from further consideration of the General Welfare Act, H. R. 4199, which embodies the principles of the Townsend national recovery plan, and bring it before the House for consideration and vote. No less than 108 Members of this body have signed a letter addressed to Hon. ROBERT L. DOUGHTON, chairman, Ways and Means Committee, petitioning for a hearing of said measure before that legislative committee. In other words, the chosen representatives of over 27,000,000 citizens, approximately the same number who voted for the election of President Roosevelt in 1936, have asked that this great legislative proposal be heard upon its merits before the proper committee and before this House. We have every confidence and assurance that this request of so numerous a body of American citizens will be granted and that H. R. 4199, the General Welfare Act, will be fully heard before the Ways and Means Committee and this House during this session of Congress. Many of the facts and arguments in support of this legislation are set forth in a speech which I delivered in Old South Church, Boston, Mass., and which may be found in the Appendix of the CONGRESSIONAL RECORD, Seventy-fifth Congress, first session, on pages 1812–1815.

Mr. Speaker, for the information of the Members of the House and the country, I also make a brief analysis of the provisions of the General Welfare Act, H. R. 4199. I take this opportunity to earnestly urge my colleagues who have not already done so to sign both the discharge petition on the Speaker's desk and the petition to Hon. ROBERT L. DOUGHTON, chairman, Ways and Means Committee. No Member of the House will ever have cause to regret doing so and, in my opinion, will some day be proud of his action.

#### ANALYSIS OF PROVISIONS OF THE GENERAL WELFARE ACT OF 1937, H. R. 4199

1. A monthly annuity for life to all citizens of the United States over 60 who have been citizens for over 5 years, and not to exceed $200 per month, so as to create purchasing power for the things the Nation can produce.
2. The annuity to be spent during the current calendar month so as to utilize this purchasing power in putting all idle factories and farms to work at full capacity, the old people to be merely the disbursing agents for Uncle Sam and put the young and middle-aged to work manufacturing and producing things for them. Annuitants must "buy American" and employ Americans.
3. The annuitants to retire from all gainful pursuits so as to create additional jobs for the young and middle-aged.
4. Annuitants may not save money for burial purposes, but may take out life insurance on their own lives of not exceeding $1,000 to provide for this. They may continue paying premiums on life or endowment policies taken out over a year before the effective date of this act.
5. Annuitants must pay all just debts, including debts contracted before they became annuitants, but may not spend more than 10 percent of their annuities each month for such back debts and gifts (except tithing to a church or religious institution).
6. They may support actual dependents but cannot maintain any able-bodied person in idleness or any person in drunkenness or gambling, or pay clearly unreasonable wages to any person.
7. The annuity is free from levy by any court process and may not be assigned. (It is also free from any tax levy.)
8. If any annuitant disposes of any property purchased with his annuity he must spend the proceeds within the current calendar month.
9. Annuitants must file returns each month under oath at their local post offices and these returns must, in general terms, state the truth as to how annuities were spent or the annuitants are subject to perjury charges as well as charges of defrauding the Government.
10. Annuitants who violate the rules with reference to the expenditure of the annuities forfeit, upon conviction before a judge or jury in United States district court, one-fourth of the amount of their annuities for life for each violation.
11. Applications for annuities to be filed with local postmaster with proof of age and citizenship, photo and fingerprint record for identification purposes so that one person will not apply in two different States or in different places in the same State.
12. Applicants for annuities, annuitants, and postmasters may call upon the local United States district attorney for advice and assistance in connection with problems arising under the act.
13. Applicants and annuitants may, in informal proceedings, petition the United States district court for rulings as to their rights under the law.
14. No annuity to be paid to persons forcibly confined in institutions, or to persons not domiciled within the United States or its Territories, or en route between the States and Territories.
15. Annuitants may terminate their annuities upon proper notice.
16. The annuities to be financed by means of a 2-percent tax on transactions, which term includes all transfers for a money consideration, all service furnished for a consideration (except personal services rendered by employees to their employers), the winnings of any lottery, the payment of any membership fees, all inheritances and gifts, and the use of any raw material, article, or product on which a transaction tax has not been paid, as a component part in the manufacture of any other article or product.

17. There is no tax on transactions of pure barter or exchange, nor on transactions by or through governmental agencies or instrumentalities. (There is no tax on religious services.)
18. The tax is not payable until the money consideration passes.
19. On executory or time-payment contracts each payment constitutes a separate transaction.
20. The tax is collected by the Collector of Internal Revenue, or such other person designated by the Secretary of the Treasury, who has general supervision over enforcement of the act and issues all rules found necessary to take care of administrative details.
21. Tax returns to be filed monthly with the collector, which returns must show the total taken in from all taxable transactions for the month.
22. No return need be filed or tax paid if the total tax is less than $1 for any month.
23. Returns must be sworn to, and besides being liable for perjury the party making any false returns may be prosecuted for defrauding the Government, with severe maximum penalties for a first offense and still more stringent penalties for subsequent offenses.
24. If the tax is not paid by the due date a civil penalty of double the amount is added, plus interest.
25. A tax lien is also provided for, which may be foreclosed in the United States district court.
26. The collection of taxes does not start until 3 full calendar months after the act takes effect.
27. The taxes must be paid and the returns made within 10 days after the end of the calendar month during which the taxes accrued.
28. At the end of the twentieth day after the end of the calendar month in which the taxes accrued, distribution takes place by checks mailed out by the Secretary of the Treasury at Washington to all annuitants whose applications have been approved by the Secretary.
29. Those applications not approved by the twentieth, and all moneys collected after the twentieth for the previous calendar month to be carried over to the next month.
30. All checks returned that were sent out to deceased annuitants, or to annuitants forcibly confined in institutions, and all penalties forfeited by annuitants, to be carried over to the next month.
31. The checks to be mailed out between the twentieth and the last of the month and to have indicated on them that, as to the annuitants, they are for the next calendar month.
32. The checks to be on a pro rata basis of the money on hand, after deducting the expenses of administration, but not to exceed $200.
33. Any balance in any month, after qualified annuitants receive $200 each, to be used in liquidation of the national debt and, when it is cleared, to go into the general fund.
34. A sufficient fund appropriated from the general fund to establish and maintain the act, subject to reimbursement from the money collected under the act.
35. All money collected under the act to go into a special fund in the Treasury to be known as the General Welfare Fund, which fund shall be used for no other purpose than for the purposes outlined in the act.
36. If for any reason payment to an annuitant is delayed to such an extent that he has two or more annuity checks on hand, he has one additional month for each month of such accumulation in which to spend the money.
37. All Federal acts or parts of acts in conflict with the provisions of the act are expressly repealed, to the extent of the conflict, and any person who accepts an annuity under the act thereby forfeits his right to any other pension, unemployment insurance or other benefit under any Federal social-security or other measure, to the extent of the amount he receives under the act.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the independent offices appropriation bill and to include some brief citations from legal reports.

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

There was no objection.

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD upon the subject of planned production.

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

There was no objection.

REQUESTS FOR PERMISSION TO ADDRESS THE HOUSE

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

Mr. RAYBURN. Mr. Speaker, reserving the right to object, and I shall not object to this request, during the last session I adopted the plan of not allowing speeches when there was other business to come before the House. I said at that time that I would not object to any Member speaking for 1 minute, but during this session, Members have begun to ask for 2 minutes, and then 3 minutes. If 15 or 20 Members do this we wreck a day. I am going to have to return to what I originally did; that is, to object hereafter, until the legislative program for the day is completed, to any Member proceeding for more than 1 minute.

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

There was no objection.

HOW FAR CAN TARIFFS BE REDUCED BY TRADE AGREEMENTS?

Mr. CASE of South Dakota. Mr. Speaker, my understanding is, and I believe it has been the general understanding as evidenced by the debates in this House, that under the Reciprocal Trade Agreement Act tariffs could be reduced to 50 percent of the amount that was fixed by the Tariff Act of 1930. I call attention to the fact that in the list of articles cited in the public notice of the Secretary of State relative to the proposed agreement with the United Kingdom, and printed in the RECORD of January 8, many items are listed that already have been reduced 50 percent through previous trade agreements. The public notice states that concessions will be considered on these items.

Only one interpretation can be placed on that, which is that the State Department holds it has the authority to reduce a tariff from the act of 1930 by 50 percent through trade agreements, then by a successive trade agreement to reduce it still further or another 50 percent. You can readily appreciate that by successive agreements the tariff structure may be entirely destroyed.

There is a distinct difference between the way the rate of duty is presented in the Secretary's public notice of January 8 and the way the tariff changes are set forth in the publication of the Tariff Commission. The Secretary's notice merely lists the present rate of duty, and that rate of duty in some cases is the unchanged rate under the Tariff Act of 1930 and in other cases is the rate to which a duty has been reduced by trade agreements. The Tariff Commission's periodical publication on changes gives:

RATE CHANGED—EFFECTIVE PROCLAIMED DUTY—EFFECTIVE DATE AND BASIS OF CHANGE

This fact, coupled with the fact that several items on which notice was given January 8 are already down 50 percent, indicates the Department believes each new agreement establishes a new tariff base which, in turn, can be cut in two as often as desired.

I am today introducing a resolution asking the State Department what is the basis for the rates cited in the notice of January 8 and asking them whether or not it is their interpretation that by successive agreements they can destroy the entire tariff structure without any further act of Congress.

This matter concerns every congressional district in the United States. The resolution follows:

Resolution of inquiry to determine what reduction of tariff duties is under consideration by the Department of State in the proposed trade agreement with the United Kingdom

Whereas the Secretary of State under date of January 8, 1938, gave public notice of intention to negotiate a trade agreement with the Government of the United Kingdom and with that Government on behalf of Newfoundland and the British Colonial Empire, and the same date announced that the granting of concessions by the United States would be considered only with respect to articles described in an accompanying list; and

Whereas the present rate of duty given in the list in many instances is not the rate of duty prescribed in the United States Tariff Act of 1930, but the rate to which the article described has been reduced under trade agreements previously negotiated, and which, in some instances, are already 50 percent of the rate established in the Tariff Act of 1930, so that any further concessions would mean reducing the rate of duty to below 50 percent of the amount fixed in the Tariff Act of 1930; and

Whereas the effect of any announced intention to consider any revision of tariff schedules inevitably unsettles the industries affected, delaying expansion, and creating hesitancy in the purchase of normal stocks; and

Whereas the announced intention to consider concessions that will reduce duties that have already been cut 50 percent below the rate established by the Tariff Act of 1930 will seriously affect all industries that have adjusted themselves to the 50-percent reduction and considered that the rate was stabilized at that point; and

Whereas an interpretation of the Trade Agreement Act which would permit the negotiation of trade agreements to grant further concessions on rates already reduced 50 percent would permit the complete destruction of the tariff structure by successive agreements: Be it therefore

*Resolved*, That the Secretary of State is requested to transmit to the House of Representatives at the earliest practicable moment the following information, namely:

1. What is the basis of the rate of duty given in the list of products announced on January 8, 1938, on which the United States will consider granting concessions to the United Kingdom, Newfoundland, and the British Colonial Empire?

2. Which items on the list have already been reduced to 50 percent of the rate of duty provided in the United States Tariff Act of 1930?

3. Has the Department of State interpreted "The act of Congress approved June 12, 1934, entitled 'An act to amend the Tariff Act of 1930,' as extended by Public Resolution No. 10, approved March 1, 1937," to mean that it can reduce the tariff rates below those provided in the act of 1930, and then by subsequent agreements further reduce the rates to 50 percent on each preceding rate so established?

[Here the gavel fell.]

ORDER OF BUSINESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute in order to announce the program for the remainder of the week.

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

There was no objection.

Mr. RAYBURN. Mr. Speaker, next Monday is the day set for consideration of bills on the Consent Calendar, and I think this will not take more than 45 minutes or an hour.

It is desired to consider the naval bill on Tuesday and the remainder of the week, with the exception of Calendar Wednesday. In order to accomplish this it will be necessary to pass the pending appropriation bill by Monday evening. Of course, we can take it up after the bills on the Consent Calendar are called on Monday. I had hoped that we may be able to complete general debate on this bill by the middle of the afternoon and read it under the 5-minute rule for probably 2 hours. From the time requested for general debate on this bill it would appear that the general debate may run until 4:30 or 5 o'clock. If it develops this afternoon that this bill cannot be read today and if it appears it may be impossible to finish its consideration on Monday after the call of the bills on the Consent Calendar, it will be necessary to have a short session tomorrow.

PERMISSION TO ADDRESS THE HOUSE

Mr. LAMBERTSON. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

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

There was no objection.

Mr. LAMBERTSON. Mr. Speaker, it has become plain that the Woodrum resolution to eliminate and reduce items in appropriation bills carries no machinery at all for any action by the Congress to override after the President acts. Neither is there any limit as to when he must cease to curtail items even after he signs the bill. This could extend into the next session of Congress.

Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to print in parallel columns in the RECORD the Hoover and Roosevelt resolutions to which the gentleman from Virginia has referred as being similar; also to include telegrams from William Green and other labor leaders, protesting this resolution.

The SPEAKER. The Chair may say to the gentleman from Kansas that the Chair is doubtful as to the propriety of his request to print anything in parallel columns. The Joint Committee on Printing has a regulation in reference to the matter. However, the Chair will submit the request, although it may be subject to some objection on the part of the Joint Committee on Printing.

Mr. LAMBERTSON. I am not asking for any special privilege.

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

There was no objection.

Mr. LAMBERTSON. Column 1 contains the so-called Hoover resolution, which is found on page 223, section 407, of Appropriations Estimates for the first session of the Seventy-second Congress. Column 2 contains the so-called Roosevelt proposal, found on page 304, section 407–409 of Appropriations Estimates for the Seventy-second Congress in the second session.

HOOVER

Whenever the President makes an Executive order under the provisions of this title, such Executive order shall be transmitted to the Congress while in session and shall not become effective until after the expiration of 60 calendar days after such transmission, unless Congress shall sooner approve of such Executive order or orders by concurrent resolution, in which case said order or orders shall become effective as of the date of the adoption of the resolution: *Provided*, That if Congress shall adjourn before the expiration of 60 calendar days from the opening day of the next succeeding regular or special session: *Provided further*, That if either branch of Congress within such 60 calendar days shall pass a resolution disapproving of such Executive order, or any part thereof, such Executive order shall become null and void to the extent of such disapproval.

ROOSEVELT

Whenever the President makes an Executive order under the provisions of this title, such Executive order shall be submitted to the Congress while in session and shall not become effective until after the expiration of 60 calendar days after such transmission, unless Congress shall by law provide for an earlier effective date of such Executive order or orders: *Provided*, That if Congress shall adjourn before the expiration of 60 calendar days from the date of such transmission such Executive order shall not become effective until after the expiration of 60 calendar days from the opening day of the next succeeding regular or special session.

The appropriations or portions of appropriations unexpended by reason of the operation of this title shall not be used for any purpose but shall be impounded and returned to the Treasury.

The authority granted to the President under section 403 shall terminate upon the expiration of 2 years after the date of enactment of this act unless otherwise provided by Congress.

WOODRUM

The President is authorized to eliminate or reduce by Executive order, in whole or in part, any appropriation or appropriations made by this act, or any act or joint resolution, whenever, after investigation, he shall find and declare that such action will aid in balancing the Budget or in reducing the public debt, and that the public interest will be served thereby: *Provided*, That whenever the President issues an Executive order under the provisions of this section, such Executive order shall be submitted to the Congress while in session, and shall not become effective until after the expiration of 60 calendar days after such transmission, unless the Congress shall by law provide for an earlier effective date of such Executive order: *Provided further*, That any appropriations or parts thereof eliminated under the authority of this section shall be impounded and returned to the Treasury, and that the same action shall be taken with respect to any amounts by which any appropriations or parts thereof may be reduced under the authority of this section.

I have inserted the foregoing provisions in order that all Members may know just what it is the House has voted and whether it is really the same as the authority voted to Mr. Hoover, or even to Mr. Roosevelt, in connection with reorganization.

There are three elements involved, as follows:

First. The transmission to Congress of a proposed action of the Executive and the lapse of 60 days before the Executive order can take effect.

This provision is common to all three of the laws above referred to.

Second. The carry-over provision, under which, if Congress adjourns before the 60-day period has elapsed, the Executive order shall not then take effect until 60 days after the beginning of the next succeeding session.

This provision was in the Hoover Reorganization Act; it was in the Roosevelt Reorganization Act for only 17 days, when it was repealed; and it is entirely absent from the

Woodrum provision for the Executive repeal of appropriations.

Third. Congressional disapproval and nullification of the Executive order by a simple resolution passed by a majority vote of either House of Congress.

This provision was in the Hoover Reorganization Act, but is entirely absent from the Roosevelt Reorganization Act and the Woodrum provision for Executive repeal of appropriations.

It is obvious, therefore, that the principle of the Woodrum provision for the Executive repeal of appropriations is wholly unlike that underlying the Hoover reorganization act. The latter was hedged about with every possible safeguard for congressional review of Executive action, and the machinery for blocking and nullifying Presidential action deemed by either House to be unwise was of the simplest order.

The Hoover reorganization act preserved to the Congress easily applied and effective control of Executive indiscretion at all times.

The Woodrum provision for the Executive repeal of appropriations sets up no machinery for such restraint upon unwise Executive proposals. Only the cumbersome, slow-moving legislative processes are available and these cannot often be completed within a 60-day period of time, or if completed, would be certain to meet an Executive veto requiring repassage by a two-thirds vote of both Houses.

To obviate the danger of such an adverse move in Congress, a determined Executive need only delay transmitting his action to Congress until the closing days of a session. It would then be legislatively impossible for Congress to act and the Executive order would take effect at the end of 60 days.

The Woodrum provision is much more nearly like the Roosevelt Reorganization Act, but even here there are two important differences.

In the first place, the life of the act granting reorganization power to Roosevelt was limited to 2 years, and expired automatically on March 20, 1935, without any further action by Congress. The Woodrum provision for the Executive repeal of appropriations is a grant of continuous power and cannot be brought to an end against the wishes of the Executive, except by a two-thirds' vote of both Houses.

In the second place, the Roosevelt authority was granted on the day before his first inauguration at a time when there was widespread belief that the Nation was on the verge of collapse and could only be saved by an unprecedented—peacetime—concentration of power in the hands of the Executive. That time of crisis is now past. While many Members of Congress, through force of habit, have continued to vote for legislation delegating its legislative functions to the Executive, more and more of them are awakening to the fact that there must soon be an about face in this matter, or else Congress will, before long, find itself completely emasculated and under the dominance of an all-powerful Executive.

The presentation of the Woodrum provision for Executive repeal of appropriations may have a wholesome effect in opening the eyes of Congress to the ultimate result of a continuation in its 4-year-long course of surrender to the Executive. If it will have this effect and will result in its own final defeat, it cannot be said that its presentation has been altogether a bad thing.

There seems to be a widespread impression that the Woodrum provision for Executive repeal of appropriations is the individual-item veto requested by the President in his Budget message. Such is not the case. In fact, the Woodrum Executive repeal provision is a grant of power to the President vastly greater than that requested by him in his Budget message.

The President's request is as follows:

Appropriation item veto: An important feature of the fiscal procedure in the majority of our States is the authority given to the Executive to withhold approval of individual items in an appropriation bill, and, while approving the remainder of the bill to return such rejected items for the further consideration of the legislature. This grant of power has been considered a consistent corollary of the power of the legislature to withhold approval of items in the Budget of the Executive; and the system meets with general approval in the many States which have adopted it. A respectable difference of opinion exists as to whether a similar item-veto power could be given to the President by legislation or whether a constitutional amendment would be necessary. I strongly recommend that the present Congress adopt whichever course it may deem to be the correct one.

An Executive veto must be exercised within 10 days from the final congressional passage, and it must be done before the bill is signed. Once the bill is signed or is passed over his veto, it is beyond the power of the Executive to change it. He cannot, for example, 6 months after the final approval of an appropriation bill, single out an item, dear to the heart of a particular Congressman or Senator, and by threat—subtle or blunt, as the case may be—to repeal the appropriation for that item, force the legislator into line to vote against his own conscience for some bill dear to the heart of the President. Exactly that thing could be done, however, under the Woodrum provision for Executive repeal.

The Executive repeal of appropriations in the Woodrum provision cannot be exercised until after the bill has become a law; and it is within the power of the President to repeal any appropriation, in whole or in part, any time thereafter.

Under the Executive veto any bill or provision so vetoed may become a law, notwithstanding Presidential disapproval, by a two-thirds vote of both Houses. The machinery for this is of such a simple nature that the repassage of a vetoed bill by a two-thirds vote of both Houses is often accomplished on the same day the veto message is received.

Under the Executive repeal of appropriations as contained in the Woodrum provision, no machinery whatever is set up for congressional disapproval. With the discretion which the Woodrum provision clothes the President to delay the transmission to Congress of an Executive repeal of an appropriation until the closing days of a session, it then becomes a race against time for the cumbersome, slow-moving legislative machinery to defeat the Executive will—comparable to the race between the hare and the tortoise, with the hare—in this case, the Executive will—almost certain to win out over the tortoise, the legislative will.

There may be some merit to the proposal for the individual-item veto; and if it is hedged about with the same safeguards now obtaining under the Constitution for congressional disapproval of unwise Executive action it is possible it would not produce any seriously harmful results. That is a matter which the membership of the House should carefully inquire into if and when the individual-item veto is presented for enactment.

The Woodrum Executive repeal, however, is now before the Congress and it challenges our present careful consideration. Unfortunately, in an unguarded hour, it has slipped through the House. It must yet receive the approval of another body if it is to become a law. If that body should strike it from the bill, the House will have opportunity to bring its sober second judgment to bear upon the question whether it wishes, by a final approval of this provision, to further surrender its legislative prerogatives to the Executive branch of the Government or whether it will make the high resolve—in this critical period of the Nation's history—to about-face and to begin to restore the system of checks and balances which the founders of the Republic so wisely provided as a safeguard against tyranny—whether that tyranny be one of the legislative, the Executive, or the judicial branch.

## EXTENSION OF REMARKS

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD concerning the policy of authorizing the President to veto items in an appropriation bill and to insert a letter on the subject, which I have received from the chairman of the Judiciary

Committee, as well as a statement as to the position of the various States upon this matter.

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

Mr. MICHENER. Mr. Speaker, reserving the right to object, the gentleman is chairman of the Committee on Appropriations. Is the Appropriations Committee giving consideration to the matters embodied in the Woodrum amendment?

Mr. TAYLOR of Colorado. I may say we have had a meeting on that subject this morning; yes.

Mr. MICHENER. I call the gentleman's attention to the fact that the Woodrum amendment is a legislative matter entirely and that the Appropriations Committee has nothing more to do with that subject matter than has the Committee on the Disposition of Useless Papers. The gentleman understands that thoroughly. The gentleman was a Member of this House, as I was, when the Budget system was adopted, and he understands at that time it was insisted that the time would come when the Committee on Appropriations—if we adopted the Budget system—would attempt to usurp the power, jurisdiction, and the authority of legislative committees.

Can we not plead with the gentleman to abide by the rules of the House and cease and desist from this attempt to control legislation that does not come within the jurisdiction of the committee? Let this matter be considered by the proper legislative committee. I favor giving the President power to reduce or eliminate items in appropriation bills, with the Congress having the right to override that veto.

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

There was no objection.

Mr. COCHRAN, Mr. LAMBERTSON, and Mr. SABATH asked and were given permission to extend their own remarks in the RECORD.

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered by me today before the American Engineering Council.

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

There was no objection.

### TREASURY AND POST OFFICE APPROPRIATION BILL, 1939

Mr. LUDLOW. 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. 8947) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1939, and for other purposes; and pending that motion, I ask unanimous consent that general debate may continue uninterruptedly during the afternoon, the time to be equally divided and controlled by the gentleman from New York [Mr. TABER] and me.

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

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Indiana.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8947, with Mr. GREENWOOD in the chair.

The Clerk read the title of the bill.

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM. Mr. Chairman, I feel like apologizing to the Committee for presuming on your time during the consideration of this bill to talk about the much discussed and cussed Woodrum amendment.

I reiterate what I said the other day on the floor. I take full personal responsibility for the action complained of so bitterly by many Members. In my heart I am very happy to take this responsibility. I believed my colleagues on the Democratic side certainly would not object to writing into the bill the authority which our own President had requested when it seemed that if we had to resort to the method of an amendment to the Constitution the matter might still be in the archives of the Capitol when some of us had passed on. I did feel an obligation to the minority. I felt quite sure the astute gentlemen on the other side would make a point of order if I did not say something to them about my proposal, so I mentioned it to them and I appreciate their not making the point of order. I believe Congress has done a wise thing. I respect every gentleman who disagrees with me about it. If I used bad judgment, I certainly meant no offense to the House or to the Committee on Appropriations, and I love everybody now just as I always have.

This matter has been widely misunderstood and misinterpreted. In the first place, nothing was done in the amendment which this House has not done many times by overwhelming votes—a simple conferring upon the Chief Executive of certain powers within well-defined limitations. By no wild stretch of the imagination is the question of the item veto involved in this amendment. The item veto is highly controversial, both as a matter of policy and as to whether it may be done by legislative action or require a constitutional amendment. Nothing of this kind is involved in the amendment, as you will see if you will read it in section 2 of the independent offices appropriation bill.

The item veto means that when a bill goes to the President he may approve certain parts of it and veto a portion of it, reporting his action back to the House, and Congress then proceeds to consider and act upon such veto in the manner provided by the Constitution, a two-thirds vote being required to override the veto.

The amendment which I have offered does not come into force or have any effect whatever until after the bill is signed by the President in toto and becomes law. Under the amendment, if it should become law, Congress then says to the President, just as we said to President Hoover in the Reorganization Act of 1932, to President Roosevelt in the amendment to that act in 1933, and to President Roosevelt in the Warren reorganization bill passed in the House by a vote of 286 to 79 on August 13, 1937, "You may have the permission of Congress to reduce or eliminate any item of appropriation, reporting your action back to the Congress during a session of the Congress. You cannot do it when Congress is not in session. Congress must be in session when you take this action and report it back, and then 60 days must elapse before your action becomes effective."

I say this is not by the wildest stretch of the imagination an item veto. On August 13 of last year the House passed the Warren bill, which went very much further than the amendment which I offered to the independent offices appropriation bill, and if time permitted I would call the roll of the distinguished gentlemen on both sides of the aisle who passed the bill by a vote of 286 to 79. The Warren reorganization bill, for which I voted and for which I would vote again, gave the President not only the right to reduce items in appropriation bills but to discontinue functions of government set up by legislative acts, to put them out of business and liquidate them, and impound into the Public Treasury the funds involved therein. We voted for this proposal in overwhelming numbers, so naturally I did not believe there was any fundamental departure in giving this authority to the President.

Let us consider the practical operation of this amendment. Of course, the amendment is directed, not at the ordinary items in appropriation bills, which are budgeted and sent up here as Budget estimates, and upon which committees act after having hearings. There has been no trouble with such items. The Committee on Appropriations has performed its function, and the House has performed its function, and these items have universally been under Budget estimates. However, the danger, the difficulty, and the damage to the Public Treasury have come where large items have been inserted not only in appropriation bills but in other bills, carrying huge commitments and appropriations which have never been

passed upon by the Budget and upon which the President has never had an opportunity to pass; and this has been done time and time again.

To give a practical illustration, the House of Representatives struck out of the independent offices appropriation bill the item for construction of a dam at Gilbertsville, Ky., believing this to be a project which could wait. We not only took out the language authorizing the construction, but we took out the appropriation, amounting to something over $2,000,000. The bill goes to another body. If that language should be reinserted in the bill and the appropriation reinstated, and the House placed in the position it was during the last session of Congress where, in order to get the appropriation bill passed, we had to make concessions and agree to certain things we did not wish to agree to, it would go to the President's desk. Under existing law the President of the United States would have to sign that bill, putting in the Budget an item that he did not approve and one that would disrupt Federal finances or else veto the whole bill and send it back to the Congress.

Under the provision I have put in, the President would have the right to turn back into the Treasury the money appropriated but the legislative authority which had been written in the bill for the construction of the dam would still be there. The President in no sense of the word would be usurping the legislative powers of the Congress and the Congress at the next session could appropriate the money.

Let us now see how far this is a departure from actual practice today. Any chairman of a subcommittee who has held hearings on his bill knows very well that the President under the power he has now has impounded in the Treasury at least 10 percent of the funds of the various established departments, and many of them have not been permitted to withdraw these funds. A familiar instance of this is in respect of the Civilian Conservation Corps. Thirty-five million dollars of the $350,000,000 Congress appropriated for the Civilian Conservation Corps was impounded in the Treasury by Executive order and is still there and will remain there unless the President sees fit to release it.

Now, you may ask if he has that power why put in this amendment? The answer is because, for instance, this $35,000,000 which the President impounded he could actually save, but it disrupts the Budget and the finances of the Government to that extent during the fiscal year, and it was thought an amendment of this kind would give him the power to control or regulate to some extent these matters of appropriation and public spending.

Now, Mr. Chairman, let us consider the realism of the matter for a moment, if you please. In the emergency we did not hesitate to give the President of the United States a blank check for $4,800,000,000 to spend as he should see fit in the public interest. I voted for that, and I would vote for it again in an emergency. Now, if we can give the Chief Executive such blanket power to draw upon the Treasury of the United States, I submit it is splitting hairs when we say that our legislative dignity is offended when we are asked to give the President of the United States the power to save a few dollars for the Public Treasury and bring finances back into balance if he can do so.

I do not know of a member of the Committee on Appropriations, even though he may differ with me about the wisdom of this amendment, who, after he has had hearings on his bill and reports it and it is passed and goes to the White House, if the Chief Executive should come back and say, "Gentlemen, I believe upon looking over these matters again we can save $1,000,000 out of this bill," would feel offended if the President impounded such funds and saved that amount of money, because, bear in mind, if you please, the Budget estimates which the President sends up here are considered and passed upon from 15 to 18 months before we can act upon them on the floor of the House of Representatives.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield the gentleman from Virginia 5 additional minutes.

Mr. WOODRUM. I believe this amendment which was placed on the independent offices appropriation bill on the floor of this House is one of the constructive steps we have taken in the matter of trying to control and handle the Budget system of the United States.

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

Mr. WOODRUM. I yield to the gentleman.

Mr. COLMER. I would like to have the gentleman's reaction on this matter. If the President were given this power, would the President have the time, with all of his many duties, to look into this matter personally, or would this be like many other veto matters connected with small items and represent the result of the work of some clerk in some department sending the President, through Government channels, notice that an item ought to be vetoed? In other words, would not these items in reality be vetoed by some clerk in some bureau rather than by the President himself?

Mr. WOODRUM. In the first place, let me correct my friend by saying this is not a veto in any sense of the word or by the wildest stretch of the imagination.

In the second place, of course, the President of the United States under this amendment would not have either the time or the facilities to sit there personally and check these various matters, but the President does, as those of us who know how he operates understand, with a remarkable degree of personal detail and familiarity with these things, act upon the recommendation of his Budget officer. This is what we did when we gave him the power I have referred to under the bill of the gentleman from North Carolina [Mr. WARREN], passed on August 13, which is still pending in the Senate.

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

Mr. WOODRUM. I yield.

Mr. BOILEAU. Is not this power the identical power the President has exercised during the last year?

Mr. WOODRUM. Not the identical power.

Mr. BOILEAU. During the last year the President has impounded 10 percent of the funds of many agencies, and is not that the objective you have in mind?

Mr. WOODRUM. No; it is not the objective. There is no law which compels the President to spend the money we appropriate, and it is true that he has impounded a small portion of appropriations for the varoius executive departments.

This goes further than that. This gives him the right to disapprove entirely or to curtail the amount appropriated, of course reporting his act back to Congress, and when Congress acts, the permanent action taken by Congress has its effect on the Budget.

Mr. BOILEAU. Does he not have that power now?

Mr. WOODRUM. No.

Mr. BOILEAU. If he has the power to reduce it 10 percent, why has he not the power to reduce it up to 50 percent.

Mr. WOODRUM. So far as taking power away from Congress, this gives Congress more control over appropriations than we have at the present time. In the last session our beloved friend from Missouri, Mr. CANNON, next to the ranking member of the Committee on Appropriations, introduced a resolution to impound 15 percent of all appropriations but giving the President authority to release them—an astounding grant of power, compared to the small amount of power given under this amendment. Of course no action was taken on that resolution.

Mr. BOILEAU. We assume to give the President power, but the President has usurped that power. Since we turned that proposal down he has done the same thing, not to 15 percent but to 10 percent.

Mr. WOODRUM. To a small extent, and that was done by requesting the departments to make savings; but this amendment proposes to give him power to disapprove these items and send them to Congress and then Congress has the right to say ultimately what shall be done about it, to approve or disapprove, and I direct the gentleman's attention to the fact that it is by a majority vote, and not a two-thirds vote, that Congress may disapprove the action of the President.

Mr. BOILEAU. Both the Woodrum and the Cannon amendments have certain objectives; that is, to give power to the President to reduce appropriations, in the case of Mr.

CANNON'S resolution, up to 15 percent. I cannot, for the life of me, understand why we should waste time here trying to pass that resolution if we are willing to assume that he has the inherent power to do that by Executive order, such as he has done.

Mr. WOODRUM. I do not think he has that power.

Mr. BOILEAU. I do not think so either, and if he has that power, it ought to be taken from him, because if Congress, by its act in appropriating $350,000,000 for C. C. C. camps, thereby expects so many camps to be established, I do not think the President has the right to thwart the will of Congress by reducing the amount by 10 percent, which undoubtedly would have the effect of reducing the number of camps that Congress intended to appropriate for.

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

Mr. WOODRUM. Yes.

Mr. MAVERICK. Suppose in the last days of a Congress, say the day before we adjourn, the President should report a bill back and we did not do anything about it.

Mr. WOODRUM. That would be impounded until Congress would meet again, and it would be a grand thing if that could be done a lot of times. Congress would have to act again, of course.

CONSTITUTIONALITY OF SECTION 2 OF H. R. 8837

Mr. Chairman, under authority given me in the House, I attach herewith a statement respecting section 2 of H. R. 8837:

Section 2 of the independent offices appropriation bill, 1939 (H. R. 8837), as it passed the House, vests in the President power to eliminate or reduce by Executive order any appropriation or parts thereof made by any act or joint resolution, whenever, after investigation, he finds and declares that such action will aid in balancing the Budget or in reducing the public debt, and that the public interest will be served thereby. The section also contains provisos postponing the effective date of Executive orders issued under the section for a period of 60 calendar days after their transmission to the Congress unless an earlier effective date is provided by the Congress, and further providing that appropriations or parts thereof eliminated, and the amounts by which appropriations are reduced, shall be returned to the Treasury.

In considering the constitutionality of this section it is essential to bear in mind that the section does not constitute any attempt by the Congress to vest an appropriation item veto authority in the President, and, indeed, does not in any manner involve the veto power of the President. The veto power, as that power is granted and defined in the Constitution, deals with the approval or disapproval by the President of bills passed by the Congress prior to the time such bills become law. On the other hand, section 2 of H. R. 8837 grants to the President authority to take the action prescribed by the section as to appropriation acts only after they have become law through passage by the Congress and approval by the President, and at a time when the veto power in its constitutional sense has already been exhausted with respect to the act involved. The constitutionality of the section in question must, therefore, be considered without reference to the authority, or lack of authority, in the Congress to enlarge the veto power by statutory enactment.

The question here is rather one of the authority of Congress to delegate to the President a power which the Congress is conceded to have, namely, to delete or reduce any appropriations made by appropriation acts after their enactment. The same principle is involved as in the reorganization acts, where Congress has vested in the President power to alter by Executive order the organization of the agencies of the Government, as that organization has been previously prescribed by acts of the Congress, a power which ordinarily could be exercised only by the Congress itself through statutory enactments. Both in the present bill and in the reorganization acts the action authorized to be taken ordinarily must be accomplished directly by an act of Congress; the sole problem presented, therefore, is whether by conferring this power upon the President Congress has authorized him to exercise legislative power in violation of the Constitution.

The issue of delegation of legislative power has been raised in the Supreme Court a number of times in the past and although it has been raised successfully but three times—in the following cases: *Panama Refining Co.* v. *Ryan* (1935) (293 U. S. 388); *Schechter Poultry Corp.* v. *United States* (1935) (295 U. S. 495); *Carter* v. *Carter Coal Co.* (1936) (298 U. S. 238)—the Court has announced the principles upon which to judge such cases. Thus, it appears that Congress cannot delegate to an agent its power to make law. However, it may authorize an agent to regulate a subject matter which Congress itself might regulate by statute, if in so doing sufficient restriction is imposed upon the power of the agent to prevent him from substituting his will for that of Congress as to what the law shall be. Hence, if Congress in a statute clearly states the subject with which its agent is authorized to deal, and prescribes the policy of Congress with respect to such subject, so as to furnish an adequate standard to guide its agent in carrying out the delegated power, the statute will not be considered as delegating legislative power. If the agent, however, has been authorized to regulate any subject he may choose, or if Congress has properly restricted him to a particular subject matter but has failed to state adequately its policy with reference thereto, in either case, the agent has been authorized to exercise legislative power.

An excellent statement of these principles appears in *Sears, Roebuck & Co.* v. *Federal Trade Commission* (C. C. A. 7th, 1919; 258 Fed. 307), in which the Court upheld the Federal Trade Commission Act (38 Stat. 717; U. S. C., title 15, secs. 41–51). In the course of its opinion, the Court stated (at p. 312):

"With the increasing complexity of human activities many situations arise where governmental control can be secured only by the 'board' or 'commission' form of legislation. In such instances Congress declares the public policy, fixes the general principles that are to control, and charges an administrative body with the duty of ascertaining within particular fields from time to time the facts which bring into play the principles established by Congress. Though the action of the Commission in finding the facts and declaring them to be specific offenses of the character embraced within the general definition by Congress (unfair methods of competition) may be deemed to be quasi legislative, it is so only in the sense that it converts the actual legislation from a static to a dynamic condition. But the converter is not the electricity."

Since the validity of a statute when attacked on the ground that it constitutes an invalid delegation of legislative power depends upon the definiteness of the instructions given by Congress to its agent, the authorities must be examined to determine what statements of policy or standards have been considered in the past to be sufficiently precise.

In *Field* v. *Clark* (1892) (143 U. S. 649), the Court dealt with the third section of the act of October 1, 1890 (26 Stat. 567), which enacted a schedule of duties on certain merchandise and empowered the President to cause these duties to go into effect against the products of any country producing such merchandise, which imposed upon American products duties or other exactions deemed by the President to be reciprocally unequal and unreasonable. The phrase "reciprocally unequal and unreasonable" was held to constitute a sufficient standard to guide the President in so regulating the duties.

The case of *Buttfield* v. *Stranahan* (1903) (192 U. S. 470) involved the act of March 2, 1897 (29 Stat. 604), which made it unlawful to import into the United States any tea "which is inferior in purity, quality, and fitness for consumption to the standards provided in section 3." Section 3 empowered the Secretary, upon the recommendation of a board of tea experts, to fix uniform standards of purity, quality, and fitness for consumption of all tea imported into the United States. The Court held that Congress had stated a policy to forbid the importation of "the lowest grades of tea, whether demonstrably of inferior purity or unfit for consumption, or presumably so because of their inferior quality," and concluded that this statement of policy was sufficiently definite to guide the executive officers.

In *United States* v. *Grimaud* (1911) (220 U. S. 506), the Court considered a statute (the act of Feb. 1, 1905; 33 Stat. 628) providing for the establishment of certain forest reservations and giving to the Secretary of Agriculture the power to "make such rules and regulations and establish such service as will insure the objects of such reservation, namely, to regulate their occupancy and use and preserve the forests thereon from destruction." Thus the executive officer was instructed to regulate the use and occupancy of the national forests so as to "preserve the forests thereon from destruction." This standard was held by the Court to be adequate.

Section 315 of the Tariff Act of 1922 (42 Stat. 858) has also been upheld. By that section the President was empowered to adjust the duties on imported merchandise so that they would equal the difference between the cost of production in the country of origin and the cost of production of like merchandise in the United States. In *Hampton & Co.* v. *United States* (1929) (276 U. S. 394), the Court held that Congress' statement of its legislative plan was sufficient to permit the delegation to an agent of the duty to fill in the details. See also *Hampton & Co.* v. *United States* (1927) (14 C. C. P. A. 35).

It should be noted in passing that the Hampton & Co. case establishes the principle that a delegation to an executive officer is constitutional even though it authorizes him, in effect, to amend specific provisions of existing statutes. This principle is also illustrated by the authorities upholding the Anti-Dumping Act and the Reorganization Act, hereinafter discussed.

The Radio Act of 1927 (44 Stat. 1162) permits the Federal Radio Commission to grant licenses when "public convenience, interest, and necessity requires." In *Radio Commission* v. *Nelson Bros. Co.* (1933) (289 U. S. 266), it was held in effect that the standard furnished by the quoted phrase was sufficiently definite to prevent the Commission from substituting its will for that of Congress as to what the law should be.

The Trading With the Enemy Act (40 Stat. 411), which authorized the President to sell property seized under that act in any manner "consistent with the public interest," was upheld in *United States* v. *Chemical Foundation* (1926) (272 U. S. 1).

The phrase "unfair methods of competition" has been held to constitute a sufficient standard not only when used in the Federal Trade Commission Act, heretofore mentioned (*Sears, Roebuck & Co.* v. *Federal Trade Commission, supra*), but also when used in

section 316 of the Tariff Act of 1922 (42 Stat. 943) (*Frischer & Co.* v. *Elting*, C. C. A. 2d, 1932; 60 F. (2d) 71).

The Anti-Dumping Act (42 Stat. 11) authorizes the Secretary of the Treasury to impose additional duties upon merchandise to the extent that the foreign market value exceeds the exporters' sales price. This formula was held to be sufficiently definite in *Kleburg & Co., Inc.*, v. *United States* (C. C. P. A., 1933), 71 F. (2d) 332.

In contrast with the above decisions the statement of policy in the National Industrial Recovery Act (48 Stat. 195), was held inadequate in *Panama Refining Co.* v. *Ryan* (1935), 293 U. S. 388, and *Schechter Poultry Corp.* v. *United States* (1935), 295 U. S. 495. Consequently certain sections of the act which conferred regulatory powers upon the President were held invalid as delegations of legislative power. In those cases it was contended that the policy or standard to guide the agent was contained in section 1. In that section it was declared to be the policy of Congress to remove obstructions to the free flow of interstate and foreign commerce; to promote the organization of industry; to induce and maintain united action of labor and management; to eliminate unfair competitive practices; to promote the fullest possible utilization of productive capacities of industries; to increase consumption; to reduce unemployment; to improve the standards of labor; and otherwise to rehabilitate industry; and to conserve natural resources.

In the Panama Refining Co. case the Court considered section 9 (c), which conferred power upon the President to prohibit the transportation in interstate commerce of oil produced in excess of quotas permitted by State law. The Court held that the subject of the President's regulation was completely stated, for section 9 (c) specifically provided that the transportation of hot oil in interstate commerce was to be prohibited. It concluded, however, that Congress had not fully stated its policy in this regard, for it had not indicated at what time or under what circumstances it intended this prohibition to go into effect. The statements of policy in section 1 were regarded (p. 418) as "simply an introduction of the act, leaving the legislative policy as to particular subjects to be declared and defined, if at all, by the subsequent sections."

In the Schechter case the validity of section 3 (c) of the act was involved. This section authorized the President to approve "codes of fair competition" upon a finding that the codes would "tend to effectuate the policy" of the act. The question there presented was regarded as more fundamental than that presented in the Panama case, for the statute did not include a precise statement of the subject to which the President's regulatory power under section 3 (c) was addressed. The Court, after having turned to the statements of policy in section 1, stated that it was unable to determine what constituted or what regulation might be included in a code of fair competition, and it therefore held that the statute had failed to specify with sufficient particularity the subject with which the President was authorized to deal. Accordingly it concluded that the President's discretion in prescribing rules for the government of trade and industry being virtually unfettered, the code-making authority conferred by the act was an invalid delegation of legislative power.

It may be concluded from the authorities set out above that in delegating regulatory power to an agent, Congress, in the statute making the delegation, must specify (1) the subject matter over which the power is to be exercised; and (2) a policy or standard to guide the agent in the exercise of the delegated power. An illustration of the nature of these necessary elements is found in the case of *United States* v. *Grimaud*, heretofore referred to. There the subject to which the delegated power was addressed was stated by Congress to be the occupancy and use of the national forests. The policy or standard prescribed by Congress to guide its agent in regulating such occupancy and use was the preservation of the forests from destruction.

It is now necessary to apply these principles to the provisions of section 2 of H. R. 8837. Under this section the President is authorized, after investigation, and upon a finding and declaration by him that such action will aid in balancing the Budget or in reducing the public debt and that the public interest will be served thereby, to eliminate or reduce by Executive order appropriations made by law.

Unquestionably, the subject to which the delegated power is addressed, namely, the elimination and reduction of appropriations, is set forth with sufficient definiteness, for the President is told in the section precisely with what he may deal and what he may do with respect thereto. That is, he may deal with appropriations made by law by eliminating or reducing them. The meaning of these terms is well recognized and the President is not empowered by this section to take any action which does not fall within them. Thus the section differs from section 3 (c) of the National Industrial Recovery Act, for the Court, in the Schechter case, held that the terms of the latter which described the subject of the President's regulatory power—codes of fair competition—had no well-defined meaning and would have permitted the President to make any type of regulation he considered necessary or advisable for the rehabilitation or expansion of industry.

Having determined that section 2 of H. R. 8837 contains a sufficiently definite statement of the subject matter to which the President's power is addressed, the only remaining question is whether the policies or standards declared in the section are adequate to guide the President in exercising the delegated power.

The section provides that the President may exercise his power when it "will aid in balancing the Budget or in reducing the public debt and * * * the public interest will be served thereby." Thus Congress has stated its policy, namely, to eliminate and reduce appropriations so as to further the balancing of the Budget and the reducing of the public debt to the extent that the public interest will be served by such action. A comparison of this policy or standard with those which have received judicial approval in the decisions heretofore cited clearly shows that it would be considered a sufficient guide to the Executive.

The standard here set forth is more definite than was that approved by the Supreme Court in *United States* v. *Chemical Foundation, supra,* in which the President was empowered to sell certain property of the Government when it was in the "public interest," or that prescribed in the Radio Act of 1927, which permits the Federal Radio Commission to grant a license when "public convenience, interest, and necessity require" (*Federal Radio Commission* v. *Nelson Bros. Co., supra*). Moreover, the standard under discussion is much more precise than that approved in *Buttfield* v. *Stranahan, supra,* in which the Secretary of the Treasury was authorized to forbid the importation of tea which was "inferior in quality" or "unfit for consumption." It is unnecessary to set forth further precedents, for those already stated clearly indicate that the President's power to effect the elimination and reduction of appropriations under this bill is controlled by limitations which are more precise than those which have been heretofore approved by the Supreme Court.

Nor can the standards prescribed in section 2 of H. R. 8837 be compared with the statement of policy in section 1 of the National Industrial Recovery Act, for the Supreme Court, in considering that act, did not regard section 1 as setting out standards but merely as serving as an introduction to the act (see p. 8 of this memorandum). Section 2 of the bill here in question, however, cannot be dealt with in this fashion, for the section clearly indicates the intention that these standards shall serve as a guide to the President in exercising his powers under the section. In this connection, it will be observed that he is required to investigate and to find and declare that the policy set forth in the section will be furthered before he can exercise any of the powers conferred upon him by the section.

Moreover, even if the statements of policy in section 1 of the National Industrial Recovery Act had been considered as a declaration of standards but had been rejected by the Court as too indefinite to serve as a guide to the Executive, the scope of the power delegated by H. R. 8837 is so much narrower than that delegated by the National Industrial Recovery Act that the standards set forth in the two are not proper subjects for comparison. Where the delegated power is narrow in scope the standards to guide the agent in the exercise of that power may be less definite, for the agent's discretion is limited by the very nature of the subject matter. This is illustrated by an excerpt from the opinion of the Court in the Schechter case (at p. 540) concerning the licensing authority of the Federal Radio Commission:

"The authority of the Commission to grant licenses 'as public convenience, interest, or necessity requires' was limited by the nature of radio communications, and by the scope, character, and quality of the services to be rendered and the relative advantages to be derived through distribution of facilities."

Direct support for the constitutionality of section 2 of H. R. 8837 is found in the reorganization provisions of the Economy Act of 1932, as amended, and the judicial decisions and opinions of the Attorneys General regarding those provisions. Apart from the fact, heretofore pointed out, that section 2 of H. R. 8837 is based upon the same principle as the 1932 reorganization provisions, H. R. 8837 vests in the President a part of the same power granted to the President by the 1932 act.

Thus, under the 1932 act, the President was authorized (among other things) to abolish agencies and functions of the Government, and it was further provided that the appropriations available with respect to agencies and functions abolished by the President should be eliminated and impounded and returned to the Treasury. This is precisely what section 2 of H. R. 8837 authorizes, except that the authority granted by this provision is more limited in its scope than the 1932 act, in that the present provision authorizes the elimination of appropriations alone, without extending the authority to the abolition of agencies and functions. Under both provisions the authority of the President includes the elimination of appropriations.

The delegation of authority contained in the reorganization provisions of the Economy Act was upheld in an unpublished opinion of Attorney General Cummings on June 8, 1933. Moreover, Attorney General Mitchell, in stating that the validity of section 407 of the Reorganization Act of 1932 was extremely doubtful (37 Ops. Atty. Gen. 56), apparently considered the delegation of authority in that act to be valid. Section 407 provided that any Executive order issued under the act should be transmitted to Congress and should not become effective until after the expiration of 60 days from such transmission; and that if, during the 60-day period, either branch of Congress passed a resolution disapproving the Executive order, it should become null and void. Mr. Mitchell questioned the constitutionality of this section because, Congress having made a valid delegation to the President of the power to issue such Executive orders, they became law upon their effective date and Congress could not alter, amend, or repeal them, except by the enactment of legislation.

In addition, numerous Executive orders have been issued under the authority of the Reorganization Act of 1932, as amended, and their validity has been attacked on only two occasions. In both

cases the court indicated that this legislation was valid (*Isbrandtsen-Moller Co.* v. *United States* (D. C. S. D. N. Y. 1936; 14 F. Supp. 407) (recently affirmed by the Supreme Court on other grounds, 4 U. S. L. Week, 639), and *Swayne & Hoyt, Ltd.*, v. *United States* (S. Ct. D. C., 1936; 10 Am. Mar. Cases, 1790).

In the reorganization provisions of the Economy Act and the authorities sustaining the validity of those provisions is found direct support for the constitutionality of the delegation of authority to the President embodied in section 2 of H. R. 8837. Other examples of delegations of authority to make administrative reorganizations follow:

Act of February 14, 1903 (32 Stat. 830): President authorized to transfer from designated departments to the Department of Commerce and Labor any bureau performing "statistical or scientific" work.

Act of June 24, 1910 (36 Stat. 613): Secretary of the Navy, with the approval of the President, authorized to distribute the functions of the Bureau of Equipment of the Navy Department among other bureaus of that Department "in such manner as the Secretary of the Navy shall consider expedient and proper."

Act of August 24, 1912 (37 Stat. 434): President authorized to reorganize the Customs Service with a view to reducing expenses.

Act of March 3, 1917 (39 Stat. 1122): President authorized to abolish bureaus or agencies in order to eliminate duplication of service.

Act of May 20, 1918 (40 Stat. 556) (Overman Act): President authorized to reorganize the agencies of the Government.

It is submitted that under the principles laid down by the decisions cited herein, and under those same principles as embodied in the reorganization provisions of the Economy Act, section 2 of H. R. 8837 contains no delegation of legislative power, for the subject matter with which the President is authorized to deal is definitely stated in the section and an adequate policy or standard is prescribed to guide him in the exercise of his power. Any constitutional question which might be raised concerning the power of Congress to enlarge the President's veto power is not pertinent with respect to this legislation.

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

Mr. TABER. Mr. Chairman, I yield 30 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. As I have but 30 minutes, I ask that I be not interrupted until I have concluded my remarks.

Mr. Chairman, last June 3, in the course of an address delivered on the floor of the House, among other things I called attention to certain wasteful operations of the Tennessee Valley Authority. As this was the first public charge of waste and inefficiency in the administration and operations of T. V. A., my remarks were challenged by the gentleman from Mississippi [Mr. RANKIN].

Developments and exposures made since last June have more than justified the remarks I made at that time. Now, with the directors of T. V. A. fighting among themselves and the Acting Comptroller General severely criticizing the accounting methods, which have delayed the audit of expenditures running into more than $10,000,000, there is ample ground for a full and complete investigation of T. V. A. by this Congress.

Mr. Chairman, the vileness of falsehood can add nothing to the glory of truth. If the T. V. A. is all its proponents claim it to be, it need fear neither honest criticism nor an investigation at this time. Money that has been spent cannot be recalled, but money still to be poured into this proposal can be safeguarded.

For the information of those who seek to disparage my endeavors for economy in the handling of funds allocated to various Federal projects, I will present some added facts concerning the generation and sale of electricity by the T. V. A. and the relationship of the electricity sold to the total electrical energy consumed throughout the Nation. After reading the facts I am sure that practically everyone will agree with me that as a so-called yardstick on which to base electrical rates in any community—either within or without the Tennessee River Basin—this whole project has been a costly experiment, a dismal failure and a cheap sham from its very inception.

When one pauses to consider that commercial traffic on the Tennessee River for the past 5 years, exclusive of ferry traffic, has averaged but 1,450,074 tons per annum, having an average annual value of but $4,557,785, who will have the temerity to stand up and propose that expenditures of more than $40,000,000 a year on this project for navigation, flood control, and hydroelectric program is a sane, common-sense procedure in a nation where millions are unemployed and where poverty is rapidly assuming the character of permanency for a large portion of our population? Within the last few days the directors of T. V. A. have released the annual report covering activities to the end of the fiscal year 1937. This report shows that T. V. A. is serving only 17 municipalities and 14 cooperatives with energy to be distributed to fewer than 30,000 customers—28,508 to be exact.

A study of the report reveals that the T. V. A. directors have been more than generous with pay and salary increases during the year. Employees in supervisory and managerial positions have been the recipients of salary boosts as great as 40 percent in certain instances.

Many employees who work by the hour have had their hourly wages boosted from $1 per hour to $1.10 and $1.37½. With thousands of people out of work and the Federal Government sorely pressed for finances to continue the necessary aid to those who are unable to take care of themselves, these wage boosts come at a time which, to say the least, is ill-considered if not entirely out of place.

So much complaint has been made against the T. V. A. that Senator NORRIS, father of the idea, has introduced a resolution in the Senate calling for an investigation by the Federal Trade Commission. Congressman MAURY MAVERICK, of Texas, a liberal Democrat, has introduced a similar resolution in addition to one providing for the appointment of a select congressional committee to make an independent investigation. Then there is that sterling Democrat from Kentucky, ANDREW JACKSON MAY, the new chairman of the Military Affairs Committee of the House. He also wants T. V. A. investigated.

To cap the climax, the Chairman of the T. V. A. Commission, Arthur E. Morgan, formerly of St. Cloud, Minn., and one of the country's outstanding engineers, whose ability and reputation for honesty are beyond question, demands an investigation of the T. V. A. He objects to the proposal of his two colleagues on the Commission to pay a high Government official a very large sum of money for some marble deposits of doubtful value that will be overflowed by one of the dams. This official and his associates claim several million dollars in damages. Mr. Morgan says there is no merit to the claims, but the two other members of the Board are willing to make some satisfactory settlement, no doubt, because this official has a strong political pull with this administration.

Let me suggest to the gentleman from Mississippi [Mr. RANKIN] that he read the testimony of Dr. Arthur E. Morgan in T. V. A. against George Berry et al., given at Knoxville, Tenn., on December 20, 1937. Therein he will find that Dr. Morgan exposes a most brazen attempt to "gyp" this Government of millions of dollars, and I here challenge the gentleman from Mississippi to say that he approves of these claims against the T. V. A.

Mr. THOMAS of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. THOMAS of New Jersey. In regard to the statement made by the gentleman from Minnesota about how easy it is for the gentleman from Mississippi to be mistaken, I call attention of both gentlemen to another misstatement that the gentleman from Mississippi made about the same time that he made these remarks that the gentleman refers to.

The gentleman from Mississippi made the statement in the Appendix of the RECORD that the people in my town in particular, Allendale, paid 9 cents a kilowatt. I assume he got those figures from statistics of the T. V. A. I use electricity myself and can show bills proving my statement that I pay 5 cents and less per kilowatt-hour. I do not believe anyone in my town pays 9 cents a kilowatt-hour.

I would also like to make this further short observation: That I have mail from constituents—I assume they are constituents—of the gentleman from Mississippi proving how impossible it is for them to determine just what they pay to the T. V. A. The bills are so confusing that even the people of Tupelo, I understand, cannot understand them.

Mr. KNUTSON. I regret, Mr. Chairman, but I cannot yield further; I refuse to yield further. I yielded to the gentleman originally only because I made a statement challenging statements made by him.

I have read Dr. Morgan's testimony, and as a result I am more convinced than ever that we should have a most searching investigation into T. V. A. and all its ramifications. Were it not for the fact that Dr. Morgan's testimony covers 59 pages of single-spaced typing, I would ask to have it made a public document that his testimony might be made available to all of our people.

I make the statement here and now, and without fear of contradiction, that a full and complete investigation of T. V. A. will make Teapot Dome appear like a molehill in comparison. It will show collusion, fraud, waste, extravagance, and inefficiency on a scale without parallel in all the annals of engineering anywhere and at any time. Let me suggest to my colleagues that they secure a copy of Dr. Morgan's testimony and that they particularly read the evidence as found on pages 7, 8, 10, 11, 12, 14, 17, 18, 20, 21, 22, 23, 24, 33, 57, 58, 59.

Now, let us see what the T. V. A. is doing down there.

From the data submitted to the Appropriations Committee of the House by the T. V. A. directorate only last month, we glean the following information: When the project is completed it will overflow 933,100 acres of the richest land in the Tennessee Valley, which will affect 13 municipalities and necessitate the relocation of 10,442 families—which means a population of approximately 50,000—and 8,776 graves. It will be necessary to relocate 601½ miles of highway and 8 highway bridges, not to mention 61 miles of railroad trackage and 16 railroad bridges. This data is very interesting and goes to show that the T. V. A. does not believe in doing things by halves.

The constitutional peg on which the existence of the Tennessee Valley Authority hangs is the power of Congress to regulate interstate commerce, and the courts have held that under this regulatory power Congress may improve the navigability of rivers. It should be remembered that Army engineers spent approximately a million dollars in making a survey of the Tennessee River and its tributaries and as a result of that survey recommended a program of improvement for navigation which would have cost the Government not to exceed $75,000,000. That program called for 32 low-lift dams which would have provided a 9-foot channel from the mouth of the Tennessee River to Knoxville, a distance of some 650 miles, and which would have involved very small expenditure for electrical generating equipment. The engineers' report pointed out, however, the great power possibilities of the river and suggested that it should be the policy of the Government to contribute toward the construction, by private interests, of any high dams built for power production, the estimated cost of the low dams which would be replaced by such high dams.

Let us see what the program under T. V. A. has already cost and what its continuance may cost the American taxpayer. When representatives of the Tennessee Valley Authority appeared before the House Appropriations Committee in April 1937 there was presented to the committee (Hearings, p. 403) a tabulation of principal features of present and proposed dam and reservoir projects of the Tennessee Valley Authority, which shows a power installation of 1,878,000 kilowatts at an estimated ultimate cost of $520,600,338, which of course did not include any expenditures necessary to market the power to be produced at the various dams.

The cost of transmission lines proposed to be constructed by the Tennessee Valley Authority by the end of the fiscal year 1938 was estimated at $19,857,946 (hearings, p. 469), making a total to be expended of $540,458,284. Even that figure does not include the total amount which the United States Treasury must supply to generate and distribute the power to be produced under the T. V. A. plan. It should be borne in mind that the Rural Electrification Administration and the Public Works Administration are expected to supply a large part of the funds for the construction of systems to distribute power from the T. V. A. projects.

Instead of spending only $74,000,000 to improve navigation, the Government, to carry out the T. V. A. program, will expend substantially in excess of $540,000,000 to go into the utility business. So much for the actual and prospective expenditures to construct the power developments of Tennessee Valley Authority.

On June 9, 1937, Mr. RANKIN said:

> It sounds strange to hear a man from Minnesota criticizing the T. V. A. in view of the benefits which T. V. A. has brought to the people of that State.

I may say to the gentleman from Mississippi that we in Minnesota are not aware that T. V. A. has brought us any benefits. We are well aware, however, of the new taxes imposed upon us to enable T. V. A. to carry on its vast and unsound experiment. In his speech the gentleman from Mississippi went on at great length to show how electrical rates had been reduced in nearly every part of the Nation, and he wondered why I did not exercise myself about the enormous burden of electrical rates charged the overburdened consumer of electricity in Minnesota. The people of Minnesota are entirely familiar with my record during the past 20 years in Congress.

The people of Minnesota know that I am solely interested in their welfare and that I will fight against any proposal, no matter what it is, that will saddle upon the Federal Government and all the people of the United States, including those in Minnesota, added taxes to support projects which at best can benefit only a limited number or class of our population. It is conceded that the ultimate cost of the T. V. A. will be $540,000,000 and the taxpayers of the Sixth District of Minnesota will have to pay $1,250,000 as their share of this fantastic undertaking.

A reading of Mr. RANKIN's speech might create an impression that the T. V. A. is very popular down South. Suppose we examine the operating results of the T. V. A. to see whether anyone is benefiting from T. V. A. Testimony of T. V. A. representatives before the subcommittee of the House Committee on Appropriations in April 1937—hearings, page 492—shows the following estimated generation and estimated gross revenue figures for the fiscal year ending June 30, 1937:

*Estimated fiscal year 1937*

| | |
|---|---|
| Generation, kilowatt-hours | 786,000,000 |
| Distribution, kilowatt-hours: | |
| Sales to: | |
| Municipalities | 47,000,000 |
| Associations (cooperatives) | 22,000,000 |
| Utilities | 515,000,000 |
| Industrials | 12,000,000 |
| Interdepartmental sales (i. e., used by T. V. A. in constructing and in fertilizer experimentation) | 130,000,000 |
| Temporary rural service | 16,000,000 |
| Total sales | 742,000,000 |
| Station use, losses and unaccounted for | 44,000,000 |
| Gross generation | 786,000,000 |

The anticipated revenue is also shown in the same table, as follows:

| | |
|---|---|
| Operating revenues: | |
| Sales to: | |
| Municipalities | $248,600 |
| Associations | 131,400 |
| Utilities | 756,000 |
| Industrials | 50,000 |
| Interdepartmental sales | 444,000 |
| Temporary rural service | 130,000 |
| Total sales | 1,760,000 |

In other words, it shows that the estimated kilowatt-hour output from the T. V. A. plants during the fiscal year, 1937, would amount to 786,000,000 kilowatt-hours, from the sale of which the Tennessee Valley Authority expected a gross revenue of $1,760,000. Of that generation it expected to sell to utilities 515,000,000 kilowatt-hours, and it planned to apply 130,000,000 kilowatt-hours to its own uses. From the sale of the 515,000,000 kilowatt-hours to utilities it expected a revenue of $756,000 (or at the rate of 1.47 mills per

kilowatt-hour) and for the 130,000,000 kilowatt-hours applied to its own uses it credited itself with $444,000, or at the rate of 3.4 mills per kilowatt-hour.

In other words, they are charging themselves just twice as much as they are charging purchasers, and that is done to make the statement look better. [They are good bookkeepers. They are about as good bookkeepers as my friend from Mississippi is statistician.] Thus over 80 percent of the kilowatt-hours generated by the T. V. A. projects were to be sold to the utilities or used by T. V. A. itself. At this point it may be pertinent to ask why T. V. A. charges itself more than twice what it is getting from its big monopolistic customers.

Statements published in the newspapers in the early part of September indicated that the total generation of the Tennessee Valley Authority for the fiscal year ended June 30, 1937, amounted to 787,460,000 kilowatt-hours for which it received a gross revenue of $1,650,000, which is, of course, only a slightly lower revenue figure than the estimate presented to the House Subcommittee on Appropriations; and for practical purposes it may be assumed that the estimate presented to the committee was accurate. It should be borne in mind that the figures above presented do not include any operating expenses, while private utility companies would have to include such items as interest on investment, taxes, wear and tear, and replacement, not to mention expansion.

How in the world can a corporation that gets its money from the Federal Treasury on which it pays no interest, and taxes not to exceed 5 percent to the local States in which they operate, that does not have to maintain funds for interest or for taxes except the 5 percent, or for dividends, or for replacement and expansion purposes; how in the world can you say a concern of that kind can serve as a yardstick to determine what rates should be charged throughout the country?

Let us see whether the Government has derived any substantial return upon its huge expenditures in the Tennessee Valley. The Wilson Dam cost $47,000,000; Norris Dam, completed in July of 1936, cost $36,310,370; Wheeler Dam, completed in November 1936, cost $37,157,657; or a total in round numbers of $120,000,000. Interest at 3½ percent on the capital cost of those three projects would have amounted to $4,200,000, an amount more than two and one-half times the gross revenue of T. V. A. Nothing has been included to cover the cost of transmission lines. Obviously, an enterprise, the gross income of which is by 200 percent insufficient to pay fixed capital charges, cannot be considered a yardstick.

The benefits to the Tennessee Valley area of reduced electrical rates have thus been achieved only at tremendous cost to the rest of the Nation. Those benefits by comparison are so infinitesimally small and the cost so relatively great that the whole proposition, when fully publicized, will in all probability go down in history as one of the most wasteful projects the Government has ever undertaken.

Let us see whether the T. V. A. rates have functioned as a yardstick for the measurement of electric rates for the Nation as a whole. In the fiscal year ended June 30, 1937, the total electric energy produced at the three hydroelectric dams so far completed amounted to 787,460,000 kilowatt-hours. The total energy produced in the United States for the calendar year 1937 was approximately 120,000,000,000 kilowatt-hours.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman 15 additional minutes.

Mr. KNUTSON. Thus the energy produced at Wilson, Norris, and Wheeler Dams—if all had been sold to the public—would have been only one one-hundredth-and-fifty-fifth part of the generation throughout the Nation.

How can that serve as a yardstick in Minnesota or elsewhere?

It is readily apparent that such a small fraction of the total national output can have no effect as a yardstick in regulating rates throughout the Nation. But a more significant factor in the development of T. V. A. power and one which has not been publicized by the promoters nor given to the public by Mr. RANKIN is the fact that, according to the table shown at page 492 of the 1937 hearings, less than 12 percent of the energy generated goes directly to consumers, while more than 80 percent of the power generated and sold was sold to utility companies and big industrial corporations against whom the New Dealers have been waging a sham battle for more than 4 years. You Members will recall T. V. A. had its origin in the idea that its primary purpose was to furnish cheap fertilizer to the farmers of America. Apparently that idea has been abandoned.

Mr. Chairman, I repeat, more than 80 percent of all power generated at Norris, Wheeler, and Wilson Dams, and sold, has been sold to economic royalists, while the people of the United States have been sold down the river to pay for this huge development which has, incidentally, brought cheap electricity to Mr. RANKIN'S home town of Tupelo, Miss.

Let us see whether T. V. A. has served as a yardstick for the measurement of electric rates in the valley area. We need only be reminded that the Tennessee Electric Power Co. recently sought permission to issue bonds and with the proceeds of the sale construct a steam plant in the Nashville area.

Why did they want to construct a steam plant if they can buy power so cheaply from the T. V. A.?

In acting on the petition, the Tennessee Railroad and Public Utilities Commission, over the protest of the T. V. A. protagonists, issued on August 15, 1937, an opinion holding that it had shown that electricity could be produced cheaper at the steam plant than by buying it under a proposed contract with T. V. A.

The New Deal has brought with it to the city of Tupelo other conditions which the gentleman from Mississippi would have a hard time explaining to his people if he lived in Minnesota. I refer to the industrial carpetbaggers who have invaded the State of Mississippi, the commercial pirates who have sought, with State and local cooperation, to set up in Mississippi the worst system of human exploitation that has ever been devised in America. Mississippi was a populous and prosperous State when Minnesota was only a wilderness, but time and events have changed the situation. Minnesota—a wilderness and prairie yesterday—is now one of the most productive States in the Union. It has developed its industries and its agriculture hand in hand. What is the picture in Mississippi? Agriculture and one-crop farming has been the custom for years.

Quite recently, because it is becoming aware of its predicament, the State has made a bid for industries to locate within her borders. This invitation to the industrial carpetbaggers of the North and the former operators of prison industries, was one of the most diabolical schemes ever uncovered.

It was George McLean, the able editor of the Tupelo Journal, who first protested against the low wages and unfair practices which were being inaugurated in the State of Mississippi. Other courageous newspapermen picked up the lead and exposed the whole sordid story of how garment factories had been built with public moneys under the guise of vocational-training schools. A high-minded Baltimore newspaper correspondent brought the facts to the attention of Works Progress Administrator Harry Hopkins, who promptly called a halt to the Government's participation in the scheme. It was a courageous newspaperman who wrote the almost unbelievable stories, which have not been denied, of checks as low as 97 cents for 2 weeks' work being paid by one of these carpetbagger firms from the North which had located in Hattiesburg, Miss.

These are conditions I could not explain to my constituents if they had happened in Minnesota, but I can explain my opposition to the wasteful spending in this T. V. A. project.

The T. V. A. has already cost the taxpayers of America more than $250,000,000 in the building of power-houses, dams, transmission lines, and other improvements along the Tennessee River for the generation of electric energy, more than 80 percent of which was in 1936 sold to "economic royalists." The unfairness of the whole development is apparent when

it becomes known that industrial and utility customers of T. V. A. secured rates of 1.5 mills per kilowatt-hour (House appropriations hearings, 1937, p. 522), while the municipalities and cooperatives are charged a wholesale rate averaging about 6 mills per kilowatt-hour. Recently, according to newspaper reports, Tennessee Valley Authority has executed a contract with Arkansas Power & Light Co. for the sale of its output with no provision or stipulation in the contract as to what the utility may charge as a resale rate to the public.

*How T. V. A. electricity was distributed in fiscal year 1937*

| Sold to— | Kilowatt hours | Percent of total | Revenue | Average price per kilowatt hour |
|---|---|---|---|---|
| | | | | *Mills* |
| Municipalities and cooperatives | 66,743,114 | 9.1 | $369,338 | 5.53 |
| Temporary rural customers | 15,841,673 | 2.2 | 105,370 | 6.65 |
| Commercial and industrial customers | 5,548,000 | 0.8 | 19,418 | 3.50 |
| Interdepartmental (T. V. A. use) | 129,387,168 | 17.7 | [1] 410,242 | 3.17 |
| Utility companies | 514,067,237 | 70.2 | 725,573 | 1.41 |
| Total | 731,587,192 | 100.0 | 1,629,941 | 2.22 |

[1] Value.

This is an ideal situation as far as the industrials and the utilities are concerned but a rather unbusinesslike and slipshod manner in which to safeguard the public interests and to provide a yardstick by which to regulate electric rates, say in my home town of St. Cloud, Minn.

At this point it may be of interest to note how much American utilities pay in taxes. The amount really surprised me.

*Taxes paid by Electric Light & Power Co., 1936*

| | |
|---|---|
| Federal | $105,000,000 or 5.4 percent of revenue |
| State and local | 180,000,000 or 9.3 percent of revenue |
| Total | 285,000,000 or 14.7 percent of revenue |

Of course, if we embark on a system of public operation of all utilities these $285,000,000 in taxes will be lost to the Government, and to the States, and the people will have to make up the loss.

During the fiscal year ending June 30, 1937, the Federal Government spent $8,105,859,000, of which amount $41,994,000, or 0.51 percent, was spent for T. V. A. During the same period the State of Minnesota paid $52,192,613 in internal-revenue taxes, or 1.14 percent of the total collected; 0.51 percent of $52,192,613, or $266,182, is Minnesota's share of the T. V. A. burden for 1937. Oh, yes; I agree with Mr. RANKIN; we have felt the effects of T. V. A. up in Minnesota; but, unfortunately, we are on the paying end of the line.

Every Member of this Congress will be interested in knowing that while the T. V. A. has been lauded to the skies as a great enterprise for the benefit of all the people, it now appears that the principal beneficiaries will be monopolistic industrial enterprises. Since the directors submitted the estimates to the House Subcommittee on Appropriations in April 1937, T. V. A. has signed a few contracts with some very large customers. They are the Aluminum Co. of America—a trust—which has a contract with T. V. A. for a maximum of 100,000 kilowatts of electrical energy over a period of years, to cost $1,500,000; the Monsanto Chemical Co., of St. Louis, Mo., which has contracted for 17,250 kilowatts of firm power and 32,750 kilowatts of secondary power, to be taken at its new plant at Columbia, Tenn., for approximately $400,000; the Electro Metallurgical Co., a subsidiary of the Union Carbide Co., which has a contract to take 40,000 kilowatts for $750,000; and the Victor Chemical Co., which has a contract for 32,000 kilowatts for $500,000. These four great contracts, together with the recently executed contract with the Arkansas Power & Light Co. for 40,000 kilowatts, makes one ask, "For whom are we building these dams?" Certainly not for the people of Tennessee Valley, who take but 11 percent of the output.

In executing the contract with the Arkansas Power & Light Co. there was no provision made as to what the Arkansas Co. could charge consumers on resale. That is nice business. No wonder these big corporations are in favor of the T. V. A.

When it is borne in mind that the T. V. A. soon realized that it would be necessary to locate heavy industries in the area to absorb some of its output and fixed its rates with the object of attracting new industries, it is not surprising to find that in recent months T. V. A. has signed contracts with these monopolies. The following editorial and articles from the Chicago Tribune of August 20, 26, 27, 28, 1937, tell an interesting story:

[From the Chicago Tribune of August 20, 1937]

CHEMICAL FIRM EXPLAINS USE OF T. V. A.'S POWER

(By Philip Hampson)

The Victor Chemical Works of Chicago has just started construction of a $1,000,000 chemical plant at Mount Pleasant, Tenn., which will be operated by electric power obtained from the Tennessee Valley Authority, August Kochs, president, said yesterday. The company owns about 3,500 acres of land in the vicinity containing phosphate-rock deposits from which it will obtain its raw materials.

"The reason that we located our plant at Mount Pleasant," Kochs explained, "was because we could get electric power from the T. V. A. at a lower cost than any other place in the country, with the possible exception of the Niagara Falls district, and even there we could not be sure of being able to get it.

"The T. V. A. power lines run within a few miles of our property, hence we find the Mount Pleasant plant ideally situated for our needs. We discussed power costs with the Public Service Co. of Illinois, but it could not meet the T. V. A. rates.

[From the Chicago Tribune of August 28, 1937]

VICTOR CO. AND THE T. V. A.

CHICAGO, August 27.—I am writing to call attention to an error in an editorial published yesterday in the Tribune. The editorial stated correctly that the Victor Chemical Co. had contracted with T. V. A. for power at a price distinctly lower than the cost at which any private corporation offers it. But it was stated further that the company was building its new plant in Tennessee rather than in Chicago for this reason of cheaper Government [T. V. A.] power. That was a mistake. The Victor Co., which operates and will continue to operate a plant in Chicago Heights, desired to supplement its present Nashville plant with a new one in south Tennessee. It had not intended to expand its Chicago plant at this time.

The company found that the Tennessee Electric Co. would not make rates comparable with the Government rates, and so accepted the T. V. A. power contract.

WALTER B. BROWN,
*Vice President, Victor Chemical Co.*

[From the Chicago Tribune of August 26, 1937]

TENNESSEE POWER AND CHICAGO INDUSTRY

CHICAGO, August 20.—In the Tribune this morning President August Kochs, of the Victor Chemical Works of Chicago, says that he has just started construction of a million-dollar plant in Tennessee so as to get the cheap electrical power of the Tennessee Valley Authority, the great socialist project of the Roosevelt administration.

"We discussed power costs with the Public Service Co. of Illinois," he said, "but it could not meet the T. V. A. rates." That means that he would not construct a plant in the South if the taxpayers would furnish power in the North.

But as he has lived all these years successfully without riding the taxpayers, why does he not serve his country by continuing to do so instead of falling into the arms of socialism? Why do so many American businessmen have no country? That kind of "business" will be the end of the United States as it was when it became first among the nations.

THOMAS JAMES NORTON.

[From the Chicago Tribune of August 27, 1937]

T. V. A. ATTACK ON CHICAGO

How T. V. A. is affecting Chicago business has just been indicated by the action of Victor Chemical Co. in establishing a new million-dollar plant at Mount Pleasant, Tenn. The concern had plans to build the new unit in the Chicago area and had discussed power rates with the Public Service Co. of Northern Illinois. When the Tennessee Valley Authority heard of this, it offered power to the company at $24 per horsepower, which is less than the cost of the power to the Government and a price, therefore, at which the private corporation could not compete. Thus Chicago loses an industry, and in its taxes Chicago is paying a part of the cost of the power which is luring its industry to Tennessee.

The letter of the vice president of the Victor Chemical Co. stating that the "company found that the Tennessee Electric Power Co. would not make rates comparable with Government rates" is significant. The T. V. A. and the Tennessee Electric Power Co. are in keen competition, but the T. V. A. rate was so low the private utility could not meet it. Of course the Tennessee Electric Power Co. could not meet the

T. V. A. rates because the Tennessee Co. must pay taxes, interest, and replacement costs, all of which enter into production costs, while the T. V. A. has none of these charges to meet. Can it be doubted that the reason that Victor Chemical Co. decided to expand its plant in the South was that T. V. A. quoted it low rates?

In a dispatch from Chattanooga of May 10, published in the New York Times of May 13, 1934, Mr. Draper, director of land planning and housing of the T. V. A., is quoted as saying:

> A surprisingly large number of industrialists want of their own accord to leave developed industrial cities and the Tennessee Valley Authority will use power rates as a magnet to draw them to rural sections.

Sure, and the American taxpayer pays for the magnet.

Of course, they could not beat it. No interest to pay, no dividends to pay, no replacement charges, no expansion charges, and taxed two-thirds less than private companies must pay. Why even an idiot could do business and show a profit under those conditions.

Only last week I received a letter from one of the leading granite firms of St. Cloud, Minn., calling my attention to the advantages that the granite producers of the Tennessee Valley have in the way of cheaper rates and lower labor costs. The writer said:

> Personally, I believe if you will investigate the granite industry in the State of Minnesota and the granite industry in the southern States you will find that practically 50 percent of the business that formerly came here is going to the States to the south, and the reasons are mentioned above. * * *

That is, low power rates and cheaper labor.

Power rates at below cost of production, and we of the North are paying the bill. We of the North are not only losing our industries but we are paying the bill, and that is one of the things to which we are objecting.

I ask you Members of the House if it is fair to this and other granite firms in St. Cloud to have the Government furnish power at much below cost to the granite industry in the Tennessee Valley, thereby placing the granite companies of the North at a big disadvantage and at the same time compelling these northern granite companies, through increased taxes, to help make up the losses sustained in the operation of the T. V. A.?

There is not the least doubt in my mind but that a movement exists in connection with the T. V. A. to coax northern industries to the Tennessee Valley, where labor is cheap, and that the bait offered is electric power rates so low that no other section of the country can compete with them because of the huge Government subsidies that are being contributed to T. V. A.

Indeed, the Sixth District of Minnesota to my knowledge has been covered with propaganda for the T. V. A., and it is my information that a real-estate dealer named C. A. Ryan is very active in spreading this propaganda; and whatever his motive, the effect is to move industry from the North to the South, and that will mean a longer haul for our agricultural products, which in turn will be reflected in lower prices to our farmers, not to mention depriving our people of an opportunity to work at home.

I have here a cartoon from the Chattanooga Free Press of November 26, 1937, entitled "Synthetic Hillbillies," which depicts a streamlined limousine occupied by the Aluminum Trust, the Electro-Metallurgical Co., the Monsanto Chemical Co., and the Victor Chemical Co., all riding blissfully toward the "more abundant life." I cannot visualize anything more abundant than the low power rates these monopolies enjoy in the T. V. A. and at the expense of the American taxpayer.

Mr. Chairman, this affects all of the North, and if it continues we are going to see many of the industries of our section move down to the Tennessee Valley, where they can get power at much below cost, whereas they must pay probably several times that amount up in our section of the country, because private companies do not have the Federal Treasury to draw on. The movement to the Tennessee Valley has already started in Chicago and other large industrial centers. If we do not put the T. V. A. on a business basis and make them charge according to cost of operation, just as private industry is compelled to do, it will only be a short time until Minnesota, Pennsylvania, Ohio, Indiana, New York, Massachusetts, Illinois, and other industrial States will have hundreds of thousands of "For Rent" and "For Sale" signs hanging on their homes and factories.

I have here a cartoon I wish every Member could see. It is taken from a Chattanooga paper and depicts a streamlined limousine headed for the "more abundant life." The limousine is occupied by the Aluminum Trust, the Electro-Metallurgical Co., the Monsanto Chemical Co., and the Victor Chemical Co., and they all look as though they are enjoying themselves.

As Mr. RANKIN has repeatedly boasted of what T. V. A. will do for us we can only assume that it has wrought wonders for his section of the country. Well, let us look at the record. Here it is:

*Wages in manufacturing industries*

| | Average number wage earners | Wages | Average wage for year |
|---|---|---|---|
| YEAR 1929 | | | |
| St. Cloud, Minn. | 1,984 | $2,676,720 | $1,349 |
| Lee County, Miss. | 905 | 539,067 | 596 |
| Mississippi State | 52,049 | 42,172,862 | 810 |
| YEAR 1933 | | | |
| St. Cloud, Minn. | 526 | 520,819 | 1,066 |
| Mississippi State | 27,823 | 13,635,982 | 490 |
| YEAR 1935 | | | |
| St. Cloud, Minn. | 713 | 691,352 | 970 |
| Mississippi State | 36,852 | 19,941,010 | 541 |

Source: Census of Manufactures.

In his many speeches before this body extolling the T. V. A. Mr. Rankin has at various times compared rates in Toronto, Ontario, where they have public ownership, and Buffalo where they operate on sound American lines. Again let us look at the record:

RATES IN ONTARIO

First. The following table is taken from a statement of Cleveland A. Newton, of St. Louis, general counsel of the Mississippi Valley Association, December 15, 1937, at the hearing on regional planning before the House Rivers and Harbors Committee. The figures were derived from the annual report of the Buffalo Co. to the New York Public Service Commission and from the annual report of the Toronto hydroelectric system or of the Ontario Hydro Commission:

*Comparison of Buffalo and Toronto rates*[1]

| | Toronto, 12 months ended Oct. 31, 1935 | Buffalo, 12 months ended Dec. 31, 1935 |
|---|---|---|
| Population | 623,562 | 573,076 |
| Rate per kilowatt-hour: | | |
| Domestic ..... cents | 1.35 | 3.27 |
| Commercial ..... do | 2.27 | 1.75 |
| Industrial ..... do | .83 | .66 |
| Total average ..... do | 1.33 | 1.39 |
| Taxes paid ..... dollars | 38,041 | 1,921,162 |
| Rate per kilowatt-hour (total average excluding taxes) ..... cents | 1.35 | 1.18 |

[1] Buffalo tax rate, 1936–37, $30.05 per thousand. Toronto tax rate $24.25 general, plus $11.45 for public schools, total $35.70. (Source, Moody's Manual.) On a $4,000 house the tax differential is $22.50 per annum in favor of Buffalo. The annual electric bill of the average family in Toronto is about $7.50 less in Toronto than it would be if the family used the same amount of electricity at the Buffalo rate.

This table shows that though domestic rates are substantially lower in Toronto than in Buffalo, the average rate for all uses is about the same in Toronto as in Buffalo, and when correction is made for taxes, electricity is shown to be substantially cheaper in Buffalo than in Toronto. The mayor of Toronto some years ago had stated that power was sold at a loss to the domestic customer.

Second. Apropos domestic rates in Toronto and Buffalo: The combined tax and electricity bill of the average family in Toronto is about $15 per annum higher than the combined

tax and electric bill of a family using the same amount of electricity and living in a house of the same value in Buffalo. What the family in Toronto saves on its electric bill it more than pays out in higher taxes.

Third. The Buffalo worker receives higher wages with which to pay his electric, tax, and other bills than the Toronto worker. The following table shows the hourly wages in 1935 in the building trades in Toronto and Buffalo.

*Comparison of hourly wages in Buffalo and Toronto*

| | Buffalo, 1935 | Toronto, 1935-36 |
|---|---|---|
| | *Per hour* | *Per hour* |
| Bricklayers | $1.25 | $0.90 |
| Glaziers | 1.00 | |
| Carpenters | 1.00 | .80 |
| Inside wiremen | 1.125 | [1] 1.00 |
| Painters | 1.00 | .75 |
| Plasterers | 1.50 | .90 |
| Plumbers | 1.20 | .90 |
| Steam fitters | 1.20 | |
| Stone masons | 1.25 | .875 |
| Structural iron workers | 1.215 | |

[1] Electrical workers.

Source: Monthly Labor Review, November 1935, U. S. Department of Labor. Canada Yearbook, 1937, p. 782.

Fourth. The Ontario debt has increased over five times as much as the Quebec debt since Ontario went into the power business. Increase in debt follows in chronological order the growth of the Ontario hydro system. The following table shows the gross bonded debt of Quebec and Ontario for 1936.

*Gross bonded debt (per capita)*

| Year | Quebec | Ontario |
|---|---|---|
| 1900 | $21.52 | $0 |
| 1936 | 53.21 | 163.15 |

Source: Canada Yearbook 1937, p. 852.

Let me call to your attention how public operation has saddled the people of Ontario with debt. In addition to the direct debt of these Provinces, as shown above, they are obligated through underwriting bonds of Government business ventures for additional debt. This indirect debt in Quebec amounts to about $3 per capita and in Ontario amounts to at least $30 per capita.

Fifth. Taxes since Ontario went into the power business have grown nearly three times as fast in that Province as in Quebec, which is not surprising, as utilities pay little or no taxes in Ontario. The following table shows per capita taxes in Ontario and Quebec:

*Taxation (per capita)*

| Year | Quebec | Ontario |
|---|---|---|
| 1900 | $0.64 | $0.39 |
| 1934 | 6.61 | 10.63 |

Source: The data for 1934 was obtained from Financial Statistics of Provincial Governments for 1932-33 and 1934, published by the Dominion Bureau of Statistics. The Canada Year-book has the same data for 1933 and 1934. The data for 1900 was taken from the annual reports of the Provincial treasury departments and set up according to the classification in effect 1916-26.

Debt and tax figures reflect more accurately than any other over-all measure the true cost of public business ventures.

Sixth. The following table taken from the latest annual report of the hydroelectric commission shows that the ratio of capital debt to capital investment of the Hydroelectric Power Commission of Ontario after 30 years of operation is 91 percent:

*Ratio of capital debt to capital investment, twenty-ninth annual report Hydroelectric Power Commission of Ontario*

(Funded debt issued or assumed Oct. 31, 1936, p. 183 of the twenty-ninth annual report)

| | |
|---|---|
| Principal outstanding Oct. 31, 1936 | $109,340,242.50 |
| Commission's share in Provincial bonds Oct. 31, 1936 | 164,049,412.49 |
| | 273,389,654.99 |
| Less sinking fund reserves (p. 189) | $39,088,953.29 |
| | 234,300,701.70 |
| Plus municipalities equity in sinking fund (p. 17) | 36,193,874.21 |
| | 270,494,575.91 |
| Capital investment (p. 17) | 297,864,134.93 |

Ratio 91 percent.

The original act of May 10, 1906, provided that charges should be such as to create "an annual sum sufficient to form in 30 years a sinking fund for the retirement of the securities issued by the Province, i. e., the cost of operating, maintaining, renewing, and insuring works." It was promised that the whole debt would be discharged in 30 years and in addition a depreciation sum set up sufficient to install a new system when the present system became obsolete or worn out. On October 31, 1936, a little over 30 years after the passage of the act, the capital debt was over $270,000,000 on an investment reported to be $298,000,000, or a ratio of 91 percent, and the sinking-fund reserves of the commission, after deducting the municipality's equity in the sinking-fund reserves, was less than $3,000,000. Additional bonds had been floated because of depleted reserve funds. (Article by J. T. Jeffery, engineer, Hydroelectric Power Commission of Ontario, March-April 1922 Bulletin, Hydroelectric Power Commission of Ontario, p. 96.)

Incidentally it is worthy of mention that after the Arkansas company I previously referred to had made its contract with the T. V. A. the officials of the company were able to borrow $323,000 of Federal funds from the Rural Electrification Administration in order to extend its private business to serve 19 Arkansas counties. The company borrowed this Federal money at 2.88 percent per year, and it will be able to set up as a part of its rate-making schedule the value of the improvements made with borrowed money so as to achieve at least a 6- or 7-percent return.

Thus are the people of the entire Nation being taxed and heavily taxed, to support a system of experiments and excursions into the field of sociology and economic experiment which, to say the least, no businessman or commercial banker would enter, under similar circumstances, and with such scant hope of ever being reimbursed.

Mr. Chairman, the whole story of the T. V. A. has not yet been told. It will unfold itself in the years to come when all the ballyhoo has died down and we find what a white elephant we have built. There has been too much of a destructive nature connected with T. V. A. so far to warrant the continued appropriations of money to this project without some degree of congressional supervision in the spending.

In my 20 years as a member of this body I have always voted for advancement and progress, and against graft and waste. I do not wish to see any section of our country retarded in its normal and sound growth. Neither do I wish to see the whole Nation suffer merely for the benefit of a particular section. I will vote every dollar necessary for relief but I want the money to go to those who need it and not to build up big and cumbersome bureaus that take the bread out of people's mouths. Acting always upon that sound principle I have consistently voted against all proposals to bring new agricultural areas into production through irrigation development at Government expense, because they compete with the hard-pressed farmers of other sections whose present difficulties are increased in proportion to the acreage reclaimed. Any activity subsidized with Government money is impossible to compete with, I care not whether it be agriculture, industry, or what not.

The T. V. A. has turned out to be a costly and wasteful enterprise, one that, at best, has benefited only a small fraction of our people, and one that has cost all the people a great deal of money. While the Congress has exercised practically no supervision and no control over the T. V. A., we can at least bring to light some facts which will remove from this corporation the halo of righteousness which has been built around it, and show that the managers and

builders are just human beings who have made many mistakes. And it is in that spirit that I shall continue to criticize the waste and extravagance of its program.

The T. V. A. has on its pay rolls more than 14,000 persons, many at salaries well above the average for employment of similar character in private industry. Among this high-priced help there are numerous accountants, auditors, bookkeepers, and statisticians, yet at the end of November no Member of this Congress was able to get any facts or official figures which would enable him to determine how the Federal money was spent during the fiscal year 1937, which ended June 30, last. We have just seen this House appropriate further funds for T. V. A. for another fiscal year. With the data of previous spendings, to all intents and purposes, adequately covered up by red tape and unnecessary secrecy, Members of this Congress have again blindly poured public money into this grand Russianized experiment in socializing an entire section of our Nation.

Against such procedures and against such methods I shall continue to protest, feeling confident the people of Minnesota would not want me to do otherwise.

To the gentleman from Mississippi and to my thousands of friends in Minnesota and other parts of the Nation, I recommend the reading of Carpetbaggers of Industry, published by the Amalgamated Clothing Works of America, and With Labor Thrown In, by Walter Danvenport in Collier's for November 27 last.

Thus can one arrive at a new perspective of the State of Mississippi and how it could better be served by its own representative. Perhaps the gentleman from Mississippi will explain why, in view of all the benefits he claims the T. V. A. has conferred upon Tupelo, none of the heavy industries have located there to use T. V. A. power. Muscle Shoals will have its Electro Metallurgical Co.; Columbia, Tenn., its Monsanto Chemical Co.; Mount Pleasant, Tenn., its Victor Chemical Co.; Alcoa, its aluminum company; and Arkansas Power & Light Co. will have its cheap-power contract and low-financing charges. What does Tupelo have? Cheap lights and its labor trouble. And it has been truly said that every time a householder in Tupelo turns on his lights the taxpayer's book gets a shock.

The President's Budget calls for curtailing appropriations for relief during 1938 by 33⅓ percent, but I fail to find in his message where he recommends cutting appropriations for T. V. A. a single penny. The salary boosts down there show the intent is different. Can it be that it is more important to provide a comparatively small area down south with electric power below cost of production than to relieve human misery?

In closing, let me repeat the warning sounded by Maj. Gen. Edward M. Markham, former Chief of Engineers, United States Army, presented at the Upstream Engineering Conference held in Washington September 23, 1936. General Markham said:

> It is a beautiful picture to visualize the major streams of the United States controlled by reservoir systems combining storage for domestic water supply, irrigation, the development of hydroelectric power, and the impounding of flood waters. Unfortunately the combination of these purposes, in a single reservoir or in a unified system, is normally unfeasible.

Furthermore, in the booklet Soil Defense in the Piedmont, by E. M. Rowalt, of the Department of Agriculture, Farmers' Bulletin 1767, under the heading of a chapter entitled "Dwindling Waterpower", we find, page 15, the following statement:

> Large and small reservoirs pass through the same cycle. They all, in time, fill and lose their usefulness for water storage; no economical method of clearing them has been devised.

So before proceeding further with this entire unified plan, which will cost in the neighborhood of $700,000,000 to complete, and which will ultimately affect and most directly benefit the persons owning and living on the 5,000,000 acres of tillable land in the Tennessee River Basin, it is no more than right and proper that the representatives of all the people of the United States, who will in a large measure pay the bill for this great experiment, I refer to the Members of this Congress, shall now institute the investigation which a full discharge of our congressional duties demands. [Applause.]

Mr. LUDLOW. Mr. Chairman, I yield such time as he may desire to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, I ask unanimous consent that I may insert in my remarks a graph which I have prepared bearing on the yardstick.

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

There was no objection.

Mr. RANKIN. Mr. Chairman, I shall not attempt at this time to answer the address to which we have just listened, attacking the T. V. A., but will confine my remarks to a discussion of the T. V. A. yardstick for the measurement of electric light and power rates to the ultimate consumers.

This yardstick is the greatest weapon ever devised for the protection of the people who pay the light and power bills of the Nation. I have already shown that this yardstick, together with the other power policies of this administration, has reduced light and power rates throughout the country $556,000,000 a year—for last year, this year, next year, and for every other year that lies spread out before us in the decades that are to come. In fact those savings will be increased from year to year as the influence of the yardstick spreads and the people become better educated on this vital question.

Every municipality should own and operate its own electrict light and power system. It should not be operated for profit, but should deliver electricity to the consumers at the lowest possible rate, in order to enable them to enjoy the most liberal use of electric current, which means the most liberal enjoyment of those electrical appliances that go to lighten the burdens of drudgery and to add to the comforts and conveniences of every home, as well as every business enterprise.

I have had prepared a graph, or chart, showing what this yardstick means when applied to domestic rates for electricity. It not only shows the T. V. A. yardstick, but it shows the average yardstick for five public-power systems, and also shows the yardstick of the private-power companies. If you want to know how much your people are overcharged for electricity in their homes, study this chart carefully. You will note that where the T. V. A. yardstick is only 36 inches long, of which 25.1 inches goes to distribution, the private-power company's yardstick is 95 inches long—84.5 inches of which goes to distribution and profits, overcharges, and waste, or graft.

For that reason, if for no other, every municipality should own its distribution system.

Here is a table showing the T. V. A. yardstick rates at which this power is delivered to the domestic consumers:

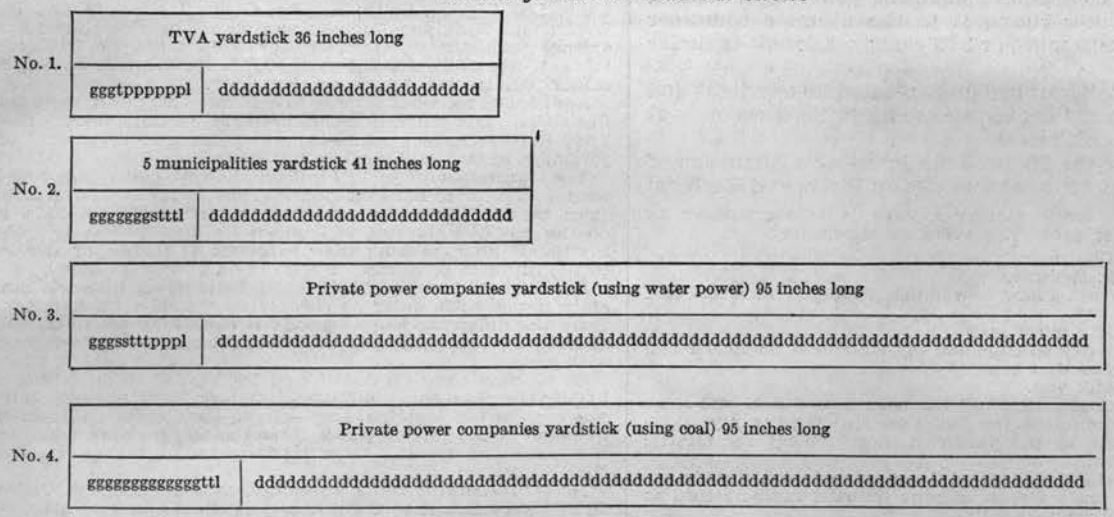
> First 50 killowatt-hours a month, 3 cents a kilowatt-hour.
> Next 150 killowatt-hours a month, 2 cents a killowatt-hour.
> Next 200 killowatt-hours a month, 1 cent a killowatt-hour.
> Next 1,000 killowatt-hours a month, 4 mills a killowatt-hour.

On page 531 is the chart showing how this yardstick compares with the yardstick used by private power companies. Study them carefully and you will see what the T. V. A. yardstick means to the ultimate consumers.

Each letter in these four lines represents a length of 1 inch on the yardstick. The letter "g" represents generation, the letter "t" transmission, the letter "l" line losses, the letter "s" the cost of steam stand-by, the letter "p" represents profit, and the letter "d" distribution costs.

The line chart shows that, based on the true T. V. A. yardstick of 36 inches, the private power companies are using a yardstick 95 inches long. All this is calculated from the average residential sales price to the ultimate consumer for the year 1937.

*Electric yardstick—residential service*




Line No. 1 represents the T. V. A. yardstick for the measurement of domestic light and power rates to the ultimate consumers. It is 36 inches long—representing 17.8 mills, or 1.78 cents a kilowatt-hour.

Line No. 2 represents the composite yardstick for five municipally owned systems, at Los Angeles, Calif.; Eugene, Oreg.; Tacoma and Seattle, Wash.; and Winnipeg, Canada. It is 41 inches long—representing 20.45 mills, or 2.045 cents a kilowatt-hour.

Line No. 3 represents the private power companies' yardstick for the measurement of light and power rates to the ultimate consumers, based on water power. It is 95 inches long—representing 46.9 mills, or 4.69 cents a kilowatt-hour—or almost three times the amount charged under the T. V. A. yardstick rates.

Line No. 4 represents the private power companies' yardstick where the power is generated with coal. It is also 95 inches long and represents a charge of 46.9 mills, or 4.69 cents a kilowatt-hour.

As I said, each letter in this chart represents 1 inch on the yardstick. For instance, you will notice in line No. 1, or the T. V. A. yardstick, three letter "g's." The letter "g" stands for generation, and each one of these "g's" represents 1 inch on the yardstick. The letter "t" stands for transmission, and the "t" in this yardstick shows that 1 inch of the 36-inch yardstick is absorbed in transmission. The letter "l" stands for line loss. There being one "l" in this yardstick, indicates that only 1 inch on this yardstick is charged to line loss.

The letter "p" stands for profits to the T. V. A. on its wholesale price of power sold to the city of Tupelo. The five "p's" indicate that 5 inches of this yardstick is absorbed by the profits to the T. V. A. The letter "d" stands for distribution. Each "d" represents 1 inch on the yardstick. The 25 "d's" indicate that 25 inches of the 36 inches in the yardstick were absorbed in distribution.

Thus it will be seen that 11 inches of this yardstick are absorbed by the cost of laying this power down at the city gate, while 25 inches are absorbed in the distribution, making a total of 36 inches in all, or an average price to the ultimate domestic consumers of 17.8 mills, or 1.78 cents a kilowatt-hour.

Now, let us take a look at line No. 2, which is a composite of five successful municipal plants located at Los Angeles, Calif.; Eugene, Oreg.; Tacoma, Wash.; Seattle, Wash.; and Winnepeg, Canada. You will note that the seven "g's" indicate that 7 inches of the yardstick are absorbed in generation. The one "s" indicates that 1 inch is absorbed in a stand-by plant, three "t's" indicate that 3 inches are absorbed in transmission, and one "l" indicates that 1 inch is absorbed by line loss; while 29 "d's" indicate that 29 inches are absorbed by distribution. In other words, laying this power down at the city gate takes up 12 of the 41 inches in this yardstick, while distribution, after it reaches the city gate, absorbs 29 inches of the yardstick, making a total of 41 inches all told, or an average price to the ultimate domestic consumers of 20.45 mills, or 2.045 cents a kilowatt-hour.

Now, let us examine line No. 3, which is the national average for hydroelectric power transmitted over a distance of 100 miles and distributed to the ultimate domestic consumers at the average rate now charged by the private power companies. This yardstick, you will notice, is 95 inches long—or approximately three times as long as the T. V. A. yardstick.

We are using the Conowingo Dam on the Susquehanna River in Pennsylvania as the comparative standard in this case. This dam is owned by private interests, generates and sells power wholesale to a private power company at a profit, for 2.7 mills a kilowatt-hour. The private power company then sells to the domestic consumers at the 95-inch yardstick rate.

You will note that the three "g's" indicate that 3 inches are absorbed in generation, three "t's" indicate that 3 inches go to transmission, one "l" indicates that 1 inch is charged to line loss, two "s's" indicate that 2 inches are absorbed by stand-by facilities, and three "p's" indicate that 3 inches go as profit to the wholesaler of this power, while the 83 "d's" show that 83 inches are absorbed in distribution, after this power reaches the city gate, making the yardstick 95 inches long and making the average price of this power to the ultimate domestic consumer 46.9 mills, or 4.69 cents, a kilowatt-hour against 1.78 cents a kilowatt-hour under the T. V. A. rates.

You will note that line No. 4, which indicates the national average yardstick of a modern steam plant with coal at $4 per ton is also 95 inches long. The 13 "g's" indicate that 13 inches of the yardstick is absorbed in generation, 2 "t's" show that 2 inches of the yardstick are absorbed in transmission, 1 "l" indicates that only 1 inch is absorbed in line loss, while 79 "d's" show that 79 inches of it goes to distribution.

In other words, this power is laid down at the city gate for about the same cost as it is at Tupelo and other cities and towns in the T. V. A. area. But, as shown in line No. 1, it takes 25 inches of the yardstick, or 12.3 mills a kilowatt-hour, to distribute power to the ultimate consumers under T. V. A. rates. In line No. 2 it is shown that the five municipalities that have public distribution systems use 29 inches, or 14.45 mills, or 1.445 cents, a kilowatt-hour for distribution, while in line No. 3 the private power companies use 83 inches, or 41.7 mills, or 4.17 cents, a kilowatt-hour for distribution to the ultimate consumers; and in line No. 4 it is shown that

the private power companies generating power by a modern steam plant and distributing it to the ultimate consumer uses 79 inches, or 39.9 mills, or 3.99 cents, a kilowatt-hour for distribution.

If every municipality owned and operated its own light and power system, it could deliver electricity to its consumers at the T. V. A. yardstick rates.

By permission of the House, I am inserting a discussion of this proposition before the Committee on Rivers and Harbors:

STATEMENT OF HON. JOHN ELLIOTT RANKIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. RANKIN. Mr. Chairman.

The CHAIRMAN. Mr. RANKIN.

Mr. RANKIN. I do not know how much time you have allotted to me.

Mr. DEROUEN. Thirty minutes.

Mr. RANKIN. I will try to conclude my statement so that I can yield back a portion of that time.

Mr. DEROUEN. Thank you.

Mr. RANKIN. Mr. Chairman, there has been a good deal said since I was before the committee the last time questioning my statements with reference to the yardstick measurement for electric light and power rates.

So I have had a chart made, and I am going to ask unanimous consent that I may have a reduced copy inserted in the record at the beginning of my remarks.

Mr. DEROUEN. All right; that may be done.

Mr. RANKIN. Mr. Chairman, I will not take the time to reply to what portion of the remarks the gentleman from Kentucky [Mr. MAY] that I heard; but I do want to say to him that if private power companies could produce power or can produce power at three-fourths of a mill a kilowatt-hour, as he said they could, then the American people are being worse overcharged for electricity than I have ever contended they are.

Now, I have shown in the statements which I have put in the CONGRESSIONAL RECORD that at the present time our overcharge as compared with the charges in Ontario, Canada, are something like $1,300,000,000 a year. I understand some gentleman came before the committee this morning, or yesterday, and attempted to show the fallacy of that argument by pointing out the power rates in Buffalo, N. Y. Of course, that is the old scheme of the opposition. He might have told you that Buffalo is right at Niagara Falls, where they can see across the river into Ontario; where they have the lowest light and power rates in America, and the very effect of Ontario forces the rates down in Buffalo; but they might have told you also that at Albany, N. Y., they pay twice as much for electricity as they do in Buffalo, and that at Auburn, N. Y., they pay more than twice as much, and in New York City they pay almost twice as much as they do in Buffalo. Why? Because they are out of reach of the influence of this Ontario yardstick.

Now, Mr. Chairman, the power industry is divided into three distinct steps: Generation, transmission, and distribution.

I have had this chart made to show the cost of generation, the cost of transmission, and the cost of distribution; and also the line losses.

The first, No. 1, at the top here is the Tennessee Valley Authority yardstick, which represents 36 inches on the scale. That is an average retail rate at which the T. V. A. power is sold to the domestic consumer in the municipality of Tupelo, Miss., a town of about 8,000 people, situated approximately 100 miles from the Wilson Dam. The average cost to the ultimate domestic consumer there is 1.78 cents a kilowatt-hour. That is the price the ultimate consumer pays.

Taking the report of the Army engineers of 1930, we find that the generation of that power only amounts to 2.8 inches of this 36-inch yardstick, or 1.4 mills per kilowatt-hour.

That is what it costs to generate by water power at Muscle Shoals, according to the report of the Army engineers of 1930. That has been amply sustained or justified by the fact that at Boulder Dam, where the entire cost of the dam is charged to power, the power is generated at 2.1 mills a kilowatt-hour.

Then, the cost of transmitting that power 100 miles occupied 1.2 inches on the yardstick, or 0.6 of a mill.

This chart is based on 100 miles transmission and the average distribution system.

The amount of line loss running 100 miles per kilowatt-hour, we have at 0.66 inch on the yardstick, or 0.4 of a mill, making this power laid down at Tupelo cost the Tennessee Valley Authority 2 mills a kilowatt-hour, and that is what the Army engineers said it could be laid down for.

I believe they said 1.99 mills.

Tupelo buys it at 5.5 mills, a kilowatt-hour, which makes a profit to the Federal Government of 7 inches on the yardstick, or 3.5 mills a kilowatt-hour, or 175 percent.

Last year the city of Tupelo distributed this power at the yardstick rates. They bought $50,000 worth and sold it for $123,000; paid their interest on their debt against the municipal plant; paid their sinking fund; gave the city $4,000; paid $9,000 taxes, which is more than any power company paid in Mississippi for a town of that size; and made a profit of $27,000, which would make the yardstick—if we had turned back that profit it would have made this yardstick only 28 inches instead of 36 inches.

So much for the Tennessee Valley yardstick.

No. 2. We then took the yardstick of five public plants or systems: Los Angeles, Calif.; Eugene, Oreg.; Tacoma, Wash.; Seattle, Wash.; and Winnipeg, Canada; and all of them combined have an average yardstick of 41 inches, or 20.45 mills, or 2.045 cents a kilowatt-hour. That is the average rate the ultimate domestic consumer pays in those cities for electricity.

Now, let us see what it costs to generate this power used in these five cities. The generation cost averaged 3.6 mills a kilowatt-hour. They have to have a stand-by, which made it 1⅓ inches on the yardstick, or 0.65 mill per kilowatt-hour.

The transmission cost 1.37 mills a kilowatt-hour. The line losses were 0.38 mill a kilowatt-hour. That brought the distribution down to, the generation and transmission down to, 12.15 inches on the yardstick, leaving 28.7 inches for distribution, or 1.45 mills a kilowatt-hour, making their yardstick 41 inches, or the average to the ultimate consumer of 20.45 mills a kilowatt-hour.

Nobody has questioned but that private power interests can generate power with water as cheaply as a public concern can, and there the difference stops, because it costs no more to transmit or distribute power generated with coal than it does power generated with water.

So we have come on down—and I am going through this rather hastily, because the committee has been very patient, and I do not care to tax their patience—so we have come on down to the question of the private power interests, and we have taken exactly the same average, the same transmission distances, and here is their yardstick:

No. 3. Instead of being 36 inches, as the Tennessee Valley Authority yardstick is to the ultimate consumer, or 41 inches, as it is on an average at Los Angeles, Eugene, Seattle, Tacoma, and Winnipeg, their yardstick is 95 inches long; and instead of selling it at 17.8 mills, or 1.78 cents a kilowatt-hour to the ultimate consumer as is done in the Tennessee Valley Authority area, or at an average of 20.45 mills or 2.045 cents a kilowatt-hour, as is done in Los Angeles, Eugene, Tacoma, Seattle, and Winnipeg, they sell it for an average price of 46.9 mills, or 4.69 cents a kilowatt-hour, or considerably more than twice the amount charged by either of the five places above mentioned, and about two and one-half times the amount the ultimate consumer pays in the Tennessee Valley Authority area.

Now, let us see about the cost of generation and transmission. We are taking the Conowingo Dam, which is owned by a private company, and is situated on the Susquehanna River in Pennsylvania. They generate power for profit and sell it for profit.

They sell it to the Philadelphia Electric at 2.7 mills a kilowatt-hour wholesale, according to their report to the Federal Power Commission. In other words, on this long yardstick, 95 inches long, the private power company generation amounts to only 5.5 inches, or 2.7 mills, of the 95 inches in the entire yardstick, of the 46.9 mills, which is the average price the ultimate consumers have to pay.

You then have to have a stand-by, or at least we presume they do, which takes up 2 inches on the yardstick, or 1 mill per kilowatt-hour.

The transmission, we will say, is 2.4 inches, or 1.2 mills, a kilowatt-hour. Their line loss amounts to about 0.3 of a mill per kilowatt-hour. Then when they sell this power at 2.7 mills a kilowatt-hour they make a profit of 2.5 inches on the yardstick, or 1.2 mills; and, as I said, that makes the cost of generation 1.5 mills a kilowatt-hour, which is a little less than the generating cost at Muscle Shoals.

In other words, of this 95 inches there is therefore 10.5 inches that goes to pay for generation, transmission, line losses, stand-by, and wholesale profit to the generating company—10.5 inches. Therefore, instead of distributing this power, using 25.1 inches of the yardstick to distribute, as is done in the T. V. A. area, or 28.7 inches, as is done in the five municipal plants I have mentioned, they use 84.5 inches of that yardstick for distribution, or more than eight times the cost of laying the power down at the city gate. There is where the people get stung. That is the reason for this tremendous wave of propaganda; that is the reason for all these hired agents throughout the country; that is the reason for all this powerful drive to keep municipalities from putting in their own distribution systems.

Why, of course, they want the T. V. A. to sell them power at the city gate and in the ways indicated by the gentleman from Kentucky [Mr. MAY] awhile ago, and let them rob the consumers, as this chart shows they are doing.

Mr. DONDERO. Do you mind if we interrupt you now, or do you want to go on with your statement?

Mr. RANKIN. Let me finish, this please.

Now, that is a water-power set-up. The Tennessee Valley Authority takes 10.9 inches for generation, transmission, profits, and line losses. The five plants of Los Angeles, Eugene, Seattle, Tacoma, and Winnipeg take 11.4 inches, for generation, stand-by, transmission, and line losses; and the private power companies only use 10.5 inches, which shows the cost of generation and transmission to the city gates is about the same as in the case of public plants. But the private companies use 84.5 inches of their yardstick for distribution, whereas the municipalities I have above mentioned only use 28.7 and Tupelo only uses 25.1 inches. In other words, these five cities use 28.7 inches for distribution, making a charge of 14.45 mills a kilowatt-hour for distribution, and the Tennessee Valley Authority 25.1 inches and charges 12.3 mills a kilowatt-hour for distribution while the private companies use 84.5 inches and charge 41.7 mills for distribution.

No wonder they want us to sell it to them at the city gates so they can impose their excessive charges on the consumers. That is what this fight is all about.

No. 4. Now let us get down to the coal plants. I never heard anyone so optimistic as the gentleman from Kentucky [Mr. MAY] when he said that they generated power from coal at three-fourths of a mill a kilowatt-hour, because you heard Mr. Walsh, of the New York Power Authority's statement and the statement of Mr. Fowle, I believe is the name, who made the investigation for the private power companies, or representing their viewpoint.

Now, here is their yardstick, 95 inches long. It is based on coal at $4 per ton. Of course coal is much cheaper than that in Pennsylvania and West Virginia, where the power rates to the consumer are about the highest in America. I believe New Hampshire and Louisiana are a little ahead of them, but they are higher there than they are in the majority of the States.

To generate power with $4 coal, according to Mr. Walsh's statement, costs 6.3 mills a kilowatt-hour, which takes 12.7 inches on the yardstick. The transmission would cost the same as for water power, 2.4 inches, or 1.2 mills per kilowatt-hour. The line loss would be 0.8 inch or 0.4 mill per kilowatt-hour.

I might say in that connection that in sending power from Boulder Dam to Los Angeles, 266 miles, the line losses only amount to 6 percent. So that will give you an idea of the small amount of line loss in transmission.

Mr. FOWLE. I believe it was showed that this power could be generated at 5.4 mills a kilowatt-hour with coal at $4 a ton. But in order to give the power company the full benefit of every doubt, we have used the higher rate, 6.3 mills. What does it mean? It means that the generation, transmission, and line losses totaled amount to 15.9 inches on the yardstick or 7 mills a kilowatt-hour laid down at the city gate, and that 79.1 inches, or 39.9 mills, is charged for distribution.

You do not have to have any stand-by, because your plant is its own stand-by. There is really no transmission of power, for you have transmitted the coal so the rest of it, the balance of that yardstick, which is exactly the same length the private power companies use in measuring out hydroelectric power to the local distributing system, because they sell at the same price in the same area. So of this 95 inches in their yardstick, 79.1 inches is used for distribution costs, or 39.9 mills per kilowatt-hour. That is what they charge for distributing this power to the ultimate consumer, whereas under the T. V. A. yardstick it would cost only 12.3 mills and only 14.45 mills in the five cities referred to.

Now let us look at the Tennessee Valley Authority yardstick, which is 36 inches long. Up to the distribution system it takes 10.9 inches on the yardstick, or costs 5.5 mills a kilowatt-hour, all of which includes the Government costs of 2 mills and a profit to the Government of 3.5 mills.

Under the yardstick at Los Angeles, Eugene, Tacoma, Seattle, and Winnipeg, the yardstick is 41 inches long. The total for distribution amounts to 28.7 inches, or 14.45 mills per kilowatt-hour. The total inches up to the distribution system would be 12.15 inches now—in that is included a stand-by, you understand—for these five stations. Without the stand-by, the total up to the distribution system would be 10.85 inches, total inches in distribution, 28.7 inches or 14.45 mills. All right; the total inches in the private companies' yardstick, which is 95 inches long, the total inches up to the distribution system is 10.5 inches. The balance, the distribution, there is 84.5 inches or 41.7 mills as against 25.1 inches or 12.3 mills under the T. V. A. yardstick rates, and 28.7 inches or 14.45 mills a kilowatt-hour under the yardstick of the five municipalities I have mentioned. And, under the system, the same system, where they use the same yardstick as the private power companies always do, the transmission, the total inches up to the distribution is 15.9 inches, which as I have shown before was only about or actually 7 mills a kilowatt-hour. The balance of the yardstick is absorbed in distribution, which is 79.1 inches or 39.9 mills a kilowatt-hour.

Now, there is where the exorbitant cost comes in. They can sell power generated with coal—I will make this statement—they can generate power with coal and transmit it the same distance and sell it at the T. V. A. yardstick, amortize the investment, and make 4 percent interest on it as they go.

So the thing they are driving at is that they want us to sell the power at the bus bar. They were buying it at 1.56 mills a kilowatt-hour at Muscle Shoals and showing that they are paying 0.3 mill or more profit before T. V. A. was created.

They did that for 5 years and sold it within sight of the dam at 10 cents a kilowatt-hour or a spread of more than 5,000 percent.

Now, Mr. Chairman, I do not care to take up any more time. I would like to have permission to extend my remarks in the record and I will answer any questions that the chairman or any of the members of the committee desire to ask.

Mr. DEROUEN. Any questions?

Mr. DONDERO. What do you have to say to the question I asked Congressman MAY about the cost of generation as compared with distribution, the cost being about one-eighth and distribution seven-eighths?

Mr. RANKIN. I will say this, Judge——

Mr. DONDERO. As near as you know.

Mr. RANKIN. I will say this: On water power, now—taking water power first—the cost of generation and the transmission over the average length of 100 miles or 150 miles of line is, I would say, approximately one-eighth of what the power companies charge, but about one-third to one-half the real cost. The record shows here that is 5.5 mills a kilowatt-hour laid down at Tupelo and that the power is sold for 17.8 mills a kilowatt-hour on the average to the consumers.

Now, that is to the domestic consumers, and that is river-run or primary power.

The gentleman from Kentucky [Mr. MAY] told you awhile ago they are selling some power for 2 mills per kilowatt-hour, but he did not tell you that it is what they call secondary or dump power.

So I would say that the cost of generation and transmission, profit to the generator, and the line losses would be approximately one-third to one-half of the cost of the transmission and distribution under the Tennessee Valley Authority yardstick rates. I would say also that it would be approximately one-eighth, or almost one-eighth, of the entire cost, where you include the enormous profits the private companies charge the consumers.

Mr. DONDERO. What I am getting at is——

Mr. RANKIN (continuing). But when you go to get down here [indicating] to the private power companies, you will find it is a great deal less; but if you put the profits in here [indicating on plat], this is what it will be, the whole thing, it will be approximately one-third of the yardstick at T. V. A. rates.

Mr. DONDERO. Let me ask you again. I do not mean to confuse you at this time. What I am getting at is, this committee has had some information to the effect that the generation of power at the place of generation represents about one-eighth of the cost, and that the other seven-eighths is represented in the cost of distribution and transmission.

Mr. RANKIN. That is not true, where it is distributed at the proper rates, the T. V. A. yardstick rates. Where you distribute it at 17.18 mills a kilowatt-hour, that is not true; and it does not cost any more for a private power company to generate and transmit it than it does for the Tennessee Valley Authority.

So, therefore, instead of using 12.3 mills for distribution they charge 46.9 mills, or more than three times—almost four times—as much as it cost to distribute it by municipalities where they make a profit of about one-fourth, I will say, of the amount of the sales.

Mr. DONDERO. That amount may vary in different localities, depending upon the management, the labor conditions, the coal, rail rates, water power, the length of the transmission lines, and the distributing system.

Mr. RANKIN. I said here [indicating on plat] where you can get your coal at $4 a ton, and I find that the Government gets coal laid down in my town at $4 a ton. So this is based on $4 coal.

Now in the States of Pennsylvania and West Virginia, why, of course, they have coal a great deal cheaper. That large concern the gentleman from Kentucky [Mr. MAY] referred to owns its own coal mines. It can generate power and lay it down at the city gate for approximately the same price the Tennessee Valley Authority lays it down the same distance. It can then be distributed at a profit and laid down to the consumer at the standard Tennessee Valley yardstick rates.

Power can be generated—I will make this broad statement, and I will take on any man who is worthy of my "steel" to debate the question over the radio, or anywhere else it is necessary—I make the broad statement that you can generate power in practically any town in the United States with coal and sell it at the Tennessee Valley Authority yardstick rates without losses.

Mr. DONDERO. Congressman RANKIN, that is a rather severe indictment to every utility commission in the Union.

Mr. RANKIN. Yes, sir; it certainly is. The average public-utility commission, as I said before this committee before, instead of regulating the utilities, has invariably been regulated by them.

Mr. DONDERO. I am interested in knowing what advantage the Tennessee Valley Authority has over private power companies or the municipal plants, away from them, what advantages they have that the private plants do not have.

Mr. RANKIN. Well, it has this, the only one I can point out offhand, is that it does not have to pay the high-priced officials that these private power companies do, and it does not have the holding company's expenses to pay. It is not telescoped with holding companies, layer on top of layer that reach down and absorb the profits. It does not have to pay the enormous amount of money for propaganda purposes and it does not have to hire agents to go all over the country to try to discredit the municipal plants.

All of those expenses are charged up to the consumers, of course. The Tennessee Valley Authority does not have those elements of expense to meet or to pass on to the consumers.

Mr. DONDERO. What do you say about the capital investment?

Mr. RANKIN. They have tried to make you believe that the taxes made a great deal of difference. The Tennessee Valley Authority pays 5 percent taxes. It is not what they were talking about a while ago for the flow of the stream. Alabama had no interest in the flow of the stream. I helped to pass that bill and defended that proposition on the floor of the House. They pay them 5 percent, in lieu of taxes, on the gross receipts in Alabama, and they pay them 5 percent in Tennessee on the gross receipts in that State, in lieu of taxes. But, this power is power that is transmitted to Tupelo. We are paying taxes there on our power system amounting to more than any private power company in Mississippi is paying in a town of that same size in the State.

So, the bugaboo that they have raised about the taxes is merely propaganda.

Mr. DEROUEN. Let me make a statement.

Mr. SMITH. I would like to ask a question.

Mr. MOSIER. May I make a statement?

Mr. DEROUEN. Let me make a statement. For your consideration, we have agreed to let several other Members come on. They have had to come here and go away, and they are here again,

and let us try to hold it within the time that the gentleman has agreed upon.

Mr. MOSIER. I would like to ask a question.

Mr. DEROUEN. I think that we ought to hear these other gentlemen.

Mr. MOSIER. Referring, Mr. Rankin, now, just to the Tennessee Valley Authority.

Mr. RANKIN. All right.

Mr. MOSIER. Will you tell me what elements you take into consideration when you arrive at that rate which you called the yardstick rate?

Mr. RANKIN. The cost of generation, transmission, line losses, distribution, and the profits which the municipality pays to the Tennessee Valley Authority, and the profits to the city.

Mr. MOSIER. All right. Now let me ask you this: Did you take into consideration at all, in arriving at that rate, the invested capital?

Mr. RANKIN. I will say this to the gentleman from Ohio, that when this was worked out by the Army engineers, a good many years ago, when they were in charge in 1930, they based their figures on the proposition that a certain percentage of the cost of the dam would be charged to power, a certain percentage to navigation, a certain percentage to flood control; but in order to show how nearly right they were, at Boulder Dam, where it is all charged to power, there it is generated at a cost of 2.1 mills per kilowatt-hour and is sold in Los Angeles, laid down at Los Angeles, 266 miles away, or more than twice as far as from Tupelo to Muscle Shoals, it is laid down in Los Angeles at less than 4 mills a kilowatt-hour, where we are paying 5.5 mills at Tupelo, only 100 miles from the dam.

Mr. MOSIER. I will refer again to the same question.

Mr. RANKIN. Let me say this——

Mr. MOSIER. Did you consider invested capital at the Tennessee Valley Authority without regard to Boulder Dam or any other basis?

Mr. RANKIN. Yes, sir; we have taken that into consideration. Let me say this——

Mr. MOSIER. What investment do you think——

Mr. RANKIN. Let me answer.

Mr. MOSIER. I want you to answer, but I do not want you to make a speech. I want to find out.

Mr. RANKIN. I am not making a speech. I am going to answer the question in an intelligent way.

In figuring up the invested capital, the Army engineers based their figures on the proposition that they would be permitted to sell a certain percentage of the load.

Now, if they were to sell 60 percent of the load at the rates we are buying it, that would amortize the investment in less than 20 years. If they could sell 80 percent of the load at the rates we are paying for it, then that would amortize it in a good deal less time.

Mr. MOSIER. Now, to ask you the same question: What did the Tennessee Valley Authority officials figure as their investment in order to start to arrive at this rate?

Mr. RANKIN. I am not sure, but it is my understanding that they proposed to charge approximately one-third of the construction of the dam to navigation, one-third to flood control, and one-third to the production of power. I think that is right.

Mr. MOSIER. Now, did they consider any interest on the investment?

Mr. RANKIN. Oh, yes, sir; that is what is meant by amortizing the investment.

Mr. MOSIER. No, it does not.

Mr. RANKIN. I believe 4 percent. That is what the Army engineers figured the investment at. You can get the book, get their report, and I think you will find it on page 530 of the Army Engineers' Report for 1930. That is what the Army engineers said, and they went into it very thoroughly.

Mr. MOSIER. I can read it in the book, but I thought you were the witness.

Mr. RANKIN. I am quoting you exactly what they said about it.

Mr. MOSIER. I am just asking you about this money——

Mr. RANKIN (interposing). Oh, well——

Mr. MOSIER. The money which has been advanced by the Government, whether they consider that they are going to pay the Government anything for the use of that. Do you understand?

Mr. RANKIN. I told you 4-percent interest.

Mr. MOSIER. All right. Did they figure any depreciation?

Mr. RANKIN. Yes. There will be a slight depreciation, not in the dam, but probably in some of the machinery. It might have to be replaced in 50 or 60 years; probably earlier; but it would not have to be replaced within the time this investment would be amortized.

Now, let me say to the gentleman——

Mr. MOSIER (interposing). Have they figured anything for amortization there?

Mr. RANKIN. Oh, yes, sir; and, by the way, the private companies never do. You cannot find a one in the United States that ever amortizes its original investment; that is, where it is controlled by a holding company.

Mr. MOSIER. Now, what taxes did they figure?

Mr. RANKIN. I told you, 5 percent.

Mr. MOSIER. Of what?

Mr. RANKIN. Of the gross sales, to the States of Alabama and Tennessee, and the distribution agency pays its own taxes, whereas the private power companies which are doing the generating, transmitting, and distribution are boasting of all of the taxes they are paying on the whole thing, and trying to compare their taxes with what taxes the Tennessee Valley Authority pays on the investment at the dam, whereas we pay more taxes on our distributing system when we buy this Tennessee Valley Authority power and distribute it at the yardstick rates than they pay in any town of the same size in that section of the country. And let me say again, for the benefit of the gentleman from Ohio [Mr. MOSIER], that the town of Tupelo is a town of 8,000 people, and we paid $349,000 less, the ultimate consumer did, for their power last year than they would have paid if they had bought it from the private power company at the rates it was charging us 4 years ago when it was buying this power at 1.56 mills a kilowatt-hour.

Mr. MOSIER. I will say back to the gentleman from Mississippi, I do not doubt at all that what you say is true, but I further say that the cities of my State are helping to support the city of Tupelo in doing that.

Mr. RANKIN. And I will say to the gentleman from Ohio further that this yardstick is the most profitable weapon ever developed for the purpose of helping his consumers and the consumers of electricity everywhere in the United States, and by its very force and power with the policies of this administration backing it up, we have reduced light and power rates $556,000,000 a year in the United States since 1932. You are saving $556,000,000 a year. You saved $556,000,000 last year, and a large portion of that went to the consumers in the State of Ohio, infinitely more than they ever contributed to Muscle Shoals or the Tennessee Valley Authority and the Columbia River development combined.

Mr. MOSIER. Was there ever any reduction in power rates prior to the coming into existence of the Tennessee Valley Authority?

Mr. RANKIN. No; not to amount to anything.

Mr. MOSIER. Nothing at all?

Mr. RANKIN. Not to amount to anything. Oh, I think that they dropped from 20 cents back in the time when Edison first invented the electric light, 60 years ago. During the last few years there had been no reductions, up to the time the T. V. A. was created.

But, I will tell you what they did do. These same utilities came down here in 1929 and made the same proposition that they are making now to help break the depression and, to give you one illustration, the president of the Commonwealth & Southern and his directors raised his salary from $43,730 a year in 1929 to $130,140 a year in 1932, during the very depth of the depression. Of course, the ultimate consumers of electricity had to pay it. But the ultimate consumers of electricity got no reduction at all. We were paying exactly the same rate in 1932, or 1933, when this yardstick went into effect, that we were paying in 1929.

Mr. MOSIER. Would you mind telling us what they pay the manager of your plant at Tupelo?

Mr. RANKIN. Why, you mean, the manager of the distributing system?

Mr. MOSIER. Yes.

Mr. RANKIN. I do not know. It is in the report. He is satisfied.

Mr. MOSIER. I just wanted to get a comparison of that man's salary, who is handling $50,000, with the other man's salary, who is handling millions of dollars, hundreds of millions of dollars a year.

Mr. RANKIN. Yes; but you understand our manager doesn't handle any water.

Mr. MOSIER. I thought that the percentage probably would be in favor of the bigger man.

Mr. RANKIN. It probably would be, because they get practically all of it. You see, the holding companies stand one up on top of the other. They are the ones who were enriching themselves on this program. They are reaching down and picking the pockets, sapping the money, out of the pockets of the ultimate consumers. Why, the common stock of that company fell from 32 in 1929 to 1⅝ in 1932, during the time that the president's salary was going from $43,000 to $130,000 a year, and their 6-percent preferred stock dropped, I believe, from 104 in 1929 to 27¾ in 1932. They were not interested in the people who had their money invested. They were interested in raising their own high salaries higher and selling watered stock and racketeering, so to speak, on the helpless consumers.

Mr. MOSIER. Six-percent city of Cleveland bonds, the city which owns one of the biggest plants in the country, fell to 80 at the same time.

Mr. RANKIN. I understand; but they did not fall as much as the stock of the Commonwealth & Southern; and, besides, the people of Cleveland were saving millions of dollars a year on their light and power rates.

Mr. SMITH. Right in that connection, are you familiar at all with the municipal plant at Cleveland?

Mr. RANKIN. Yes.

Mr. SMITH. Could you enlighten the committee in regard to it at all, because the gentleman from Ohio [Mr. MOSIER] very frequently refers to it as one of the instances of the failure of public ownership in this country, and if you can give us any information, I think it would be valuable to the committee.

Mr. RANKIN. Why, I shall be glad to do so.

Mr. DONDERO. I suggest that you put it in the record.

Mr. RANKIN. I just thought that I would give you this information.

Mr. DONDERO. You have answered it once in comparison with Tupelo.

Mr. RANKIN. Remember that Cleveland has a population of approximately 1,000,000 people, and they own a plant which cost them $17,422,381. They have paid that down to $3,000,000.

Mr. SMITH. In how long a period?

Mr. RANKIN. Over a period of 22 years.

But here are their general charges. Residential service charge, 15 cents per month. That is to begin with. And then the rates are 2.9 cents per kilowatt-hour. Cleveland has one of the cheapest power rates in the whole country and, instead of going broke, is amortizing its system and paying it out. Last year it paid $400,000 in lieu of taxes and made a gross profit of $1,739,675.

Mr. SMITH. I thank you.

Mr. RANKIN. It is one of the great municipal systems of the country.

Mr. DONDERO. May I ask a question?

Mr. DEROUEN. Mr. Dondero.

Mr. DONDERO. Is it not a fact that the city of Tupelo got a Government grant of 45 percent in order to build that plant down there?

Mr. RANKIN. No, sir.

Mr. DONDERO. Nothing at all?

Mr. RANKIN. No, sir. It owned the plant already. We did not sell our plant. We already owned it.

Mr. DONDERO. And you did not get a Government grant toward this plant which you built?

Mr. RANKIN. No; we did not build it in recent years——

Mr. DONDERO. What?

Mr. RANKIN. It was built 30 years ago, about the time the Cleveland people built their plant or before.

Mr. DONDERO. Can you tell us the proportion of municipally owned plants in this country as compared with the private-owned plants?

Mr. RANKIN. No; I cannot tell you the proportion.

Mr. DONDERO. We have some testimony to the effect that it dropped from 3,000 to below 700.

Mr. RANKIN. There has been a terrific amount of money that was wrung from the consumers of electricity used by this propaganda to prevent municipalities from owning their plants or buying out the ones already in operation. They have done that in my district. They went into my district at Aberdeen, and I believe paid $108,000 for a plant. They went 18 miles away and offered $1,250,000 for a similar plant. What they were buying was the birthrights of the people.

Mr. SMITH. One question. Can you also tell us anything about the relative rates in Detroit and Windsor, Canada?

Mr. RANKIN. Oh, yes, sir; they are right across the river from each other. Windsor, Canada, transmits her power 238 miles from Niagara Falls and sells it at probably one-third to one-half of what the people have to pay in Detroit, right across the river.

Mr. DONDERO. I have the figures right before me which I obtained from Windsor and Detroit. They are neighbors, as you state.

Mr. RANKIN. What is the top rate?

Mr. DONDERO. Based on an average annual consumption for the annual domestic consumer of 760 kilowatt-hours, the Windsor hydroelectric system charges $26.95 per year. The Detroit-Edison Co., across the river in Detroit, charges $32.35.

In Windsor, the electric plant pays no taxes, but in Detroit, the Detroit-Edison pays $3.56 taxes on that.

Mr. RANKIN (interposing). Now, naturally——

Mr. DONDERO. Let me finish.

Mr. RANKIN (interposing). You will find that here in this report of the Ontario Power Commission. In Windsor, Ontario, they use a great deal more than 760 kilowatt-hours a year.

Mr. DONDERO. That is the basis, upon the average annual consumption for domestic consumers.

Mr. RANKIN. That is not the average. Somebody has been giving you wrong figures.

Mr. DONDERO. I do not think they are wrong.

Mr. RANKIN. Yes; they are wrong, because in Windsor, Canada, they use more power per customer than we do in Tupelo.

Mr. DONDERO. If they did use more, that would make no difference.

Mr. RANKIN. Yes.

Mr. DONDERO. I am basing it on the same amount of electricity on both sides of the river.

Mr. RANKIN. I will tell you what I will do. I can put it into the record. I do not have the Michigan statistics here now, but I went into this before.

What is your top rate per kilowatt-hour?

Mr. DONDERO. I have not gone into that. I have the annual rate to the domestic consumers.

Mr. RANKIN. Who made those figures, Judge?

Mr. DONDERO. Just a minute.

Mr. RANKIN. Will you just answer that?

Mr. DONDERO. In Windsor they pay $26.95; in Detroit, $28.79 a year, a difference of $1.84; but in Windsor there is no service for replacement of lamps. In Detroit it is figured at $1.20 a year, or eight changes a year. In Windsor they charge 64 cents a year for fuse and appliance calls.

Mr. RANKIN. Judge, will you let me say——

Mr. DONDERO (continuing). In Detroit, $2.81. The difference is this—that under the hydroelectric system of Windsor the cost of electricity to the ordinary domestic consumer for residential purposes is $26.31 annually; while in Detroit the same amount of electricity with the service enumerated amounts to $24.78, or a difference of $1.53. A further difference ought to be noted, in that the Edison Co. in Detroit pays taxes on all of its property, while the Windsor hydroelectric system receives its current from the Ontario Hydro Electric and does not pay taxes on all of its properties. It receives the benefit of Government subsidy the same as the T. V. A.

Mr. RANKIN (interposing). The trouble with your information is that it comes from some private power interest, propagandists. I am not talking about the gentleman [addressing Mr. DONDERO]. But he is getting his figures from private power propagandists, and they have grossly misrepresented Windsor, because that $26.95 is not accurate. They are using three times as much power in Windsor, Canada, as his figures indicate. I can prove that. The gentleman from Michigan has been imposed upon.

Mr. DONDERO. I got my information from the Ontario Hydro Power Commission, which is not a private concern.

Mr. RANKIN. No; it is not a private concern. But I'm sure the gentleman did not get it all from Ontario.

Mr. DONDERO. I wrote to both cities to get the figures.

Mr. RANKIN. Well, it is owned by the municipalities of Ontario. It is not a private concern, and they sell power at cost. That is the object, to get electricity to the people of Ontario at cost.

Now, let me tell you another thing right in that connection: If the people of Michigan—if the people of the State of Michigan received their electricity at the Ontario rates, they would save $46,590,901 a year.

Mr. DONDERO. Yes; you have told us before that we are overcharged $46,000,000 a year.

Mr. RANKIN. Yes; $46,000,000. If you received your power at the same rate they are paying throughout Ontario, including the most remote rural sections, you would get it for $46,590,901 a year less than your consumers are now paying.

Mr. DONDERO. We do not have a Niagara Falls in Michigan, I admit.

Mr. RANKIN. I will tell you what I was going to say. You can generate it with coal at the price I have indicated here, and on your present consumption you can get it for $20,000,000 to $40,000,000 cheaper in the State of Michigan than you are getting it now. You are one of the worst overcharged States.

Mr. DONDERO. I happen to have the figures on that, and we are the lowest in this Nation, outside of the State of Washington, from which my colleague, Mr. SMITH, comes; and they have the natural water power in that State. We are the lowest. The United States average is $33 a year per customer, and in Michigan it is $27 a year.

Mr. RANKIN. You are paying $27 a year, $2.25 a month, for a lot less power.

Mr. DONDERO. It costs us less than the price of an ice-cream soda a day. I know that.

Mr. SMITH. Mr. RANKIN, are you going to insert in the RECORD figures regarding Windsor and Detroit?

Mr. RANKIN. Yes.

Mr. SMITH. And Cleveland, Ohio?

Mr. RANKIN. Yes.

Mr. DONDERO. Mr. Chairman, I want the privilege of doing the same thing.

Mr. MOSIER. And I want the privilege of doing the same thing with regard to the Cleveland plant—to show that Mr. RANKIN's statement is absolutely erroneous concerning that plant.

Mr. RANKIN. In connection with that, I would be glad to have the figures inserted in the CONGRESSIONAL RECORD so we can answer to the public. I would be glad to have them do that.

Mr. DONDERO. I will say that I am not interested in either a private or a public utility anywhere in the world.

Mr. RANKIN. Neither am I. I am in this fight for the benefit of the American people and we are getting results.

In response to questions asked by the gentleman from Michigan [Mr. DONDERO] and the gentleman from Ohio [Mr. MOSIER] relative to a rate comparison between the private plant at Detroit, Mich., and the public plant at Windsor, Ontario, and the facts as to the public plant at Cleveland, Ohio, I desire to say that the Windsor public plant is selling electricity at a much lower rate than it is sold in Detroit. The Windsor plant has an outstanding indebtedness of only $90.30 per meter, compared with $442 for the Detroit company.

As near as can be told, the national private-utility debt in this country is around $518 per meter, which they seem to make no effort to amortize.

The Cleveland, Ohio, public plant for 22 years has been a pacemaker in low electric rates, made with steam. It has been a sound and beneficial yardstick for the investing and consuming public. This plant's indebtedness per meter is around $57 compared with $356 for the private company in that city. In its 22 years of existence it has saved the people of Cleveland around $55,000,000 in rate charges, or three and a quarter times the cost of the city plant, with only 17 percent of its value outstanding as a debt.

These cited examples show the need of a yardstick to protect the consuming and investing public.

The control statistics can be effectively summarized at this point:

| | Windsor, Ontario | Detroit private plant | Cleveland | |
|---|---|---|---|---|
| | | | Public plant | Private plant |
| Assets per customer book stated values | $304.50 | $540 | $328 | $472 |
| Debts outstanding per customer | $90.30 | $442 | $57 | $356 |
| Debts outstanding in percentage of assets | 27.7 | 81.7 | 17.4 | 75.5 |

Is it not obvious that a public yardstick plant operating on the debt-redemption principle will have lower debt charges and therefore lower costs and rates?

RATE COMPARISONS

Detroit is served by a private plant, and Windsor, just across the river, is served by the Ontario Hydro. Windsor receives its current from Niagara Falls over two transmission lines, each 238 miles long. Windsor initiated the service in October 1914.

The following residential electric statistics derived from the Federal Power Commission and from the official records of the public plants listed, show the latest available comparative figures, which are as follows:

| State or city | Residential kilowatt-hour per consumer per year | Average residential rate, cents per kilowatt-hour | Length of yardstick, inches |
|---|---|---|---|
| Tacoma, Wash | 1,565 | 1.68 | 34 |
| Tupelo, Miss | 1,864 | 1.78 | 36 |
| Windsor, Ontario | 1,908 | 1.80 | 36 |
| State of Washington No. 1 | 1,327 | 2.35 | 47 |
| State of Oregon No. 2 | 1,258 | 2.59 | 52 |
| State of Idaho No. 3 | 1,301 | 2.98 | 60 |
| State of California No. 4 | 811 | 3.68 | 73 |
| State of Michigan No. 5 | 772 | 3.72 | 75 |
| National average | 706 | 4.63 | 95 |
| Detroit Edison Co | | 3.85 | 77 |

The lower average rates of all of the above States is due to the yardstick influence of the following public plants: Seattle, Tacoma, Los Angeles, and Ontario Hydro. These public plants have set up a zone of influence, which has resulted in public opinion requiring the private plants to trim ship as to capitalization and to give lower rates. This comparison is concrete evidence of the beneficial effect of an honest yardstick. All of these public plants have amortized a substantial part of their cost, and can be considered a well-tried-out demonstration of what can be accomplished by working under the principles of amortization, and volume-price control. The private plants have ignored these principles, and have adopted instead the selfish policy of nondebt repayment or refunding, financial watering, and the vicious cycle of rate-making to freeze fictitious securities outstanding.

Here is the summary comparison of Windsor with the Detroit Edison Co., covering residential consumption:

| | Windsor | Detroit |
|---|---|---|
| (1) Actual average residential rate | 1.80 cents per kilowatt-hour. | 3.85 cents per kilowatt-hour. |
| (2) Average residential rate with taxes added. | 2.04 cents per kilowatt-hour. | Do. |
| (3) Yardstick length, No. 2 above | 41 inches | 77 inches. |
| (4) Average rate if Detroit increased consumption equal to Windsor's with rates in effect in 1936. | 2.04 cents per kilowatt-hour. | 3.03 cents per kilowatt-hour. |
| Debt outstanding per meter | $90.30 | $442. |
| Plant, property, and assets per meter. | $304.50 | $540. |
| Debt in percent of assets | 27.7 | 81.7. |

Source: Moody's Manual for year 1936, p. 1558, 1937 edition.

It is obvious from the debt outstanding per customer (meter) that the Detroit rates cannot be as low as Windsor's, as the debt charges to the Detroit Co. is about five times as great as the property across the river in Windsor—four and nine-tenths times, to be exact.

When Windsor amortizes the small percentage of debt remaining it can cut its rate almost in two, and at that time the Detroit rates will be about two and five-tenths times larger.

On the basis of actual rate billing (and including taxes in Windsor figures), the small nonappliance residential user in Detroit pays 48 percent more than in Windsor; the consumer with a refrigerator pays 31 percent more; and one with a refrigerator and a stove 53 percent more.

The following table, based on actual billings for July 1936, given by the Federal Power Commission and the Canada Department of Commerce, tells the story.

*Residential billings from rates in effect*

COMPARISON OF DETROIT EDISON CO. AND MUNICIPALITY OF WINDSOR

| | Kilowatt-hours used per month | | | | |
|---|---|---|---|---|---|
| | 15 | 25 | 40 | 100 | 250 |
| Detroit | $1.03 | $1.39 | $1.98 | $3.53 | $6.90 |
| Windsor | .75 | .83 | 1.30 | 2.38 | 4.00 |
| Windsor plus 13 percent tax equivalent | .86 | .94 | 1.47 | 2.69 | 4.52 |
| Detroit, percentage above Windsor after including taxes | 20 | 48 | 31 | 31 | 53 |

*Kilowatt-hours*

| | |
|---|---|
| Minimum bill customer | 15 |
| Small nonappliance customer | 25 |
| Average customer with refrigerator | 100 |
| Average customer with refrigerator and stove | 250 |

Out of all the cities in the United States of 100,000 population or more Detroit ranked as follows, depending on size of electric bill as of 1936: 25 kilowatt-hours per month, ranks 42; 100 kilowatt-hours per month, ranks 19; 250 kilowatt-hours per month, ranks 24.

From this ranking list prepared by the Federal Power Commission it is obvious that the small consumer in Detroit does not fare so well.

If you go further south in Michigan, and take Flint as an example, the following bill comparisons result, being the percent indicated higher than Windsor with tax equivalent added to Windsor bills: Small user, 25 kilowatt-hours per month, 94 percent; refrigerator user, 100 kilowatt-hours per month, 36 percent; refrigerator and stove user, 250 kilowatt-hours per month, 45 percent.

This shows that the further a community is away from the zone of the yardstick, the higher the rate, especially to the numerous small consumers.

The Windsor top residential net rate is 3.25 cents per kilowatt-hour, whereas the Detroit top rate was 9 cents as of July 1936, for a much shorter block length. The follow-up rates which govern consumption volume were 3.6 and 2.25 in Detroit compared with 1.08 cents in Windsor in the entire range. This tells the story as to why the average rate is much lower in Windsor and the consumption greater.

The Ontario Hydro pays no taxes, so the tax equivalent has to be added to the Windsor bills to produce a fair comparison.

The Federal Power Commission (rate series 5, p. 35) shows that the private utilities in the State of Michigan paid 12.2 percent of their gross (total billings) in all kinds of taxes. The municipality of Windsor secures certain monetary advantages from its own plant which it would not receive were it served by a private utility. Therefore the addition of 13 percent to Windsor costs as a tax equivalent is an equitable comparison for present conditions.

The difference in generation between Niagara Hydro plus long transmission, and a $4 per ton modern steam plant does not account for the difference in rates. Hydro-Niagara is a high-cost plant because of the long rock feeder canal. It is about 2 mills per kilowatt-hour cheaper than a modern steam plant, and this difference on the 25-kilowatt-hour per month small consumer only amounts to 5 cents on a month's bill. The difference could not cause any controversy. The difference is due to ruthless and unreasonable overcharges, holding company rake-off, high debt charges, high salaries, propaganda expense and other expenses that might be termed illicit.

The Detroit Edison Co. is classed as one of the better operating companies in the United States. On a performance standard it is about 20 percent better than the average company but still its rates are much higher than they should be. Detroit could have Windsor rates and the company could make a reasonable return on a prudent investment rate base.

CLEVELAND PUBLIC PLANT

Some 30 years ago the late Mayor Tom Johnson, of Cleveland, started his crusade for a 3-cent rate light plant. It was then referred to as an impossibility as the rates were then ranging from 10 to 20 cents per kilowatt-hour, with the national average rate of 10 cents per kilowatt-hour. The plant was started in 1912 and completed about 1915—22 years ago.

Immediately after the completion of this plant, the competing private utility, namely, the Cleveland Electric Illuminating Co., had to cut its rate in half to hold its business. For many years Cleveland has stood No. 1 in the list of all American cities of 100,000 population in charges to the numerous small electric consumers. In these 22 years this plant has saved the people of Cleveland in electric charges at least $55,000,000—more than $2,000,000 a year. This plant is a relatively small one, but it forced the competing plant to meet its charges.

Meeting the Johnson plant rates did not destroy the competing private company. The following statistics tell the financial and operating story of the plant. The data was furnished by the plant officials as the result of a questionnaire sent them:

| | |
|---|---|
| Number of meters | 53,154 |
| Capacity of plant (kilowatts) | 50,000 |
| Peak load in percentage of capacity | 84 |
| Net indebtedness of plant | $3,027,484 |

| | |
|---|---|
| Net indebtedness per consumer | $57 |
| Assets | $17,422,381 |
| Assets per consumer | $328 |
| Debt outstanding in percentage of assets | 17.4 |
| Gross revenue per year 1936 | $3,676,173 |
| Operating expenses | $1,936,498 |
| Gross profit | $1,739,675 |
| Taxes and value of free service in percentage of gross | 8.6 |

Any plant which has only an indebtedness outstanding of 17 percent of its assets and has saved its citizen owners $55,000,000 in rates cannot be looked upon as anything but a public benefactor. It is in solid financial condition, despite misrepresentations of private power interests. Let us see what the similar statistics of the Cleveland Electric Illuminating Co. show, taken from Moody's Manual, 1937 edition, page 2413:

| | |
|---|---|
| Number of customers | 36,914 |
| Capacity of plants (kilowatts) | 470,000 |
| Peak load in percentage of capacity | 77 |
| Net indebtedness | $112,860,500 |
| Net indebtedness per consumer | $356 |
| Assets | $149,770,468 |
| Assets per consumer (book value) | $472 |
| Debt outstanding in percentage of assets | 75.5 |
| Gross revenue per year (1936) | $27,083,893 |
| Operating expenses, maintenance, depreciation, and taxes (1936) | $18,759,882 |
| Net earnings | $8,324,011 |
| Federal, State, and local taxes in percentage of gross revenue | 14.75 |

Comparing the Detroit and Cleveland private properties as given it will be seen that the effect of direct competition in Cleveland has resulted in the latter company having a lower unit capitalization and a lower debt per meter, and a lower percentage of outstanding indebtedness. This company's credit rating is excellent as it has out 3¾-percent bonds, which shows that the influence of the Cleveland public plant has been extremely beneficial to the investing as well as consuming public. The competition of a "yardstick" plant in Cleveland did not destroy the company's solvency or credit. It did, however, result in requiring this company to trim its financial structure and meet the yardstick rates, in spite of the fact that it was freely stated in the early days that the 3-cent rate would be impossible. The presence of the yardstick plant has been a blessing both to the consuming and investing public. Therefore it can be fairly stated that the Cleveland plant has been a success and is perfectly sound.

CLEVELAND AND DETROIT OWNERSHIP

The Cleveland private company is controlled by the North American Co. This holding company has also a large stock equity in the Detroit company, and also controls the Washington, D. C., property. The credit ratings of all of these companies is excellent and they are looked upon in the industry as being among the best. They are better than the average American company but still do not have entirely clean skirts in their investment dealings. I will not take time to go into this, but the Honorable WALTER M. PIERCE covered this in detail in an outstanding analytical speech made on the floor of the House July 22 last, which is in the CONGRESSIONAL RECORD of that date. I commend the reading of this to give light on the true costs of electricity, and how the rate base can be padded and manipulated, even by the better companies.

In conclusion, I might add that all the data used herein was taken from official documents, namely, the Federal Power Commission, Ontario Hydro, Canadian Government Department of Trade and Commerce, data furnished by municipalities cited, and the balance sheets of private companies as given in the 1937 edition of Moody's Manual. They can therefore be checked.

Therefore, it will be seen that the yardstick is the greatest weapon ever devised for the protection of the consumers of electric energy.

It should be made available to the people in every community.

Thank you, Mr. Chairman, and gentlemen of the committee, for your patient hearing.

Mr. DE ROUEN. Thank you, Mr. RANKIN.

Mr. DITTER. Mr. Chairman, I yield to the gentleman from Michigan [Mr. DONDERO] such time as he may desire.

Mr. DONDERO. Mr. Chairman, much has been said in the House of Representatives by the gentleman from Mississippi, my friend and distinguished colleague [Mr. RANKIN], regarding the T. V. A. yardstick for the measurement of the cost of electric energy.

Private utilities and the sense of fairness of the average American citizen would have no quarrel with the yardstick so well espoused by the gentleman from Mississippi if it were a fair and reasonable yardstick; if it were exactly 3 feet long and the same instrument of measurement, with everything considered, used to determine the cost of the production of electric energy by private utilities and even municipal plants throughout the United States. But when viewed in the light of the facts surrounding the production of electrical current by the Tennessee Valley Authority, that yardstick is repugnant to the sensibilities of honest men.

Its capital is furnished by the Federal Government. It pays less than one-third as much in taxes as private utilities. It has the advantage of freight rates; franking privileges on its mail, and the great resources of the Federal Government behind it in entering into contracts. It has no stockholders to pay. It does not pay dividends; and when convenient, it allocates a part of its tremendous cost to navigation and flood control. It had its vast properties handed to it without $1 of capitalization.

When these items are charged to T. V. A., which expenses are charged to other utilities, the T. V. A. yardstick shrinks in size and becomes a deceiving and incorrect barometer of cost.

The charge is made that in Michigan, a great State in which I have the honor to represent a district, the people are overcharged annually more than $30,000,000; and yet the rate of electrical current in that State is the lowest of any State in the Union with the exception of the State of Washington, where electrical energy, because of a great natural advantage in one locality, can be produced very cheaply. The average cost for the Nation is $33 per year for the domestic consumer for all purposes. The average cost in Michigan for the domestic consumer is $27 per year, or $2.25 a month, or less than the cost of an ice-cream soda per day.

Strong claim is made in favor of the hydroelectric system of Ontario, Canada, which produces its electrical current through the advantage of Niagara Falls; and considerable has been said that the people of the city of Detroit, a part of which is in my district, are greatly overcharged when compared to the cost of electrical current in Windsor, directly across the river, where the current is furnished by the Ontario Hydroelectric Co.

While home recently for the holiday recess, I went into Canada to learn the facts. Allegations and facts are two entirely different subjects, and I present below a comparative cost of electric current between typical residential consumers on the amount of the annual consumption of electric current in Detroit, furnished by the Detroit Edison Co. and the cost for the same amount of electricity furnished by the Ontario Hydroelectric Co. in Windsor, Ontario, Canada, across the river, a Government-subsidized system which does not pay taxes on its property. The Edison Co. in Detroit pays all taxes, city, county, State, and Federal, with a difference in tax rate on the real estate and physical property of approximately $24 per thousand in Windsor to $40 per thousand in Detroit. The following is a comparison of the cost:

*Annual consumption of a typical residence customer*

| | Windsor Hydro Electric system | The Detroit Edison Co. |
|---|---|---|
| As billed (760 kilowatt-hours) | $26.95 | $32.35 |
| Taxes (estimated at 11 percent) | None | 3.56 |
| Net, before taxes | 26.95 | 28.79 |
| Lamp service at retail costs (estimated at 8 lamp renewals per year at 15 amperes each) | None | 1.20 |
| Fuse calls and appliance repairs at retail costs | .64 | 2.81 |
| Net cost, without taxes or free service | 26.31 | 24.78 |

Difference in favor of consumer in Detroit, Mich., $1.53 annually.

Mr. DITTER. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

THE UNCERTAINTY CAUSED BY RECIPROCAL TREATIES, TAXATION, AND OTHER ADMINISTRATION POLICIES

Mr. TREADWAY. Mr. Chairman, I had not expected to bring up today the subject of reciprocal-trade treaties, but the gentleman from Ohio, [Mr. HARLAN] was so generous in his remarks yesterday on this subject and seemed to make so many errors in the course of his remarks that I cannot resist the temptation to make a few brief references to some of the statements he made.

For instance, the gentleman stated yesterday there was only $200,000,000 involved in the items which would be under

consideration in the negotiations between this country and Great Britain. The gentleman failed to take into consideration the fact that practically all productive industry in the United States is represented in these negotiations and that, if concessions are granted to Great Britain, every other nation is automatically included under the policy of generalizing our reductions. Therefore, as I have previously stated, you are practically going into the entire tariff structure of this country when you enter into any form of a reciprocal treaty with Great Britain.

There is still further danger in that particular. I read in the RECORD a list of the products on which the United States will consider granting concession to the United Kingdom, Newfoundland, and the British Colonial Empire, according to the Department of State's record of January 8, and there are nine and one-half pages of items. The one very serious feature of this matter is that consideration will be based on the present rate of duty. The "present rate of duty" is not the rate set in the Tariff Act of 1930, but in a great many instances is the rate which has gone into effect as the result of the reciprocal treaties.

I hope I am in error in making this statement, but if I am not, you are then really allowing a reciprocal treaty with Great Britain to take away every bit of protection there is today for the industries of the United States. This is what happens when we enter into a reciprocal treaty with Great Britain.

Another interesting statement the gentleman made was that previous treaties have been prevented from being put into effect by so-called blocs in the United States Senate. The gentleman from Ohio is a great believer in reciprocity. Therefore, why is it not proper that we look after our home interests by having treaties approved by the United States Senate, provided the countries with which we are entering into reciprocal treaties do the same. The treaties which have been entered into up to the present time have, for the most part, been referred to the legislative bodies of the countries with which we were negotiating. It seems to me that methods on one side should be extended to both sides if the treaties are to be truly reciprocal.

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

Mr. TREADWAY. I yield to the gentleman from Ohio.

Mr. HARLAN. Of course, the gentleman does not want to make a statement so general it is not quite correct. This situation does not apply to all countries.

Mr. TREADWAY. No, not at all. There are one or two countries which do not go back to their legislative bodies.

Mr. HARLAN. Belgium is one of the countries which is operating under the same plan we are.

Mr. TREADWAY. On the whole, the treaties which have been approved and entered into have gone back to the legislative bodies of the countries with which we have entered into agreements, but the gentleman claims that in our country we should not do that—we should not take any chances on the Secretary of State's will being overridden by the United States Senate, representing the people of the United States. In other words, those who do not approve of treaties going back to the United States Senate want centralization of authority in the Executive. They do not want the people to have any chance to say to their legislative body what their wishes are. They want the Chief Executive and his Secretary of State, together with his friends, such as Mr. Sayre and others, to be the ones to write the tariff laws and tariff treaties of this country. I do not approve of such a method of procedure.

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

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

Mr. WOODRUFF. Does not the gentleman believe if there could be found a way in which we could get reciprocal-trade agreements before the courts the courts would sustain the constitutional rights of Congress to pass on treaties?

Mr. TREADWAY. I am pleased the gentleman brings that point up in this connection, because I had expected to touch upon it. May I read an extract from a letter I received yesterday from an outstanding lawyer of this House? The gentleman quotes the definition of a treaty, and then states:

> The contention that it is possible or that it was ever intended under our system of constitutional government that an agreement could be made with a foreign nation in disregard of the provisions of the Constitution that such agreements should be made by the President, by and with the advice and consent of the Senate, is, of course, ridiculous. To an honest interpreter of our Constitution any arrangement with a foreign nation—call it treaty, compact, contract, agreement, bargain, deal, transaction, affidation, covenant, indenture, stipulation, settlement, compromise, protocol, or negotiation—comes within the purview of the treaty-making clause of the Constitution as accepted in diplomatic usage and can only be made by the President, by and with the advice and consent of the Senate.

I admit my handicap in not being a lawyer and my inability to discuss these things from a legal or judicial viewpoint, but from the very day the administration asked for this authority to put through these treaties without the consent of the Senate I have maintained such a practice was unconstitutional; and I continue to maintain that position, backed up by definite opinions of the Supreme Court.

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

Mr. TREADWAY. I yield to the gentleman from Maine.

Mr. BREWSTER. As a member of the Committee on Ways and Means of the House, what does the gentleman think of the provision in one of these so-called agreements restricting the power of the Congress to levy internal taxes?

In the Brazilian trade agreement, as it is called in the United States by those in authority, although the press reports from most foreign countries characterize these agreements as "treaties," there is a most unusual provision. I have not found its like in any of the other treaties.

There is nothing in the debates upon extending this authority to the President to indicate that Congress contemplated the restriction of its power to levy internal taxes. There is even more serious doubt as to whether one Congress could constitutionally limit its successors in such matters even by direct action—to say nothing of giving such power to a coordinate branch of the Government. Yet in the Brazilian trade treaty signed on February 2, 1935, we find this interesting provision:

> ARTICLE VII
>
> Articles the growth, produce, or manufacture of the United States of America or the United States of Brazil enumerated and described in schedules 1 and 11, respectively, after importation into the other country, shall be exempt from any national or Federal internal taxes, fees, charges, or exactions other or higher than those imposed or required to be imposed by laws of the United States of Brazil and the United States of America, respectively, in effect on the day of the signature of this agreement, subject to constitutional requirements.

It is gratifying to have this recognition that at least this paragraph of the treaty is "subject to constitutional requirements." Does the failure to include this clause in other paragraphs imply that they are not "subject to constitutional requirements"?

Or does it indicate that here at least even the authors were in some doubt as to their authority?

And may one inquire whether the authority of the Constitution now prevails only when an administrative official shall make a bow in its direction in the course of concluding an "agreement" with a foreign power?

In view of the trend of recent years this clause seems to be a most interesting and significant piece of surplusage.

But my question to the gentleman from Massachusetts as ranking minority member of the great Ways and Means Committee of the House is whether the committee contemplated such a possible restriction upon the powers of this House when this authority was created and whether any explanation has ever been given to the committee or any member thereof by the State Department as to why they sought to exercise so extraordinary a power as to attempt to bind the Congress in matters of internal taxation?

Mr. TREADWAY. I do not know what the majority members of the committee contemplated, but I do not ap-

prove of anything which takes away from the legislative body its functions as prescribed by the Constitution.

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

Mr. TREADWAY. I yield to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. Does the gentleman know what duration is contemplated for the proposed agreement with Great Britain?

Mr. TREADWAY. Most of these agreements have a duration of 3 years.

Mr. WIGGLESWORTH. Is there any limit as a matter of law?

Mr. TREADWAY. Yes.

Mr. WIGGLESWORTH. Is it not a fact that for the full duration of any agreement we are bound not only with respect to the country with whom the treaty is made but also in respect of every other country which does not discriminate against this country?

Mr. TREADWAY. I am of the opinion the gentleman is correct.

Mr. WOODRUFF. If the gentleman will yield, I may say for the benefit of the gentleman from Massachusetts [Mr. WIGGLESWORTH] the law provides these treaties shall be of 3 years' duration.

Mr. TREADWAY. Yes.

Mr. WOODRUFF. The law also provides the treaty shall automatically extend another 3 years, provided neither one of contracting parties has asked for a discontinuance within a certain period prior to the time of expiration.

Mr. TREADWAY. The gentleman is correct.

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

Mr. TREADWAY. I yield.

Mr. HARLAN. As a contribution to the last discussion, of course, none of us knows what the terms of the United Kingdom agreement will be.

Mr. TREADWAY. We ought to, though.

Mr. HARLAN. But in practically all agreements, in fact, in every one with which I am familiar of the 16 agreements, there has been a provision that in a certain period, be it 30, 60, or 90 days, the agreement can be abrogated by either of the parties. So that if this Congress is dissatisfied with any agreement limiting our power to tax or anything else, we can proceed to tax and set aside the agreement any time we want.

Mr. TREADWAY. That is true theoretically.

Mr. HARLAN. That is the fact.

Mr. TREADWAY. I do not believe the Seventy-fifth Congress will set aside the agreements because they are too hidebound to the present administration, but I want to prophesy to the gentleman from Ohio and the House that the Seventy-sixth and Seventy-seventh Congresses will have such a membership that they will show their dislike of these agreements very vociferously.

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

Mr. TREADWAY. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Has the gentleman called the attention of the House to the fact that any benefit that we give a country with which we make a trade agreement automatically goes to all other countries except Germany and Russia?

Mrs. ROGERS of Massachusetts. Germany and Australia.

Mr. TREADWAY. We have brought that up time and again.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mrs. ROGERS of Massachusetts. Is it not true that among the items on the agenda with the British Empire are commodities that will nearly put our industries in New England out of business?

Mr. TREADWAY. Practically every one of them is a competitive article with New England industry.

The gentleman from Ohio [Mr. HARLAN] was supporting the industries of his district in wanting these treaties to go into effect, because his is an export district which makes adding machines, scales, cash registers, and things like that which have a large sale abroad, as I understand it, but our articles are the textile articles that our people manufacture by the sweat of their brow largely for home consumption, and for which they are paid wages from our producers.

Mrs. ROGERS of Massachusetts. And is it not also true that the commodities the gentleman spoke of are not suffering from competition with other countries?

Mr. TREADWAY. That is my understanding of it. They have a virtual monopoly and are free of foreign competition.

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

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

Mr. MICHENER. It seems to me there is one feature of these trade agreements that has not been sufficiently stressed. The Secretary of State enters into the agreements, then later Congress desires to pass legislation affecting the matters covered by the agreement, whereupon the Secretary of State immediately opposes the action of Congress because he states it would be morally wrong for Congress later to enact legislation which might affect these trade agreements. As witness, I call attention to the sugar agreement with Cuba. When sugar legislation was up for consideration we were confronted with this situation: The Secretary of State opposed the sugar bill because he had agreed with Cuba that this country would not increase sugar production during the life of the trade agreement.

Mr. TREADWAY. Let me say in connection with these various types of agreements, particularly in answer to my colleague the gentlewoman from Massachusetts, as to competition, the gentleman from Ohio yesterday referred to McKinley tariffs and reciprocal agreements. Yes; we are for reciprocal agreements of the McKinley type. McKinley was one of the exponents of reciprocity, coupled with an adequate tariff on competitive articles, and it elected him President of the United States. He was chairman of the great Ways and Means Committee of this House, and his theories were so acceptable to the people of the country that he was elected President of the United States with great ease. There is a great distinction between the kind of reciprocal tariffs McKinley advocated and the kind that Mr. Hull wants to put into effect with Great Britain and with other countries. Not one of them has any regard whatsoever for the competitive feature which was the basis of the reciprocal treaties that Mr. McKinley wanted, and which were adopted in accordance with law.

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

Mr. TREADWAY. I can only yield very briefly, because I have not reached my main subject.

Mr. HARLAN. The gentleman mentioned my district as being an export district. I simply want to correct that in the RECORD. The industry in my district runs from 13 to 16 percent export, which is just about the average for industrial districts throughout the United States.

As to the McKinley reciprocity which the gentleman just mentioned, the gentleman does not say to this House that if we only granted reciprocity to those countries that supply the things we have to buy from them, there would be any hope of getting any real reciprocity. There is not any country going to give us any privileges in buying the things we have to buy from them.

Mr. TREADWAY. The gentleman wants the power lodged in the executive department, while we want the power retained in the hands of the Congress, where the Constitution put it originally.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I yield the gentleman from Massachusetts 10 additional minutes.

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

Mr. TREADWAY. I yield.

Mr. GEARHART. Referring to a horizontal reduction of the tariff accomplished through the reading into the law of the most-favored-nation clause, does not the reading in of the unconditional most-favored-nation clause constitute a usurpation of the legislative power of this Congress?

Mr. TREADWAY. Oh, absolutely. It takes away from the Congress its legislative authority.

Mr. GEARHART. There is nothing in the act itself saying anything about the most-favored-nation clause.

Mr. TREADWAY. They simply assume it.

Mr. GEARHART. That is just read into the act.

Mr. TREADWAY. I must refer once more to the gentleman from Ohio's talk about prosperity yesterday. I think he got the cart before the horse. Prosperity comes with increase of selling and buying power, not because the tariff may be lowered, and we naturally need more from foreign countries. In this period of depression the purchasing power of the American people is tremendously reduced. He had it upside down, as I recall what he said.

On Tuesday I made some observations about reciprocal treaties. I do not think the attention of the country can be called too often to the fact that the State Department is soon to commence negotiations with reference to Great Britain, not for the purpose of aiding our industries but for the purpose of carrying out the misguided doctrine of the Secretary of State to do away, as far as he possibly can, with the protective tariff, which is the basis of employment and decent wages for American labor. We are today suffering from foreign competition, which will be so tremendously increased under any reciprocal-trade agreement with Great Britain which the Secretary of State may advocate that I dread to anticipate the situation which will be developed throughout the country, particularly in New England, which, to a certain extent, is the home of the textile industry.

The list published in last Saturday's RECORD showing the items on which this country will consider granting concessions to Great Britain is a death warrant for large sections of American industry, particularly in my own section of New England.

Twenty-eight different items or groups of items in the cotton schedule are mentioned, including cotton cloth and various other manufactures of cotton.

I do not need to remind the House of the serious condition in which the textile industry of New England finds itself. Imports from Japan and other countries are flooding our market and depriving our own workers of employment. Japan will get the benefit of any concessions which we grant to Great Britain with respect to cotton cloth or any other item. So will every other country in the world, save Germany and Australia. Thus the seriousness of the British treaty to the textile industry is not confined to imports from Great Britain alone. As I have said previously, the reductions made under the various trade treaties are tantamount to a general tariff revision since the reduced rates are not confined to the treaty countries.

Many other New England industries will be injured by any treaty entered into with Great Britain. Numerous concessions are in prospect in the wool schedule, including such items as woven fabrics of wool and woolen manufactures of various kinds. Even the shoe industry, which already is faced with serious competition from abroad with the existing duties, is faced with the possibility of a reduction in the duty on certain kinds of shoes under the British treaty. Even now there hangs over the industry the threat of a reduction in the duty on certain kinds of shoes under the pending Czechoslovakian treaty. Czeschoslovakia, of course, will also get the benefit of any reductions made under the British treaty, and vice versa.

The proposed reductions in the duties on manufactures of iron and steel will also adversely affect a large section of New England industry. Among the items mentioned for duty reductions are textile machinery, knives of all kinds, and a long list of other metal manufactures. Thousands of workers are engaged in Massachusetts in the production of iron and steel manufactures. Their jobs are threatened by the proposed reductions in duty on their products under the British treaty.

The paper industry of Massachusetts will also be adversely affected by this treaty. Numerous articles in the paper schedule are set forth in the list on which concessions may be made. In my own district, paper manufacturing furnishes a livelihood for a large segment of the workers. Their jobs are also threatened by the British treaty.

Up to the present time, the people of this country have been indifferent to the injury which the trade treaties already in force have done to our home industries and the workers engaged therein. They have been misled by the one-sided propaganda with which the State Department has flooded the country, purporting to show increased exports resulting from the trade treaties. Little or no mention has been made of the tremendous flood of imports which has resulted, and which has completely offset any increase in our exports, a large part of which has in any event resulted without reference to trade treaties.

I believe that when the British treaty is finally agreed to and promulgated by the President it will serve to awaken the country to the fact that this administration has been, and is, trading off our rich domestic market for a lean and illusory foreign market, destroying our home industries, and throwing our workers out of employment.

The present trade policy of the administration is both dangerous and improvident. We are needlessly admitting increased competitive foreign products into our market, to the detriment of our own people, when the noncompetitive products which we need and have always imported are sufficient to pay for the goods which we send abroad.

I am strongly in favor of the expansion of our foreign trade, including reciprocity of the McKinley type, but I cannot subscribe to the present policy of reducing our duties on competitive foreign products below the difference in foreign and domestic production costs. Such a policy will invariably lead to the closing of more mills, more distress on the part of workers, more unemployment, and, above all, more importation of foreign-made goods.

Mr. Chairman, we have not paid attention enough, in my opinion, to the seriousness of this situation, because the previous treaties we have entered into, to a certain extent, have affected only certain minor items, important to a certain extent perhaps in certain localities; but when you start to trade with Great Britain, and lower your tariff rates, then you are seriously hitting everybody, and I hope the people will wake up to the fact of what this proposed treaty with Great Britain will do and bring such a protest against it that even Secretary Hull will not dare to carry out the negotiations. Our people should rise up in their power. Sometimes the administration is scared into not doing these things.

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

Mr. TREADWAY. Yes.

Mr. CULKIN. In the last treaty with Canada the Secretary of State and the President ignored the Ottawa agreement, which gave preferential treatment to England's colonies, or the associated colonies of Canada. Does the gentleman know whether or not it is proposed in this trade agreement with Great Britain to take up the various phases of that Ottawa agreement?

Mr. TREADWAY. I cannot answer the gentleman's question categorically, but I do think in general they are so anxious to knock our industries to pieces that if the Ottawa agreement will help do it they will try to put it across.

Mr. CULKIN. They ignored it in the last treaty. Mr. Sayre and Mr. Hull absolutely ignored the Ottawa agreement. It is safe to assume that the whole British Empire will be on the other side.

Mr. TREADWAY. Yes.

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

Mr. TREADWAY. Oh, yes; I will have to yield. My friend always helps me out.

Mr. HARLAN. Is the gentleman informed that in order to get the most-favored-nation treatment in other countries, we have to give the most-favored-nation treatment, and that as a result of that exchange $30,000,000 of imports last year were benefited by that clause?

Mr. TREADWAY. Oh, the gentleman is wandering off a long way.

Mr. HARLAN. And exports have been benefited by the most-favored-nation treaty. In other words, our ratio on the most-favored-nation treaty agreements has been around 9 to 1 in our favor.

Mr. TREADWAY. Of course, as the gentleman says, there is nothing that has to do with reciprocal treaties that I can ever agree to.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mrs. ROGERS of Massachusetts. Is it not true that wages are bound to go down in this country if goods come in made by poorly paid labor?

Mr. TREADWAY. The lady from Massachusetts is so well informed on Czechoslovakian shoes and the products of Lowell, Mass., and her immediate district, that in asking a question of a farmer out in the Berkshire Hills, as she is doing now, I cannot answer other than to always say yes. The lady's inquiries answer themselves.

Mrs. ROGERS of Massachusetts. Will the gentleman yield for one more question?

Mr. TREADWAY. With pleasure.

Mrs. ROGERS of Massachusetts. The gentleman from Massachusetts calls himself a farmer, but he has been a great fighter for the protection of American industry.

The gentleman from Ohio [Mr. HARLAN] stated that the volume of importation of shoes was not very great, compared with the total number produced and sold in this country.

I know the gentleman realizes that it is competition in a certain grade that is so extremely dangerous, that competition in the low-priced shoe field tends to lower the price of the better grades of shoes. The low price is always the market price. The general level of the market price is always influenced by the cheaper grades, and also hurts the sale of leather in this country.

Mr. TREADWAY. Undoubtedly the gentleman uses statistics furnished him by the Tariff Commission which probably are correct for the small percentage they represent.

Mrs. ROGERS of Massachusetts. One of the worst offenders is cemented shoes.

Mr. TREADWAY. The cheaper shoes affect the whole market, but the effect would be very large in one particular grade. Let me further call attention to the fact that the shoe industry has suffered for a good many years, suffered so much that when the last Tariff Act was written our late colleague from Massachusetts, Mr. Connery, came before our committee and urged, and urged on the floor of this House that the shoe rate be increased from 20 to 30 percent.

Mrs. ROGERS of Massachusetts. We all did.

Mr. TREADWAY. We all did; but I am calling particular attention to the source from which that particular item came.

Mrs. ROGERS of Massachusetts. He realized it would throw people out of employment.

Mr. TREADWAY. He did. His brother, I think, agrees with his conclusion.

UNCERTAINTY CAUSES LACK OF CONFIDENCE

Let me proceed now along a somewhat different line.

Mr. Chairman, it is not given to the minority to know of the intentions or program of the majority or of the administration. Most of our information must be obtained second-hand, either from what is given us informally or through the press. I usually consult the press. There seems to be at the present time, not only in the minds of the people but in the press itself, a very wide element of divergence and uncertainty. About 2 weeks ago a series of speeches was made by men in the administration close to the head, violently abusing business. Words seemed to fail both Assistant Attorney General Jackson and Secretary Ickes with which to properly vilify and abuse the business interests of the country. The inference could readily be drawn that those employing people were terrible malefactors and in a good many instances even subject to imprisonment. The reaction to this sort of talk was very critical and adverse. It would appear that as a result the President, in his address to Congress, took heed of the feeling of the people and modified the ideas that he evidently had told his henchmen to express. We have recently seen a still further effort to placate business interests by the fact that five of the leading industrialists of the country were in conference at the White House on Tuesday, and from press accounts left there with the feeling that the conference had been to their advantage.

With several millions unemployed and a depression of great magnitude upon us even this straw of encouragement is worth while.

There are several outstanding reasons for the depression which now exists and for the failure of recovery under the pump-priming methods of the administration. It would be a long and difficult task to enumerate all these causes, but let me call attention to a very few of them. Among the principal ones are uncertainty, fear, excessive and unsound taxation, and reciprocal-trade agreements.

I doubt whether there has ever been a period in our history when the people knew less of the expectations of legislation and the effect of future legislation upon business. This uncertainty is so pronounced it even exists among the men charged with the responsibility of government. The Chief Executive deals beautifully in generalities. His addresses, his broadcasts, his speeches all have the well-pronounced Rooseveltian assurance of confidence, but without substance. If the administration itself does not know where it is heading, how can it be expected that the people will have any feeling of assurance? Uncertainty and fear are closely allied, or rather fear is the result of uncertainty. If the business people of the country had any assurance of a permanent policy or a permanent form of legislative recommendations rather than this absolute lack of knowledge, they would develop a spirit of certainty and confidence rather than one of fear, provided, of course, the legislation was of a type that was not to be all-controlling over business.

Within a short time a new tax measure will be before Congress. What it would contain has been unknown to the public since the suggestion was first made last summer that a tax revision could be expected at this session. Innumerable business people have made inquiries as to what the effect would be on their industries. This information has not been forthcoming, and therefore industry has curtailed, reduced inventories, and laid off employees.

The Treasury from time to time has stated that the receipts from taxation were increasing, intimating that that meant improved business. It means nothing of the sort. It means that business is more and more oppressed by the taxes laid against it. I fear it will be found that the tax bill soon to be offered to the country will prove to be a still further effort to extract blood from a stone. An opportunity will be given to debate this measure within a short time. However, it is well known that the administration is so obsessed by the determination to admit no error that it is retaining the structure of the undistributed-profits tax.

Great furore has been aroused in the business world from this ill-advised levy, sold to the administration by an impractical college professor. Whether or not, when the bill reaches the other branch, this form of tax will be repealed remains to be seen, but certainly if the Members of that other branch vote their definite convictions the bill will come back here minus that tax.

The only comment I care to make at this time is with regard to the complicated provisions that the new draft will carry. If I were a lawyer and specialized in a clientele requiring tax device, I should expect to reap a harvest and set up a well-padded bank account. It would be interesting to know the amount of time and the amount of money taxpayers expend in trying to make honest income-tax returns. [Applause.]

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

Mr. MEAD. Mr. Chairman, I assume that every Member of this House is not only vitally interested in the well-being and the welfare of the Postal Service, but that he has a

specific problem he would like to bring to the attention of the committee or the Department affecting the service in his district. When this important appropriation bill is before the House and the committee, matters of this kind should receive first consideration; and to that end I intend to devote my time to affairs in the Postal Service.

The great Post Office Department of this country, the most efficient of its kind in the world, has been beset with difficulties since the coming of the great depression. Since 1929 it has been the object of strenuous efforts to bear down on appropriations in order that our Federal Budget might be brought into balance. Since the coming of the great depression it has been called upon by various departments of the Government to render service hitherto unknown to the Postal Department. It has taken on added burdens, and it has been forced by refinements, perfections, and increased efficiencies to absorb those additional burdens while at the same time being obliged to get along with less and less appropriation.

A student of the Postal Service reading the report and the hearings will find statements by those who fear that we are on the threshold of a major depression. He will find arguments of that character used in order to pare down the postal appropriations. He will also find statements that the service is impaired, deliveries diminished, and postal efficiency in various sections of the country reduced, while at the same time, from the same sources, will be found statements that more money than is necessary is appropriated in the pending measure.

The Budget, intimating that we may find in the coming year a reduction in postal volume, also makes the contradictory statement that there is in the offing a surplus of $30,000,000 in postal revenues to be expected in the forthcoming year. These contradictory statements, Mr. Chairman—that more money than necessary is appropriated, that the service is being reduced and impaired, that it is necessary in order to approach a balancing of the postal revenues that we cut expenses, yet at the same time stating that by reason, I suppose, of expanding volume, we are going to have a surplus in the coming year—added together do not make sense.

I find no fault with the Subcommittee on Appropriations. I direct my criticism at the system that has become the method of procedure since the adoption of the Budget, augmented by the practices applied since the coming of the depression, and greatly added to by the increased burdens thrown on the Postal Service under existing circumstances. A new and changed policy governing postal appropriations has taken place. The experts of the Department are almost powerless insofar as giving testimony to the Members of Congress is concerned. Their lips are sealed to a great degree by regulations that make it compelling on their part to go to the Budget first. Recommendations made to the Budget by the Postal Department are severely cut, only to be cut again by the Appropriations Committee of this House, perhaps also by the House itself, and then, before the bill is finally acted on, further reductions may be made in the other body. Under this system the Post Office Department is required to assume more and more work for all the departments of the Government on less and less money as the years follow each other. This policy, insofar as refinements in the service are concerned, insofar as expeditious delivery of the mail is concerned, insofar as the individual productive efficiency of the postal worker is concerned, is commendable, and no one can register complaint as to the service and its administration since the coming of the great depression; but, Mr. Chairman, if we look at the social problem we are developing, if we recognize the fact that by our methods we are reducing employment, forcing men to live below the standard set by law, setting up Uncle Sam as the arch chiseler insofar as work and working conditions are concerned while at the same time asking private industry to raise labor standards and shorten hours, we will see that our example is destined to intensify the difficulties that beset us and our time.

So I say, Mr. Chairman, I have nothing but praise to levy on the Postal Service. My commendation goes to the administrators of this service and surely to my colleagues who are associated with me in this House and who by chance happen to be members of the Committee on Appropriations. But I appeal to all of you as men who are not only interested in the Postal Service and its efficiency but as men who are primarily concerned with this major problem of our generation and age to make the administration of the Postal Department one that industry should be called upon to emulate, one that will be imitated as a result of our example by the industries located everywhere in the land. I cannot see the consistency of urging private enterprise to improve the standards of the workers while we, by reason of this system, neglect to carry out even the minimum standards required by law.

When I addressed the Committee on Appropriations I pointed out that for a period of 4 or 5 years preceding the great depression and after the depression was upon us for a year or two it was the policy of this committee to appropriate more money than was needed by the Postal Service. I then pointed out that since this changed policy took place the same committee appropriates less money than is needed to carry on the activities of the Postal Service, and the demand is ever prevalent for either a curtailment of service or reduction of personnel, or there are requests from the Department for deficiency appropriations.

Mr. Chairman, may I say that we have in this Service a personnel unequaled in any other department of the Government; and in giving consideration to the broad subject of appropriations for the maintenance of this Service, and in making a survey of postal operations for the last 5 years with special reference to the fiscal year ending June 30, 1937, one major fact stands out from every angle of approach, which is that the trend and scope of postal business continues onward and upward. In fact, the fiscal year 1937 has registered a new all-time high mark in postal history. The 1937 postal revenues amounted to $726,201,109, as against $665,343,356 for the fiscal year 1936, or an increase of $60,857,753 over the preceding year.

It is notable—

States our Postmaster General in his most recent annual report—

that 1937 revenue is higher than any previous year, and that 1937 expenditure is $30,000,000 less than in 1930, the all-time high.

And this brings out the story I am attempting to convey to you, that we are burdening the postal employee with a tremendous number of accumulating duties and expecting him to do this with a lesser appropriation each succeeding year.

Mr. FORAND. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Rhode Island.

Mr. FORAND. The gentleman has made reference to the increase in the Postal Service. A situation exists in my district—in fact, in my home post office, Pawtucket—where since the Economy Act was passed six men have either retired or died, and those six routes were absorbed. Therefore there is a shortage there of six men. Would it be possible under the present appropriation to replace these men?

Mr. MEAD. It is my judgment, from the record and the testimony contained in the hearings by Mr. Donaldson, the executive assistant to the First Assistant Postmaster General, that under this appropriation not one single appointment of that character will be made, not only in Pawtucket but in the United States.

This net postal surplus is the third during the past 4 years, notwithstanding the additional cost of $40,000,000 incident to the operation of the 40-hour-week law. Nineteen thirty postal revenues amounted to $705,484,608, the previous high record. For the current fiscal year, ending June 30, 1938, Postmaster General Farley estimates postal revenues will be $752,500,000 and that the expenditure, including nonpostal costs, will approximate $784,000,000.

Meanwhile the Postal Service, whose ramifications reach every nook and corner of our country, has rendered notable

service in various public-welfare undertakings. In June 1936 the Post Office Department assumed the obligation of conducting the prompt and efficient delivery of service bonds to 3,000,000 war veterans. The imperative requirements having to do with the delivery and process of conversion of these adjustable service bonds were handled in a manner that won Nation-wide commendation. In a similar thorough manner the Postal Service and its high-grade personnel rendered notable service to the Social Security Board in obtaining information from employers in the collection and compilation of essential data for setting up the Social Security Act. More recently, in response to action taken by Congress, President Roosevelt confirmed and gave direction to a broad national plan to take a census of the unemployed and partially unemployed. In active support of this program, Postmaster General Farley called on all postmasters and postal employees to cooperate with the administrator of the national unemployment census to translate this immense fact-finding project into prompt and definite accomplishment. The earnest and expeditious manner in which this great undertaking was carried through presented a new demonstration of Postal Service usefulness and an inspiring example of Nation-wide teamwork. Many other nonpostal undertakings to which the Post Office Department gave effective aid could be cited.

Dating from the depression low, postal operations have moved steadily forward, until the past fiscal year presents a story of record progress. Postal revenues and mail volume have scored a notable advance. Moreover, postal wages have been maintained, the postal workweek is now on a 40-hour basis, work opportunities have been greatly increased, and the entire Service has been charged with a vibrant spirit of cooperation and achievement. Because of its magnitude, its great number of employees, and particularly by the force of its example, the Postal Service exerts a profound influence on industry generally. Thus, the maintenance of postal employment standards at a high level becomes a matter of compelling moment, both on its own account and as an example for wide emulation.

Addressing the House on previous occasions, I have sought to stress the importance of the steady expansion of productive efficiency through new means and methods as the chief cause of economic congestion and widespread unemployment. Conceding that there is no short cut to prosperity and no magic formula to insure economic health, I have argued that it is only by observing the principle of balance in our economic relations that prosperity can be obtained and maintained. Productive efficiency continues to move forward with steady stride, but to keep our industrial machine producing, it must be kept in balance. Mass production calls for mass consumption.

This same reasoning applies to the Postal Service. Despite its commendable record of progress, the reactions of technocratic advances are shown here as they are in private industry. The steady expansion of productive efficiency is reflected throughout postal operations in increasing and varying degree, in ouput per man-hour of labor all along the line. The Rural Delivery Service presents a notable case in point. The total number of rural routes as of June 30, 1937, was 33,601, a total which shows a net reduction of 517, as compared to the preceding year. Comparing this 1937 total with the all-time high rural route total for the fiscal year 1926, shows a reduction of 11,714. Meanwhile the number of families and individuals served by these routes have shown a steady increase.

Something of this same trend applies throughout the Service. As of July 1, 1937, there were 30,329 post offices of the fourth class. This total compares with 31,031 as of July 1, 1936, or a reduction of 702 post offices of the fourth class during the past fiscal year. In 1920 this figure stood at 41,102, showing a reduction of more than 10,000 in the number of fourth-class post offices during the past 17 years.

In the Railway Mail Service the total number of regular railway-mail clerks as of June 30, 1937, was 19,127. In 1915 this same total amounted to 19,155. This figure represents a net decrease of 28 railway-mail clerks during the past 22 years, notwithstanding greatly increased mail volume and shorter labor hours.

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

Mr. MEAD. Mr. Chairman, the total number of city letter carriers as of June 30, 1937, was 54,944, an increase of 1,092 during the past fiscal year. The number of village delivery carriers during the same period decreased from 959 in 1936 to 916 village delivery carriers as of June 30, 1937. Post-office clerks, first- and second-class offices, as of June 30, 1937, numbered 72,325, an increase in this total during the past fiscal year of 1,855. This increase in the two foregoing quoted clerk and carrier items of some 2 percent as compared with some 9 percent in postal revenues during the same period, reflects the steady increase of productive efficiency throughout the Postal Service. While this entire recapitulation reflects the same trend of increased production per unit of worker in the Postal Service that is manifest throughout industry and which from one reasoning approach can be cited in justly commending terms as evidence of able administration, it at the same time presents a major factor in the cause of prompting the grave problem of unemployment which we cannot disregard. Thus, in observing the principle of balance, both in public and private employment, as the only sure road to national prosperity, the institution of shorter labor hours points the way that progress must take. [Applause.]

Mr. McFARLANE. Will the gentleman yield?

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

Mr. McFARLANE. I am wondering if the gentleman would put in the RECORD during the course of his remarks the subsidy that is now enjoyed by the newspapers of the country in connection with the distribution of their newspapers.

I think this matter is of interest to the country in view of the statement of the President in his recent press conference, as well as the statement of the Postmaster General, regarding this subject.

Mr. MEAD. The President recommended that an independent agency be created to make a study of this item. I should like to see this done, because in addition to a revision of rates as they apply to newspapers, we might also secure a revision of the rates paid to the railroads. We are the only industry using the railroad which purchases space on a space basis. In other words, we pay for a railway mail car going in both directions regardless of the fact it is loaded one way and empty the other way. We pay for the entire space in that particular contracted railway mail car, while the express companies pay only for the space they use.

Mr. McFARLANE. I would appreciate it, and I am sure the Members of the House would appreciate it, if the gentleman would place in his remarks the detail of the subsidy which is now enjoyed by second-, third-, and fourth-class mail, a condition which we should try to remedy in keeping with the President's recommendations. Will the gentleman do this?

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 6 additional minutes to the gentleman from New York.

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

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

Mr. O'MALLEY. The gentleman seemed to give the impression that the 40-hour week is being applied to all the Postal Service. Does this law affect the substitutes?

Mr. MEAD. The substitutes are paid on an hourly basis, unfortunately for them, because they receive less than the regulars would receive. Further, they do not receive sick leave or vacation. We find a large number of postal substitutes working regularly 40 hours a week as substitutes, but they are deprived of the privileges of the regular employee which I have just enumerated. This is because of the policy of providing a smaller amount of money than is necessary properly to enforce and carry out the mandate of existing law.

Mr. O'MALLEY. May I point out to the gentleman that some of this attempt to make a record is resulting in working substitutes as high as 63 hours a week? This is why some of

the figures showing a reduction in the number of employees are not true. More employees would be required if the substitutes were not worked as high as 63 hours a week.

Mr. MEAD. In my limited time I want to exonerate the Post Office Department. They are not responsible for these conditions.

Mr. O'MALLEY. May I ask the gentleman what a Member of Congress can do to have the Post Office Department enforce the 40-hour-week law impartially throughout the Service?

Mr. MEAD. We can help by providing the Department a sufficient amount of money to take proper care of the personnel.

This is what Mr. Donaldson states on page 112 of the hearings:

There would be no way in the world that we could operate next year on $138,000,000—

He is speaking about one branch of the Service—

unless there is some recession in business, either in the volume of mail or something that makes it possible for us to reduce the force or greatly curtail service.

If there is no reduction in the volume of mail and no decrease in the area served by the carriers we could not get by on $138,000,000.

Then the chairman said:

I am trying to get at the truth of this situation, because it is an important matter. You think you just cannot get by on $138,000,000?

Mr. Donaldson said:

We would have to say we will only have one delivery a day in residential sections, which would leave available a number of regular carriers to perform other services and relieve us of that substitute cost. The only thing you could do in City Delivery Service without destroying the service is just to curtail the number of deliveries and the number of collections.

Then Mr. Donaldson added this, with regard to the deficiency in the current appropriation for compensation to clerks of first- and second-class post offices:

Our original estimate for a deficiency was more than $3,000,000.

This is in the current appropriation and indicates we are not appropriating enough.

But due to the efforts that we know this Congress is trying to make to operate with the least possible cost, we have tried to meet every demand made by the Bureau of the Budget.

They have tried to meet it in the manner of which the gentleman has just complained—by working substitutes long hours, by working them as substitutes when they ought to be appointed regulars, by denying to these men what the law of the land promises them, and by depriving them of their vacations and sick leave, in order that we may try to end the fiscal year without a deficit. I believe this changed policy is a mistake, because it calls for not only a curtailment of service but depriving our postal employees of what the law and the Congress intended should be theirs.

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

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

Mr. HAINES. May I call the gentleman's attention to a condition which occurs in connection with a very low-paid group of postal employees, the clerks in the third-class post offices? I notice the bill carries an appropriation of only $7,250,000 for them, when the Department indicates they require $8,083,000.

Mr. MEAD. I am pleased the gentleman has brought up this item, because it is an indication of what is going on all along the line. The Department asked for $8,083,000. The Budget cut that figure, according to my records, to $7,250,000, and the committee took $200,000 more off that. These people are the unorganized and defenseless men and women who work in the third-class post offices, and they have nobody to represent them. First of all, the Budget cuts the item, then the Committee on Appropriations cuts it again, and who knows whether or not before it gets to the White House it will not endure a third cut? It is unfair.

THE RAILWAY MAIL SERVICE

Your attention is invited to the table on page 234 of the hearings. This gives the number of regular clerks in the Railway Mail Service on July 1, for the last 8 years:

*Regular clerks*

| | |
|---|---|
| 1930 | 19,453 |
| 1931 | 20,197 |
| 1932 | 19,809 |
| 1933 | 18,622 |
| 1934 | 17,772 |
| 1935 | 17,530 |
| 1936 | 18,744 |
| 1937 | 19,085 |

Between the years 1930 and 1937 there was enacted both the 44-hour-week and the 40-hour-workweek laws. These two acts were supposed to add approximately 2,500 additional regular clerks to this service. We find, however, that on last July 1 there were 368 less clerks in the Railway Mail Service than there was in 1930, before either of those laws were passed. This in spite of the big increase in the volume of mail.

In the past 6 months the number of clerks assigned to road duty has been reduced by 139. Approximately 80 of that number was on account of the discontinuance of R. P. O. service. In the big majority of those cases the railroad companies withdrew the trains. In the other 60 cases reorganizations have curtailed the number of transfer clerks at various points and road vacancies have been canceled by throwing mail into post offices or terminals for distribution. Less mail enroute is being worked. In the past 4 years much of the distributing space available in the mail cars was eliminated and the racks are placed in a nonuse position. In the working space discontinued, storage, or mails already made up are being carried. The cars are generally crowded to capacity with storage mails and the clerks handicapped by lack of rack separations to properly distribute the mail with any degree of celerity.

Various innovations have been practiced to reduce the number of clerks assigned to road duty. Terminal clerks and laborers are in many instances detailed to assist in the mail car before the train leaves the station. The amount of time formerly allowed for advance distribution—work in car before train leaves terminal—has continually been cut by the above-mentioned method or by having the mail partly worked in the post office or a terminal. As a result of this many road clerks are making just the same number of round trips annually as they did in 1930. The 44- and the 40-hour-week laws reduced their annual hours but mail was shifted for distribution elsewhere, leaving the actual road service required exactly the same. On the other hand there was an increase of 358 clerks in the terminals in the last fiscal year.

Your attention is also invited to the statement of Mr. Cole on page 234 of the hearings, which was in reply to an inquiry as to the probable number of regular employees on July 1 next. He stated:

I do not have the figures, but we will not have any more, I think, than we now have, of regular employees. There is one thing that the record should show, and that is that we carry a great many of what we call acting clerks. They are not regular employees, but are acting additional employees.

Mr. TABER. Are they regular substitutes?

Mr. COLE. Yes, sir; regular substitutes; but we do not put them on the rolls as regular clerks. Therefore, we carry them at less salary than we would if we made them regular clerks. In a number of our terminals we carry so many of them that we think that, under our practice and rules, we must begin to make some of them permanent.

On page 236 Mr. Cole states that the regular force in the R. M. S. has decreased by 104 since June 30. (Hearings, week November 22.) The annual report of the Postmaster General states that on June 30, 1937, there were 1,149 acting clerks in the Railway Mail Service. These clerks are doing work in assignments, the big majority of which should be made permanent regular jobs. One method of economizing at the expense of the employees, which Mr. Farley says should not be done, is to work them in assignments at the

salary of a substitute and save the difference between that amount and the salary of a regular clerk. A further saving is made as substitutes are allowed neither vacation leave nor sick leave.

Service was entirely discontinued on 41 railway post-office lines during the calendar year 1937. In most of the cases the railroad company discontinued the trains, as they were not making expenses. In some few cases the service was taken off although the train continued to operate. These were in cases where a mixed train was operated and the delivery of mail was expedited by star-route service. The lines discontinued were smaller railway post-office units. The saving in travel allowance made by that action is very small. However, that item is reduced by $350,000 for 1939. The table on page 12 shows an unexpended balance of $340,000 last year. Some of that saving was made by requiring clerks to deadhead to the opposite end of their line to begin their runs and away from what had been their established official headouts for a long number of years. This was done to avoid paying them travel allowance for Sunday layovers at their outer terminal, which would have occurred were they permitted to begin their runs at their point of residence and what had formerly been their regular official headout. In some instances runs have been cut in the middle. Clerks were then run out of each end and returned to their initial terminal sooner. This simply to eliminate travel allowance.

TRAVEL ALLOWANCE

On page 238 of the hearings it is stated that in 1937 the expenditure for this item was $3,200,000. The appropriation should at least be increased to that amount, an increase of $100,000 and a proviso included which would prohibit deadheading clerks the length of their line, simply for the purpose of saving at their inconvenience and expense. Sometimes due to changed railroad schedules the time absent from terminal would be less if clerks were headed from the opposite end of line. In spite of long-established residence and long-established official headout, this official headout would be changed to the other end of the run in order to save 75 cents a day. The same thing has happened when the officials have taken certain distribution off on 1 day of the week. This breaks up the crew organization and has resulted in the officials establishing a headout at other point than the one long established and where the clerks lived.

The proposed appropriation of $198,000,000 for clerk hire does not allow for a single appointment, this in spite of the fact that for the remainder of the present year, and for the ensuing one, the Department estimates a minimum of 1,500 new clerks. This item is to care not only for increases in business but also for the large number of substitutes who are now regularly employed within the specified 8 hours within 10, and thus are regular employees in every sense except salaries, vacations, and other privileges. Their wage is, as you know, only 65 cents per hour.

The contention of the Budget and the Appropriations Committee that the present business recession will last through the remaining fiscal year, and throughout that of 1939, is one which the Government cannot assume if it intends to encourage and inspire business to recover and expand.

Further, this pessimistic attitude is contradicted by the facts. The report of the Postmaster General points to receipts in 1937 as higher than any previous year, and at the same time to expenditures $30,000,000 less than the previous "high" year, that of 1930.

Analysis of receipts by months still further refutes this "fear" approach. In 1937, as compared with 1936, receipts in first- and second-class offices, embracing almost the bulk of the business, for July showed an increase of approximately $1,000,000; August showed an increase of $1,250,000; September showed $1,600,000; October developed a comparatively slight loss of approximately $700,000.

It was evidently upon this one instance, backed by the "recession hysteria" prevalent in the country, that the pessimistic views toward postal business were taken, inasmuch as later figures were not then available.

But the fact exists that the following month—November—showed the striking gain of about $3,000,000 for first- and second-class offices. For the entire Service, the gain was about $4,000,000, or 6.9 percent. The month of December continued this upward climb with a gain of 3.05 percent.

I have here returns from 50 selected offices for December which show that these selected offices show a gain of 1.52 percent. That we are not in a tailspin of recession, but are actually and markedly on the upgrade, is shown in much more striking form by the sheet of returns for December from 50 industrial cities therein named. This shows a gain for these cities alone of 3.05 percent.

Attention is also called to the comparisons at the bottom of each sheet which reveal that, so far from a decrease in business, the Postal Service has recently enjoyed an accelerated rate of advance. For example, the 50 industrial cities show that November 1937 was the rather remarkable figure of 9.10 percent over the same month of last year. For the otherwise selected 60 cities the gain is 5.09 percent.

The cold figures amply refute the assumption that the business of the country, including the Postal Service, is going into a tailspin.

Inadequacy of the proposed appropriation of $198,000,000 for clerk hire is demonstrated by the fact that there will be an actual expenditure of $198,000,000 this year to be partly covered by a deficiency appropriation of approximately $3,000,000.

Should 1939 be continued at the same amount, it means that the Post Office Department is in irons so far as any ability to meet the expansion of the Service indicated by the figures of increase shown. As a matter of fact, the sum indicated would not admit of the appointment of a single additional clerk, despite the fact that large numbers of subs are now working regular tours. This will, of course, mean that the number thus performing regular work and under the exacting requirements of regulars will not only not be reduced but will actually increase.

This situation tends to nullify the standards of working conditions established for the Postal Service by Congress. It denies to deserving employees the promotions which they were led to expect and for which they embarked upon the career of post-office clerk, aside from the question of justice, the effect upon the efficiency of the Service; aside from the question of justice to the employees.

In response to the request of my colleague, Representative McFARLANE, I insert the Department's figures as they apply to second-class postage.

| | Revenues | Expenditures | Excess of apportioned expenditures over revenues | Excess of revenues over apportioned expenditures |
|---|---|---|---|---|
| Second class: | | | | |
| Publications exempt from zone rates on advertising portion | $1,903,590.76 | $18,512,038.19 | $16,608,447.43 | |
| Zone rate publications: | | | | |
| Daily newspapers | 8,999,158.84 | 38,001,739.66 | 29,002,580.82 | |
| Newspapers, other than daily | 2,999,241.28 | 14,293,411.99 | 11,294,170.71 | |
| All other publications | 9,246,108.13 | 33,583,007.17 | 24,336,899.04 | |
| Free in county, all publications | | 7,906,711.49 | 7,906,711.49 | |
| Total, publishers' second class | [1] 23,148,099.01 | 112,296,908.50 | 89,148,809.49 | |
| Transient | 1,215,870.47 | 1,012,671.73 | | $203,198.74 |
| Total, all second class | 24,363,969.48 | 113,309,580.23 | 88,945,610.75 | |

[1] Includes $63,665.00 revenue from second-class application fees.

Mr. LUDLOW. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman, I am taking advantage of this opportunity to make a statement to the House with regard to a matter that may become tremendously important at any time.

When we adopted what is known as the "lame duck" amendment to the Constitution, we moved up the time of

inauguration of the President and Vice President, and did not move correspondingly the time of the election, with the result, as I recall, that we have now only 41 days between the time of the election of the electors and the time when these electors are to meet and deliberate.

Suppose there is an election contest, all sorts of charges, and possibly facts of fraud. We know, as a matter of fact, there is not a single State in this country that can rig its machinery so that it can try the question of a contested election in a State in 41 days.

It is a remarkable thing that we would have a situation in America under which, in case of a charge that an election had been stolen in a pivotal State, for instance, there would not be any method in this country by which that question could be properly determined. This is a remarkable fact. This is tremendously important in its potentialities. I have been calling the attention of the Congress to this matter for a good many years and have from time to time introduced a bill changing the date of election. I have felt some special responsibility because I was author of the bill several years ago which changed the method of bringing the election returns here, from the old messenger system which had operated since Washington's first term, to bringing these returns up here by registered mail. It took 6 years to put that law through. It was merely a matter of economy and terminating an absurd, antiquated method. This is, however, a substantial thing.

About a week can be got from rewording that law, but great caution must be exercised. That time would be in addition to the 41 days, which would mean 47, or perhaps 48 days, but you could not get organized for the contest and try the issue of whether or not there was corruption in an election within that time. That is absolutely certain. There is no question about it. The situation is as though there were no provision for contesting a Presidential election.

I had the matter up last when Mr. FLETCHER, of Ohio, was chairman. He was sympathetic and sent a letter to the various Governors of the States. Their reaction to changing their election dates was not favorable. The Governors do not want to move up the election date. It does not make any difference, however, whether they want to move it up or not as an abstract proposition. Moving up the time of inauguration of the President leaves no intelligent choice.

Of course, there could be an abolition of the electors, but that would require a constitutional amendment. We might reach a crisis before such an amendment could be adopted. The States might not adopt it at all.

Mr. LUDLOW. Mr. Chairman, the gentleman from Texas is making an important statement and I yield the gentleman 5 additional minutes.

Mr. SUMNERS of Texas. I thank the gentleman very much.

Speaking practically, there is nothing to be done, as I see the picture, except to rework one end of the existing law and probably add about 1 additional week, and then it seems to me we must move up the time of election of electors, what we ordinarily call the Presidential election, from November to October. This ought to be just as good a time to have an election and it would add 30 days to the period of time in which we could litigate any questions which might arise in a contested-election case.

I do not want to embarrass the Election Committee. I think the committee has done the best it could about the matter with no popular support, but the people of the country do not understand the necessity. It is not a question whether we prefer to have the election in October or November. It is whether we want it to be possible to try election contests or leave it possible for a President to be elected by fraud.

I do not like repeatedly calling attention to this, but, having discovered the situation, I have a responsibility which I cannot discharge except by calling this situation to the attention of the Congress and the country. As certain as the world there is going to come a time when there will be a contested election in a pivotal State and we will find there is no arrangement under which such a vital issue can be decided. That might mean anything in its possible consequences. We do not know what it might mean at a time of great party, sectional, factional, or class strain when, perhaps, the election would turn on the results in one pivotal State, and in that State there should be a challenge of results on the grounds of fraud, sustained by known instances and broad suspicion, for instance, with no chance to try and settle the controversy in a court. We would then be in the position, if the law should remain as it is now, of not having any way on earth by which such an issue could be litigated. The House of Representatives and the Senate have no right to permit this condition to go on.

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

Mr. SUMNERS of Texas. I yield.

Mr. GEARHART. I am in hearty accord with the suggestion the gentleman has made, and it seems to me in suggesting a change of the time of election we ought to make a complete change and go back to a time which it has always seemed to me would be in the interest of good campaigning and in the interest of arousing the interest of the American people to the issues of the election. The campaign should be held in the summer and the elections should be completed in the summer and the inauguration of the President should be held at a time of the year when the weather throughout the United States is generally good. The inauguration which occurred here in the first part of January last year was a most unfortunate affair and deprived the American people of a celebration in which they were entitled to participate.

Mr. SUMNERS of Texas. Those things are all important. What I am concerned about, as I look into the future and see the possibility of this Nation at the end of a hot campaign, having a situation where there are charges of fraud and corruption, possibly, and not a single tribunal in America that can try the issue.

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

Mr. SUMNERS of Texas. Yes.

Mr. HARLAN. The gentleman is aware, of course, that all of these facts that he refers to were brought to this Congress at the time the "lame duck" amendment was under consideration. Yet in the hysteria of the passage of that amendment we went ahead and sent the thing out to the country. Would it not be at least a feasible proposition to consider the repeal of the "lame duck" amendment at the present time and get back to where we were?

Mr. SUMNERS of Texas. I will answer the gentleman. It might be all right, but I really believe that the possibilities of hurt are so great under the present arrangement that we would not be justified, whatever our views about constitutional amendments, in awaiting the result of the determination of the people with regard to a constitutional amendment.

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

Mr. SUMNERS of Texas. Yes.

Mr. COCHRAN. The gentleman answered the gentleman from Ohio [Mr. HARLAN] and said "That might be all right," that is, to repeal the "lame duck" amendment. The gentleman surely does not mean that he would be in favor of having a "lame duck" Congress again?

Mr. SUMNERS of Texas. I do not make any expression about that at all. I am talking about something else.

Mr. PIERCE. It will take a constitutional amendment, will it not, to accomplish what the gentleman has in mind?

Mr. SUMNERS of Texas. No; it can be done by statute.

Mr. PIERCE. It can be done?

Mr. SUMNERS of Texas. Yes. I hope I make myself clear, in view of the question of my distinguished friend from Missouri [Mr. COCHRAN], that I am not discussing the "lame duck" amendment. I am talking about this one proposition.

Mr. ANDRESEN of Minnesota. It might be necessary to have all of the State legislatures meet so that a general election may occur in the States at the same time.

Mr. SUMNERS of Texas. Yes; and the quicker we act the quicker they will do it.

Mr. ANDRESEN of Minnesota. It would probably take 2 years before the States could act.

Mr. SUMNERS of Texas. Yes. That is one reason why we should not longer delay. This delay is a mighty serious responsibility which we are assuming both for ourselves and for the country. It is not impossible but that somewhere down the line we will experience serious and possibly disastrous consequences as a result of our failure to act when we ought to have done so.

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

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

Mr. CULKIN. Mr. Chairman, it is my opinion, based on many years of contact with the American dairyman, that he is the best type of citizen in the Republic, securely grounded in old-fashioned Americanism and devoted to the cause of law and order. In common with many citizens, therefore, I was not only surprised but angered when the Saturday Evening Post, a weekly with a far-flung national circulation, published an article in its November 13, 1937, issue which presented the American dairyman as a lawless, incompetent, and ne'er-do-well resident of the country. The article had a special sting in it for the reason that it seemed to come from an authoritative source, as it was written by Prof. James E. Boyle, a member of the faculty of the Agricultural College at Cornell University. It was, in fact, distributors' propaganda, containing the conventional reasons why the dairyman should be kept in bondage, all written with a viciousness and disregard of the truth, which seemed to require an adequate reply.

At the suggestion of several of my constituents, I took the matter up with the editor of the Saturday Evening Post, Mr. Wesley W. Stout, calling attention to the libelous character of the article and requesting an opportunity to reply in that publication. I did not believe that any difficulty would be encountered in accomplishing this, but the editor of the Post, Mr. Stout, claimed I had grossly libeled Professor Boyle in my letter, and so far as getting any correction of the wholly erroneous statements concerning the dairyman through the pages of the Post, I was up against a stone wall.

ADVERTISEMENT CONTROL

May I say that in my judgment the Saturday Evening Post, now and in the past, has had little influence on American life and character. Its advertising pages reflect its articles and editorials and vice versa. It has never dared to advocate any real reform, no matter how needed, to preserve American institutions. If it did it would lose advertising, and that is its life's breath. Of late the Saturday Evening Post has lost much advertising, and as a result has developed Fascist leanings. The recent article on Members of Congress by a couple of gag writers, Alsop and Catledge, is an illustration of its tendency under the Stout regime. The present editor of the Post thinks it will appeal to the advertisers to write off Congress. May I say that if Mr. Stout is earning his hundred thousand a year the most inefficient Member of Congress, on either side of the aisle, is earning two hundred thousand. I am wondering, too, if the Boyle article had any connection with advertising heretofore or hereafter to be received by the Post from National Dairies, Bordens, or their affiliates.

However, I do not regard the Saturday Evening Post phase of this matter as important, and if that were the only angle of the case I would not be taking up your time today. What I am greatly concerned about is that we have come to such a pass in America that a professor in an outstanding university supported by public funds can by false statements libelously indict 3,000,000 American farmers of economic and moral crimes and misdemeanors.

DAIRYMEN BEST TYPE OF AMERICAN

May I reemphasize that the American dairyman is the best citizen within the confines of the country. He is the best citizen as measured by spiritual values, and in addition he is making an essential contribution to the health of the American people. He works from dawn to dark, 365 days of the year. In spite of these sacrifices, the dairy farmer is tied to the soil like the Russian serf, and the financial returns to the average dairy farmer, throwing into the scale the services of his wife and family, is less than the income of the average mill hand. His land is being sold for taxes, and he finds himself without sufficient returns to live comfortably, free from the stress of poverty. This is due to the fact that the dairymen nationally are in the grip of a savage, unrestrained monopoly which reaches into every part of continental America and enjoys vast profits while a generation of splendid Americans are being driven to the wall. These statements are based on the authoritative findings of the Federal Trade Commission. The Members of the House have only to examine the last report of the Commission, entitled "Agricultural Income Inquiry," to see that monopoly dominates the marketing of fluid and manufactured milk, and that milk products are controlled by Bordens and National Dairies in affiliation with the Chicago packers. This dominance reaches practically all phases of farm marketing, and the Commission expresses the belief that by reason of this fact the survival of independent farming by farmers who own their own farms and maintain an American standard of living is in jeopardy. This report has not been printed but a digest of the milk phase of it will be found in my remarks in the House on November 23, 1937. The classical example of the distributors' colossal profits is found in House Document 94 of the Seventy-fifth Congress, where the Federal Trade Commission reports that the National Dairy Products Corporation paid $12,000,000 for $9,000,000 worth of assets of the Willis-Jones Milk Co., of Philadelphia, Pa., and in 5 years this concern paid $12,000,000 in net cash dividends. At this time the Pennsylvania farmers supplying this milkshed had their backs to the wall with their mortgages growing bigger. They were unable to get a living price for their product.

An example of distributors' practices is found on page 6 of House Document 152, of the Seventy-fourth Congress, the same being a report on the Philadelphia milkshed, where it appears the dairy farmers of this area in 6 months lost in excess of $530,000 by reason of underpayments by distributors for grade A milk. In the same area, during the first 6 months of 1933 the excess of bottled milk sales over basic purchases amounted to more than four and a half million quarts. These same findings have been made in every milkshed where the matter has been run to earth by the Federal Trade Commission. These facts indicate the lawless and larcenous performances of the distributors.

PROFITS 108 PERCENT

Attorney General Bennett, of New York State, after an investigation of these concerns in New York City and their books, found that the distributors were making 108-percent profit on manufactured milk and 12-percent profit on fluid milk.

The latest figures available from the Department of Agriculture on distributors' profits cover the period from 1929 to 1933. These were lean years, but the figures show that the distributors, handling only fluid milk, made on an average each year 22.5 percent in Boston, 25.8 percent in Chicago, and 30.8 percent in Philadelphia. These figures do not include manufactured milk. They are difficult to estimate by reason of the fact that the milk monopolists have issued a great amount of watered stock on which they are paying substantial dividends.

It is asserted that some of the men drawing $100,000 a year from the distributors are actually $10,000-a-year men. If we equalize these salaries, which possibly Attorney General Bennett did, his figure of 108 percent on manufactured milk is not too high.

The whole burden of sanitary production is on the dairyman. He pays the shot and the National Dairies and the Bordens garner these vast profits, with salaries of executives amounting to a sum in excess of $3,000,000 annually.

BOYLE BORES FROM WITHIN

In the face of these findings, which every intelligent student of agricultural ecomonics is familiar with, Professor Boyle, who should be a watcher from the hilltops, starts boring from within. He ruthlessly maligns and libels the

group for whose benefit he is on the pay roll. Not only that, but he does it for money. The fact is that if he told the truth about this matter, he could not sell his article to the Saturday Evening Post. Let me call the roll on some of the falsehoods.

Falsehood No. 1: Boyle leaves the inference that the dairy farmer, unregulated, will give the city consumer unclean milk. This is a lie on its face, as the bacterial count of the milk is taken at least twice before it reaches the city distributor. That burden is on the farmer and not on the distributor. The fact is the dairyman nationally has spent a hundred million dollars on the sanitary production of milk and another hundred million to free his herds from bovine tuberculosis.

Falsehood No. 2: Boyle pictures the pouring out of milk during the various milk strikes. These strikes actually were nominal in character, sporadic, and local. He joins the Ananias Club again in this connection. The fact is the dairy farmer has been an individualist and not given to organization. When he had risen against the starvation prices paid him by the distributors it was simply an evidence of his manhood and real Americanism. Any agricultural educator worthy of the name would commend him for his stand. One who was getting into bed with the distributors would take a contrary view.

Falsehood No. 3: Boyle throws another sop to the distributors when in this article he charges the farmers with operating a milk trust. This statement is senile in character and in a proper state of civilization would entitle the man who made it to examination for lunacy. The fact is the whole difficulty with the farmer's situation has been that he has been robbed piecemeal by the middleman by reason of his lack of organization.

Falsehood No. 4: Boyle states that many services have to be performed in marketing milk. This is absolutely untrue. The Federal Trade Commission in its report, Agricultural Income Inquiry, found that milk is different from other major farm products. It does not pass through the hands of a long line of middlemen; the bulk of the supply reaches the middleman or processor direct from the farmers. They further found the amount of processing for milk, relative to the total supply, is slight in comparison with other products, and that the distributors took a margin of 50.49 percent, with 6.41 percent going for transportation and 43.10 percent going to the dairyman. The Commission also found the processing of meat is more expensive than the processing of milk, and yet the margin retained by the packers is but 13 percent of the consumer's dollar in the case of beef, as compared with 50 percent taken by the milk distributors. As absent-minded as Professor Boyle is, he probably knew he could not get these facts in the Saturday Evening Post, even if he had seen fit to tell the truth.

Falsehood No. 5 says the spread is justified. With the findings of the Federal Trade Commission, Secretary Wallace, and the Attorney General on profits, which I have enumerated above, this statement places the professor within the category of what the Romans used to call an "easy, extemporaneous liar." An honest-to-God agricultural economist who was not writing for money should be on the housetops proclaiming to the world that the segregation of surplus and fluid milk is a brazen economic fallacy. Both cost the same to produce and the Milk Trust's profits on both are larcenous.

Falsehood No. 6: Out of the mouths of the distributors comes the story about union labor, whom the professor attempts to array against the farmer, and vice versa. The fact is that both union labor and the dairymen are each entitled to their place in the sun. The professor, however, is writing for a distributor-minded publication and speaks their patter.

Falsehood No. 7: The professor makes the usual charge that dairy production is not economic by reason of unprofitable cows, and gives some synthetic figures about the costs of production. This is more distributors' propaganda. Professor Boyle thinks the farmer should produce milk for 3 cents a quart. He must be thinking in terms of his early Kansas days.

The foregoing is a partial résumé of the article in question. It is, by and large, the most brazen piece of distributors' propaganda that has ever come to my notice. It abounds, as I have stated, in unqualified misstatement and carries the flag for the Milk Trust.

HAS A CHAIR IN LAND-GRANT COLLEGE

The writer of this article is a professor of rural economy at Cornell University, a land-grant college which received from the Federal Government 511,000 acres of land, which it subsequently sold for more than $7,000,000, to establish a State college for the benefit of agriculture as provided in the Morrill Act. These public funds brought this great university into life.

The Congress intended that the institution so endowed would aid in developing agriculture along technical and economic lines. If Ezra Cornell were alive today and found a man on the staff of the agricultural college who was writing such vicious propaganda against a hard-pressed agricultural group, he would act promptly and with decision. There would be a new face in the Cornell faculty.

It is interesting to note that New York State contributed last year to Cornell for the purposes of promoting the welfare of agriculture the sum of $2,218,600. The money came from the taxpayers of the State, with the dairy farmer making a considerable contribution to the cause.

Professor Boyle claims the dairymen are lawless and have a milk trust. How long would he stay in Cornell, on the faculty of that great institution after the publication of this article if the dairyman did have some justifiable measure of lawlessness, or unity of action?

One of the members of the New York Legislature, whose name I will withhold, wrote me as follows:

> Professor Boyle's article disturbed me very much but I hadn't determined just what could be done about it. You have performed a great service in checking the Saturday Evening Post in this matter and looking into the record and status of Professor Boyle. He certainly should not be paid a salary out of the taxpayers' money of the State of New York. I have long been convinced that the Ithaca outfit is absolutely detrimental to the best interests of the New York State farmers.

FARMER CONSISTENTLY BETRAYED

I have been over Professor Boyle's record through the years with painstaking care, honestly seeking to find some place in his history where he had rendered any service to the American farmer. I find he has consistently betrayed them throughout his whole career. He seems ingrained with a scorn and actual hatred of the farmer, his words and works. From the beginning, the professor has been an economic sadist so far as the farmer has been concerned.

BOYLE RECORD IN WEST

Professor Boyle first comes to the surface at the University of North Dakota. I am going to quote Congressman LEMKE, candidate for President on the Union ticket in the last election. My colleague LEMKE, may I say, is a graduate of Yale, stands high in the estimation of the United States Supreme Court, and has made more successful appearances before that Court than any lawyer I am acquainted with. Speaking about Professor Boyle, he said:

> Professor Boyle was eased out of the University of North Dakota after the Farmers Nonpartisan League got functioning. He had a similar fate in the Agricultural College at North Dakota. He was against grain cooperatives and every form of self or Government aid to the farmers. My impression is that he was employed for a time by the Chicago Board of Trade. He also insisted on higher rail rates for the railroads. This, of course, spelled ruin for the farmers. He stood firmly for the status quo.

I call Myron Thatcher, for many years one of the outstanding authorities on grain marketing in the United States, for his estimate of Boyle. He says:

> Professor Boyle is the worst reactionary in the history of agriculture and was the chief spokesman for the Chicago Board of Trade. The Chicago Board of Trade in 1937 sold 215 bushels of wheat for every 1 that was bought and cost the farmers in that and other years not less than $200,000,000 a year. This was the state of things that Boyle tried to continue, but he was smashed and driven out of the West. Professor Boyle is the worst individual parasite that the grain cooperatives have had to con-

tend with during the present century. You may use this in a speech or letter, or in any fashion you would like, and I will be glad to have him sue me for libel.

I call as a witness Congressman USHER L. BURDICK, also of North Dakota, a former all-America football star and a graduate of the University of Minnesota, author of a number of books on the development of the West and a leading authority on early literary Americana. He says:

Concerning the activities of Prof. J. E. Boyle, I wish to say that I have lived in North Dakota 56 years and am perfectly familiar with all of the economic and political movements of the farmers of that State. Professor Boyle first appeared at the University of North Dakota and later at the Agricultural College at Fargo. During all of his stay in North Dakota he was the avowed enemy of every farmers' organization in the State.

He was a willing and subservient agent for the Minneapolis Chamber of Commerce and the Chicago Board of Trade. His influence came to an end in North Dakota when the Nonpartisan League got control of the State affairs, and he was driven out of the State.

I have since learned that he has appeared in various places elsewhere, but has persistently stuck to the same philosophy which was that the farmers were a bunch of damn fools and ought to be satisfied to be alive. He was the biggest threat to the farmers' cause that ever appeared in the Northwest, and I am not saying anything outside of the record; and I can prove it by every farmer in the State.

After Professor Boyle was given his exeat in North Dakota he came in 1917 to Cornell University. What influence was it that landed him in this post is variously debated. The underground is that either the railroads or the western grain crowd helped him. His next appearance on the scene was when he was engaged to write a book for the Chicago Board of Trade, for which he received the sum of $500 a month over a considerable period. The record of his performance in that connection is shown in the hearings of the Federal Trade Commission, pages 568 to 576, in regard to grain manipulations at Chicago.

PROMOTION FOR WHEAT GAMBLERS

It also appeared that Boyle was used as a "stooge" lecturer among the farmers, ostensibly coming from Cornell, but really financed by the promotion department of the Chicago Board of Trade at so much a lecture. Out of all this came his book entitled "The Chicago Board of Trade," which was a glorification of the procedure by which the American grain farmer annually loses $200,000,000.

He sold this book so strongly to the board of trade that it printed the same in digest form and tens of thousands of copies were circulated. From Professor Boyle's standpoint this was a highly ethical performance. I shall leave it to the conscience of the Members here today to characterize it in their own ways. If you wish to get a good picture of a hypocrite, read the preface to this book. It is enough to make angels weep.

SOLD THE FARMER SHORT

From that time on, down to date, Professor Boyle has continued at Cornell and eked out his assured income by selling the farmer "short" to various publications. The Colonial farmer he pictured in his writings as a habitual drunkard, the western farmer as an economic squeaker. Every phase of the farmers' struggle was belittled and condemned by this professorial snob, wearing the collegiate gown of an agricultural college. Nor did the slimy trail of sugar escape his notice. He shows an intimate knowledge of the ways of Cuba and the interior of the American Cuban sugar offices, then at 25 Broadway, New York City. He does his level best to handicap the American beet-sugar farmer, who was then coming into larger production. It is strange the professor did not write a book about this. It probably was not his fault.

His next appearance in book form is "Cotton and the New Orleans Cotton Exchange." I wrote Mr. Henry Plauche, secretary of the exchange, for information as to whether Professor Boyle was paid by the exchange to write this book. In due time I received a courteous reply that, of course, he had been paid to write the book. On further inquiry, I was unable to obtain the amount that was paid. That is a dark secret between the cotton exchange and Professor Boyle. In this book he glorifies the men and morals of the cotton exchange, which, in the viewpoint of many people, occupies the same evil position as to the cotton farmer that the Chicago Board of Trade does to the grain farmer. Professor Boyle claims that these gambling marts are a benefit to the farmer. The representatives of the farmers claim that they depress the price of farm products at the time of marketing. This results in starvation prices to the American farmer.

This is the history of Professor Boyle and his relation to the farmers of America, and I assert that his whole history has been destructive of the interests of the farmers. He has consistently and continuously betrayed them. He is as unfitted for the post he now occupies as Jesse James would be for a place in the ministry.

Mr. O'MALLEY. Will the gentleman yield?

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

Mr. O'MALLEY. The gentleman from New York has established the fact that this man Boyle is definitely arrayed against agriculture from which he gets his meal ticket. Obviously he is a traitor to the cause with which he is allied. Why does the Legislature of the State of New York continue to appropriate moneys for this college which has such a reprobate on its pay roll? Out in Wisconsin, and I believe in every other State, such double-dealers have been driven off the pay roll.

Mr. CULKIN. I thank the gentleman for his contribution, and appreciate his statement of conditions generally in the Nation. I agree with him that if educational circles are to retain the degree of respect to which they are entitled among the people, such misfits and timeservers as Boyle should be cleaned out.

Mr. O'MALLEY. I know the gentleman from New York can be relied on to follow the matter to its proper finish.

Mr. CULKIN. We have little jurisdiction over him here, but the New York Legislature contributes substantially to this gentleman's salary, and I am hoping for action there. I trust that the legislature and his superiors in the great university of Cornell will take his case under advisement and do justice at one and the same time to academic integrity and the 3,000,000 hard-pressed dairymen by casting this collegiate misfit into exterior darkness.

A personal note and I am done. Professor Boyle has threatened to sue me for libel. So that he may have a full opportunity to try out the facts involved in the foregoing remarks, I hereby waive legislative immunity on this question and invite him to come on. [Applause.]

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. MAVERICK].

WOODRUM AMENDMENT OUT OF ORDER, UNAUTHORIZED BY COMMITTEE

Mr. MAVERICK. Mr. Chairman, I have asked for this time to talk about the Woodrum amendment. When I refer to it as the Woodrum amendment, I no doubt do it with the gentleman's permission, because he himself referred to it that way.

The Woodrum amendment, as everyone knows, was completely out of order. Neither was it in accordance with any legislative practice. It was slipped over, and was a sort of a revolution, a coup d'état. It was wholly unauthorized by the Committee on Appropriations.

Mr. Chairman, we must realize the Members of Congress have to trust each other. When somebody slips something over on you, some colleague rises with a pious look and patriotic tremolo voice and says you should have been here doing your duty for the people of the United States, and so on, and so on, but as a matter of fact, everybody knows that a Congressman cannot be on the floor all the time and must place his faith in the committees.

I believe the matter is of sufficient importance for the Members of the House of Representatives, by their opinion, to demand of the Committee on Appropriations a statement as to its attitude on this unfortunate occurrence, and whether or not they approve it.

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

Mr. MAVERICK. I will yield for a question.

Mr. COCHRAN. Will the gentleman tell the House whether or not he ever notifies any Member of the House

when he has some idea he wants to present on the floor of the House?

Mr. MAVERICK. Yes; if it involves the privileges of the House. A mere speech; no. But let me answer that question. Instead of trying to slip over something which is absolutely out of order, a Congressman ought to say something to the House about it and there ought to be a full consideration of it to provide an opportunity for parliamentary objections to be made. If we start pulling tricks on each other we will have the tavern-house politics of England of 300 years ago all over again. If that gets to be the habit, you could not even leave a minute to get a glass of milk because somebody was waiting to pull something on Congress while you were out.

As far as I am concerned, I have never done anything like that. I do not like to criticize the gentleman from Virginia, because I believe he is a fine man, but I do think he made a mistake, and I feel it is up to the Committee on Appropriations to do something about it.

It is a well-established fact, and every Member of Congress knows it, that the Appropriations Committee is not supposed to legislate. Yet, in this case, a revolutionary change in the conduct of American affairs was slipped over on Congress, with only a few Members present, without notice, and in violation of all precedent and rule.

It is bad.

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

Mr. MAVERICK. For just a question.

Mr. MICHENER. The gentleman has referred to the Committee on Appropriations. Does the gentleman realize the Committee on Appropriations has absolutely no jurisdiction and no authority over this subject? This matter cannot come before the Committee on Appropriations, but must come before some other committee.

Mr. MAVERICK. Yes, I realize that.

Mr. MICHENER. I imagine this is why the amendment was brought in the way it was.

Mr. MAVERICK. I realize that, but the Committee on Appropriations has to have some discipline. It cannot permit things like this to go on, because we have to trust our committees. We have the committee system in this Government, whether it is right or wrong.

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

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

Mr. O'MALLEY. Does not the gentleman believe every Member has a right to take the report of the committee and the amendments the committee proposes to offer as an indication of what will happen, when the committee has charge of the bill?

Mr. MAVERICK. That sounds right to me, of course; and nothing tricky or extraordinary should be pulled.

The gentleman from Virginia [Mr. WOODRUM] said that not by the wildest stretch of imagination can this be called a single-item veto. In a way the gentleman is correct, but only because this is much worse than a single-item veto. It is a perpetual veto, an absolute veto by the Chief Executive of the United States, by which an Executive could render nugatory any law he wanted to and could have such a compelling voice that it would be useless to enact laws.

This is one of the worst proposals that has ever been put before the Congress. In my opinion, instead of being constructive, as the gentleman stated, it is destructive of democratic government.

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

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

Mr. BOILEAU. I may call the gentleman's attention to the fact that during the last year we appropriated $350,000,000 for the C. C. C. camps in an appropriation bill, and the President, by an Executive order, reduced the appropriation, or at least told the C. C. C. authorities they could spend only 90 percent of this amount, impounding or holding back 10 percent. Did not the President then do exactly this same thing? Did he not do it even without legislative authority?

Mr. MAVERICK. No; that is not the same thing.

Mr. BOILEAU. Did it not accomplish the same result?

Mr. MAVERICK. No.

Mr. BOILEAU. There might be a little difference in technical procedure, but was not the effect of that order to go counter to the will of Congress and provide for fewer C. C. C. camps than Congress authorized and directed be maintained?

Mr. MAVERICK. As I understand, we gave a 10-percent leeway there. Am I right?

Mr. BOILEAU. No; I understand not. I understand this was merely an Executive order by which the President told the heads of these departments to hold back 10 percent of their money. As a result, many C. C. C. camps were discontinued which would have been continued had the will of Congress been carried out, because when Congress appropriated $350,000,000 it was for the purpose of maintaining so many camps. It seems to me the Executive has accomplished the same results without even the sanction of Congress. I am just wondering if the President has not done the same thing of which the gentleman is now complaining.

Mr. COCHRAN. If the gentleman will yield for an observation, is it not a fact if the Woodrum amendment had been in force when the President took the action the gentleman from Wisconsin refers to, it would have given the Congress of the United States the power to say, "You can impound that $35,000,000" or "You cannot impound that $35,000,000"? In that respect it gives the Congress an opportunity to say "yes" or "no" when the President asks for a reduction.

Mr. MAVERICK. No, no; it does not give the Congress any power. The result is the opposite of what the gentleman states it is.

May I say to the gentleman from Wisconsin [Mr. BOILEAU] that if the President did not follow the law the answer is obvious—Congress should not permit it. In other words, if he cut down that appropriation without our consent, we should not permit it.

Mr. BOILEAU. That is what happened. We appropriated $350,000,000 for the C. C. C. for the present fiscal year. Because of an Executive order they are spending only $315,000,000, a decrease of $35,000,000. As a result, Mr. Fechner has been advised to discontinue many camps which would have been permitted to operate during the balance of the year had it not been for that Executive order.

Mr. MAVERICK. I naturally think that is wrong. The policy and law of Congress should be followed.

Mr. BOILEAU. Does the gentleman mean my facts are wrong, or the practice is wrong?

Mr. MAVERICK. I think the practice is wrong, and the gentleman is right.

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

Mr. MAVERICK. I yield just for a question.

Mr. GEARHART. Would the gentleman consider that an appropriation act is a mandate to the Executive to spend all we appropriate?

Mr. MAVERICK. I do not know about that. I think when we pass a law the law is to be carried out as a legal proposition. If we appropriate $300,000,000 for a flood and it can be stopped for half, use half; but if we provide 100,000 sailors, certain ships, and the $300,000,000 to cover it, it would not be lawful for the President to cut the number of sailors or ships we provided by law in order to save money.

Mr. GEARHART. Is not the proper interpretation to hold that the Chief Executive is merely mandated not to spend more than we appropriate?

Mr. MAVERICK. No, I do not think so. We set out that a man is to have a certain salary or a certain amount is to be spent. If the President can cut 10 percent, he can cut 90 percent. Congress legislates, and the President is supposed to execute, or carry out what we legislate.

Mr. BOILEAU. In the fiscal year 1936 or 1937 Congress appropriated $500,000,000 for the Soil Conservation Act, and it was the intention of the Congress that the $500,000,000 should be turned over to the Department of Agriculture for

the purpose of carrying out a farm program. During that year between three hundred and ninety-seven and three hundred and ninety-eight million dollars was spent; in other words, over $100,000,000 less than Congress authorized for the farm program was expended. Had all of that money been spent, they could have had a program which would have been about 25 percent better than the one we had.

Does the gentleman think the Department of Agriculture or the Administration was justified in thwarting the will of Congress by spending only 75 percent of the money we authorized for the farm program?

Mr. MAVERICK. I do not know the exact facts, but certainly the will of Congress should be carried out.

Mr. BOILEAU. And is it not a fact that the farmers of the country would have been materially better off if all the money had been spent?

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

Mr. MAVERICK. I yield to the gentleman for a question, but now I must hurry on.

Mr. FLEGER. I just want to clear up what I believe is a wrong impression here. It seems to me the purpose of an appropriation is to limit the amount of money that the administrative departments can spend. They can spend less if they so desire and the appropriation is merely a limitation and not a command to them that they must spend the amount we appropriate.

Mr. BOILEAU. If the gentleman will permit an interruption just along that same line, and I appreciate the gentleman's courtesy, I would like to say in reply to the gentleman that when Congress appropriates $500,000,000 for the purpose of carrying out a farm program, it means that is the amount we want to spend to aid the farmers. According to the gentleman's viewpoint, they could spend only $1,000,000 of that amount and give a program that would be that much poorer or provide that much less relief for the farmers, and it certainly would not be carrying out the direct mandate of Congress.

If Congress appropriates $1,000 to buy an automobile and they can buy one for $800, that is well and good, but when we appropriate a definite amount to give relief to a certain group of people, or give such relief as we can within that amount, then there is a clear mandate by the Congress that the money be spent for that purpose.

Mr. MAVERICK. I thank my friends and colleagues for their contributions. Let me make my point. This is not a question of saving money, but a question of power that is given to the Executive to cut down a particular item. In other words, cut down a particular job—civil service or anything else—or cut down the appropriation for a particular district if that Congressman is not popular with the Executive.

CONSTITUTIONAL VIEWPOINT DISCUSSED

I now want to go on with a discussion of this matter from the viewpoint of the Constitution, but will first cover the Woodrum amendment.

The Woodrum amendment is as follows:

SEC. 2. The President is authorized to eliminate or reduce by Executive order, in whole or in part, any appropriation or appropriations made by this act, or any act or joint resolution, whenever, after investigation, he shall find and declare that such action will aid in balancing the Budget or in reducing the public debt, and that the public interest will be served thereby: *Provided*, That whenever the President issues an Executive order under the provisions of this section, such Executive order shall be submitted to the Congress while in session and shall not become effective until after the expiration of 60 calendar days after such transmission, unless the Congress shall by law provide for an earlier effective date of such Executive order: *Provided further*, That any appropriations or parts thereof eliminated under the authority of this section shall be impounded and returned to the Treasury, and that the same action shall be taken with respect to any amounts by which any appropriations or parts thereof may be reduced under the authority of this section.

ANALYSIS OF PROVISIONS OF AMENDMENT

Note that the amendment uses the words "Executive order" all the way through. It states that a report can be made back to the Congress, apparently at any time, maybe 60 days or 100 days or 6 months afterward. Then the Congress has 60 "calendar" days within which they can act, unless they want to act earlier and give the Executive still more power, but Congress cannot make it any longer than 60 days. Also, it does not apply to one appropriation but to all legislation to be enacted hereafter.

You will see that according to this the President of the United States is given the power, by Executive order, to eliminate or reduce or do whatever he pleases with respect to a particular proposition. They say it is not a veto. Well, it may not be a "veto," but it is worse, and hands over to the Executive the power to change our appropriations and rewrite our laws at will.

POWER OF VETO QUOTED FROM CONSTITUTION

I think it is important that we here take a look at the written Constitution of the United States, concerning the veto power of Congress.

That power, in article I, section 7, is as follows:

SEC. 7. All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills.

Every bill which shall have passed the House of Representatives and the Senate, shall, before it becomes a law, be presented to the President of the United States; if he approve he shall sign it, but if not he shall return it, with his objections to that House in which it shall have originated, who shall enter the objections at large on their Journal, and proceed to reconsider it. If after such reconsideration two-thirds of that House shall agree to pass the bill, it shall be sent, together with the objections, to the other House, by which it shall likewise be reconsidered, and if approved by two-thirds of that House, it shall become a law. But in all such cases the votes of both Houses shall be determined by yeas and nays, and the names of the persons voting for and against the bill shall be entered on the Journal of each House, respectively. If any bill shall not be returned by the President within 10 days (Sundays excepted) after it shall have been presented to him, the same shall be a law, in like manner as if he had signed it, unless the Congress by their adjournment prevent its return, in which case it shall not be a law.

Every order, resolution, or vote to which the concurrence of the Senate and House of Representatives may be necessary (except on a question of adjournment) shall be presented to the President of the United States; and before the same shall take effect, shall be approved by him, or being disapproved by him, shall be repassed by two-thirds of the Senate and House of Representatives, according to the rules and limitations prescribed in the case of a bill.

Please note the veto provisions of the Constitution of the United States state that it shall be made within 10 days, that the "bill" shall be presented within 10 days, and "it" shall be the whole bill. It does not say a portion of the bill, but it says the bill, and it always refers to "it."

Mr. Chairman, this question came up when we had the War between the States. The Confederate Constitution had the single item veto. Why? Because the only way to give the executive any such power is to specifically provide it in the constitution, and such is not the case now. I will discuss this provision of the Confederate Constitution later.

Let us discuss this part of the Constitution of the United States insofar as it concerns vetoes. It is stated in the Constitution that every bill must be presented to the President, and it says before "it"—not a part of it—becomes a law, and if he approves the "bill" he shall sign "it."

It does not say a "part of it," but he returns "it" to the Congress of the United States. I call special attention to the fact that the return of the bill by the President under his veto power must be made within 10 days, or else the bill becomes law; and that the Woodrum amendment makes it so changes can be made forever and cuts made at will by the Executive.

WHAT HAPPENS?—CONGRESS JUST DOES NOT MAKE THE LAW

Let me give you an instance of what could happen. Congress, say, makes an appropriation. Then the President, under the Woodrum amendment, cuts down this appropriation.

This is a veto in effect, although not according to the Constitution, and it holds up a constitutional law of Congress for 60 days! Bear in mind, let me repeat, the Constitution provides that if he does not return a bill signed within 10 days the same shall become a law. More, if the President does not return a bill, it becomes a law, but he cannot rewrite the law under any terms of the Constitution.

But let us presume that this violation of the Constitution occurs.

What happens then?

The Executive, even though we make the appropriations again as originally—and we would have to go through the committee route as in new bills—we would have to come in here and legislate all over again with the same Appropriations Committee; and after we had done that he could slash it again and keep on doing it always.

So what does this amendment mean and really constitute?

It constitutes, as I have already emphasized, an absolute, perpetual veto for all time. That is what it means, so far as its effect is concerned:

HISTORICAL—CONFEDERATE CONSTITUTION MEETS ISSUE

I said earlier in this speech that I would show some of the historical aspects by reference to the Confederate Constitution. Preceding the Civil War, the South opposed "internal improvements"—bridges, highways, or improvements of any kind which might benefit the general welfare. So, when their constitution was written, they made a point of completely eliminating the general welfare clause, prohibiting internal improvements, and also by giving the power to the President of the item veto.

The constitutional lawyers then believed, and had believed since the formation of the Republic, that the President did not have any such power. So, the South, in order to keep down "internal improvements," preserve slavery, and to give power to the executive to prevent a national development of the country, specifically put that in the constitution, because they knew no such power existed under the United States Constitution.

CONFEDERATE PROVISION OF SEPARATE-ITEM VETO

The provision added in the Confederate Constitution was as follows:

SECTION 7

2. * * * The President may approve any appropriation and disapprove any other appropriation in the same bill. In such case he shall, in signing the bill, designate the appropriations disapproved; and shall return a copy of such appropriations, with his objections, to the House in which the bill shall have originated; and the same proceedings shall then be had as in case of other bills disapproved by the President. (Added to Const. U. S., Art. I, sec. 7, par. 2.)

A study of this portion of the Confederate Constitution is quite worth while. It was put there, I must repeat, because no such power existed in the United States Constitution. That is a similar power which is attempted to be put over the United States Constitution by the Woodrum amendment.

But the power sought by the Woodrum amendment, though similar, is far greater than any special-item veto. It goes beyond any type of veto. What we really do by the Woodrum amendment is to give up our power of legislating, whereas, even if we had a special veto, it would be immediately returned and voted on by Congress.

Now the author of the amendment says that it will give the President the opportunity to stop raids on the Treasury by Members of the Senate and the House——

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

Mr. MAVERICK. Yes.

Mr. McFARLANE. It may interest the gentleman to know that since the Bureau of the Budget has been set up and has functioned in the country as such the Committee on Appropriations of the House has cut below the Bureau of the Budget's recommendation some $650,000,000. In other words, we have slashed Budget recommendations to the amount of some $650,000,000, so that there is not any basis in fact for any such propaganda as is being spread.

Mr. THOMASON of Texas. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. Yes.

Mr. THOMASON of Texas. In view of what the gentleman says—that the Appropriations Committee goes below the Budget—then assume, if you will, that a bill comes on the floor of the House and the two Houses increase the appropriation tremendously beyond the amount suggested by the Bureau of the Budget, does not the gentleman think that some power ought to be lodged somewhere by which that unusual appropriation could be checked?

Mr. MAVERICK. Yes! It ought to be lodged in the Congress of the United States. That is where it ought to be.

Mr. THOMASON of Texas. But what if the Congress has appropriated large sums and will not take them out, does the gentleman mean to say that no power should be lodged anywhere to prevent such a thing?

Mr. MAVERICK. The answer to that is that if we need a guardian then they ought to abolish representative government and turn the matter over to the Executive and let him run the show. We are supposed to represent the people.

Let us be frank. Suppose I get a post office, or someone else does. They call getting a post office a "pork barrel" matter, although, as a matter of fact, post offices are perfectly proper for us to strive for. Suppose you get a post office and you are entitled to it, and suppose that we have some "bad Republican," a very bad Republican [laughter], and he did not like me and he cuts it out of the bill.

That is not fair to the people of this country. In other words, if we make an appropriation, if we waste the people's money, we are responsible to the people.

Our friend says that this is to stop raids on the Treasury. Whose raids? Our raids! Do we proclaim that we are not honest, that we raid the Treasury, that we go out and put our hands into the "pork barrel" and steal from the people, and that we need a guardian? Are we without self-restraint, self-respect, or sense of duty? That is against representative government, not in favor of it.

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

Mr. MAVERICK. Yes.

Mr. GEARHART. Not being infallible, suppose this Congress makes a mistake and appropriates too much to accomplish a certain objective, then if at the end of the year the President through efficient management has a large unexpended balance, is he not entitled to credit for it rather than criticism?

Mr. MAVERICK. Possibly so; but I do not believe it is relevant to the point under discussion. There are certain ways of accomplishing economy, but when you indiscriminately abandon power and duty over to the Executive with blanket authority to cut down appropriations, it means any particular place or job, it means a scientific project, something that an Executive does not like, it means that you are wrong if he is against it, it means a part of something else. In other words, it gives the Executive power to rewrite our laws entirely.

Mr. McFARLANE. And there are no facts or figures or recommendations from the executive department, if I have been correctly informed, that will justify any such statements, and clearly the Woodrum amendment permits the doing of things indirectly that the provisions of the Constitution do not permit to be done directly. I therefore believe in all fairness to ourselves and the President that if the veto power is to be written into law it shall be written in keeping with the Constitution. And remember, to override a veto under the Constitution it requires a two-thirds vote.

Mr. THOMASON of Texas. I ask the gentleman if he does not think that the principle of the Woodrum amendment has worked well in many of the States?

Mr. MAVERICK. I understand that the single-item veto has, but this is not the single-item veto. It goes way beyond that in the absolute and complete power this amendment gives. Under the operation of the single-item veto the matter would come back to the floor and the Members of Congress have an opportunity to vote on it; but under the operation of the Woodrum amendment an unlimited time is given the President to do the cutting and then the matter lies over for 60 days.

Mind you, the President could take his action just as Congress adjourned and we would not have time to do anything about it. If this thing is enacted into law, we will find ourselves continually watching the Executive, and then, after all, it would simmer down to some fellow being afraid to say

anything about any appropriation for fear his item would be cut.

Mr. THOMASON of Texas. Does the gentleman favor the single-item veto?

Mr. MAVERICK. No; I do not favor it at all, but that does not make the Woodrum amendment any good, nor constitutional.

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

Mr. MAVERICK. I yield.

Mr. CULKIN. The Constitution sets up three branches of government. Is it not a fact that if the President has this power there will be but two, the judicial and executive?

Mr. MAVERICK. I think so; and I would like the Government to be more representative than it is now.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 5 additional minutes to the gentleman from Texas.

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

Mr. MAVERICK. I yield.

Mr. CARLSON. I am in accord with the gentleman's statement. The gentleman makes the statement that Congress should be responsible for the wasting of funds. The gentleman realizes, of course, that in the last few years a large number of agencies have been created by Executive order of the President. The Resettlement Administration is not a congressional creation. The gentleman, of course, believes that if we are to be responsible for the expenditures we should be somewhat responsible for the creation of the agencies causing the expenditures, does he not?

Mr. MAVERICK. Yes; I think so. We should have more, and not less, to do with agencies.

Mr. Chairman, in conclusion, this proposition was brought before us when only about 20 or 25 Members were present. One man gets up and makes an objection but is told, "That's all right; that's all right, let it go;"—they whisper in his ear the President wants it, not to worry—and the only explanation made by the gentleman from Virginia was that he talked to the Republicans about it—no Democrats.

Did he talk to Mr. BANKHEAD, our Speaker?

No!

Did he speak to our majority leader, Mr. RAYBURN?

No!

Did he speak to the chairman of the Rules Committee, Mr. O'CONNOR of New York?

No!

Did he speak to Mr. BOLAND of Pennsylvania, the whip?

No; he just brings this thing in and jumps it up like the devil.

Did he even speak to the chairman of the Committee on Appropriations about it?

No!

If we let this thing go by, it is just the same as if we should go out and say, "We need a guardian. Please lock us up. We haven't got any sense; we don't know how to make appropriations. We are a bunch of boobs and we want you to lock us up as you do people in a feeble-minded institution." That is what it amounts to, and that is what I think about it.

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

Mr. MAVERICK. I yield.

Mr. PIERCE. The value of the single-item veto lies in the opportunity it affords the Executive. We have the single veto in Oregon. In the 4 years when I was Governor of that State I exercised it only three times, but it did keep many items out of appropriation bills. I am inclined to favor the single-item veto.

Mr. MAVERICK. But this amendment is worse than that.

Mr. PIERCE. I am with the gentleman 100 percent in what he says, yet I favor the single-item veto.

Mr. MAVERICK. We may not always have as benevolent an Executive as we do now, however.

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

Mr. MAVERICK. I yield.

Mr. KVALE. I can endorse what the gentleman from Oregon says, for the single-item veto has worked well in Minnesota. I am, however, in sympathy with the gentleman's remarks about the manner in which the amendment was adopted.

Mr. MAVERICK. I thank the gentleman from Minnesota.

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

Mr. MAVERICK. I yield.

Mr. VOORHIS. Does not the gentleman feel that in this time, when we have found through the experience of a number of years that in certain circumstances almost the only way in which the economic strength of America can be maintained is by keeping up the purchasing power of certain groups of the people, that this amendment is very vital and that it might be used deliberately to defeat a program of the Congress which was necessary for the economic salvation of the country?

Mr. MAVERICK. Yes; but it is not a question of economics but of democratic government. In the matter of appropriation for any item, if Congress feels that the appropriation is a good one and ought to be made, it ought to stand.

I think this is a very serious thing. It involves two things: The prestige of the committee and the Congress and also our own right of self-government in this House.

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

Mr. MAVERICK. I yield to my good friend.

Mr. McFARLANE. It would amount to requiring a two-thirds vote of the House and the Senate in order to put through an appropriation bill and know that it would finally become a law. It would just force the thing back on us.

Mr. MICHENER. Why would this require a two-thirds vote?

Mr. KVALE. To override the veto.

Mr. MICHENER. This is not a veto.

Mr. McFARLANE. That is what it amounts to.

Mr. MICHENER. This is not a veto. If I read it correctly, it would come back here. I ask the opinion of the gentleman from Texas [Mr. MAVERICK]; he has studied it.

Mr. MAVERICK. I hate to say this, for Republicans have said it, but this amendment was written by some fellow who was not a Congressman, someone who did not know anything about law. It must have been written by the man in the moon, for all he knew about legislative practice or the Constitution of the United States. It is a piece of cheese.

I do not know who it was. I know the gentleman from Virginia [Mr. WOODRUM] never wrote that amendment. This amendment seeks to go around the Constitution; it seeks to get around the veto power; and, as the Baltimore Sun said, it is a short cut on the Constitution. It does not set up any machinery. It tries to get around the Constitution without setting up any machinery and it just flops bang all our legislative duties in the lap of the Chief Executive.

Mr. MICHENER. And it would make the veto applicable by negation?

Mr. MAVERICK. I do not know. It should have been written as if there was some sense to it. All I know is that it has enough ropes to choke us down for all time if we submit.

[Here the gavel fell.]

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

Mr. PIERCE. Will the gentleman yield?

Mr. MAVERICK. I yield to the gentleman from Oregon.

Mr. PIERCE. What is the parliamentary situation now? I was not here when the amendment was passed.

Mr. MAVERICK. The parliamentary situation is that it is in the House bill. It has gone over to the Senate. What we ought to do is ask our Senate friends to cut it out, and when it comes back, if necessary, vote the amendment down. That is what we have to do if we want to retain our representative powers.

[Here the gavel fell.]

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

Mr. Chairman, I am glad the gentleman from Texas has just challenged the independence of the House. His speech

provides an introduction to that to which I wish to direct the attention of the Members of the House at this time.

Earlier this afternoon the chairman of the Post Office and Post Roads Committee made a plea for the postal workers and in the course of his remarks directed the attention of the Members of the House to the slashes that have been made, as he called them, in the appropriations under the Budget estimates. I was not at all surprised with either the tenor of his remarks or the method he pursued in trying to persuade the House that larger appropriations should be made for the postal workers. He touched upon a very splendid thing, one that naturally appeals to a great many Members of this body, that is, the needs of the postal workers. It seems to me that in so doing, however, he should have been mindful of certain other portions of the hearings than those to which he directed our attention.

It is a very easy thing to stand in this body and make a statement based on generalities with reference to economy. It is an entirely different thing to measure your course of procedure according to the professions of economy that you make on other occasions. It seems to me that the chairman of the Post Office and Post Roads Committee must assume the sole responsibility for advocating increased expenditures, and thereby admit that economy is not a part of his program.

I would like to call his attention and the attention of the Members of the House to some other portions of the record. I want to call attention to the fact that in most lines of industry and in most lines of business the introduction of mechanical devices has tended to a reduction of man-hours. In other words, as machines have been introduced in most lines of activity, there has followed a diminution in the need for man-hours. That is true in every one of the lines of industry that I know of. In fact, it was so true that a few years ago there were those who advocated a cessation of machine production in order that there might be an increase in man-hours. Still the representatives of the Post Office Department came before the Appropriations Committee and told that committee that the introduction of mechanization and the introduction of all the labor-saving devices had not tended to decrease the need for man-hours, but rather had tended to increase the need for employees. I submit, Mr. Chairman, if that is true, then the Appropriations Committee must assume that all of the money that we have appropriated in years past for mechanical devices and for the introduction of machines in the Post Office Department should not have been made, or that there is a waste of man-hours in connection with the operation of the Post Office Department.

Mr. Chairman, I have a very high regard personally for the distinguished gentleman who is Postmaster General. I pay him my respects today. He is a genial, whole-souled, charming gentleman. But we must face the facts, Mr. Chairman, that the distinguished Postmaster General and many of those who are identified with him in the operation of the Post Office Department have a dual capacity. They have two interests to serve. They not only have the interest of the post office to serve, it is not only the transportation and distribution of the mail of the citizens of the country they must look after, but they have the tremendous obligation of looking after the welfare of this Democratic Party. They have two things to do. It is no wonder, with this added responsibility, that the need for man-hours has increased.

No matter how many machines we put down there in the Post Office Department, no matter how fine we carry out our mechanization, no matter how completely we provide facilities that inventions have brought to us, as long as the tremendous responsibility of looking after this New Deal political outfit is laid at the door of the genial Postmaster General and his associates, we are going to be faced with the need for man-hours and more man-hours in the administration of the Post Office Department. The taxpayers are paying for the administration of the Post Office Department and for the management of the political activities of the New Deal.

I wondered why the distinguished gentleman from New York, the chairman of the Post Office and Post Roads Committee, should use the subterfuge of claiming his interests are the poor postal employees? I am just as much concerned, and I am just as eager and as anxious as he is for their needs and their welfare. What he should be more concerned about is seeing that the money appropriated by this Congress for the Post Office Department goes for postal needs instead of being diverted to the maintenance, the support, the encouragement, the aggrandizement, and development of this New Deal outfit. I submit, Mr. Chairman, there will be plenty available for the postal employees if the political activities of the Department are assumed by the party instead of being saddled on the taxpayers. So I answer him today by saying we have provided every dollar, and more, that is needed and necessary for the proper needs of the postal employees, provided the Post Office Department is relieved of this additional, this onerous, this distasteful task that is laid at its door of looking after the more abundant life of the New Deal.

There are other things we should inquire into with reference to the appropriations for the Post Office Department. I believe it is time the Post Office Department tells the country something about these new post offices my distinguished friend the gentleman from Texas [Mr. MAVERICK] a few moments ago unfortunately referred to as "pork." That is a rather nasty term, and I would not have used it; but since it has been put into my mouth by the distinguished gentleman from Texas, I must perforce accept it. So I say it is "pork" you gentlemen have indulged in, not the little pigs you have been killing, but the "pork" you have been devouring and on which you have been feasting. If you will read the hearings, you will see this "pork" must have adornments on it and ornaments on it. This was a revelation to me. As we pursued throughout the course of the hearings our inquiry on ways of saving money, we were advised that every one of these pieces of "pork" which are being put into your districts must have special kinds of ornaments put on them. I assume the features of the "pork" must be somewhat beautified probably. In other words, you seek to remove the nastiness of "pork" by these efforts at adornment, but a pig is a pig and pork is pork, no matter how you attempt to beautify or disguise it.

Then we were surprised to learn these adornments need more man-hours to look after them. In other words, you not only demand "pork" but you want some men paid by the Public Treasury, by the taxpayers, to shine them up, to put a little bit of sheen here and little bit of glitter there, and a bit more of attraction some place, in order that the nastiness of the "pork" feature will be covered over by the beauty of these adornments and ornaments.

Do you honestly believe the taxpayers of the country ought to be paying not only for your "pork" but for the adornments and beautifications which you feel are necessary in order to hide the ugly features which otherwise might worry even you? There, Mr. Chairman of the Post Office Committee, again, sir, I say, let us save a little money from the adornments of the "pork" and you will have more money for these poor postal employees, for whom I join with you in just as fervent a plea, and with just as much an outpouring of my heart, as you resorted to earlier in the afternoon.

Let me refer a moment further to the operations of the Post Office Department and let me call your attention to a matter which I believe should receive serious consideration. As all of us know, we have been faced during the last 6 months with a rather disastrous depression. It has been called a recession, I believe, probably for much the same reason that we put adornments and ornaments on "pork." Nevertheless, the fact remains that unemployment has increased and business has stagnated, and we are up against it as far as the normal activities of industry are concerned. During the course of the hearings we had before us a man who was interested in the air transportation of the mails of the United States. He came seeking some additional help for a very worthy cause, the air-mail transportation. During the course of his examination he pointed to certain fac-

tors which he said had so crippled transportation by air that unless something were done, unless some remedy were provided, a complete collapse of air transportation in the United States was threatened. As we pressed him for a reason, asking him to give us the cause for the difficulties which were encountered, he told us that during the past year taxes had been increased by 65.5 percent. When we pressed him as to whether or not the same crippling and deadly punishments had not been visited upon all private industry and all private enterprise, he admitted that the same factors were present in other lines of industry as prevailed in the air transportation systems of the country.

There is a matter which should be receiving our serious consideration. There is a matter which challenges the attention of every man. Thank God, your Secretary of the Treasury came out today, according to the newspapers, and said what we have to do is not look for more revenues and more ways of getting money out of the taxpayer's pocket but that appropriations must be cut. What we have to do is pare down instead of build up. What we have to do is challenge every man here to assume the responsibility with which he was charged earlier in the afternoon by the gentleman from Texas [Mr. MAVERICK], when he said that upon our shoulders rests the responsibility for the disbursements from the Public Treasury, and that by no rhyme or reason could we maintain representative government and try to pass this responsibility on to the White House. Here is where appropriations have to be cut; here is where savings must be made; here is where economies must be effected—and in no other place.

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

Mr. DITTER. I yield to the gentleman from Missouri.

Mr. SHORT. I take it my distinguished friend the gentleman from Pennsylvania is, therefore, against this item-veto provision?

Mr. DITTER. Unqualifiedly.

Mr. SHORT. I do not know who the author is, but, Mr. Chairman, I believe whoever wrote the provision should be arrested and incarcerated for indecent intellectual exposure.

Mr. DITTER. May I direct the attention of the committee to still a further matter which I believe should receive our serious consideration—the type of accounting system which is presently in operation in the Post Office Department. I believe the distinguished chairman of the subcommittee [Mr. LUDLOW], for whom I have the most profound regard and respect, was startled to learn the Post Office accounting system does not reflect in many ways matters of pertinent importance to the operations of the Department—matters which any small business concern would of necessity have recorded upon its books. I will give just one illustration.

Revenues flow into the Post Office Department as a result of the deposits in postal savings, and what happens to them? In days gone by, when there was a greater degree of confidence on the part of private investors; in the days when the restraints that now are binding down and holding back the energies, the industry, and the initiative of the American people were not present; in those days the postal savings funds, to a very large degree, found their way into the banks of the country, the national banks of the country which in turn let these funds out into the avenues of private industry and private enterprise. Then the pall of the New Deal fell upon the whole thing, and private industry, private enterprise, and private investments had to pull themselves in so that they might not be visited by the punitive and penalizing measures of the New Deal. As a result the Post Office Department finds that the banks will not take the money.

Now, what has happened? The Post Office Department therefore has to invest increasingly large sums in the bonds of the United States. When we asked the question, how are these funds invested, are the bonds purchased on the open market, or is it a direct transaction between two departments of the Government, we were told that in a large measure they were bought in the open market. Well, if they are bought in the open market, then there is one thing that is incident thereto, and that is somebody is getting some commission. Oh, now, I have not made any charges, and none of you Democrats need raise your eyebrows, or evidence such a degree of alarm.

I say it is only natural that these brokerage houses are not in business for love, even though Uncle Sam is the one that is doing either the buying or selling. We then asked the Post Office Department to give us the debit charge against postal savings deposits of the amount of the brokerage paid during the past year and the brokerage houses that have been the recipients of this very lucrative business. It must be a rare privilege to be a favored brokerage house. We were told we could neither get the amount of the commissions nor the houses that had conducted these transactions between the Post Office Department and the Treasury Department.

I say, in my opinion, this condition should be changed. I charge that not this Congress alone but every man and woman who has confidence enough to go to a post office and deposit their earnings in that post office has the right to know how much of their principal, whether it is $10 or 10 times $10, is being paid as commissions to brokerage houses out of the money they are depositing. They have the right to know whether there is any "pork" here, adorned or unadorned, ornamented of unornamented.

While we are talking about these Post Office Department investments let me point out another matter in the same connection. This is a joint bill—for Post Office and Treasury. I think it is a splendid thing to have the two together, the place where they get the money out of the taxpayer and the place where such a large part of the taxpayers' contribution goes from the taxpayer to support the operations of the New Deal machine. I invite your attention to an interesting yet very alarming procedure.

I find that $750,000,000 of social-security money will likely be invested during the next year in Government bonds. What does this mean? This means the money of the wage earner to support the credit structure which has been threatened and impaired by the fiscal operations of this administration, to buttress it by the money that is coming out of the wage earners' pockets, $750,000,000. Four hundred and twenty-five million dollars more under sections 2 and 8 of the social-security program going the same route. I was almost going to say "going down the river" the same way, but I shall not say that. One hundred million dollars more of the money from the railroad employees for the railroad retirement fund is going into Government bonds and other additional millions of postal savings and employees retirement money being used for the same purpose. Making one billion and a half of taxpayers' money, savings or otherwise, being directed, used, managed for but one purpose, and that is to provide an artificial background and base for the present condition of the United States Treasury and to buttress the credit which has been impaired by the profligacy of the New Deal.

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

Mr. DITTER. Yes.

Mr. PIERCE. Does the gentleman know of a safer place to put it or a better place? Where would the gentleman put it? We do not want the cash, surely.

Mr. DITTER. I will answer the gentleman.

Mr. PIERCE. I would like to know about that. Would you put it in bonds in some village in Ohio?

Mr. DITTER. I wish the gentleman would not presume what my answer is to be.

Mr. PIERCE. To the gentleman, I apologize.

Mr. DITTER. Instead of an accumulation of these funds, I believe we could meet the needs of the social-security program, properly written, and the needs of the railroad employees and all the others, from year to year as the needs arise, by the appropriations of the Congress of the United States, provided there is a cessation of the extravagances and wastes that have brought about an impairment of Federal credit. I believe that Uncle Sam can pay his way for every one of these things. We do not have to put

the money in the vaults of the Secretary of the Treasury or into Government bonds or buttress the credit by these commission transactions, but from year to year appropriations may be made as the need may require.

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

Mr. DITTER. May I just finish this thought. The point I am trying to make is this: I believe we on this side are just as much concerned as those on the opposite side of the aisle for what the needs may be, but I doubt very much whether we should hazard, whether we should jeopardize, the interest of those who look forward to the payments under these benefits by letting the program go on that has been followed during the last few years. It seems to me that we are inviting such hazard. If this structure that is being supported at the present time were to be in any way impaired, the poor man who is looking for social security, and the railroad worker, in whom I am much interested, who is thinking about his retirement benefit, may find no funds available for payment when the need arises.

But I want to go back to the Post Office Department for a moment. Since the distinguished gentleman from Pennsylvania [Mr. BOLAND] presses me to yield to him, I suggest that I would prefer that he would have some other than a Pennsylvanian request that I yield, for it might be an invitation to me to touch on a very sore subject under this debate.

Mr. BOLAND of Pennsylvania. And I say to the gentleman that anything that he might say would not make me sore.

The CHAIRMAN. The gentleman has consumed 30 minutes.

Mr. DITTER. I yield myself 5 additional minutes.

Mr. BOLAND of Pennsylvania. Mr. Chairman, will the gentleman yield now?

Mr. DITTER. One of the Army chaplains whom I met always assured the men in his outfit that Uncle Sam loved them. "Remember Uncle Sam loves you", he would say. As I think of my distinguished friend from New York [Mr. MEAD], chairman of the Committee on the Post Office and Post Roads, even as I think of the distinguished gentleman from Pennsylvania [Mr. BOLAND], who probably shares the same opinion, it seems to me that they are eager to impress upon everybody in this land that Uncle Sam loves them, that he loves them by giving them everything—everything that they can collect from the taxpayers of the country.

Mr. BOLAND of Pennsylvania. Mr. Chairman, will the gentleman yield for a question now?

Mr. DITTER. I submit, Mr. Chairman, we should appropriate for the needs of postal employees every dollar that they earn, but we should cut off every last dollar of the appropriation which is diverted from proper channels into political streams.

And now, Mr. Chairman, if the distinguished gentleman from Pennsylvania insists that I yield, then I yield.

Mr. BOLAND of Pennsylvania. The gentleman stated that he might open up a subject that would be unpleasant to me.

Mr. DITTER. Oh, no. I said to the Pennsylvania group. If I in any way made any statement which reflected unfavorably upon my distinguished friend, I want to change it.

Mr. BOLAND of Pennsylvania. It is perfectly all right for the gentleman to bring up any subject, as far as I am concerned, but I was not interested in that particular thing, but the gentleman borders very closely, I would say, to a charge that somebody is getting commissions because of this business between departments. Would it not be well worth while, if the gentleman has any specific reason for making a statement like that, to demand an investigation?

Mr. DITTER. I can only answer the gentleman by saying that it seems to me that my duty is to bring it to the attention of my distinguished colleague from Pennsylvania, and since he has accepted it as an innuendo—and I did not go that far—then I feel he will bestir himself to see if there is any such thing that requires an investigation, and if so that he will make it with dispatch. What I feared was that he might have desired to interrogate me with reference to the dirty linen in Pennsylvania that was being washed here earlier in the week.

Mr. BOLAND of Pennsylvania. I thought the gentleman meant during the Pinchot administration.

Mr. DITTER. I want to caution the gentleman. It was most distasteful to me to find that my friends on the other side of the aisle from Pennsylvania felt called upon to bring their family secrets out in the open, their bickerings, their quarrelings, these skeletons that have been hanging in their closets, and expose them to the scrutiny of the whole country. I thought these gentlemen would be more guarded, and that they would hold these things to themselves even for their own protection, if not for the fair name of Pennsylvania.

I plead with my distinguished friend from Pennsylvania [Mr. BOLAND] that the skeletons be left in the closet, that the family quarrel of the Democrats in Pennsylvania be withheld from the public press, that the sorry conditions of discord which prevail in your midst be kept a secret, that all of this be protected from the morbid curiosity of scandal mongers and that Pennsylvania be protected from further censure and criticism growing out of the exposé. [Applause.]

Mr. MCCLELLAN. Mr. Chairman, at the proper time I intend to offer an amendment to this bill to appropriate $180,000 for the purpose of continuing the operation and maintenance of the Hot Springs Transient Medical Center Infirmary, located at Hot Springs National Park, Ark., which amendment is as follows:

*Provided*, That not in excess of $180,000 of this appropriation may be used and expended for the purpose of continuing the operation and maintenance of the Hot Springs Transient Medical Center Infirmary, located at Hot Springs National Park, Ark., under the supervision and control of the Public Health Service of the Treasury Department.

And I propose at this time to discuss the necessity for this amendment and appropriation, in order that the membership may be advised regarding it and give it some thought preceding debate on the amendment when offered.

First, I will say to the membership of the House that this is not a new or additional Federal expenditure, although it is not now and has not heretofore been included in the Budget; but last year I had a similar amendment adopted to the third deficiency appropriation bill, which amendment authorized the President to allot to the Public Health Service of the Treasury Department, for the fiscal year 1938, not to exceed $200,000 out of unexpended balances made available by section 1 of the Emergency Relief Appropriation Act of 1937. This provision of law now appears at page 272 of the statutes of the first session of the Seventy-fifth Congress.

Acting on this authority, the President allocated $180,000 to cover the cost of continuing the operation and maintenance of this transient camp and infirmary.

The reason, as I understand, why this item has not been and is not now included in the regular Budget is because there has been no general statute of authorization for this purpose enacted. However, I have today introduced a bill authorizing regular annual appropriations for this purpose and, of course, hope and expect to obtain the passage of this measure at this session of Congress. This will then insure the inclusion of an appropriation for this purpose in the Budget.

The proceedings I am taking in this matter follow and are in many respects the result of conferences I have had with officials of the Public Health Service, the Treasury Department, and the Director of the Budget.

Many of you, no doubt, recall my explanation of this matter last year, when I offered the amendment that was adopted to the third deficiency appropriation bill, but in order to keep the record straight and so that there may be no misunderstanding, but rather, so that each Member may have full and complete information, I wish to review briefly some facts in connection with and in support of this proposal.

Hot Springs National Park, where this transient medical center infirmary is located, is the oldest national park in the United States and was established by act of Congress in 1832. Healing qualities of the hot waters of these springs had long before been discovered. For many years people who

came there from far and near bathed in open pools on the hillside, just above what now constitutes the main street, Central Avenue, of the city of Hot Springs. In 1878 the Government established a free bathhouse. Notwithstanding the establishment of this free bathhouse, where baths might be obtained without charge, adequate supervision and regulations were not maintained. Each patient was permitted to diagnose his own case and bathe at will. This procedure was obviously dangerous, because it was conducive to the spread of infectious diseases rather than their prevention and eradication. For this reason, in 1921 the Department of the Interior requested the United States Public Health Service to assume supervision of free bathers. Since that time the Public Health Service has maintained a clinic in the Government free bathhouse, and this clinic examines all applicants who apply for free baths and isolates those cases where the disease is found to be infectious.

Before applicants can receive this free treatment it is necessary that they take a pauper's oath. They come to Hot Springs from all sections of the United States, seeking a cure for all character of ailments by bathing in these waters that possess miraculous curative qualities.

They are, in fact, the Nation's charity patients. They are not the responsibilities of the city of Hot Springs nor of the State of Arkansas. Neither the city nor the State can or should undertake to bear the burden of their maintenance and care while being restored to health preparatory to returning to the communities from which they came.

I desire at this point, Mr. Chairman, to insert in the RECORD as a part of my remarks some tables prepared by Dr. E. W. Norris, the medical officer in charge of this transient medical center, one of which shows the total number of patients cared for by this institution for the calendar year 1937, together with the States in which they live, to be 1,851, and other data pertaining to this subject, one showing present number of inmates and their State and another the cost of operations for the year 1937.

ANNUAL REPORT

*Admissions to the Public Health Service Medical Center, Hot Springs National Park, Ark., Jan. 1, 1937–Dec. 31, 1937*

| State | Male | | | Total | Female | | | Total | Grand total |
|---|---|---|---|---|---|---|---|---|---|
| | Age groups of patients | | | | Age groups of patients | | | | |
| | 0–15 | 16–30 | 30 1 | | 0–15 | 16–30 | 30 1 | | |
| Alabama | | 22 | 3 | 25 | | 3 | | 3 | 28 |
| Arizona | 1 | 5 | 2 | 8 | 1 | 2 | | 3 | 11 |
| Arkansas | 13 | 249 | 78 | 340 | 26 | 113 | 26 | 165 | 505 |
| California | | 19 | 6 | 25 | | 1 | 1 | 2 | 27 |
| Colorado | | 4 | 4 | 8 | | | | | 8 |
| Delaware | | | 1 | 1 | | | | | 1 |
| District of Columbia | | 1 | | 1 | | | | | 1 |
| Florida | | 9 | 1 | 10 | 1 | | | 1 | 11 |
| Georgia | | 23 | 7 | 30 | | 1 | | 1 | 31 |
| Idaho | | 1 | | 1 | | | | | 1 |
| Illinois | | 18 | 11 | 29 | | | | | 29 |
| Indiana | | 8 | 1 | 9 | | 1 | | 1 | 10 |
| Iowa | | 3 | 2 | 5 | | | | | 5 |
| Kansas | | 12 | 3 | 15 | | 3 | | 3 | 18 |
| Kentucky | | 23 | 7 | 30 | 1 | 3 | | 4 | 34 |
| Louisiana | | 62 | 10 | 72 | 1 | 17 | 3 | 21 | 93 |
| Maine | | 1 | | 1 | | | | | 1 |
| Maryland | | 1 | | 1 | | | | | 1 |
| Massachusetts | | 2 | | 2 | | | | | 2 |
| Michigan | | 3 | 2 | 5 | | 1 | | 1 | 6 |
| Minnesota | | 6 | 2 | 8 | | | | | 8 |
| Mississippi | 2 | 44 | 6 | 52 | | 5 | | 5 | 57 |
| Missouri | | 71 | 15 | 86 | 1 | 14 | 1 | 16 | 102 |
| Nebraska | | 2 | 1 | 3 | | | | | 3 |
| New Jersey | | 2 | 2 | 4 | | | | | 4 |
| New Mexico | | 7 | 3 | 10 | | 5 | | 5 | 15 |
| New York | | 3 | 2 | 5 | | | | | 5 |
| North Carolina | | 6 | 2 | 8 | | 1 | | 1 | 9 |
| North Dakota | | 1 | | 1 | | | | | 1 |
| Ohio | | 2 | 3 | 5 | | | | | 5 |
| Oklahoma | 1 | 107 | 29 | 137 | 8 | 30 | 2 | 40 | 177 |
| Pennsylvania | | 5 | 2 | 7 | | | | | 7 |
| South Carolina | | 3 | 2 | 5 | | | | | 5 |
| South Dakota | | 2 | | 2 | | | | | 2 |
| Tennessee | 2 | 28 | 9 | 39 | | 6 | 1 | 7 | 46 |
| Texas | 8 | 293 | 94 | 395 | 11 | 120 | 12 | 143 | 538 |
| Utah | | 1 | | 1 | | | | | 1 |
| Virginia | | 3 | 1 | 4 | | 7 | | 1 | 5 |
| West Virginia | | 7 | 3 | 10 | | 1 | 1 | 2 | 12 |
| Wisconsin | | 2 | | 2 | | | | | 2 |
| Wyoming | | 1 | | 1 | | | | | 1 |
| Total | 27 | 1,062 | 314 | 1,403 | 50 | 328 | 47 | 425 | 1,828 |
| Births | | | | | | | | | 23 |
| Total | | | | | | | | | 1,851 |

*Admissions to the Public Health Service Medical Center, Hot Springs National Park, Ark., Jan. 1, 1937–Dec. 31, 1937*—Continued

*Census, by States and age groups, of clientele at the Public Health Service Medical Center, Hot Springs, Ark., as of Jan. 11, 1938*

| State | Male | | | Female | | | Total |
|---|---|---|---|---|---|---|---|
| | 0–15 | 16–30 | Over 30 | 0–15 | 16–30 | Over 30 | |
| Alabama | | 5 | 3 | | | | 8 |
| Arizona | | 1 | | | | | 1 |
| Arkansas | 4 | 51 | 12 | 6 | 27 | 7 | 107 |
| California | | 1 | | | | | 1 |
| Colorado | | 1 | 2 | | | | 3 |
| Georgia | | 2 | 1 | | | | 3 |
| Illinois | | 4 | 2 | | | | 6 |
| Indiana | | 5 | | | | | 5 |
| Iowa | | | 1 | | | | 1 |
| Kansas | | 4 | 2 | | 1 | | 7 |
| Kentucky | | 7 | | 1 | 2 | | 10 |
| Louisiana | | 19 | 4 | 1 | 8 | 1 | 33 |
| Maine | | 1 | | | | | 1 |
| Massachusetts | | 1 | | | | | 1 |
| Minnesota | | | 2 | | | | 2 |
| Mississippi | 1 | 4 | 3 | | 2 | | 10 |
| Missouri | | 14 | 2 | | 2 | 1 | 19 |
| Nebraska | | | 1 | | | | 1 |
| New Jersey | | | 1 | | | | 1 |
| New Mexico | | | 1 | | | | 1 |
| New York | | 3 | 1 | | | | 4 |
| North Carolina | | 1 | | | | | 1 |
| Ohio | | 1 | 1 | | | | 2 |
| Oklahoma | | 16 | 7 | | 5 | 1 | 29 |
| South Dakota | | 1 | | | | | 1 |
| Tennessee | | 6 | 5 | | | | 11 |
| Texas | | 46 | 20 | 4 | 23 | | 93 |
| Virginia | | 1 | 1 | | | | 2 |
| Wisconsin | | 1 | | | | | 1 |
| Total | 5 | 196 | 72 | 12 | 70 | 10 | 365 |

JANUARY 11, 1938.

Memorandum.

To: Congressman MCCLELLAN.

From: Dr. Edgar W. Norris, passed assistant surgeon, medical officer in charge, Public Health Service Medical Center.

*Total monthly and per capita costs of operation during calendar year 1937, by months*

| Month | Total costs | Average daily number of patients | Average per capita cost per month |
|---|---|---|---|
| January | $8,958.09 | 364 | $24.61 |
| February | 8,126.61 | 373 | 21.79 |
| March | 9,793.95 | 354 | 27.66 |
| April | 8,182.58 | 351 | 23.31 |
| May | 9,113.72 | 344 | 26.49 |
| June | 9,120.57 | 331 | 27.55 |
| July | 8,665.37 | 360 | 24.07 |
| August | 9,740.89 | 374 | 26.04 |
| September | 11,199.24 | 355 | 31.65 |
| October | 9,981.43 | 335 | 29.79 |
| November | 9,404.37 | 331 | 28.41 |
| December | 12,196.61 | 346 | 35.25 |
| Total | 115,483.43 | | |
| Average per month | 9,623.62 | | |

The Federal Government is interested in preventing the spread of contagious and infectious diseases, and maintains this free bathhouse and clinic in Hot Springs National Park for the treatment of social and infectious diseases and other ailments as a part of its permanent health program. It invites the afflicted to come to Hot Springs and make use of

these facilities, and as a result, thousands come annually and thousands have been cured and restored to health, and thus returned to their communities no longer objects of charity, but able to meet their full responsibilities of citizenship.

Public health is generally promoted by this service. Our relief load is lightened and sick bodies are restored to their full health, rather than being permitted to grow into chronic, incurable cases, and thus become permanent burdens on society.

During 1937 the average daily number of persons receiving domiciliary and hospital care at this transient camp was 346.

The physical properties of this camp consist of 9 barracks or dormitories, an administration building, kitchen, dining room, recreation hall, and small infirmary, providing accommodations for 500 persons, and the infirmary providing 60 beds. These buildings are permanently constructed and located on 34 acres of land that was purchased and donated by the city of Hot Springs and Garland County. The camp was constructed by the Federal Emergency Relief Administration at a cost of $106,173.34. Since its completion it has been operated by the United States Public Health Service in connection with the free clinic and bathhouse maintained by the Federal Government at Hot Springs and with funds granted by the Federal Emergency Relief Administration to the State of Arkansas and the appropriation contained in the third deficiency appropriation bill last year. The emergency relief funds are now exhausted; therefore the necessity for this appropriation to carry on this work.

The Government free bathhouse and clinic represents an investment of $275,000.

I emphasize the critical situation that will exist and immediately follow a discontinuation of this service should we fail to make an appropriation to cover the cost of its continuation. You realize that the function of this medical-center camp is to provide domiciliary care to completely indigent persons who take a pauper's oath and apply for treatment at the Government free bathhouse and clinic. Before admission to this camp, by an examination at the clinic, these persons are found to have acute, infectious diseases. They come to Hot Springs from every State in the Union, attracted there by the facilities and operations this Government is offering them without charge, to be restored to health. Most of these persons are young men and women who come from impoverished homes and from communities devoid of medical facilities. They hitchhike, come in freight cars, and every conceivable way of free transportation. They arrive destitute of funds and in such large numbers that it is impossible for local charities to care for them.

Prior to the establishment of the Public Health medical center these people slept in alleys, begged from door to door, and were frequently observed seeking food from garbage cans. When they were unable to find subsistence to maintain them until they could receive this treatment, they returned to their home communities or continued to wander around over the country, carrying with them the infection and diseases with which they were afflicted.

This public-health service has corrected this condition. The acute infectious cases who have no means with which to obtain subsistence are domiciled in this camp and segregated from others and prevented from coming into contact with other human beings so as to spread these diseases. Most of them are fully cured and are returned to good health.

During the year 1937, 937 persons in this camp became hospital patients. The daily average of hospital inmates was 46. Without this medical center hospital care for these patients most of them would have died. Twenty-three babies were born in this hospital, 21 from syphilitic mothers. These mothers were ill and some of them in a critical condition. Of these, 2 were still-born, but of the 19 that lived, 18 were free from the stigma of syphilis, although their mothers were afflicted with this terrible disease. Thus you obtain some impression of the great good this service is rendering.

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

Mr. McCLELLAN. I yield.

Mr. SHORT. The project to which the gentleman refers is a most worthy one, and I am heartily in favor of the appropriation for which he asks; but I want to ask my able friend from Arkansas if we as Members of Congress and representatives of the people can have any assurance that the appropriation will be spent, since we included the item veto in the independent offices appropriation bill earlier this week, turning the purse strings over to the Chief Executive of the United States and abandoning our own constitutional duties?

Mr. McCLELLAN. Replying to the gentleman from Missouri, and my friend, I may say that I hope before this session of Congress is over we will certainly have that assurance.

Mr. BOILEAU. Will the gentleman yield?

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

Mr. BOILEAU. Do the figures which the gentleman has disclose the percentage of cures of these people who come there? Is it proving effective? I may say that I do not know and I am asking for information.

Mr. McCLELLAN. Yes. I invite the gentleman to read the testimony of the Surgeon General of the United States on this point, which will be found on pages 655 and 656 of the hearings. I invite the entire membership of the House to read the testimony of the Surgeon General of the United States in regard to this matter.

Mr. Chairman, I ask unanimous consent to include as a part of my remarks some tables showing the number of patients that have been treated at this hospital and who have received domiciliary care last year, as well as other statements which have been prepared by the medical doctor in charge.

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

Mr. SHORT. Mr. Chairman, does not the gentleman have to secure that permission in the House?

The CHAIRMAN. The Chair does not think so. The gentleman may be given unanimous consent to insert those tables in the RECORD.

Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. McCLELLAN. Tomorrow or Monday, when I offer the amendment, I hope the membership of this House will give it support. The Appropriations Committee should not object to it, but do as it did when practically the same amendment was offered by me last year to the third deficiency appropriation bill—accept it.

I know it will be said that we need to balance the Budget. To that I agree; and I am willing to go just as far as the next one to do it, and am anxious to reduce and eliminate every item of cost it is possible and right for us to dispense with. The time has come when we must make a sacrifice in order to get the Budget balanced. I know we cannot go on indefinitely with large deficits; but this matter that I am presenting here has a humanitarian appeal. It is a health problem. The neglect to provide this service will mean an increase in these diseases and the further spread of the infection that they carry. Study these tables that I shall include in the RECORD. I also invite you to read the testimony of Surgeon General Thomas Parran, of the United States Public Health Service, which is found at pages 654, 655, and 656 of the committee hearings. No one can read that testimony and study these tables and understand this subject without being convinced of the merits of this expenditure; and, in my judgment, when you have done that you will enthusiastically support my amendment. [Applause.]

Mr. LUDLOW. Mr. Chairman, I yield such time to the gentleman from California [Mr. IZAC] as he may desire.

Mr. IZAC. Mr. Chairman, I want to speak for a few moments on a matter that many may consider trivial, but which means so much to the men composing the armed forces of the United States.

In the 1932 drive for economy it was found necessary to discontinue the so-called shipping-over pay or reenlistment allowance. In the bill under consideration today there is no mention of the continuation of this restriction in that section having to do with the Coast Guard.

However, I am fearful lest there be another effort made this year, as happened in the first session of the Seventy-fifth Congress, to deny the reenlistment allowance to the men of the Coast Guard.

There is no provision for an appropriation covering this payment and naturally that leads me to believe that it is the intention of the Appropriations Committee to strike down any attempt to place in any appropriation bill a sum sufficient to make the reenlistment allowance possible.

Now, in the first place, I believe we should squarely face the facts in this matter.

I have introduced a bill, H. R. 8782, which has the endorsement of the Regular Veterans' Association, and, in fact, of practically all veterans. This bill provides for a new schedule of pay for the enlisted men of the armed forces. Naturally, if the time is considered propitious, this will probably receive consideration. If it is not, it will probably not be acted upon for some time.

However, in the meantime, I can see no reason why we should longer continue to deny to these enlisted men the reenlistment allowance which means so much to them and their families in this day when the cost of living is steadily rising.

I want to point out how important it is for the morale of the services that we do everything possible to remove from the minds of these men, ever ready to serve the best interests of the people of the United States—to remove from them any worry of an economic nature.

I believe the United States is financially able to take proper care of the men who have dedicated their lives to the service of their country and to make it possible for them and their families to enjoy a decent American standard of living.

The reenlistment allowance really amounts to so very little when we consider the great advantage from this morale standpoint. For instance, in the present bill, by the insertion of an item of less than $300,000, we can renew the custom of paying this small amount to each man who reenlists. And thus render unnecessary the considerably greater expense encountered in training raw recruits to take the place of those who feel that there is no longer any incentive for them to continue in the service of the United States.

This policy was inaugurated nearly a century ago and has been strictly adhered to until the Economy Act changed it. And, by the way, this is practically the only provision of the Economy Act that has not been rescinded.

I am convinced, herefore, after having made a study of this question, that the taxpayers' interests are served and money is saved them by the renewal of the practice of paying reenlistment allowance, and that a saving will accrue to the Government not only in bettered morale but in actual dollars and cents.

I trust we may count on the support of the Members of this body in our effort to have continued this long-established practice in the interests of the men of the services. [Applause.]

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

Mr. STEFAN. Mr. Chairman, in this debate on the appropriations for the Treasury and Post Office Departments, I wish to suggest that we do not lose sight of the fact that the rural mail service must eventually be extended so that all people in the rural districts shall receive this service. I am in full agreement with the members of this committee that we favor reduction in appropriations wherever this is possible. But I am disappointed in the reductions made for the rural mail service. I feel that the amount of money allowed for rural mail service extensions is not enough. I have heard from many people in my district who are anxious for extensions of this valuable service. I have talked to other Members here today who tell me they, too, have need of many extensions in their districts. The small amount of money allowed for extensions in this bill, in my opinion, will not give us the rural mail extensions to which our rural people are entitled. I note that there are increases in the appropriations for the office services in the departments. I feel that this money could be better used in the extension of rural mail delivery.

Mr. Chairman, I wish to compliment the chairman of the subcommittee and other members of his committee who have worked so long and so hard on this bill. However, I feel that in their extreme desire for economy they have cut too deeply into our rural mail service. You will recall that recently the President has suggested a cut in our appropriations for Federal highways. If you read the President's recent communications on that subject you will find that he states that more employment is given to men on farm-to-market roads than is given on the Federal highways. This, to my mind, means that our President is aware of the importance of post roads and rural roads. It has been my personal honor to attend many meetings of these rural mail carriers. It is my privilege to know many of these Government servants personally. I have never known a finer, more loyal, more energetic group of men in my life. They give service to the people in the isolated parts of our Nation in all kinds of weather. They deliver the mail during storms and travel all conditions of roads. They have undergone great personal hardships in order that the mail go through to the remotest places of our Nation. They have broken the trails and through their great service we today learn from the Chief Executive of our land for the need of better farm-to-market roads over which these carriers of our valuable mail may travel and roads over which our farmers can reach their nearest market in all conditions of weather.

I refer to this road question at this point in order to call your attention to the fact that if we do not continually extend this great rural mail service there may be the danger that at the same time we may forget the great farm-to-market and post-road program which we have so well started.

It is well to cut appropriations wherever that saving to our taxpayers can be done. But it must not be forgotten that our Post Office Department is a revenue-collecting branch of our Government. Much of the money which we appropriate for that Department comes back into the people's Treasury. Therefore I feel that this Department should not work with a handicap of a depleted bank deposit. It should have funds with which to continually work and expand. It should be run very much like private business which is in business for the purpose of securing revenue. It cannot do that without expansion and it cannot do that without working capital.

We are told here that some money has been saved by the consolidation of these rural routes. The subchairman informs me that most of these consolidations have been completed. I have opposed some of these consolidations during the depression because I felt that this Government was endeavoring to provide employment for the breadwinners of needy families. I have felt that to consolidate a mail route resulted in putting one breadwinner on relief. However, for the sake of efficiency and economy, I have been guided by those Members who are closer to this problem than I have been. However, I still object to consolidation of mail routes which result in giving one carrier a route, say, 75 or 90 miles long. I feel now that consolidations have about been completed, that we should concentrate on some regulation or limit as to the length of routes. I feel that no rural mail carrier should be forced to cover more than 50 miles or, in extreme cases, 60 miles. I shall support any bill or resolution which will result in bringing this about.

With a limit on these consolidated routes, Mr. Chairman, I feel that we shall place at rest many complaints which I have been receiving and at the same time we shall eliminate many problems which face the carriers themselves.

Mr. Chairman, I come from a farm district. I personally know the great value of the rural mail delivery to the farm people of my district. The service which we now enjoy is highly appreciated by our people. However, there are many, many more lonesome homes in my district which are entitled to this service. It is for these people that I am pleading. today. I hope and pray that this committee will bear in mind these neglected people and make the future brighter for them by appropriations for more rural mail extensions in order that some day in the not far future every farm home will enjoy an all-weather farm-to-market road over which the servants of our Government, the rural mail carriers, can travel. I hope that we all can live to see the day that a rural mail carrier will visit every farm home in our land once every day. [Applause.]

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Chairman, I have listened with a great deal of interest during the past 2 weeks to the gentleman from Texas [Mr. MCFARLANE] and to my colleague from Massachusetts [Mr. WIGGLESWORTH] and their statements calling the attention of the Members of the House to conditions which today exist in the radio industry.

Yesterday morning I found on my desk a communication from the Federal Radio Commission which contained a mimeographed copy of a press release issued on December 27 with reference to the so-called Mae West program.

The press release reads as follows:

Chairman Frank R. McNinch announced today that the Commission has received, in response to its request, a letter from Mr. Lenox R. Lohr, president of the National Broadcasting Co., Inc., transmitting an exact copy of the transcript of the Adam and Eve feature, the electrical transcription of the skit, a copy of the contract between Chase & Sanborn (sponsors of the program) and the National Broadcasting Co. covering this broadcast, and a list of the stations over which this feature was broadcast.

The Commission will give further consideration to this matter after considering the script and the electrical transcription.

This, as I have said, was dated December 27, and here it is January 14. I know a large number of the Members of the House are joining with me in wondering if this incident is going to be whitewashed. The American people are clean of mind, and naturally they resent the intrusion into their homes of any blasphemous, sensuous, indecent, obscene, or profane utterance, printed matter, or radio broadcast, and that is exactly what this particular broadcast was.

It is claimed by radio officials that some 40,000,000 homes in this country have radio receivers. The people who buy these radio receivers and listen to them do so in the belief and with the thought that such receivers will not be a medium of receiving into their homes any salacious radio broadcast. While the American family can protect its home from the intrusion of salacious and indecent printed matter, radio broadcasts are an entirely different proposition. You simply turn the switch on your radio receiver and you have to take what comes out of it, without having the least idea what the program will contain. It is true you probably have some knowledge of who is sponsoring the program and who are the principals—the artists who are to be presented—and you place your confidence in the reputations of the sponsor and the artists. You certainly do not expect to hear a program that is offensive.

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

Mr. CONNERY. I yield to the gentleman from Minnesota.

Mr. KVALE. The gentleman is a worthy successor to an illustrious statesman, who was a dear friend of mine.

Mr. CONNERY. I thank the gentleman.

Mr. KVALE. Does not the gentleman believe no good purpose will be served by criticism at this time, in view of the fact Government agencies are taking cognizance of the matter and have sought to correct it, and have also attempted to see it does not repeat itself in the future?

Mr. CONNERY. I may say to the gentleman that it is my idea that we should get to the bottom of these things. It is our duty. There should be no whitewashing of this or any similar incident. Several weeks have passed since this report was received from the National Broadcasting Co. by the Federal Communications Commission, and it is about time we had a report on what the Commission intends to do.

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

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

Mr. O'MALLEY. Under the urgings of the people who are active in the League of Decency, the movies managed to clean up some of their pictures. Does not the gentleman believe the radio industry ought to set up a board of censorship, as the motion-picture industry has done, to look over the material which goes on the air before it is broadcast?

Mr. CONNERY. I may say to the gentleman I believe this would be an excellent idea. Of course, the Federal Communications Commission announces it has no authority for censorship, but section 326 of the Communications Act of 1934 reads as follows:

No person within the jurisdiction of the United States shall utter any obscene, indecent, or profane language by means of radio communication.

This situation can be controlled, there is no doubt of it, by the Federal Communications Commission, at the time the offending stations permitting such radio broadcasts come up for renewal of license.

Mr. O'MALLEY. Does not the gentleman believe a vast majority of the people in the radio industry and the advertisers are clean and decent minded, and that they themselves, as was the case in the motion-picture industry, would be best fitted to clean out the dirty-minded people in the business?

Mr. CONNERY. Yes, I believe they could help the situation a great deal, but I still believe the Federal Communications Commission has the responsibility under the Communications Act to see that it is cleaned up if those people in the radio industry do not take it upon themselves to do it.

Mr. O'MALLEY. Of course, the Communications Commission gets the matter only after the damage is done and the dirt has been broadcast.

Mr. CONNERY. That is true, but the Commission could possibly forestall such incidents by forcing the industry to keep the programs clean by proper supervision and regulation.

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

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

Mr. McFARLANE. I appreciate the splendid address the gentleman is making. May I call your attention to the fact the Federal Communications Commission is the agency with the responsibility of regulating the entire communications field, and under the law they cannot say they cannot stop these practices. They regulate the phases of the industry they want regulated and then close their eyes to what they apparently do not care to regulate. I believe the gentleman's position in that regard is very sound.

Mr. CONNERY. The gentleman is exactly right.

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

Mr. CONNERY. I yield to the gentleman from Alabama.

Mr. PATRICK. Is it the purpose of the gentleman in cleaning house in this respect to cover treaty relations with neighboring countries so we can really have the matter cleared up? For example, a doctor from Kansas or some other State in this country may cross the line into Mexico. It may happen, for instance.

Mr. CONNERY. It has happened.

Mr. PATRICK. He may there begin to release broadcasts that are unwholesome and absolutely untrue and which contain representations that cannot be sustained. He may ask that the good, wholesome working people of this country in their time of need send American dollars down to him in payment for advice and ideas which are not sound, and in connection with wild schemes which would not be permitted in this country. Does the gentleman have a plan which would include treaties with geographic neighbors whereby we can

put a stop to the nefarious practice that has grown up of so using this medium which is new to the world and has not yet been legally circumscribed, and thus protect the American people?

Mr. CONNERY. The gentleman is correct. I agree with him wholeheartedly in that something should be done to bring to an end this business of going across our borders, out of the United States, to a neighboring country, where high-powered radio stations permit the covering of this country through the air with offensive programs we would not tolerate here.

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

Mr. CONNERY. I will be pleased to yield to the gentleman from Texas.

Mr. McFARLANE. Does not the gentleman believe there is entirely too much power in the hands of this monopoly, which I think everyone agrees exists, to control the molding of public opinion? I am referring now to the radio monopoly tied in with the communications monopoly of the A. T. & T. Between R. C. A. and A. T. & T. they control through their patent pooling and cross-licensing agreements the entire moving-picture industry as well as the chain broadcasting system and with the monopolistic services existing between them they largely control the chain broadcasting through their radio system newspaper ownership in the Nation. Does not the gentleman believe there is too much power in these three agencies—the radio, moving-picture, and newspaper set-up—to put into the hands of any group to mold public opinion in this country?

Mr. CONNERY. I agree with the gentleman.

Mr. McFARLANE. And is it not the duty of this Congress to act with respect to this monopoly that is apparently flourishing under supposed Government supervision?

Mr. CONNERY. I heartily agree with the gentleman from Texas, and I was coming to that point.

My principal reason for being on this floor today, talking on this subject, is due to the fact that my predecessor in Congress, my brother, the late Congressman William P. Connery, Jr., presented in the first session of this Congress a resolution calling for an investigation of the Federal Communications Commission.

This is not the first time that an incident such as this has happened. This is not the first time we have had such an intrusion into American homes of salacious, indecent, and blasphemous programs. There have been several occasions in the past where similar conditions have existed and my late brother, Congressman Connery, called the conditions prevailing at that time to the attention of the Federal Communications Commission. The usual whitewash was the result.

I am here today wondering if we are going to see a whitewash of this particular incident. Three weeks have elapsed since the electrical transcription of the skit, the script, and the list of stations using the broadcast have been received by the Federal Communications Commission, and it is about time that we received a report on the matter.

Because of the great hubbub that was raised, naturally, by people throughout the country complaining of this particular broadcast, I communicated by letter with the Commission. My letter to Chairman McNinch follows:

Hon. FRANK R. MCNINCH,
*Chairman, Federal Communications Commission,*
*Washington, D. C.*

MY DEAR MR. CHAIRMAN: During the past week I have received a volume of complaints from people of my district protesting against the indecency resorted to by the National Broadcasting Co. in its efforts to enlarge the sales opportunities of Chase & Sanborn's coffees. These complaints substantially indicate that your Commission has been derelict, to say the least, in its enforcement of section 326 of the Communications Act of 1934, which section directs your Commission to prevent the broadcasting of radio programs which are indecent, profane, or obscene.

While it is common knowledge in the Congress of the United States that the radio lobbyists, maintained at tremendous expense by the licensees of your Commission, have all but run the Commission, it seems to me that when your Commission permits the ravishing of the American home by the pouring into the ears of millions of decent, God-fearing, law-abiding American people a program so indecent that it violates the sensibilities of even those who are familiar with the burlesquing of historical events, I think it time that your Commission should either function in the interests of the American people or admit your incompetence and permit the President of the United States to place men on your Commission who will function in the interest of and for the benefit of the American people rather than to the satellites acting for the additional enrichment of a privileged few.

My brother, the late Congressman William P. Connery, Jr., realizing the conditions existing in radio, has pending before the Congress a resolution calling for a congressional investigation. It is my intention in the early days of the regular session of Congress to propose for the passage of this very much needed legislation solely in the interests of the American people.

Despite the desire of Congress for a thorough investigation of the unsavory conditions existing within and on the part of your Commission, I sincerely trust that your Commission will at least indicate its own sense of honor by revoking the license issued by your Commission to the radio station which originated this, to say the least, indecent radio broadcast.

Incidentally, may I inquire if it is true that the president of the National Broadcasting Co. personally authorized in advance the broadcasting of this program, knowing it to be of a lewd and lascivious character?

I will appreciate an early response to this protest and inquiry.

Very truly yours,

LAWRENCE J. CONNERY.

The American people rightfully look to the Congress for protection. The Congress has delegated the regulation and supervision of radio broadcasting to a Federal commission. The Congress, realizing, as it must, that such regulation and supervision has proven to be faulty, has but one recourse and that is the removal from office of those who failed to carry out the law and the enactment of laws which will, in reality, protect the millions of American homes equipped with radio sets from the intrusion therein of foul, sensuous, or blasphemous radio programs. The Congress cannot and should not dodge its responsibility.

During the past few weeks the American people, following the wholly unexpected but actual intrusion into their homes of a foul, sensuous, indecent, and blasphemous radio program, indicated their abhorrence by protesting against this type of radio broadcast.

Indicating the character of the radio broadcast complained of, I desire to quote excerpts from just two of the many letters which I have received, as well as some editorial excerpts:

To have this filthy and lewd take-off on the Bible Adam and Eve story was a disgrace. I heard the program and thought it a shock even to our tougher brethren.

Here is another:

I have never listened to anything over the radio coming into my home or elsewhere that I consider so debasing and outrageous as that broadcast. Today I took luncheon with 10 business and professional men. The subject was brought up without my taking any part in it. The unanimous opinion condemned the broadcast. The way it was presented over the radio reduced the Garden of Eden episode to the very lowest level of bawdy-house stuff. Young folks listening to the same would have been led to believe by the broadcast that the Garden of Eden episode was on a level with the lowest courses and cheapest immorality. Among those who have expressed themselves upon the subject, there is the unanimous view that the broadcast was not fit to be used on the air.

Some of the editorial comments I have clipped from newspapers from throughout the country are as follows:

We were shocked last Sunday evening, when Mae West, the very personification of sex in its lowest connotation, appeared on a very popular radio program.

The radio has brought to many a fuller life, carrying the culture of the world into the homes of America. The home is our last bulwark against the modern overemphasis on sensuality, and we cannot see why Miss West and others of her ilk should be permitted to pollute its sacred precincts with shady stories, foul obscenity, smutty suggestiveness, and horrible blasphemy.

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It was the most indecent, scurrilous and irreverent program that it has been my misfortune to hear. In her peculiarly indecent style, Miss West introduced her own sexual philosophy into the Biblical incident of the fall of man.

The radio is a piece of machinery as common to the household as electric lights. If programs such as Mae West's burlesque Sunday night are allowed, it can become a very dangerous instrument. The dial is always within easy access of the children.

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In thousands of homes where families are wont to seek a little innocent relaxation and amusement on Sunday evenings at the

radio, the most barefaced insult was inflicted upon them until some member of the family had the presence of mind to relieve the embarrassment by quickly switching the dial. Some people who listened in have since said that they waited with bated breath, expecting momentarily that a studio censor might step in with some improvided alibi and kill the program.

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The National Broadcasting Co. also shares the responsibility. It holds a public trust in its right to broadcast, and that public trust calls for the protection of public decency. The whole affair warrants a thorough investigation by the Federal Communications Commission. Let the blame be placed and amends be made. The offense was too glaring to be permitted to pass without severe condemnation.

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Before the program was produced an effort was made in the light of advance publicity to secure from the Chase & Sanborn Co. some assurance that the program might conform to accepted standards of morality. The Federal Radio Commission is also and ultimately responsible, because on its authority depends the franchise of the National Broadcasting Co. So what? Decent people may not let the three responsible parties get away with this flagrant transgression of decency, else our homes will be deluged with filthy thought.

A few editorial headlines indicative of the contents therein—"prostituting its hour on the air," "indecent burlesque of Eve on the radio," "tainting the air," "impurity invades the air"— illustrate how the press reacted.

Those responsible for the intrusion into millions of American homes of this foul and indecent radio broadcast, fearing the wrath of the American people, and possibly fearing some action on the part of Washington authorities, or the Congress, made haste to try to overcome the indignation of the American people by having the Chairman of the Federal Communications Commission issue a public statement calling upon the National Broadcasting Co. for a copy of this foul and sensuous radio program and had him state in his letter as follows:

There is marked uniformity of thought in the letters of protest, which variously characterize the skit as "profane," "obscene," indecent," "vulgar," "filthy," "dirty," "sexy," and "insulting to the American public." These letters bear no evidence of having been written by cranks or prudes but by responsible and intelligent citizens.

Section 326 of the Federal Communications Act of 1934 clearly precludes this Commission's exercising any power of censorship over radio broadcasts. That same section, however, provides that no person shall utter any obscene, indecent, or profane language by means of radio communication and this Commission is charged by law with the enforcement of that as well as other provisions of the act. Every person holding a radio-station license has the legal, as well as moral, duty and obligation to protect the public from offensive broadcasts.

If those who have protested to the Commission concerning this broadcast are substantially correct in their appraisal of it, I have no hesitancy in saying that the licensees of the stations over which it was broadcast have been derelict in the discharge of their duty. However, I want to make it clear that the Commission has not prejudged this matter, but will reserve its judgment until all of the facts are before it.

Naturally, Members of the Congress, after having read the above letter, copies of which were sent to all Members of the Congress by the Federal Communications Commission, and not reading carefully the last sentence, and, being conversant with the law which reads as follows:

No person within the jurisdiction of the United States shall utter any obscene, indecent, or profane language by means of radio communication—

advised their constituents that the radio broadcast complained of was under official consideration on the part of the Federal Communications Commission. Believing, as they had a right to, from the tenor of the letter sent to the National Broadcasting Co., that the Chairman of the Federal Communications Commission, the "Charley McCarthy" of the radio monopolists, was sincere, they expected some definite and disciplinary action.

It is common knowledge that these radio programs are well rehearsed days before they are broadcast. It is understood that officials of the National Broadcasting Co. are present at these rehearsals. The many thousands of clean-minded Americans who protested did not know, presumably, but the officials of the National Broadcasting Co. did know, that protests were made at the time of the rehearsals by those participating who realized the sensuousness and the indecency of this particular program.

However, the Congress, as well as many others, who believed in the sincerity of the Chairman of the Federal Communications Commission, I am afraid, will soon awaken to learn that they might as well have sent their protests to the party responsible for the intrusion into millions of American homes of this foul and sensuous radio broadcast so far as securing any action other than a faint apology.

We must bear in mind that the present Chairman of the Federal Communications Commission was placed in public life by those who believed in the Democratic Party. That in 1928, because of his apparent intolerance, he refused to support the Presidential nominee of the Democratic Party, and for his betrayal of that honored party which made it possible for him to occupy public office, he was appointed in 1930 to membership on the Federal Power Commission by the Republican candidate who benefited by the treachery of those Democrats, like himself, who refused to support the nominee of their party.

The hearings before the Senate committee on confirmation of the present Chairman of the Federal Communications Commission, as member of the Federal Power Commission, will interest those who are hoping that the Federal Communications Commission will protect the American home from indecent radio invasion therein. These hearings show that Hon. LINDSAY WARREN described the Chairman as a "political adventurer," and also revealed that McNinch, as head of a political committee in his home State, admitted receiving $15,500 from the head of a bank which is a depository for power company funds.

Having been associated with my brother, the late Congressman William P. Connery, for the past 15 years, and knowing how the Federal Communications Commission had previously declined to enforce the law wherein similar indecent, obscene, profane, foul, and sensuous radio broadcasts had been allowed to intrude into millions of unsuspecting American homes, after such illegal actions had been officially called to their attention, I was and I am skeptical.

I very definitely recall a written protest made to the Federal Communications Commission 3 years ago by 16 Members of the Congress, when for a price a foreign government, which is noted for the atheistic leanings of the minority which control that government and which government has denied to its people the right of religious worship, broadcast over the same radio network—the National Broadcasting Co.—a radio program which one of its own high officials is credited with admitting was profane and indecent.

In answer to this written protest, officially filed with the Federal Communications Commission by 16 Members of the Congress, which protest was headed by my brother, the late Congressman William P. Connery, the spokesman for the Federal Communications Commission, who is still a member of the Commission, in an attempt to justify their decision that those responsible for the broadcasting of this complained-of program did not contravene the law, quoted as their justification, a court decision which was handed down in a wholly different type of case and handed down even before radio was known to the people.

Of course, such actions on the part of the Federal Communications Commission, dominated as they appear to be by the radio monopolists, is not at all unusual as the CONGRESSIONAL RECORD of January 7 will show. Misrepresentation to the Congress itself is apparently openly and defiantly resorted to and the member of the Commission who committed such misrepresentation will probably soon be honored by his associates, through the influence of the radio monopolists, with a trip around the world, under the guise of attending a radio conference in Egypt, at the expense of the American people.

Page 209 of the CONGRESSIONAL RECORD of January 7, 1938, contains the following, which is self-explanatory. The gentleman from Texas [Mr. MCFARLANE] stated:

Mr. Craven appeared for the Commission before the committee, and referring to some tables which Mr. Craven had submitted, Mr. WIGGLESWORTH asked this question:

"I may be mistaken, but I think these tables fail to include the Westinghouse leases to the National Broadcasting Co., but you might check them up in revising the tables."

Then, the record, on page 1247, contains this statement:

Mr. Craven later supplied the following information concerning the lease agreement entered into between the Westinghouse Electric Manufacturing Co. and the National Broadcasting Co.:

The records of the Commission do not reveal any leases having been entered into between these parties with respect to any broadcasting station.

Despite that statement I have in my hand a stipulation which was entered into in the consent decree in the District Court of the United States at Wilmington, Del., which shows that the statement filed by Mr. Craven, one of the members of the Communications Commission, is wholly and totally false. The Westinghouse Co., as shown by an exhibit to the pleadings filed in this case—and under the Federal communications law it is necessary when these leases are in existence for them to be filed with the Federal Communications Commission—had entered into such a lease, and that this lease continues until 1942. If gentlemen will check the statement and the testimony as given in these hearings on this subject, they will find that that is just a sample of many such inaccuracies as appear in the hearings every time the question of policy comes up, which policy is admittedly wrong, such as monopolistic control by the newspapers of radio, such as the monopolistic control of 40 clear channels on your radio dial, and of their control of 93 percent of the power that goes over the air, which gives them practically the control of the molding of public opinion in this country through these facilities.

I cite the above to illustrate the apparent contempt those in control of the radio monopoly and the Federal Communications Commission have for the Congress of the United States. This being true, is it to be expected that protests of the American people against any radio broadcasts, no matter how foul, filthy, obscene, indecent, profane, or blasphemous such may be, will be given much consideration by those who pay the bills which make the radio monopolists' profits possible?

The Federal Communications Commission has in its files an electrical transcription of another radio broadcast, one sworn to by a court official as a true copy of what was broadcast, Il Bastardo, a broadcast which the Post Office Department officially stated was unmailable, a broadcast which was so nauseating that even proper description of the titles given to the actors in the cast is of such a character that it is not fit for publication.

I recall another radio broadcast, this also having been broadcast into American homes at the expense and for the benefit of an alien financial and industrialist interest, which was so profane that a well-known theatrical publication, not noted for its prudery, described it in its columns as profane. Yet no action was taken by these public officials entrusted with the regulation and supervision of radio licenses.

Based upon my observations of the influence, yes, the control which the radio monopolists apparently have over the majority of the members of the Federal Communications Commission, I have no hesitancy in predicting that the punishment meted out, if any, will be a slight reprimand with the allegation or promise, on the part of National Broadcasting Co. officials, that "it will not happen again."

Some have been led to believe that the Commission is helpless in that the law does not allow the revocation of the license of the offending station. That is not true. The law does specifically provide that the Commission, prior to the renewal of the station license every 6 months, must certify or find that the station "is serving public interest, convenience, and necessity." Despite this requirement of the law and the absolute impossibility of finding that a radio station which would originate or permit the broadcasting into millions of unsuspecting American homes of programs which are obviously so indecent and sensuous, was "serving public interest, convenience, or necessity," it is my belief that the officials of the radio monopoly will find enough Charley McCarthys serving on the Federal Communications Commission to secure the renewal of the station license just as though no protests were ever filed.

In view of the well-known record of those entrusted by the Congress with the regulation and supervision of radio broadcasting and their apparent subserviency to those in control of the radio monopoly, a monopoly which controls those radio stations using some 93 percent of the power used nightly for the broadcasting of radio programs, I again appeal to the Rules Committee of the House of Representatives to promptly report favorably the resolution of investigation of the radio monopoly and the Federal Communications Commission presented to the House on January 28, 1937, by my brother, the late Congressman William P. Connery, and which resolution is now pending before the Rules Committee.

[Here the gavel fell.]

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

Mr. LORD. Mr. Chairman, I want to address my remarks to the lack of confidence I find in my own district with regard to industry. I was home a few days ago and one gentleman who has been a manufacturer of washing machines years in the past again wants to enter this field. He asked me what was going to happen in Washington, what the Government was going to do with regard to industry. He said: "I would like to go into business again. I would like to employ some people to manufacture washing machines. I believe I understand that industry and that I could build a better machine than I did when I was in business before."

I said: "It is beyond me. I cannot tell what is going to happen, either, but some of us at least are going to try to create confidence so the business people will go ahead and employ others."

I had a letter a few days ago from a knitting concern in my district, and I am going to read a paragraph or two showing the seriousness of the present condition of business:

I felt it timely to write you relative to the seriousness of the present condition of business. It is disappointing to us that some action was not taken by the Congress just adjourned to alleviate this situation, and I am wondering if our national legislators, who are not directly in business themselves, appreciate the seriousness of the present situation. We are probably experiencing the most trying times that we have had in our 30 years' experience. Textile mills aren't getting any business at all, and in our line we understand that approximately 90 percent of the mills are closed tight. Thousands of operatives are off the pay rolls.

We realize that many optimistic statements are given out by politicians and by some industrial leaders, but it is time that we faced the facts. People are scared. Congress alone can convince business and the people of the country that our Nation is not going to be destroyed. Congress alone can convince the country that business is going to be allowed to operate and flourish and pay wages. Something should be done immediately to assure the business people of the country that we are going to be allowed to operate our machinery and our business and pay the wages and make a profit.

Let us do away with laws and proposed laws that hobble and worry and destroy business; do away with the undistributed-profits tax; do away with the capital-gains tax.

This is a knitting concern that has been most prosperous in past years, yet today they are hardly turning a spindle. This is what this man says in regard to it. I have told you what the washing-machine man says. They are two industries in my district. Even worse than that is the shoe industry. We have the second largest shoe-manufacturing concern in the United States and the third largest in the world in my district. They are working from one-half to 2 days a week. They have 20,000 employees. One can easily see what this means to this locality, and at the present time we all know how the reciprocal-trade agreements are being discussed with Czechoslovakia to lower the tariff on shoes. I see recently that that same consideration is being given England. We are going to consider lowering the tariff on shoes and also on textiles. These are two industries that are the greatest industries in my district, and one can easily see how they are being affected.

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

Mr. LORD. Yes.

Mr. BATES. Is the gentleman's textile industry cotton or wool?

Mr. LORD. Cotton.

Mr. BATES. Does the gentleman realize that 6 years ago less than 1,000,000 yards of cotton cloth came in from Japan and that this past year over 100,000,000 yards of finished cotton cloth has come in?

Mr. LORD. I was somewhat aware of that, though not the exact amount. Within 2 years I was in the textile factories in Japan. They have the most up-to-date factories there are. They have our best machines. They buy one or two machines, and then they copy them and continue on with that business. They are very efficient factories, and they are working girls there from 14 to 20 years of age who are very competent. They work on a wage scale that would be equivalent to paying our girls 50 cents a day. You can see what our labor here has to contend with if we lower the tariffs as it is proposed to do in these trade agreements.

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

Mr. LORD. Yes.

Mr. SOUTH. The gentleman does not contend that that is the result of any reciprocal-trade agreements with Japan, because no such trade agreements had been entered into?

Mr. BATES. No; but I do contend that it is due to the open-door policy of the present administration in not properly protecting our textile industries.

Mr. LORD. At the present time our shoe industry is at a low ebb because the tariff is too low on certain shoes that come into this country from Czechoslovakia, and instead of lowering that tariff it should be raised, and our business cannot continue even at the present rate of tariff, which is 20 percent ad valorem on the value they place on the shoes. It should be raised to 30 percent. In 1932 we had the same trouble on certain shoes coming in from Czechoslovakia. The tariff then was 20 percent, but by Presidential order that was raised to 30 percent, and our shoe industry prospered from that time on. Less shoes came in then from Czechoslovakia, and then they went to manufacturing cemented-sole shoes, another cheap process. The rate on that was 20 percent, and that is where we are getting the competition now, and that is where we contend the tariff should be raised, not lowered.

Mr. SOUTH. Doubtless the gentleman read the statement made by Colonel Knox in which he said the Republican Party was going to have to abandon its unwise tariff policy if recovery was to be had in this country, and after they got into power, if they ever did, they would have to do that; otherwise they would have to pay a farm subsidy and other subsidies to overcome the protection given certain sections.

Mr. LORD. One of the great shoemakers in my district is a Democrat. He has been a free-trader. He and other directors called me into a meeting a while ago and said that they had always prospered under a high tariff, and, said this man, "I am convinced that we will never prosper again until we have a high tariff on shoes to protect our trade." Does that answer the gentleman's question?

Mr. SOUTH. That is all right. I thank the gentleman.

Mr. LUDLOW. Mr. Chairman, I ask unanimous consent that all who speak under general debate may have the right to revise and extend their remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. AMLIE].

Mr. AMLIE. Mr. Chairman, I want to take this opportunity to talk briefly about the relief situation. I shall talk specifically about a city in my district, the city of Kenosha. Kenosha is an industrial city with a population of about 50,000 people. Kenosha, however, is more than just a city in my district; it is typical of industrial America. The situation that obtains in the city of Kenosha obtains throughout industrial cities of the Middle West, it obtains throughout the industrial cities of the East, and generally throughout the industrial sections of the country.

I have here a telegram received from Erich Tillman, chairman of the Kenosha County Board of Supervisors. It reads as follows:

KENOSHA, WIS., *January 14, 1938.*

Representative THOMAS AMLIE:

Unemployment drastically increased. Four thousand men laid off since November 15. Relief rolls doubled and increasing at alarming rate. Thirty-three percent of population city of Kenosha now receiving relief in some form. Local units cannot continue to meet situation unaided. Strongly urge action by Federal Government to provide additional W. P. A. assignments at once. Situation serious.

ERICH TILLMAN,
*Chairman of Kenosha County Board of Supervisors.*

I have another telegram from Mr. H. C. Laughlin, city manager of Kenosha. I shall read it to you:

KENOSHA, WIS., *January 14, 1938.*

THOMAS R. AMLIE, *Congressman:*

Supplementing telegram county chairman. County and city officials and committee from trades and labor conferred with Governor and W. P. A. administrator yesterday. State providing some aid, but problem is so pressing and relief situation reaching such proportions that immediate increase in W. P. A. is imperative.

H. C. LAUGHLIN, *City Manager.*

Mr. Chairman, when the depression began the city of Kenosha was in excellent financial shape. This city has tried to meet its relief problem. Today the city has borrowed up to the legal limit provided by law. As for the county of Kenosha, the tax rate has increased from 3.3 mills in 1933 to 7.7 mills in 1936.

The situation is serious, not alone in the city of Kenosha, for I read in yesterday's Philadelphia Record the headline, "Death Beats Food to Starving Baby."

The article goes on to state that Mr. and Mrs. Daniel Danielson have not had enough to eat. When the woman returned home after trying to get relief, her 3-month-old daughter, Barbara, was dead from malnutrition.

What I have stated about my district is typical of industrial America. The President in his speeches states that nobody is going to starve. He reiterated that statement to us here in this Chamber on the 3d of January, the opening day of Congress. It is a situation that the majority party must meet. Why do you Members of the Democratic Party suppose that the voters of this country put you in here? They put you in here because of these statements made by your leader. They assumed when they elected you that you would back up your President. I do not think that the American voters, outside of the deep South, were particularly interested in sending most of you to Congress; they sent you here because you rode in on the coattails of the President. They were in favor of the promises that he made; and I am certain that if this situation goes on, if you do not back up the administration in some adequate program, it is not going to take the American people very long to change the situation that obtains in this House at the present time. When I came here as a Member only a few years ago the Republican Party was in the majority. Today you have about 80 percent of the total membership.

In conclusion permit me to say that this is a situation that the American people will demand that you meet. It is not going to take them very long to change the present membership of this House if that membership fails to make good on the promise of its party leader, that no one will be permitted to starve. As for the situation in Kenosha, it is merely symptomatic of what exists in every industrial center in the Union.

[Here the gavel fell.]

The Clerk read the bill down to and including line 11, page 3.

Mr. LUDLOW. 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. GREENWOOD, 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. 8947, the Treasury and Post Office appropriation bill, had come to no resolution thereon.

## ELECTION OF CHAIRMAN OF COMMITTEE ON MILITARY AFFAIRS

Mr. DOUGHTON. Mr. Speaker, I offer a resolution, which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 402

*Resolved*, That ANDREW J. MAY, of Kentucky, be, and he is hereby, elected chairman of the standing Committee of the House of Representatives on Military Affairs.

The resolution was agreed to; and a motion to reconsider was laid on the table.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication:

The SPEAKER OF THE HOUSE OF REPRESENTATIVES,
*House of Representatives.*

DEAR MR. SPEAKER: I hereby resign as a member of the Committee on Coinage, Weights, and Measures.

EDWARD L. O'NEILL.

The resignation was accepted.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DALY, for 2 days, on account of illness.

To Mr. LANZETTA, for an indefinite period, on account of death in family.

To Mr. O'NEILL of New Jersey, for Tuesday, January 18, to attend inauguration of Hon. A. Harry Moore as Governor of New Jersey.

ADJOURNMENT

Mr. LUDLOW. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 49 minutes p. m.) the House adjourned until tomorrow, Saturday, January 15, 1938, at 12 o'clock noon.

## COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings on H. R. 8532, to amend the Merchant Marine Act of 1936, and for other purposes, Tuesday, January 18, 1938, at 10 a. m.

The Committee on Merchant Marine and Fisheries will hold a public hearing in room 219, House Office Building, February 1, 1938, at 10 o'clock a. m., on H. R. 8344, a bill relating to the salmon fishery of Alaska.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a. m., on Wednesday, January 19, 1938, for the public consideration of H. R. 8562 and H. R. 8569.

COMMITTEE ON PENSIONS

The Committee on Pensions will hold a hearing at 10:30 a. m., Friday, January 21, 1938, on H. R. 6289, granting a pension to certain soldiers, sailors, and marines for service in the War with Spain, the Philippine Insurrection, and the China Relief Expedition, and H. R. 6498, granting pensions to persons who served under contract with the War Department as acting assistant or contract surgeon between April 21, 1898, and February 2, 1901.

The Committee on Pensions will hold a hearing at 10 a. m., Friday, January 28, 1938, on H. R. 8690, granting a pension to widows and dependent children of World War veterans.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

993. A communication from the President of the United States, transmitting a proposed provision pertaining to an appropriation for the Department of Labor entitled "Transporting Filipinos to the Philippine Islands, 1937, December 31, 1937" (H. Doc. No. 478); to the Committee on Appropriations and ordered to be printed.

994. A communication from the President of the United States, transmitting a proposed provision affecting the existing appropriation of the Farm Credit Administration for farmers' crop production and harvesting loans, fiscal years 1937 and 1938 (H. Doc. No. 479); to the Committee on Appropriations and ordered to be printed.

995. A letter from the Acting Secretary of the Navy, transmitting a draft of a proposed bill to amend the Merchant Marine Act of 1936, and for other purposes; to the Committee on Merchant Marine and Fisheries.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COLDEN: Committee on the Disposition of Executive Papers. House Rept. No. 1667. Report on the disposition of records in the Navy Department. Ordered to be printed.

Mr. COLDEN: Committee on the Disposition of Executive Papers. House Report No. 1668. Report on the disposition of records in the Department of Agriculture. Ordered to be printed.

Mr. COLDEN: Committee on the Disposition of Executive Papers. House Report No. 1669. Report on the disposition of records in the Civil Service Commission. Ordered to be printed.

Mr. COLDEN: Committee on the Disposition of Executive Papers. House Report No. 1670. Report on the disposition of records in the Veterans' Administration. Ordered to be printed.

Mr. COLDEN: Committee on the Disposition of Executive Papers. House Report No. 1671. Report on the disposition of records in the Department of the Interior. Ordered to be printed.

Mr. COLDEN: Committee on the Disposition of Executive Papers. House Report No. 1672. Report on the disposition of records in the Federal Housing Administration. Ordered to be printed.

Mr. COLDEN: Committee on the Disposition of Executive Papers. House Report No. 1673. Report on the disposition of records in the Department of Labor. Ordered to be printed.

Mr. COLDEN: Committee on the Disposition of Executive Papers. House Report No. 1674. Report on the disposition of records in the Treasury Department. Ordered to be printed.

Mr. COLDEN: Committee on the Disposition of Executive Papers. House Report No. 1675. Report on the disposition of records in the War Department. Ordered to be printed.

Mr. COLDEN: Committee on the Disposition of Executive Papers. House Report No. 1676. Report on the disposition of records in the United States Food Administration. Ordered to be printed.

Mr. COLDEN: Committee on the Disposition of Executive Papers. House Report No. 1677. Report on the disposition of records in the Commerce Department. Ordered to be printed.

Mr. FREY of Pennsylvania: Committee on Foreign Affairs. House Joint Resolution 530. Joint resolution authorizing the President to invite foreign countries to participate in the ceremonies to commemorate the one hundred and fiftieth anniversary of the national ratification of the Constitution of the United States in Philadelphia, Pa., June 17 to 21, 1938; without amendment (Rept. No. 1679). Referred to the House Calendar.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DEROUEN: Committee on the Public Lands. S. 2773. An act to authorize the issuance of an unrestricted patent to Judson M. Grimmet; without amendment (Rept. No. 1678). Referred to the Committee of the Whole House.

## CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 8855) for the relief of Maj. Wilbur Rogers; Committee on Claims discharged, and referred to the Committee on Military Affairs.

A bill (H. R. 8944) granting a pension to Annie E. Sutherland; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McCORMACK: A bill (H. R. 8967) to provide for the appointment of an additional district judge for the district of Massachusetts; to the Committee on the Judiciary.

By Mr. RANKIN (by request): A bill (H. R. 8968) to provide additional relief for veterans and their dependents, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. TAYLOR of Colorado: A bill (H. R. 8969) to add certain lands to the Rocky Mountain National Park in the State of Colorado, and for other purposes; to the Committee on the Public Lands.

By Mr. McCLELLAN: A bill (H. R. 8970) to provide for the continued operation and maintenance of the Hot Springs Transient Medical Center and Infirmary located at Hot Springs National Park, Ark., under the supervision and control of the Public Health Service of the Treasury Department; to the Committee on Interstate and Foreign Commerce.

By Mr. McREYNOLDS: A bill (H. R. 8971) to appoint one additional judge of the District Court of the United States for the Eastern and Middle Districts of Tennessee; to the Committee on the Judiciary.

By Mr. MANSFIELD: A bill (H. R. 8972) to transfer to the Secretary of the Treasury a site for a quarantine station to be located at Galveston, Tex.; to the Committee on Public Buildings and Grounds.

By Mr. MAVERICK: A bill (H. R. 8973) to provide for the placing of insurance by the Home Owners' Loan Corporation on its newly acquired properties; to the Committee on Banking and Currency.

By Mr. SOMERS of New York: A bill (H. R. 8974) to define certain units and to fix the standards of weights and measures of the United States; to the Committee on Coinage, Weights, and Measures.

By Mr. CASE of South Dakota: Resolution (H. Res. 403) proposing an inquiry to determine what reduction of tariff duties is under consideration by the Department of State in the proposed trade agreement with the United Kingdom; to the Committee on Ways and Means.

By Mr. ALESHIRE: Joint resolution (H. J. Res. 563) authorizing the Secretary of War to construct a dam for the storing of water for recreational and conservational purposes in Cowan Creek Valley, Clinton County, Ohio; to the Committee on Rivers and Harbors.

By Mr. RANDOLPH: Joint resolution (H. J. Res. 564) proposing an amendment to the Constitution of the United States to provide for a republican form of government and representation in the Congress for the District of Columbia; to the Committee on the Judiciary.

By Mr. MAGNUSON: Joint resolution (H. J. Res. 565) proposing an amendment to the Constitution of the United States to provide for a referendum on a certain method of waging warfare; to the Committee on the Judiciary.

MEMORIAL

Under clause 3 of rule XXII, memorial was presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Ohio, memorializing the President and the Congress of the United States to consider their House Resolution No. 116 relative to the deportation of criminal aliens; to the Committee on Immigration and Naturalization.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. GINGERY: A bill (H. R. 8975) granting an increase of pension to John Cunningham; to the Committee on Invalid Pensions.

By Mr. MAVERICK: A bill (H. R. 8976) for the relief of Augusta Burkett; to the Committee on Claims.

By Mr. O'CONNOR of Montana: A bill (H. R. 8977) for the relief of Maj. M. Reynolds; to the Committee on Military Affairs.

Also, a bill (H. R. 8978) for the relief of John M. Grady; to the Committee on Military Affairs.

By Mr. SCHUETZ: A bill (H. R. 8979) for the relief of Kathryn O. Sweeney, Mary Kay Sweeney, Nancy Lee Sweeney, and Alex H. Sweeney (collectively); to the Committee on Claims.

PETITIONS, ETC.

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

3786. By Mr. BIGELOW: Resolution of the Ohio House of Representatives, memorializing President Franklin D. Roosevelt and Congress to continue the Works Progress Administration in Ohio; to the Committee on Appropriations.

3787. By Mr. CASE of South Dakota: Petition of L. B. Boorman, Carl Melgaard, J. E. Curtis, and 20 other residents of Lemmon, S. Dak., urging consideration and support of House bill 4797, to provide grants to States for assistance to needy, incapacitated adults, including indigent tuberculosis; to the Committee on Ways and Means.

3788. Also, resolution adopted by Mobridge, S. Dak., Lodge, No. 752, of the Brotherhood of Locomotive Firemen and Enginemen, protesting against the turning of mail contracts over to star-route carriers from railroads; to the Committee on the Post Office and Post Roads.

3789. Also, petition of Minnie Palmatier, of Academy, S. Dak.; Mrs. Roy E. Weins, of Rapid City; and 78 other residents of South Dakota, urging consideration and support of House bill 4797, to provide grants to the States for assistance to needy incapacitated adults; to the Committee on Ways and Means.

3790. Also, open letter to Members of Congress from I. Elliott, Rapid City, S. Dak., relative to housing legislation; to the Committee on Banking and Currency.

3791. By Mr. CURLEY: Petition of the Virginia Highway Users Association, urging Congress not to enact the Pettengill bill, known as the long-and-short-haul bill; to the Committee on Interstate and Foreign Commerce.

3792. Also, petition of the Federal Workers of America, endorsing the McCormack-Logan bill to create a 5-day workweek for Federal employees; to the Committee on the Civil Service.

3793. Also, petition of the Federal Workers of America, endorsing the Bigelow bill to establish a Civil Service Board of Appeals; to the Committee on the Civil Service.

3794. By Mr. LEAVY: Petition signed by 39 citizens of the city of Spokane and the town of Mead, Wash., urging early consideration and enactment of House bill 4797, to provide for grants to the States for assistance to needy and incapacitated adults; to the Committee on Ways and Means.

3795. By Mr. SADOWSKI: Petition of the Renters and Consumers League, Detroit, Mich., supporting Government Home Borrowers Association; to the Committee on Appropriations.

3796. By the SPEAKER: Petition of the Social Security League of Texas, petitioning consideration of their resolution dated January 8, 1938, at Dallas, Tex., with reference to gold and silver; to the Committee on Ways and Means.

# SENATE

## SATURDAY, JANUARY 15, 1938

*(Legislative day of Wednesday, January 5, 1938)*

The Senate met at 11 o'clock a. m., 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, January 14, 1938, was dispensed with, and the Journal was approved.