

He also, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. NEELY in the chair), as in executive session, laid before the Senate messages from the President of the United States submitting several nominations, a treaty, and a convention, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### RECESS

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 10 minutes p. m.) the Senate took a recess until tomorrow, Saturday, January 8, 1938, at 11 o'clock a. m.

#### NOMINATIONS

*Executive nominations received by the Senate January 7 (legislative day of January 5), 1938*

##### AMBASSADORS EXTRAORDINARY AND PLENIPOTENTIARY

Hugh R. Wilson, of Illinois, now an Assistant Secretary of State, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Germany, vice William E. Dodd.

Joseph P. Kennedy, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Great Britain, vice Robert Worth Bingham, deceased.

##### ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Norman Armour, of New Jersey, now Envoy Extraordinary and Minister Plenipotentiary to Canada, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Chile, vice Hoffman Philip, retired.

##### NATIONAL MEDIATION BOARD

George A. Cook, of Illinois, to be a member of the National Mediation Board for the remainder of the term expiring February 1, 1939, vice James W. Carmalt, deceased.

## HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 7, 1938

The House met at 12 o'clock noon.

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

Thou who art the light of the world, light for the morning, light for the noonday, and light for the eveningtide, help us to fasten our trust on truths which will bring ever-brightening triumphs. We pray Thee that we may have that vision of God which no man or nation can leave out. The whole universe is a temple of Jehovah; it throbs with the infinite presence of the Most High. May we see His hand of salvation and hear His voice proclaiming that justice, good will, and the rule of Jesus are the hope of the world. Almighty God, make us unafraid and fearless in the presence of criticism and opposition. Grant, our Father, that the present-day problems may challenge the resources of our Christian faith and courage. Instead of the thorn shall come the fir tree, and instead of the brier shall come up the myrtle tree; and it shall be unto the Lord for a name, for an everlasting sign that shall not be cut off. In the name of our Savior. Amen.

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

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

#### RULES OF CIVIL PROCEDURE, UNITED STATES DISTRICT COURTS

Mr. LAMBETH. Mr. Speaker, from the Committee on Printing I report back favorably (H. Rept. No. 1663) a resolution and ask for its immediate consideration.

The Clerk read as follows:

##### House Resolution 395

*Resolved*, That 9,000 additional copies of House Document 460, current session, entitled "A letter from the Attorney General of the United States transmitting the Rules of Civil Procedure for the District Courts of the United States," be printed for the use of the House document room.

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

Mr. LAMBETH. I yield.

Mr. COCHRAN. Does not the gentleman feel that it would be fairer to the Members of the House if the distribution were through the folding room instead of the House document room? This is a very, very important document. I think it would be more fair if the resolution provided for the distribution of the documents through the folding room; then we would all get our fair share. I have had four telegrams this morning asking me for copies of this document.

Mr. LAMBETH. Replying to the gentleman from Missouri I may say that if this quantity, which is the amount requested by the chairman of the Committee on the Judiciary, should not be sufficient, there will be a reprint. Replying further to the gentleman I may say that it has been the experience of our committee in relation to the distribution of documents that when the distribution is through the folding room with equal quantities allotted to each Member, there is always an unused surplus piled up. That is the reason for having the distribution through the document room. I can assure the gentleman that if this quantity should not prove adequate, additional copies will be made available.

Mr. COCHRAN. That will be satisfactory to me.

The SPEAKER. The question is on the resolution offered by the gentleman from North Carolina.

The resolution was agreed to.

#### ELECTION TO COMMITTEES

Mr. DOUGHTON. Mr. Speaker, I offer a privileged resolution, which I send to the Clerk's desk.

The Clerk read as follows:

##### House Resolution 396

*Resolved*, That the following-named Members be, and they are hereby, elected members of the standing committees of the House of Representatives, as follows:

Naval Affairs: WILLIAM S. JACOBSEN, Iowa.  
Public Lands: GOMER SMITH, Oklahoma.  
Patents: CHARLES L. SOUTH, Texas; CHARLES A. BUCKLEY, New York.

Revision of the Laws: GOMER SMITH, Oklahoma.  
World War Veterans' Legislation: THOMAS A. FLAHERTY, Massachusetts.

Expenditures in the Executive Departments: THOMAS A. FLAHERTY, Massachusetts.

Roads: BEVERLY M. VINCENT, Kentucky.

The resolution was agreed to.

#### ANNIVERSARY OF THE BATTLE OF NEW ORLEANS

Mr. FERNANDEZ. Mr. Speaker, tomorrow being the one hundred and twenty-third anniversary of the Battle of New Orleans, I ask unanimous consent to extend my remarks at this point in the RECORD.

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

There was no objection.

Mr. FERNANDEZ. Mr. Speaker, January 8 marks the one hundred and twenty-third year since the great Battle of New Orleans. Because of its importance to the welfare of our Nation, I offer an appropriate treatise in commemoration of the Nation's second greatest battle, which ended the War of 1812.

After its unsuccessful attack on Fort McHenry, Baltimore, during the War of 1812—the attack which inspired Francis Scott Key to write The Star-Spangled Banner—the British Fleet, consisting of some sixty-odd great ships, transported the British Army down Chesapeake Bay, and approximately

late in October of 1814 sailed for the West Indies, where these forces were augmented by several veteran regiments of the British Army, waiting in the West Indies, to make a concentrated assault on the city of New Orleans. On November 26, 1814, this great fleet, half of which were formidable warships, disembarked for the Louisiana shore. Considerably over 10,000 men were aboard this fleet on the way to attack New Orleans.

On December 23, 1814, an advance guard of the British forces floated across Lake Borgne and up Bayou Bienvenue and effected a landing. From there they proceeded to advance to within 8 miles of the city, capturing the Villere Plantation. The peril that beset New Orleans had been realized in advance by Andrew Jackson, who had proceeded to command a force of Americans for defense of the Crescent City. General Jackson had mustered Volunteers from Kentucky, Mississippi, and Louisiana. When the British forces were capturing the Villere Plantation, Major Villere, however, had escaped and went to warn General Jackson of their coming. The great bell of St. Louis Cathedral rang out in alarm, and then the militia and Volunteers poured into Place de'Armes from all quarters of the city. General Jackson had time to construct earthwork defenses against his opponent's artillery and to mobilize an army of approximately 6,000 men, which consisted of Kentuckians, Mississippians, and Louisianians. Then the day came on which the British were to climax their campaign. As soon as darkness and fog lifted, General Pakenham, in command of the British forces, ordered an attack on the American entrenchments. As the British advanced they were met by a furious rifle fire. Pakenham and two of his generals fell mortally wounded. In less than 2 hours the British forces on the east side of the Mississippi River were routed and so demoralized that the British command ordered a retreat on the western bank also.

The Battle of New Orleans was the last engagement before the Treaty of Ghent became effective. The treaty was ratified by the United States on February 17, 1815, 40 days after the Battle of New Orleans.

The Battle of New Orleans ended the wars with Great Britain.

The grateful people of New Orleans will on the morrow commemorate the one hundred and twenty-third anniversary of this great battle on the plains of Chalmette, where they erected a suitable monument. Development of the Chalmette area as a historical reservation commenced in 1840 and was continued by the State of Louisiana and the Louisiana branch of the Daughters of 1812, who took a prominent part in erection of this memorial. It was declared a national reservation in 1907, since which time it has been under jurisdiction of the United States Government.

#### EXTENSION OF REMARKS

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the Tom Mooney case.

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

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a radio address I delivered.

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

There was no objection.

#### THE LUDLOW RESOLUTION

Mr. JARMAN. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

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

There was no objection.

Mr. JARMAN. Mr. Speaker, just as we frequently pass familiar objects without seeing them, and fail to hear familiar sounds, loud though they be, we are all too prone to

assume that facts which are by their very nature common knowledge to us are equally well known to our neighbor and the public.

There is a matter of widespread national—yea; international—interest which is so well known to us here that I think we, including the gentlemen of the press, have overlooked the fact that it is not also common knowledge throughout the world. I regard it as highly important to the welfare of the Nation that all possible publicity be given to the correction of the widespread misunderstanding which I am sure exists in the minds of so many of our people and our friends in foreign countries relative to the Ludlow petition, which will have our attention Monday.

Having very seriously reflected upon the possible effects of the completion of the distinguished gentleman from Indiana's petition to amend the Constitution so that a national referendum will be necessary before war may be declared except when our country is invaded, I have frequently wondered from the beginning if our people were not laboring under a misunderstanding of the conditions leading up to the completion of this petition only 2 days following the sinking of the *Panay*. I have hoped that some one whose every word is eagerly devoured by the public would explain the situation. If this has occurred it completely escaped my attention, although my natural interest has prompted me to follow the matter very closely in the press.

All Members of the House know, and this knowledge is probably rather widespread among our people, that this war referendum has been the hobby and the main objective of one of the most highly respected and greatly beloved Members of this body for several years, and that he has written a very interesting book on the subject. All Members of the House know, but I do not think the public does, that this petition was filed on April 17, 1937, several months before the beginning of the unpleasantness between China and Japan and much longer prior to the sinking of the *Panay*. We all know, but the public does not, that many Members of the House who do not believe in the principle involved, were sorely tempted to sign the petition because of their friendship and regard for its distinguished author, and their knowledge of the depth of his interest therein. Some doubtless did so sign it many months ago. We know, but many citizens of America, Japan, and other foreign countries do not, that when the regular session adjourned last August, several months before the sinking of the *Panay*, approximately 180 names had been signed to this petition.

These facts present an entirely different situation from the one I am confident is generally believed to exist by those outside of this body and the one across the Capitol. To illustrate, while in conversation recently with an attaché of an embassy which is peculiarly interested in the meaning, possibilities, and outcome of this resolution, inquiry developed the fact that even he labored under the impression that this petition was filed only recently, and that Members of the Congress all but ran over each other as they rushed up 218 strong and attached their signatures thereto since the sinking of the *Panay*.

I believe the great majority of my colleagues, including those who signed this petition, will heartily share my keen desire that the world realize that neither the far eastern situation in general nor the sinking of the *Panay* in particular threw the Congress of the United States into such panic and that only a comparatively few signatures were attached to it after this incident. [Applause.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—INTERNATIONAL SEED TESTING ASSOCIATION (H. DOC. NO. 472)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed.

*To the Congress of the United States of America:*

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State to the end that legislation may be enacted authorizing and requesting



the President of the United States to invite the International Seed Testing Association to hold its ninth congress in the United States in 1940 and to invite foreign countries to participate in that Congress; and also to provide an appropriation of \$500, or so much thereof as may be necessary for the expenses of official entertainment by the United States at the Ninth International Seed Testing Congress.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, January 7, 1938.

[Enclosure: Report.]

#### SMITHSONIAN INSTITUTION

The SPEAKER. Pursuant to the provisions of title 20, section 43, United States Code, the Chair appoints as Regents of the Smithsonian Institution the following Members of the House: Mr. GOLDSBOROUGH, Mr. CANNON of Missouri, and Mr. GIFFORD.

#### INDEPENDENT OFFICES APPROPRIATION BILL, 1939

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8837) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1939, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8837, the independent offices appropriation bill, 1939, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. WOODRUM. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR of New York. Mr. Chairman, on Monday next when the so-called Ludlow petition comes before the House for consideration there will only be 20 minutes' debate, 10 of which may be allotted to me in opposition. Part of this time I propose to allot to other Members. For this reason in advance of Monday I should like to submit to the House certain views which I entertain in reference to the resolution, first, from the parliamentary standpoint, and, second, in connection with the merits of the resolution.

Mr. Chairman, when the so-called Ludlow discharge petition was completed with its two hundred and eighteenth signature on December 14, 1937, I then called the attention of the House to the anomalous parliamentary procedure involved.

The discharge petition was directed against the Rules Committee to "discharge" it from the consideration of a matter, the Ludlow referendum on war, which was never before that committee but is still pending before the Judiciary Committee.

It is true that the procedure underlying the petition was technically correct under the discharge rule as it now stands, but such a vehicle for parliamentary procedure should never have been created and should have long since been repealed. It is senseless.

It is true again that there was pending before the Rules Committee a resolution or a "rule" to bring the Ludlow amendment before the House, and that just one Member of the House communicated with the chairman of the Rules Committee in reference to it. But the bill itself, or the House Joint Resolution 199, for a referendum on war, was, and still is, before the Judiciary Committee and has never been acted on by that committee.

The Rules Committee is one arm of the representative system of government long established in this country and continued in this House. The Members of the House represent their districts and the country. The committees of this House represent the Members. The Rules Committee represents the organization of this House and its committees.

It would be entirely destructive of that representative system if the Rules Committee should act on a matter pending before a legislative committee before the latter committee had taken action on the measure. Such a usurpation would

not be tolerated for one moment by the committees or the Members.

There has been a great deal of confusion recently in the minds of the public, inflamed by newspaper accounts, as to "usurpation of power" by the Rules Committee. That confusion of thought prevailed to a great extent in reference to the wage and hour bill, which represented the situation where a legislative committee had reported the bill. The same situation existed as to the Frazier-Lemke bill. Both bills had been reported by a legislative committee. The Rules Committee is not a legislative committee. No bills are referred to it, and consequently no bills can be smothered in the Rules Committee, as is the constant charge in the press and sometimes on the floor of this House.

The Rules Committee did not "block" or "smother" the wage and hour bill. It could not do so if it so desired. That bill was on the regular calendar of the House and was before the House and would be reached in its regular order. The only complaint filed against the Rules Committee was that the committee would not expedite the consideration of the bill out of its regular course. The ultimate fate of the bill, after its forced consideration ahead of time, was the same as that of the Frazier-Lemke bill.

The situation as to the Ludlow amendment, as far as the Rules Committee is concerned, is identical with that of the antilynching bill, neither of which measures were or ever could be before the Rules Committee. Complaint could have properly been made against the Rules Committee if it had presumed to act on either measure.

So it is ridiculous to refer to this motion as one to discharge the Rules Committee.

To point out the vagaries of attempting to legislate by the discharge-petition method, let me narrate the following from recent experiences:

No bill has ever yet become a law by the method of discharging a committee.

It has been widely hailed as a democratic method. It surely is not any vehicle of representative government. Rather is it the town-meeting method or "pure democracy"—the first invitation to a dictator.

For instance, 218 Members signed the Frazier-Lemke petition. They were immediately enshrined as the "friends of the farmer," but only 142 Members voted for the bill.

As to the wage and hour bill, 218 signed the petition. Immediately labor organizations throughout the country hailed these 218 as the "friends of labor," and the only friends of labor in the House of Representatives. One enthusiastic labor group published their names in a brochure so that posterity might read.

Within a few days, however, 10 of these friends of labor changed their minds and voted against discharging the Rules Committee and bringing the bill before the House for consideration.

Of the 218 who signed the petition to discharge, 31 voted for the motion to recommit the bill—in effect, to kill the bill.

Two hundred and eighty-five Members voted to discharge the Rules Committee so that the wage and hour bill might be considered. Of these 285, however, 85 Members voted to recommit the bill—in effect, to kill it.

Already the signers of the Ludlow petition have diminished by three, because one signer has died and two have resigned their seats.

In a representative set-up, such as this House has, there is absolutely no need or justification for any discharge rule. There is not 1 chance in 100,000 that any committee would arbitrarily refuse to act on any bill which commanded the interest and support of a majority of the Members of this House. The committees are elected by the House. The majorities on the committees are members of the majority party and subject to the will of that majority in party caucus and otherwise. An arbitrarily recalcitrant committee could be readily made to act through the organization of this House without this extra legislative method of petition—one of the greatest vehicles for demagoguery ever devised.

To show further the practical impossibility of legislating by petition rather than through the representative system of

committees, let me point out the enormous amount of business before Congress at all times and the impossibility of the consideration of every measure introduced in any one Congress.

Take the Seventy-fourth Congress, the last, for instance. In that Congress, like most Congresses, there were introduced in the House of Representatives 14,292 bills, joint resolutions, concurrent resolutions, and simple resolutions. In the Senate the number was 5,453, making a grand total of 19,745 measures introduced in both bodies.

It is true that of this number 11,346 were private bills, usually for the relief of one individual, but this left 8,399 public bills, those of general interest to and affecting all the people.

In this clogged legislative mill our committees of the House ground out, or reported, 3,087 bills. It is also interesting to note that of the 3,087 bills so reported, the House of Representatives passed 2,845 bills, or only 242 bills less than the total number reported. All this labor of picking the wheat from the chaff involves tremendous labors on our committees.

The bills which finally became law totaled 1,722, of which 985 were public bills and 737 private bills.

So that of the total of 19,745 entrants in this legislative contest only 1,722 finished.

No method other than the representative committee system has yet been devised that could equal this record. If legislation were considered to any extent by the discharge-petition method, not one-tenth of the above work could ever be accomplished.

So much for the parliamentary situation arising out of this Ludlow petition. That situation should alone justify the defeat of the motion to discharge.

Now, as to the merits of the Ludlow amendment for a referendum on war. That proposal, House Joint Resolution 199, seeks to amend the Constitution of the United States to provide, in its important part, that—

Except in the event of an invasion of the United States or its territorial possessions and attack upon its citizens residing therein, the authority of Congress to declare war shall not become effective until confirmed by a majority of all votes cast thereon in a Nation-wide referendum \* \* \*

It should be at once noted that unless both contingencies happen, an invasion and an attack upon our citizens, the existing right in Congress to declare war is taken away from the representative branch of the Government. There could be an invasion by the enemy occupying our country, but unless they attacked our citizens, Congress and the President would be powerless. Such a proposal is pure democracy to the *n*th degree, and its possible consequences are beyond conception.

The Members of Congress are directly elected by the people and subject to removal at least every 2 or 6 years. It is beyond imaginable possibility that they could ever be so unacquainted with the attitude or the wishes of their constituents as to declare war against the will of the people. That just could never happen in a representative democracy.

This proposal, however, would tie the hands of Congress from exercising the most important power vested in it under the Constitution, unless there was an attack, until there was held a Nation-wide referendum on the question: Shall the United States declare war on ———?

Machinery would have to be set up for this referendum. How long it would take to arrange for the balloting and how long it would take to count the votes no one has suggested. In the meantime, the enemy could be sitting on all our doorsteps and possibly occupying our beds; and in the meantime, the "attack" might come.

Suppose the vote were taken and suppose it only carried by a bare majority or even by 2 to 1. What a consolation to the enemy or other nations that our house was so divided against itself. Could compulsory conscription ever be successful under such circumstances? And how far would conscription succeed, say, in some State where the votes, possibly because of racial affiliation, were cast against declaring war?

No one wants war; and there is no indication that Congress is in any mood to declare war against any nation; but it is

the opinion of many thoughtful persons that the passing of this proposal would inevitably lead to war rather than keep us out of war.

There is no question that the present sentiment of this country is against war and that the majority of the proponents of this measure in Congress and among our citizens are sincere in their support of this proposal. Such support from the fathers and mothers in our country, the women's organizations, our churches, and other bodies is prompted by the highest patriotic motives.

Honest pacificism cannot be criticized.

The same cannot be said, however, of some organizations which have been active in the drive and in disseminating propaganda. Some are inspired by racial ties to other nations. Others have played upon the emotions of our people and developed a "racket" to enrich themselves by collecting dues and being paid for speeches. For some time an investigation of this "racket" has been under consideration.

Who, on the other hand, are against the proposal?

The President of the United States, charged with negotiations with other nations, is well known to be opposed to the measure, and especially at this time of war in the Far East.

Our distinguished Secretary of State, Mr. Hull, is well known to be opposed to the proposal.

Others included are leading editorial writers of the country; Mr. Henry L. Stimson, former Secretary of War; ex-Governor Landon, of Kansas; and the Veterans of Foreign Wars and the American Legion. Surely the latter two organizations should, after their experience, be unbiased authorities on the subject.

Their reasons have been set forth at full in the public press and need not be restated here except to say that they all agree that—

Instead of preventing war the Ludlow proposal would involve us in war.

It would require a tremendous increase in our Army and its fortifications.

Our Navy would be useless because mere invasion would not justify any defensive action. Indeed, it might be entirely sunk in foreign waters before we could act.

While other unfortunate possibilities might be enumerated, it should be sufficient to say that the plan would paralyze our Nation's defense in some great emergency, from which catastrophe we might never emerge. [Applause.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, it is very patent to me that preceding speakers were not Members of this body during the war Congress or I think they would have phrased their talks along other lines. Champ Clark used to say, "If there is anything more cowardly than one Congressman it is two Congressmen."

The trouble with continuing the power to declare war in our national legislative body is that there are too many Members of the House who are potential candidates for the Senate, and in the Senate there are too many potential candidates for the Presidency. That is one reason I am for the Ludlow amendment.

Mr. Chairman, I was a Member of this House when the war resolution came before it for consideration back in April 1917, and I recall that there were scores of Members of the House who at that time would have voted against the declaration of war if there had been a secret ballot, but by reason of pressure put on them by highly organized minorities from back home, in the form of telegrams, long-distance calls, and so forth, were coerced into voting for it. They lacked the backbone to vote against war, as they wanted to. I recall a Member from a Midwestern State who had lost a son on the Mexican border a few months before the war resolution came up for consideration. This man repeatedly stated, "I cannot vote for war." What did the war crowd do? They sent him a couple of bushels of telegrams from back home telling him to "stand by the President," and he gave in, as did scores of others under similar circumstances.

Mr. Chairman, this thing is too big to longer lodge in the hands of a political body. Let us give this power to those



who will have to do the fighting and pay the bills. Mention has been made of the delay in getting a war referendum through. We know in 2 days who has been elected President. I can only recall one time to the contrary, and that was in 1916 when it took perhaps 3 or 4 days before the final determination was known.

It is plain to me that some of the Members who have taken occasion to speak against the Ludlow amendment, declaring that it would place us at the mercy of the world, have not read or studied the resolution. Let us read the resolution and see just what it says. It reads as follows:

Joint resolution proposing an amendment to the Constitution of the United States to provide for a referendum on war

*Resolved, by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by the legislatures of three-fourths of the several States.*

"ARTICLE —

"SECTION 1. Except in the event of an invasion of the United States or its Territorial possessions and attack upon its citizens residing therein, the authority of Congress to declare war shall not become effective until confirmed by a majority of all votes cast thereon in a Nation-wide referendum. Congress, when it deems a national crisis to exist, may by concurrent resolution refer the question of war or peace to the citizens of the States, the question to be voted on being, Shall the United States declare war on ———? Congress may otherwise by law provide for the enforcement of this section."

Wherein does the Ludlow resolution place us at the mercy of a foreign foe? I call your particular attention to section 1, which reads:

Except in the event of an invasion of the United States or its Territorial possessions and attack upon its citizens residing therein, the authority of Congress shall not become effective until confirmed by a majority of all the votes cast thereon in a Nation-wide referendum.

That language is, of course, susceptible of but one construction and that is that our Army or Navy shall not be sent to foreign countries to fight without the express approval of a majority of those voting in the referendum. Is there anything wrong with giving that power to the people? Is it undemocratic? Is it contrary to our form of government? Will anyone seriously maintain that the people are not qualified to vote on peace or war?

Those who are opposed to the Ludlow amendment show by their action that they do not believe that the people are competent to vote on the question of war. If they are not competent to vote upon war, they are not competent to vote on anything else, including President and Members of Congress.

History is repeating itself. We well recall the propaganda that we were smothered with prior to our entrance into the World War. The country is again being deluged with propaganda, most of it inspired in London, Paris, and Moscow. A part of this propaganda is aimed at the Ludlow amendment because those who want to drag us into another war in order to save their investments and territorial possessions of grasping European nations realize that they will not be able to drag us into a war for those purposes if the decision is lodged in the hands of the people. Consequently, they want to see the power to declare war remain in the hands of Congress. That would be very well if the people could depend upon their representatives voting their honest convictions, but, unfortunately, our experience back in 1917 was such that we feel that Congress cannot be depended upon to stand firm for the people in a great crisis.

All preceding speakers have sought to create the impression that back in 1917 the American people were more ready for war than was Congress. If that were true, why were the enlistments so slow that it was necessary to pass a draft law? It is my recollection that right after our entrance into the war the enlistments were only a little better than 1,000 a day. Had that war been so popular, and had it had the hearty support of our people we could have raised an army of 4,000,000 in 3 or 4 months, and it would not have been necessary to resort to the draft.

I contend now, as I did then, that the election of 1916 was a referendum on war and that a majority of the American people voted against it. I also maintain now, as I did then, that in voting to enter the war Congress disregarded the mandate of the people. Woodrow Wilson was reelected on the slogan "He kept us out of war."

Certainly, the people should have the say as to whether or not they want to engage in a foreign war. In the final analysis it is they who will have to do the fighting and pay the bills.

I can understand the objection of the President and of Congress to surrender the power they now have to make war. It is human nature to resist having power taken away.

I maintain now as I did back in 1917 that the question of declaring a foreign war is too great to rest in the hands of a comparatively small group of officeholders, none of whom will be called upon to do any fighting. I am one of those who believes in the intelligence of the voters. I doubt if at any time in the history of the country our people have taken a greater and more intelligent interest in the affairs of government, and I do not believe that there has been a time in the past 20 years that they have shown more concern and apprehension over the direction in which our foreign policy is taking us, and well they may, for it is slowly dragging us into war and make no mistake about it, so I feel very strongly that the quicker we can transfer the power to make war into the hands of the people the better it will be for our country.

Some of the arguments that have been made against the Ludlow amendment are just too silly for words. One speaker contends that if the power to declare a foreign war is lodged in the hands of the people we would not be able to fight off an invading fleet or army until a plebescite had been had. Again, to such of you as really believe that, let me suggest that you read and study the Ludlow resolution. Under it the President would still have the power to send our fleet out to sea to meet a hostile fleet heading for our shores without any vote. Again let me say to you that the Ludlow amendment merely provides that before we can enter into a war on foreign soil the proposal must be approved "by a majority of all votes cast thereon in the Nation by referendum."

Let us not be deceived in this matter. Neither should we be misled when the Ludlow resolution comes before the House on Monday. Let it be considered openly and dispassionately, free from misrepresentation and prejudice. As for me I shall take my side with those who favor the proposal to give to the people the right to vote on whether they wish to engage in a foreign war for it is upon them that all of the burdens will fall.

I would like to amend the Ludlow resolution to include the proposal of the American Legion that in case of war all wealth and industry shall be conscripted. Then we would take the profit out of war and once that is done the nations of the earth may "beat their swords into plowshares and their spears into pruning hooks."

Mr. WIGGLESWORTH. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

JACKSON AND ICKES ADD TO UNEMPLOYMENT—VIOLATE SPIRIT OF ANTITRUST ACT

Mr. HOFFMAN. Mr. Chairman, with the President's program to curb monopoly and prevent the exploitation of the great mass of our people by a combination of those engaged in industry and commerce, many of us are in full accord and wish to pledge our sincere, earnest cooperation.

We wish to engage, however, in a real, not in a sham, battle. We wish to fight not men of straw but those who actually create monopolies, who arbitrarily raise prices, who stifle competition, and seek to regiment labor as well as industry.

To the end that we may know that our efforts are directed toward the real battle front, it is well to strip the mask of hypocrisy from the faces of some of those who would direct the assault toward the wrong front. On some future day, when more time is at my disposal, that effort will be made.

Proceeding in a lighter vein, attention is called to the fact that one of the President's spokesmen, Assistant Attorney General Robert H. Jackson, condemns monopolies and activ-

ities which violate the spirit of the Sherman antitrust laws, charges business with causing unemployment, and deplores that fact.

A Cabinet member, another administration spokesman, Secretary of the Interior Harold L. Ickes, follows a like course.

Yet each does the very thing which he condemns. Each contributes to the unemployment situation which he deplores. This charge is made deliberately, and I ask that you give it at least as much—no more—weight than you gave to the foolish and absurd charges made by these two gentlemen. But on the charge made here and now let me give you the record.

Speaking at Philadelphia Wednesday night, December 29, Mr. Jackson said:

When Government through the R. F. C. saved the capital structures of big business from going through the wringer it also saved many incompetent managements from going through the wringer at the same time.

Secretary Harold L. Ickes, speaking at Washington Thursday night, December 30, said:

As an inevitable byproduct of preserving the capital structure from going through the wringer to squeeze out water, it preserved the management structure from going through the wringer to squeeze out incompetence and big salaries.

Mr. Jackson, speaking at Philadelphia Wednesday night, said:

As the President stated in Chicago during the campaign, these Bourbons now feel strong enough to throw their crutches at the doctor.

Mr. Ickes, speaking at Washington Thursday night, said:

As the President said in his Chicago speech, the patients—over their panic and raising their salaries—felt strong enough to throw their crutches at the doctor.

Mr. Jackson, speaking at Philadelphia Wednesday night, said:

The Government faces a general strike—the first general strike in America—a strike against the Government—a strike to coerce political action.

Mr. Ickes, speaking at Washington Thursday night, said:

Unless they are once more free to do all these things, then the United States is to have its first general sit-down strike—not of labor, not of the American people, but of the 60 families and of the capital created by the whole American people, of which the 60 families have gained control.

The foregoing is taken from the New York Herald Tribune of yesterday, which quotes an Omaha World-Herald editorial, and the excerpts seem to be correct.

Now I ask you, is it fair, when from seven to eleven million are unemployed, are seeking jobs; when a third of our population is in distress, for this Assistant United States Attorney General and for the Secretary of the Interior to join forces and deprive a ghost writer of a job?

Assuming, as well we may, that such a writer has a family of four, here are five people thrown upon the public relief rolls by the direct action of these two high, well-paid public officials. Why should Congress be asked to appropriate for the unemployed, for those in distress, when Ickes and Jackson willfully, deliberately—and I may say unintentionally—employ the same man to write their speeches, or speaking more accurately, use the product of the same writer of speeches, for it is a fair presumption that the Government employs the gentleman and that he draws his inspiration from the White House?

Please do not misunderstand. I said these two gentlemen deliberately selected and used the language attributed to them, but I do not charge—and do not wish to be understood as charging—that each knew that the other intended to use practically the same language, for neither would enjoy being "caught with the goods."

Someone, however, is guilty of gross negligence. Someone acting for the Commander in Chief should have compared the two speeches and at least have changed the phraseology so that the oneness of authorship would not be so apparent.

Those of you who have been speaking here from day to day, advocating the spread of employment, do you believe it right for an Assistant Attorney General and a member of the

Cabinet to center the source of their inspiration and their utterances in one ghost writer, when there may be another waiting for a job? Does it not tend toward monopoly to have one man produce just one speech and have it given utterance by a group of the administration's speakers? What do you think about it, boys? [Laughter.]

If it is economy they are attempting to practice, why not have the ghost writer compose the speech, deliver it, make an electrical transcription, or better yet, put it on a phonographic record and let Jim Farley distribute it.

Then, too, if we are to have less of deception, as the President suggests, why not have the name of the author of the speech given either at the beginning or at the end, instead of using a distinguished Assistant Attorney General and a Cabinet officer as loudspeakers?

Not only do the two gentlemen contribute to the sum total of unemployment but their acts give encouragement to those who would create a monopoly.

When two such eminent gentlemen, with the resources of a nation as rich as ours at their command, and when there is no patent protecting the product which they use, voluntarily, and apparently by prearrangement, confine their public utterances to the emanations of one ghost writer, by their very patronage they tend to give him a monopoly of speech writing—and monopolies, as we know, are wicked things.

While one in my humble position should not presume to suggest to men so high in Government councils what they should do, it may not be wholly improper to express the hope that hereafter, when directed by the Commander in Chief to undertake and press home an assault against those men who create jobs and meet the pay rolls and who are now charged with contributing to unemployment, they themselves use weapons which have not been produced by a speech-making royalist at the expense of a less well-known, hard-working ghost writer.

Do you believe it right that this one unnamed man should furnish the thought and the words for both Assistant Attorney General Jackson and Secretary of the Interior Ickes; that one should use the speech on Wednesday, the other on Thursday? They do not even change the phraseology to any great extent.

Mr. SIROVICH. Is the gentleman addressing himself to me?

Mr. HOFFMAN. Anyone may answer.

Mr. SIROVICH. I am going to answer my distinguished colleague by stating that Harold Ickes does not need any ghost writers, because he is one of the most brilliant Secretaries of the Interior this Government has ever had.

Mr. HOFFMAN. That is fine. Then why does he not give us some of his own product instead of using this thing that Jackson used the night before that apparently was written by an unnamed man? That is what I cannot understand. Is he "cribbing" from Jackson or is Jackson "cribbing" the Ickes product? Or are they both using the work of a well-known producer?

If they are using a standardized product, then, under the Federal law, it should be trade-marked and given to the public for what it is, under the name of its author, and not under the sponsorship of a Jackson or an Ickes.

Mr. SIROVICH. He is giving you his product. If you people would cooperate with him to carry into fruition and realization the sentiments he has expressed, we would get out of this recession immediately.

Mr. HOFFMAN. We would liquidate Ford, according to the opinion expressed by Secretary Ickes. We would get rid of those 60 families. Then after they have been destroyed, would you follow Ickes or Mme. Perkins and depend upon them to furnish employment? Or would you follow John L. Lewis, who, according to an A. P. dispatch in the morning paper, is quoted as having said yesterday at Tucson, Ariz.:

Democracy is on trial today in this country as it is over the whole world. \* \* \* Perhaps it is time something else is tried. \* \* \* I cannot say what may happen, but I do know that some people have found they could live happily, successfully, in a communal form in which the whole and not just a few were given consideration.



Did Lewis, knowing as he must that in the last 5 years something like \$15,000,000,000 have been spent for relief purposes, imply that all in this country of ours were not given consideration? Did he mean that we should adopt here a communal form of government?

A commune is defined to be a political division of France, governed by a mayor and a council, or a similar division elsewhere, as in Italy and Spain; again, as one of several revolutionary committees which took the place of the municipality of Paris between 1789 and 1794. "Communal" means of or pertaining to a commune, especially to the Parisian commune of 1871.

Mr. SIROVICH. I would follow anyone when I believed he was right.

Mr. HOFFMAN. Was Ickes right when he said business should purge itself of the Rands, the Girdlers, the Fords? If you believe he was right, attributing the ordinary and accepted meaning to "purge," would you cut off Ford's head?

Mr. SIROVICH. If Ford does not live up to the laws which have been passed by the Congress of the United States and signed by the President, he is not carrying out his obligations as an American citizen.

Mr. HOFFMAN. Yes; but the only body which has said he is not living up to those laws is the N. L. R. B.

And that Board smells to high heaven. Misinterpreting and misusing the Wagner law, it has stirred up strife not only between employer and employee but in organized labor itself.

William Green, president of the American Federation of Labor, has charged that it is the mouthpiece of the C. I. O.

The American Federation of Labor, at its annual convention, condemned as unfair and arbitrary the activities of the Board.

Many of those best informed know it has acted as the witch burner of the present administration; the tool used to intimidate, to coerce business, to persecute those who might, except for this persecution, have kept the wheels of industry turning. [Applause.]

Were it not for the President's record of disregarding his promises and his contradictory statements, his last message would contain much of encouragement.

At Pittsburgh, on October 19, 1932, he told us that the government which continued to pile up deficits was on the road to bankruptcy. Ever since that time his administration has shown a yearly deficit.

In 1936, at Pittsburgh, on October 1, he said that national income was thirty-eight billions in 1932, fifty-three billions in 1935, and would be well over sixty billions in 1936, and that, if it kept on rising, it would be sufficient to care for all ordinary and relief expenses and to balance the Budget.

Yet, Monday, January 3, 1938, after telling us the national income had increased to sixty-eight billions and that his objective was to raise it to ninety or one hundred billions—a practical impossibility, in view of present conditions—he told us that Government expenses could not be reduced much below seven billion, and we all know that this administration has added to the national debt during the past 5 years over \$15,000,000,000.

Labor: There are two statements in the message which, if they could be accepted at their face value, would indicate that the President believes labor leaders should assume some degree of responsibility. He said:

The ownership of vast properties, or the organization of thousands of workers creates a heavy obligation of public service. The power should not be sought or sanctioned unless the responsibility is accepted as well.

This is fair enough and, were it not for the fact, now undisputed, that the President stood back of the C. I. O. in its lawless activities, would be decidedly encouraging.

In another part of the message he said:

In the case of labor, as in the case of capital, misrepresentation of the policy of the Government of the United States is deception which will not long deceive. In both cases we seek cooperation. In every case power and responsibility must go hand in hand.

Again it is undisputed that the C. I. O. in its organization work used literature which contained these statements:

Join the C. I. O. organization under the banner of the C. I. O., headed by John L. Lewis and backed by President F. D. Roosevelt. A message to you from the President. The President wants you to join the union.

If the President objects to this use of his name, he should have said so in no unmistakable terms, not left it to inference. The President too frequently says one thing, then does the opposite.

High prices—low prices—inconsistency: The President touched on unnecessarily high prices for materials and also certain hourly wage scales. Yet all who care to read know that for months the administration made a drive for high prices. You should not forget that on April 25, 1936, he said:

Reduction of costs of manufacture does not mean more purchasing power and more goods consumed; it means just the opposite.

While on November 27, 1937, he said:

Increased costs mean reduced consumption. Reduced consumption, in turn, means a decline in someone's business and someone's employment.

Monopolies—trust busting: For several weeks preceding the message the antimonopoly crusade was on, climaxed, with the President's sanction, by the speech of Assistant Attorney General Robert H. Jackson bitterly denouncing industrialists, and by that of Secretary of the Interior Harold L. Ickes, who stated flatly that business "should put its own house in order \* \* \* by purging itself of its Fords, its Girdlers, and its Rands," or, as the newspapers have it, they should be liquidated.

Ford—honor—persecution: We should not assume that Mr. Ickes meant that Ford should be executed—that is, hanged, or shot, or his head cut off—but, if he meant anything, he meant that he should be put out of business. But Ford is not a monopolist; he has the fiercest kind of competition, competition which is backed by the financiers of Wall Street.

Illustrating the contrast between the apperception of the King of England and the President of the United States, attention is called to the action of England's King, who, in recognition of the great contribution he had made to the general welfare of the British Empire, conferred the rank of baron upon Sir Percival Perry, head of the Ford Motor Co. in Great Britain. The President of the United States sets his howling pack, headed by the Senate Civil Liberties Committee and the N. L. R. B., with Jackson and Ickes bringing up the rear, to persecute and annoy Henry Ford.

Following the attempt to create an antimonopoly crusade and distract public attention from the Roosevelt depression, the President, on January 4, at his newspaper conference, ignored the fact that the N. R. A. suspended the operation of the antitrust laws in some particulars and advocated that businessmen should get together and agree upon the necessity for and the amount of new production, which are, as all realize, the first necessary steps if monopolies are to be created and prices and production controlled. The President seems to approve monopolistic practices, if by the Government; to condemn, if by individuals.

Farm legislation: If the President means what he said in this message, he intends to insist upon legislation giving a Government agency authority to determine "what the planting of each crop should be." He said his plan of Government control has "two enemies—those well-meaning theorists who harp on the inherent right of every freeborn American to do with his land what he wants \* \* \*." The other group "includes those who for partisan purposes oppose each and every practical effort to help the situation and also those who make money from undue fluctuations in crop prices."

The President has sought and obtained control over Congress. His administration, through a wage and hour bill, seeks control over labor. His administration, through the Senate Civil Liberties Committee, the Wagner law, and the N. L. R. B., has control over industry. He sought, but was denied, control over the Court. He now seeks, if his purpose is disclosed by his own words in this message, control over farms and farmers.

If Government control, planned economy, regimented business and worker is what the people of this country want; if they wish to forsake their form of government and try this new plan which is being demonstrated in foreign countries, that is their privilege. If they do not wish to adopt it, it is time they bestir themselves.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 20 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY of Indiana. Mr. Chairman, first I want to wash my hands of the odor, of the grotesque and fanciful explanations, of the cause of this relapse or recession, and to disassociate myself with that class of economists who take fanciful and unwarranted positions and then draw on their imagination to sustain themselves.

I refer particularly at this time to the very illuminating and plausible positions taken, one by our friends, the minority side here, that this recession was caused by a want of business confidence, and the other, by the majority here, that capital went out on a sit-down strike.

#### CONFIDENCE AND INVENTORIES

The full warehouses and surplus inventories of material, stocks, and manufactured goods makes the claim and explanation of both the want of confidence and that capital went on a sit-down strike as fanciful, imaginative, and visionary as the Jack and Bean Stalk story written to amuse and entertain children.

#### THE WANT OF CONFIDENCE

And the charge of wanting confidence and the claim of capital on a sit-down strike, the surplus inventories, and bulging warehouses prove that capital was acting with too much confidence, too much confidence in business conditions and the times, too much confidence in the continuing buying and consuming power, too much confidence in the people taking what industry produced.

#### CAPITAL ON A SIT-DOWN STRIKE

And if capital had gone on a strike, sit-down or otherwise, then the warehouses would have been empty; then the inventories would have been running low; then the people would have been calling for goods which the merchants could not supply; then the merchants would be giving orders which the wholesale houses could not fill because the inventories were exhausted and the warehouses were empty.

The charge that capital went out on a strike is as trivial as a juvenile court gesture. And the claim of wanting and failing confidence had nothing to do with it. But while none of these men caused the panic, some of these men did try to take advantage of it—advantage of the administration's consternation and confusion—to force a repeal of certain restricting laws against them.

#### WHAT HAD NOTHING TO DO WITH IT

Taxing surplus and undistributed profits had nothing to do with it. The T. V. A. yardstick and the profiteering holding companies had nothing to do with it. Restricting Wall Street and the stock-market gamblers had nothing to do with it. The want of confidence had nothing to do with it, all as claimed by one party camp.

And capitalists on a sit-down strike and going out to play golf had nothing to do with it as claimed by the other political camp.

Both the hue and cry of giving business a chance and the want of confidence coming from one side of the aisle, and the countercharge of business on a sit-down strike coming from the other side of the aisle is all horseplay for temporary advantages and is as trivial, ridiculous, and absurd as children pointing and making faces.

#### WAS NOT HIGHER WAGES OR PAYING THE BONUS

And it was not the payment of higher wages, increasing the buying and consuming power of labor, the power of the laboring man to buy, take and consume more of the food products of the farm, more of the products of factory, mill, and workshop that caused the wheels of industry to slacken and stand still and bring this relapse of the 1929 panic.

And even more conflicting and at variance with economic principles and monetary laws is the claim of financiers and bond bankers that it was the payment of the bonus to the soldiers that brought the slack in industry and left the warehouses full and overflowing and ushered in this relapse of recovery.

The soldiers' bonus explanation of the cause of this relapse of the 1929 panic is an alibi plea to detract attention from the order of the Federal Reserve Board entered but not announced January 30, 1937, increasing bank reserves a second time 50 percent, which brought the fatal contraction of currency and credit.

#### THE CAUSE OF THIS DEPRESSION CAN BE EXPLAINED

I believe that the cause of this depression can be found, analyzed, and explained upon rational economic principles and grounds, and in a way to fix responsibility and to safeguard the future and the generations to come after against the repetition of a like disaster.

And to this end I have made a study of the industrial conditions of the times under which this relapse came, the control and operations of currency, and the functions of governmental agencies which have exerted a control or influence to hinder and retard industry or trade.

From this study, inquiry, and investigation I consider that the faithful discharge of my duties requires that I give to the House membership the benefit of the facts I have found and the conclusions I have reached regarding the cause of this depression, and the remedy to prevent a recurrence.

#### AN UNEXPLAINABLE MYSTERY IN SCIENCE

If this relapse or economic recession had not come as it has come, and at the time it has come, and as it has progressed and come, with the fall of prices and return of unemployment, it would have been an economic phenomenon, an unexplainable mystery in science, a contravention of all economic laws.

#### THE FALL OF PRICES AND VALUES

Every panic and economic depression which has come in this country since the organization of the Government to the present time has come with a fall of prices and values, coming, preceding, or coincident with the failure of earnings and income and the buying and consuming power.

The first great panic of 1837 came with a fall of prices and commodity values. The panic of 1873 came with a fall of prices and values. The panics of 1884 and 1893 came with the fall of prices and values, and the panics of 1920 and 1929 came with the same fall of prices and values.

And this relapse or economic recession has come with a like fall of prices, the same decline of commodity values, the same failure of earnings and income, the same loss of buying and consuming power, and following with the same unemployment of labor.

This relapse or recession has come the same as all other panics have come, and from the same major cause of operating, and is only different from other like depressions as the economic conditions of the present time and other causes incidentally contributing, differ from the conditions under which other panics came.

#### PROSPERITY WILL RETURN WITH RISING PRICES AND VALUES

And prosperity and economic recovery has always come back and has only come back from each and every one of these panics with a rise of prices and commodity values, coming, preceding, or coincident with a return of earnings and income, and a restoration of the buying and consuming power.

And when prosperity shall now come back again prosperity will return and only return as recovery from other panics or depressions, with a rise and restoration of prices and values leading a return of earnings and income, and a restoration of the buying and consuming power.

#### A PRIVATE PRICE-FIXING SYSTEM

The Federal Reserve Bank System controlling and regulating the money supply is a private price-fixing body or agency, with power to make high prices, with power to make



low prices, with power to make changing and fluctuating prices or power to maintain a constant and even price level.

#### THE LAW OF PRICES

The law controlling prices and values, under the supply and demand of money, is stated by John Stuart Mill, still recognized as the highest authority in the monetary and economic world today, briefly and concisely in the following words:

That an increase in the quantity of money raises prices, and a diminution lowers them, is the most elementary proposition in the history of currency. If the whole money in circulation was doubled, prices would be doubled. If it was only increased one-fourth, prices would rise only one-fourth.

And it would follow conversely that a decrease in the quantity of money lowers prices and an increase of money raises prices, is alike the most elementary proposition in the history of currency and money operations.

#### BORROWING FOR RELIEF AND RECOVERY

It makes no difference or matters little whether money is borrowed and paid out for relief and recovery, or whether new money is issued by the Government and paid out to remain in permanent circulation for use to serve as public currency. The effect is identical for the time to restore and maintain prices and commodity values.

Money borrowed and paid out in the form of relief and recovery expenditures has the same effect for the time as increasing the currency circulation, or as so-called currency expansion, to restore and maintain prices and values and to create earnings and income and the buying and consuming power.

The fifteen billions of money appropriated from money borrowed at interest on bonds and from the levy of increased taxes and paid out and thrown into circulation in the form of relief and recovery expenditures has operated in effect for the time to restore values and the general price level, the same as a temporary expansion of the currency.

While I am opposed to borrowing and spending as a relief policy and to restore industry, let it be said in defense of this policy that it was this money, borrowed at interest and paid out for relief and recovery, which went to halt the depression, bringing a restoration of prices and values and the measure of prosperity realized to this time.

And it was this money, borrowed at interest, and increased taxes, and paid out for relief and recovery and going into circulation and use which in large part brought a rise of prices and values, restored earnings and income to the people, brought a return of buying and consuming power and started the wheels of industry going.

#### BORROWING WHEN JUSTIFIED

While the policy of borrowing for relief is a costly, extravagant recovery program, yet, regardless of the cost and the debt created, if there had been no other means or way to replenish the money supply and restore prices, it would be justified by the recovery and the restored prosperity brought about.

But there was another and better way to have restored prices and property values, and to bring the same or greater recovery without creating an interest-bearing debt and the burden of taxes, and under which the recovery program could and would have been continued permanently, uninterrupted without a fall of prices and a relapse of recovery in another panic.

#### THERE IS A BETTER WAY

This other way was by the Government issuing and using its own money direct to restore the normal currency circulation whereby to raise prices and values, instead of issuing and turning its money over to the bond bankers and financiers, and then borrowing back the same money at interest.

#### A SUSPENSE OF BORROWING FOR RELIEF AND RECOVERY

And a suspension of borrowing money and used and paid out for relief and recovery has the same effect for the amount and the time as a contraction or withdrawal of currency to bring a fall of prices and values, of earnings and income and the buying and consuming power, and a halt to the progress of business and industry.

Ever since the program was declared and entered upon of borrowing for relief and recovery, it was inevitable and certain that, in time, the debt limit would be reached, that, in time, the taxing paying power would be strained, that, in time, there would come a suspension of borrowing, a curtailment of expenditures for relief and recovery, and which was uncertain only in the time of its coming.

And when the policy of suspension of borrowing and the curtailment of relief and recovery payments was affirmatively entered upon last March, without other money provided to take its place, the time was fast nearing and at hand when prices and values would fall or decline and a recession would halt the progress of recovery.

#### BEGINNING EARLY IN 1937

Beginning early during last year, 1937, watching the mounting interest-bearing debt, and listening to the groan of taxpayers, and goaded and struggling to balance the Budget, a policy of suspending borrowing at interest and the withdrawal of relief and recovery payments was declared as a policy to be carried out, and by March was a movement in full swing.

And gradually, consistently, and deliberately, but without special notice or announcement, borrowed money was withheld from payment, and, as no other money was provided to take its place, the curtailment of relief and recovery payments operated as a contraction of the currency or as money being withdrawn from use and circulation.

#### MILLIONS DROPPED FROM RELIEF ROLLS

As the policy of curtailment and withdrawal of relief and recovery expenditures progressed, millions were dropped from the relief and employment rolls, with the loss of their buying and consuming power, and, abiding the law of supply and demand, money appreciated and prices and values fell, and by October we were far on our way back from where we started.

#### IF NEW MONEY HAD BEEN ISSUED

If new and permanent money had been used for relief and recovery payments, it would have gone out in circulation to do its work over and over again, and to stay out until it was recalled for reissue or redemption or other changes, and this relapse could have never come.

Or if new and permanent money had been provided and issued to take the place of borrowed money as the same was withdrawn from relief and recovery, or if the Federal Reserve Board and banks had not conspired to create a money scarcity coincident and at the time of withdrawing relief money, as will be hereafter shown, the transition from relief and public works to private employment and industry would have come and passed without a crisis, without a fall of the price level, without a failure of earnings and income, the buying and consuming power, and without this relapse and economic recession.

And then if new money had been issued and paid out into use and circulation to a certain increased volume and amount and until the relative value of money was less or no more than the value of property and business, or until property, business, and enterprise was more valuable and profitable than idle money.

This new and additional money going out would not only have stayed out in use and circulation, but old, idle dollars, loitering in the banks, would have left the shadows of hoarding and hiding and would have come rolling in frenzied haste, seeking investment in property, business, and enterprise to save themselves from loss by depreciation under the law of defense and self-preservation.

But the suspension of relief and recovery money might have passed without a crisis even without new money to take its place, but which was not plausible or probable, if the Federal Reserve bank had not issued an order increasing and doubling the bank reserve requirements making currency and credit contraction imperative, swift, and certain.

#### SUSPENSION OF BORROWING ONLY PART OF CAUSE

But the suspension of borrowing at interest and the withdrawal of payments and expenditures for relief and recovery under public works was not all that caused the currency contraction to bring a fall of prices and values of earnings

and income, the buying and consuming power, and to force a relapse and an economic recession. This was only a part of the cause operating.

Far greater and more controlling was the action of the Federal Reserve Board and banks and the steps taken to contract and withdraw the currency by increasing again and again bank reserve requirements and by sterilizing incoming gold as a currency basis to stop the normal increase and flow of money and to force down prices and commodity values.

And it was at this crucial time when not only a full, normal supply of money was vital and necessary to maintain and stabilize the wavering price level but when new and an additional volume of money was imperatively needed to take the place of the relief and recovery payments withdrawn that the Reserve bankers from ambush struck the fatal blow to recovery and returning prosperity.

#### THIS RECESSION CAME SWIFTLY AND SUDDENLY

The effect of the Federal Reserve bank movement, withdrawing billions in currency and credit criminally or wantonly carried out at the time of the withdrawal of relief and recovery payments, was to make the fall of prices, wages, and values doubly swift, drastic and destructive, and more violent and rapid than ever before in all history.

To this greater effect resulting was the comment of the Monthly Survey of Business, a publication issued by the American Federation of Labor and released to the press Friday, December 1, 1937:

This has been one of the most severe and rapid business recessions in our history, reducing business activity in 3 months to a level of a year and a half ago.

It was this double, converging money movement, these centering and accumulative causes operating, resulting from both withdrawing relief and recovery money and the Reserve bank contraction of currency and credit coming and brought coincident at the same time which gave the recession a force and momentum greater than in any former panic or depression.

#### THE BANKERS UNDERSTOOD

The following is from the National City Bank Letter, a publication issued by the National City Bank of New York, of date November 1937, page 143, column 2, and shows the bankers understood the problem and were aware of the crisis which suspension and withdrawal of relief and recovery payments would bring:

The Government has been a prolific creator of purchasing power during the recovery.

It has covered its deficit in part by borrowing from commercial banks as above indicated.

And this has created credit (bank check money).

This credit has been new purchasing power.

It has been expanded in construction, relief, farm payments, and in other ways.

And has put money directly into the people's pockets.

And in such large totals as to be a major influence in the upswing.

The following is from page 144 of the National City Bank Letter, the publication already referred to, and shows that the crisis coming on the way was known, understood, and under observation during which to cooperate with the Government, or to conspire to take advantage:

It has long been apparent that the end of the policy (borrowing for relief) would afford a test of the recovery vitality.

(And) an expansion of private spending would be necessary to compensate for the Government's curtailment.

That stage in the recovery has been reached during the last months.

Therefore the Government is no longer expanding credit and creating purchasing power.

#### CHAIRMAN ECCLES WRITES TO EXPLAIN

Early in March, Chairman Eccles, of the Federal Reserve Board, had warned with apprehension of "price and wage inflation," meaning that prices and wages were too high, preparing the public mind to accept or acquiesce in a second order increasing bank reserves, entered to reduce the supply of money and credit.

On March 15, 1937, Governor Eccles, of the Reserve Board, issued and published a prepared statement assuming "to correct erroneous interpretations" (put upon his explanation of

the Reserve Board in ordering an increase of bank reserves), and took up a defense of himself and the Board of the criticism of the action of himself and the Board.

#### CLAIMS ERRONEOUS INTERPRETATION

This statement was published in the Washington Post, of date March 16, 1937, at page 14, column 2, and from which the following excerpt is taken:

I wish to correct erroneous interpretations which have been circulating with reference to my position on credit and monetary policy.

I have been and still am an advocate of easy-money policy and expect to continue to be an advocate of such policy so long as there is a large number of people who are unable to find employment in private industry.

This statement was evidently prepared and published by Eccles to silence or drown out the criticism against him because of his warnings that high prices were making money too cheap and easy while withholding from the public that the Reserve Board had already entered the order to cut down the money supply and reduce prices.

On reading the Eccles statement in March I took out this page of the paper and placed it in my file for reference, and later in the summer when conditions became wavering I took out this page for further consideration and I realized that something had been said, that something had been done, that something had occurred.

And then on making further investigation, I discovered the disturbing factors, the subject of the complaint and criticism of Chairman Eccles and the Reserve Board, and why he was being attacked and was being accused of violating his duty as Chairman of the Federal Reserve Board.

#### THE FEDERAL RESERVE BOARD ORDER

The following excerpt is from the Twenty-third Annual Report of the Federal Reserve Board for the fiscal year ending July 1, 1937, from which at page 10 is shown the following order entered:

On January 30, 1937, the Board took action to increase requirements by another 50 percent of those prescribed in the Federal Reserve Act, one half of this second increase to become effective March 1 and the other half [to become effective] May 1, 1937.

#### THE EFFECT OF INCREASING RESERVES

Under our banking and currency system reserves are the measure fixing the limit to which banks may go in making loans and the amount of credit they can extend, and controls the amount of bank credit money which may go out in use and circulation, and by which to lower and raise the price level.

Lowering the bank-reserve requirements is to increase bank loans and credit and the amount of bank-check money which the banks can issue and put into circulation, and increases the available money supply, raises prices and commodity values, and goes to make the property more valuable than money.

Raising and increasing bank reserves is not only to stop banks making loans, but is to compel banks to collect in their loans, or to call back and cut down their loans, and to reduce the amount of money in circulation, and forces down prices and commodity values, and makes idle money more valuable than property.

Sterilizing gold is to prevent its use as the basis for the issue of new money, and is to prevent an increase of currency of the money supply in use and circulation, and forces down prices and commodity values, and goes to make idle, hidden, and hoarded money more profitable and valuable than property and enterprise.

This was one of the several artful maneuvers which misled many men, including myself, and threw them off their guard and left them depending and relying on the Federal Reserve Board to maintain a full, normal supply of money at this critical policy transition time of suspending relief and recovery payments.

#### MISLEADING THE PRESIDENT

The following is an excerpt from the United States News, of date January 3, 1938, page 3, column 5, in giving a history of the money operations leading up to the relapse or



recession which culminated with a crash in October and November:

President Roosevelt was warned about rising prices in April (1937) and the Federal Reserve Board started to tighten up credit.

David Lawrence in his column, generally published in newspapers, on November 30, 1937, included the following comment:

Eccles (Chairman of the Federal Reserve Board) induced President Roosevelt to make comment at his April 4 press conference and to suggest the price of certain commodities might be getting too high.

The President was thus unwittingly misled to lend his place and position to sustain the Federal Reserve Board and banks in their secret movement to contract currency and credit and too, at the critical time of suspending relief, and bring a fall of prices and values, and the crisis of this relapse and recession.

#### A RULE OF CRIMINAL LAW

While Chairman Eccles, of the Reserve Board, disclaimed any intention to contract the currency and solemnly declared that he was in favor of "an easy money and credit policy," yet every act and order of the Board at the time was being taken and carefully directed to bring about a contraction of credit and currency, and at the very critical time at which the Government was to suspend and withdraw relief and recovery payments.

There is an old time-honored rule of law declared and resorted to by the courts in criminal trials, and which, applied here, will not allow Chairman Eccles to shield himself and the Federal Reserve Board and evade responsibility for this depression. It is the rule of evidence in criminal cases that the law presumes that every man intends the reasonable and probable effects of his acts.

And under this rule of criminal law, Chairman Eccles cannot be heard to say, while ordering and directing an increase of reserves, the effect of which was to contract the currency, that he favored an easy-money policy and was opposed to currency contraction and he must be held guilty of the crime of this depression.

#### STERILIZING GOLD

Then the Secretary of the Treasury, misled by the Chairman of the Federal Reserve Board, was further misled to sterilize incoming gold to prevent its being used as a basis for increasing and relieving the strain of the money supply which was at this critical time necessary to sustain prices and values.

#### BANKERS UNDERSTOOD THE EFFECT OF THEIR ORDER

The bankers and financiers knew and understood their secret power with money over prices and values—the power of contracting money to make low prices—and with such knowledge and understanding they moved in their course stealthily and deliberately to force a fall of values and the commodity price level.

And they knew the result of their acts in sterilizing incoming gold, which was to prevent its use as money as well as to increase bank reserves, to recall or cut down loans and credit, and bring a want and scarcity of money.

After their repeated and persistent steps taken in the early part of the year to strike down currency and credit and force down prices, and after billions of dollars in value had been taken from property, labor, and industry and transferred to the value of money, and after the steed had been stolen, the Federal Reserve bankers and financiers came forward to rescind and withdraw their excess reserve requirements, to lift the ban of gold for currency, and, in great flourish of trumpet, call in the use of the open-market operations, all to make "easy money and credit."

#### THE RESULTS OF WHAT THEY HAD DONE

Later the currency recovery movement and the public cooperation of the banks in their courageous war against deflation and to maintain "an easy-money policy," were given out and released for publication to be printed in bold, display type.

The following excerpt from the United States News, November 29, 1937, appearing at page 1, in column 5, is a fair sample of the publication referred to:

#### FOR FREER BANK CREDIT

New moves by Treasury and Federal Reserve System to loosen bank credit still further undoing the effects of the deflationary moves early in this year.

#### AFTER THE STEED HAD BEEN STOLEN

But the steed had already been stolen before the order was entered to lock the door. Money and credit had already been withdrawn. Prices and values had already been forced down. The buying and consuming power was already failing under the 8 months of secret money contraction beginning early in the year January 1937.

#### THESE ARE SOME OF THE WAYS AND MEANS

These are some of the dubious ways and means, some of the steps taken by the Federal Reserve Board and banks which are open or are required to be made of record, and some of the straws in the currency winds showing the unobserved money movements to bring a scarcity of money and credit and the fall of prices and commodity values.

The Federal Reserve Bank System is not a public or governmental system—as many people are misled to believe—but is owned and operated by private financiers assuming to act under public regulation and control; but many of its operations are secret, and its more controlling powers are hidden, covered, and concealed.

#### THE PEOPLE WILL NEVER KNOW

The people outside of the official world will never know of the full and further steps which were taken under a gentlemen's agreement among the private owners of the Federal Reserve banks which contributed to this vicious contraction of the currency and which took billions in money from property and transferred it to their money and bonds.

#### FEDERAL RESERVE BANK CONTROLS GOVERNMENT

While the Federal Reserve bank system was created and given control over money upon the theory and positive assurance that its operations would be under public control by the Government through its authorized officials, and in theory the Government controls the system, but in practice and in fact the system controls the Government.

#### WHAT THE PANIC HAS COST THE PEOPLE

Among the systems for measuring values and the movements from lower to higher or higher to lower prices, we have the Labor Statistical Bureau. From last March prices or the commodity level and the value of money, the dollars, have changed from the higher level of 121 points to a lower commodity price level of 113 points, or a fall of 8 points in the general price level.

Under a recognized rule or yardstick for computing the values shown or represented by each and every point of fall or increase of price makes each and every point of the general price level transfer \$4,000,000,000 in value either from property to money and money contracts or from money to property and industry.

#### THIRTY-TWO BILLIONS TAKEN FROM THE PEOPLE

Under this recognized rule or yardstick a change in the general commodity price level, from 121 to 113, or to 8 points lower from last March to December 1, 1937, as shown by the Labor Bureau statistics, transferred 32 billions of dollars in value from property and labor products to money and money contracts.

Under this recognized rule or yardstick, the Labor Bureau of Statistics shows that during these last 10 months of 1937 by the operation of the fall of prices that 32 billions of dollars in value has been taken from the property of the people and automatically transferred to the money of bankers and financiers.

This 32 billions of dollars in value is what this relapse or economic recession has cost the people of this country from March up to December 1 last, and what the Federal Reserve bankers and financiers have gained in appreciation of their money from the operations of the recession thus far.

## ENOUGH TO PAY THE NATIONAL DEBT

If Congress had ordered, last March, an assessment and levy of taxes to pay the whole of the national debt on or before December 1, last, the amount of property required sacrificed and the amount of the wages and earnings given up by the people would not be equal to the staggering sum which has been taken from them by this last depression.

The levy and assessment of such amount of taxes to be paid in such given brief time could not have been enforced or collected, and if attempted would have brought a revolution. Yet this vast, bewildering, staggering sum has been levied and taken from the people without notice, protest, or apprehension by the secret manipulations of money.

## THE IMMEDIATE EMERGENCY

The relapse or recession coming at this time is a calamity and brings us to a crisis. We cannot go forward in borrowing without piling higher the national debt; we cannot go backward without abandoning and losing the gains thus far made; and we cannot stand still without suffering greater relapse and recession.

We are passed the parting of the ways. We are facing an impossible impasse. Confronted with this pressing emergency there is only one step to take, there is only one course to pursue—to provide relief and continue recovery.

Instead of borrowing more money and piling still higher the national debt, or increasing or continuing high taxes, the Government should issue non-interest-bearing money in the form of United States Treasury notes to meet Government expenses, to provide for relief and employment, and to pay off bonds and stop interest until the money supply is normally increased.

## THE PRESIDENT HAS THE POWER

The law is already on the statute books authorizing and empowering the President to issue this money for the use as required in the sum of three billions of dollars, and by the stroke of his pen this money can be made immediately available for every purpose now needed to meet the emergency.

And, to forestall the objections and protests of the bond bankers and financiers who have been reaping a harvest of billions by lending back to the Government our own money, we should desterilize our idle gold supply and base every dollar of the new money issued upon 100-percent gold for redemption.

## CONGRESS CANNOT AVOID ITS RESPONSIBILITY

Congress cannot avoid or evade its responsibility by waiting for the President to act. The Constitution imposes upon Congress and not upon the President, an executive officer, the duty to issue and regulate the money supply and to fix its relative value by controlling the volume of the currency maintained in use and in circulation.

## THE CONSTITUTION VESTS POWER IN CONGRESS AND NOT PRESIDENT

While the Federal Constitution, under article I, section 8, clause 5, vests Congress with the sole power to coin, issue, and regulate the control of money, Congress has abdicated and surrendered that power to international bankers and financiers, to be used for private profit and gain.

## A FALSE BELIEF

It is a false and misleading belief that the Federal Reserve banks are Government banks or public agencies. They are the same as other private banks, only they assume to be under public control, but the Government has not been able to control the banks, and the banks have been controlling the Government.

The character of public banks claimed is misleading, a deception, a delusion. The only feature public about Reserve banks is the assumed name of "Federal." They are private banking institutions, only larger and exercising more power than other private banking corporations.

## BANKERS ONLY DEALERS IN MONEY

Private bankers are only dealers in money and they are no more entitled to claim the right to control public currency

than grain dealers and speculators are entitled to claim the power to control and regulate crop reduction and the distribution of the farm food supplies.

The same private financiers and money manipulators who were in the control of the public money supply during the violent panic of 1873 and the panics of 1887, 1893, and 1907, as well as the panics of 1920 and 1929, and men in the control of money when this depression came remain in the secret control of money today with power to bring a scarcity of money at will.

## NOTHING DONE BY CONGRESS

Following the panic of 1920 there was nothing done by Congress to recover back its power over money to control and regulate public currency as provided for under the Constitution and the power to control the money supply was left to continue in the control of private bankers.

And with Congress still abdicating its constitutional power over money and with the private Reserve banks still holding the power to control public currency, the panic of 1929 followed the panic of 1920 as like begets like in succession.

Then following the panic of 1929 nothing has been done by Congress to reclaim back its constitutional power to control and regulate the public currency and the private Federal Reserve banks have been left to continue in control and the 1937 relapse has followed the 1929 panic.

## THIS WILL BE FOLLOWED BY ANOTHER PANIC

And now, unless this Congress will renounce its naive, servient abdication and assert its vested constitutional power to control and regulate the public currency and will take that power away from the private banks, the 1937 recession will be followed by another panic in the same or like cycle of time.

If Congress would assert its constitutional power and reclaim and recover back its control to coin, and issue and regulate public currency, in full and adequate volume or amount, this recession could be called to a halt, this panic soon brought to an end, and recovery started again and on the way in 30 days.

Mr. TRANSUE. Mr. Chairman, I ask unanimous consent that the gentleman from Indiana may proceed for 5 additional minutes.

The CHAIRMAN. The Chair informs the gentleman that that request cannot be made in the Committee of the Whole.

Mr. DIRKSEN. Mr. Chairman, I yield one-half minute to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, in view of the probability that the so-called Ludlow resolution will come up for consideration on Monday, I ask unanimous consent to extend my remarks in the RECORD and to include therein my own views on some amendments that might well be incorporated in that resolution.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CASE of South Dakota. Mr. Chairman, the unknown soldier amendment and the accompanying exposition were set forth in a talk to the Fortnightly Club of Rapid City, S. Dak., in December 1935. The amendment was introduced in the House of Representatives as House Joint Resolution 238 February 19, 1937. The wording embodies some features that might well be incorporated in any war-referendum proposal.

## THE "UNKNOWN SOLDIER" AMENDMENT—BY MR. CASE OF SOUTH DAKOTA

The right to declare war abroad is hereby restored to the people.

1. The Congress shall not declare war, except the territory of the United States be in imminent danger of attack, until a proposal for a declaration of war shall have been approved by a majority of those voting in a special national election in which all citizens over the age of 18 years may participate.

2. The President, as Commander in Chief of the Army and Navy, shall not send armed expeditionary forces in excess of 25,000 men more than 500 miles beyond the territory of the United States, except in movement between portions of that territory or except in defense of the Monroe Doctrine, until after such a declaration of war by the people.

3. The Congress shall provide for carrying out the provisions of this article by appropriate legislation.



The aims of neutrality are good, but a neutrality that rests on embargoes or sanctions means taking sides, that can lead only to war.

This amendment does not interfere with defensive preparedness; on the contrary, it makes clear that our preparedness is for defense and not aggression.

It permits cooperation in an international police but stops short of an army.

This amendment is called the "unknown soldier" amendment for the unknown soldiers of wars past and future. Your sons, perhaps. It lets those who pay for wars say whether the cause is just and worthy.

It does not say we will never fight abroad; it says that when we do we go by the mandate of a determined people.

It serves notice on capital to seek security from the land of investment. This will increase capital for development at home.

It is the fairest and most effective way to curb shaky sales and unsecured loans to warring nations and eliminates the risky business of determining aggressor or nonaggressor.

It says plainly for all time that our defense policies are not militaristic. The consequent elimination of suspicion will enlarge America's influence for peace and avenues for trade.

It implements the will of the people for peace. This gives them a way to say so—or to say if the issues are worth war.

It permits us to develop proper national defense without any nation being able to say that we are pointing our guns at them. The removal of suspicion reduces points of friction. It gives a cooling-off spell for war hysteria. And no great danger can ever come to America because we delay sending soldiers abroad until we have a referendum. Indeed, history would say that a little reflection might save us a great deal of trouble.

It will not stop wars, but it may prevent one. That will be worth every effort.

Let us recall the counsel of George Washington:

Our detached situation invites and enables us to . . . choose peace or war, as our interest, guided by justice, shall counsel. Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground?

Mr. DIRKSEN. Mr. Chairman, I yield 30 minutes to the gentleman from Vermont [Mr. PLUMLEY].

Mr. PLUMLEY. Mr. Chairman, I ask unanimous consent to insert three tables and one short excerpt from a newspaper in my remarks.

The CHAIRMAN. The Chair advises the gentleman from Vermont that aside from extension of his own remarks the inclusion of excerpts and extraneous matter requires permission from the House rather than from the Committee.

Mr. PLUMLEY. Mr. Chairman, I am interested in this proposition of appropriating money for the continuation and extension of the T. V. A., because, as I have said before, I cannot forget that it was not the intention of the founding fathers in granting the power to impose taxes directly upon the people to confer an unlimited power of appropriation. They tried to insure, and intended to provide, that the Federal Government could only expend money as provided by article I, section 9, wherein it is stated:

No money shall be drawn from the Treasury but in consequence of appropriations made by law, and a regular statement and account of the receipts and expenditures shall be published from time to time.

I am fully cognizant of the fact that notwithstanding this limitation Congress has made large lump appropriations and justified them by and under the assertion that Congress deemed them to be for the general welfare, and by virtue of that clause of article I, section 8, which originally read:

Sec. 8. The Congress shall have power to lay and collect taxes, duties, imposts, and excises to pay the debts and provide for the common defense of the Nation.

To this section was added these words: "and for the general welfare of the United States," which words have been construed to mean that whatever Congress, or a majority group, deems to be "for the general welfare of the United States" is a legitimate subject for the expenditure of money raised by virtue of the preceding power granted to Congress.

Many of us will remember the powerful arguments and the elucidating and instructive statements made on this floor by one, than whom there has been no greater legal authority as a Member of Congress, the late Congressman James M. Beck, who said in my presence and in that of some of you, that there could be no grosser misinterpretation, and that old "General Welfare" was a usurper constantly destroying the purposes of the Federal Government and converting a government of theoretically limited powers into one of almost unlimited powers.

I do not agree with those who contend that Congress has a right to so construe this article as to assume that it is an unlimited grant of power which warrants Congress in granting stupendous amounts, not only for the special and exclusive benefit of sections and States but for that of special classes. To my mind this has too often, as in the case in hand, meant a subversion of the Constitution.

Subversion? Yes; it is my opinion that the act creating the T. V. A. is unconstitutional. I do not now believe, and I never have believed that the Federal Government has any authority under the Constitution to engage in such a project as this, obviously primarily designed for the production of electric power.

The claim of the T. V. A. that its power production is merely an incident to improving navigation is so big a joke as to be almost a fraud, and it ought not to be permitted to be perpetrated.

Those of us who listened to the testimony at the time we were drafting the McSwain bill amending the T. V. A. know that neither navigation nor flood control, nor national defense were the primary purposes of T. V. A. but were only incidental to the main idea and the plan of the originators, and for power production.

Now under the cloak of authority in this T. V. A. Act, the T. V. A. as I see it has arbitrarily and with usurpation invaded the constitutional rights of the States, if the States have any rights left, or play any essential part in our scheme of Government. If the figures which are submitted mean anything, and they do say that figures will lie just as long as liars will figure, there is but one conclusion to be drawn from them, and that is that T. V. A. is engaged in unfair competition with and has deprived private companies of their business and their property without compensation or due process of law, and that the methods it has employed have not only been illegal, but unconstitutional.

It is repetitious, but, I nevertheless reiterate that I was long ago satisfied in my own mind that the electricity to be generated, and that being generated under the program of the T. V. A. would not be and is not incidentally produced by any bona fide navigation program.

On the other hand it is deliberately and purposely produced for and by an entirely independent power program in which there is actually and incidentally included and intruded some navigation facilities.

Out of the window with all this talk about national defense and the general welfare, as a smoke screen.

I do not and cannot now be made to believe either that a high-power dam project costing \$500,000,000, and producing half a billion kilowatt-hours of primary power and a billion and a half kilowatt-hours of secondary power is a necessary adjunct to or incidental to navigation or flood-control development of a river.

Why, gentlemen, think it over, it stands to reason, as has been said, that power development is never the incidental result of flood control, but in fact is antagonistic to it, and necessarily so.

Bona fide flood control requires that reservoirs be kept empty; not filled to capacity! Kept empty so that they will be ready to receive any flood that comes along. That is flood control.

I will not take time to enumerate many other reasons, which satisfy me, as I have said, that Congress when it enacted the T. V. A. Act, went beyond its constitutional power and wished onto the taxpayers of this country, without authority under the law, the burden of the terrific expenses incident to the completion of this gigantic and tremendous

T. V. A. program, which will eventually cost the taxpayers at the lowest estimate from a half a billion to a billion dollars.

It is not solely a question of appropriation of money which is confronting you, as you consider this independent offices appropriation bill in connection with the T. V. A. There is a great deal more involved than appears on the surface. All these matters and things need, and must and eventually will have, a very thorough and a very complete investigation. I tell you Members of the House on both sides of the aisle that the eventual determination of all the legal questions involved, and they are very many, will have a very important bearing upon the question as to whether we are going to change our form of government; and as to whether or not a new social system is going to be established and evolved; and as to how extensive the changes are which will be made in the present system.

While the underlying principles involved in this T. V. A. legislation may not affect your State or your constituents today, no man knows what the morrow may bring forth.

I am of that group which has come to Congress since the original enactment of the Tennessee Valley Authority legislation.

However, as a member of the Committee on Military Affairs I listened to hearings had before that committee on the McSwain bill. And in connection with discussions and arguments on the floor when that bill was before us for consideration, I said, in effect, I was satisfied that the three men who were at the head of the T. V. A. were usurping unwarranted and undelegated authority and were failing to comply with the purposes and intent of the Congress and the strict and unambiguous letter of the law. I said, moreover, they were impervious to any suggestion they were wrong; inclined to be intolerant of anything and everything with which they did not agree.

I also said that their zeal and enthusiasm had led them to ignore the fact that as a Federal agency created by an act of Congress it was their obligation to carry out the intent of Congress as specifically provided in the act and that they would be held responsible for their failure so to do. I said that as a Board they labored under the obsession that they were above and beyond the law and responsible to nobody.

That was said 2½ years ago, in substance, and I reiterate the statements with all the emphasis in my power. The time has come for an accounting and for holding these gentlemen responsible for their acts or their failure to act as provided by the act of Congress which created the T. V. A.

It really is regrettable, from the standpoint of the welfare of the people, that the Board does not, will not, and has not rendered a full account of its stewardship, taken Congress into its confidence with respect to its plans, cease to arrogate to itself a nondelegated power and authority, and give Congress the opportunity which it reserved to itself—the right to have and to approve or disapprove the plans to be submitted by this Board, in order that Congress by so doing could keep its hands on the control against wasteful extravagance or unnecessary expenditure of the peoples' money. And, further, in order that Congress may exercise the power which it reserved unto itself, and the right to regulate, guide, and to control the extent, sequence, and nature of the development to be advanced by the T. V. A. by and through the expenditure of public funds.

Then again, I am interested, and particularly so, because in the last analysis the big T. V. A. problem involves those "little regional T. V. A.'s," which some people, pursuant to the program of the President and his advisers, would set up in the different areas of the country, among others one being that containing the New England group of States.

I go along 100 percent with the Governor of my State and its people, who are everlastingly and forever opposed to delivery, ownership, or direct control of all natural resources—water, minerals, and land and industries of the country—into the hands of a centralized authority. I agree with him and them that "the State exists for the people, not the people for the State." We of New England, and Vermont particularly,

have thought, and still think, that the States have retained and should retain some rights.

You will find upon examination that Governor Aiken, of Vermont; Governor Barrows, of Maine; Governor Murphy, of New Hampshire; Governor Hurley, of Massachusetts; and Governor Cross, of Connecticut, to name only those in the New England area, are on record in opposition to the centralization program of the so-called regional planning proposals as drawn.

I have spent several hours reading and digesting 168 pages of testimony before the Independent Offices Subcommittee, including the statements of the three directors and eight executives of the Tennessee Valley Authority. First, I should like to say a word of commendation of the subcommittee for its painstaking zeal in exploring the justifications presented by T. V. A. in its demand for a \$40,000,000 appropriation.

Before proceeding with my general remarks I should like to set forth certain marginal notes of comment adduced from the record of the hearing itself:

Page 933: Speaking of the effect of T. V. A. as a flood-control project, Carl A. Bock, assistant chief engineer, stated that in the disastrous flood of January 1937 T. V. A. had reduced the peak of that flood at Cairo by about 6 inches.

Chairman WOODRUM then asked:

What difference would that have made in the damage, the inundation?

Mr. Bock replied:

That might have made the difference between Cairo being dry or being completely flooded.

This is a gross misstatement of fact. I have here a photograph appearing—caption thereof "Exhibit A"—in the New York Times of February 4, 1937, showing the Cairo water front at the moment the crest of the flood was passing that point. This picture conclusively demonstrates the truth of the caption below stating that there was still 3 feet 6 inches—not 6 inches—to spare at that time. Mr. Bock may not have realized that Cairo was saved by the cutting of the Birds Point spillway, which reduced the crest some 3 feet. This spillway was previously built by the Army engineers at a cost of \$5,000,000 as against T. V. A.'s \$500,000,000.

Page 947: There are some tables presented as to estimated land purchases of Tennessee Valley projects, completed or under construction, and also on land areas flooded on Tennessee Valley projects, completed or under construction, which shed a new and startling light on some of the aspects of this program that have received too little consideration in the past. The five main river dams and reservoirs are Gilbertsville, Pickwick Landing, Wheeler, Gunter'sville, and Chickamauga, and the tributary stream projects are Norris and Hiwassee.

The total area of land to be purchased for reservoirs and clearance on these 7 of 11 dams amounts to 912,950 acres.

Bear in mind that this is a flood-control project. In the table below we find that the total "area flooded in the area occupied or to be occupied by reservoirs by average 5-year flood before the dam was started is 382,600 acres." Alongside of this we find an estimate of the area flooded under maximum conditions amounts to 541,800 acres.

In short, to control the floods, we take out of useful production nearly a million acres to protect ourselves from occasional temporary floods of four and five hundred thousand acres. The average price of this land was \$49.11 per acre, or \$44,834,572. No figures are included as to the tax yield of this property.

The 68,000 acres for the Chickamauga Reservoir averaged \$101.52 per acre, which in these times means it must have been highly fertile and productive farm lands.

I wonder if this Congress dreamed when the act was enacted in 1933 the gigantic scale upon which this program would be carried out; the extent to which the Government would be launched upon a program of drowning out fertile acres, while in the West another branch of the Government is reclaiming desert land at the cost of as high as \$600 per acre.



Pages 971-977: In this connection I should like to call your attention to a series of tables on pages 971 to 977, inclusive. Discussing the principal features of Wilson Dam, Norris Dam, Wheeler Dam, Pickwick Landing Dam, Hiwassee Dam, Guntersville Dam, Chickamauga Dam, and Gilbertsville Dam, for the first time we see revealed many vital factors that should be borne in mind in the consideration of further appropriation for this project. How many in this House realize that on these 8 dams alone—and there will be 11 or 12 in all—T. V. A. has created inland lakes with a shore line of 5,701 miles? This is greater than the American shore line of the Great Lakes; it is comparable with the shore line of the United States on the Atlantic, the Gulf of Mexico, and the Pacific coast.

How many of you realize that the schedule of land purchases, including the normal reservoir area of Wilson Dam, is 1,457.9 square miles? Remember that, according to the Army Engineers' survey of the Tennessee River—House Document 328, Seventy-first Congress, second session, page 730—the sort of flood that comes but once in 500 years would cover but 666,154 acres of land, or 1,040.8 square miles.

Surely the Seventy-third Congress did not dream that enactment of this law would mean the destruction of the hearths of 10,442 families; the uprooting of whole villages; the relocation of 8,776 graves. Under the heading of "Towns Affected" these tables show that 13 towns, with a total population of 37,900, will be affected.

Whether these towns will be wholly or partly drowned out, or in what way they will be affected, the tables do not indicate.

They do show, however, that 601.5 taxpayer-built highways and 8 major public bridges will be "relocated" by the greatest man-made flood in history. They show that 61 miles of railroad and 16 major railroad bridges will also be "relocated." Bear in mind these figures do not show the record for the proposed Coulter Shoals, Watts Bar, or Fontana Dams, which would add materially to all totals.

Under leave to extend my remarks, I shall incorporate an analysis which I have made of some of the important data which I have totaled from these tables—exhibit B.

Page 980: We find here a discussion between members of the committee and T. V. A. experts about the very advantageous power contracts which the T. V. A. has concluded with certain industrial firms which it has induced to settle in T. V. A. territory. These include the Monsanto Chemical Co., the Electro Metallurgical Corporation, the Aluminum Co. of America, and the Victor Chemical Co., all of which enjoy a rate of approximately 2 mills per kilowatt-hour—one-half the cost of production.

It was brought out that T. V. A. stipulates in its contracts with municipalities the resale rates by which the advantages of the low rates are passed on to the consumer, but that in these large industrial contracts no provision is made for the passing on in reduced prices of the benefits of T. V. A.'s low rates. I think the Members of both sides of this House will agree to the remarks of Mr. DIRKSEN at this point:

There are two questions I think are important here: If the Federal Government is going to spend some \$505,000,000 for the development of this power and these people go in and get the benefit of that cheaper power, at least some of those benefits ought to be passed on to the consumers. And if it is not being passed on to the consumers, then we are just throwing millions of dollars into the development of these projects that is not going to do the taxpayers of this country any good, and they are going to have to pay for the plants through taxation.

And the second question is very important, in my judgment, and that is whether through the development of cheaper power the Tennessee Valley Authority is inviting industry from other areas so that at some time, when this development is completed, by reason of the necessity of meeting this competition they will have to move into that area and the result will be the closing down of plants in other sections and throwing more men out of employment, necessitating an adjustment in employment as well as location of industries. So far as my city of Peoria, Ill., is concerned, we would have some objection to that.

Page 1005: I wish to call your attention at the bottom of page 1005 to the reluctant admission by Dr. Martin G. Glaeser, acting chief power planning engineer—for the first

time, to my knowledge, by any T. V. A. official—that, to quote Mr. Fitzpatrick, it—

Might be just as reasonable to produce it (electricity) by coal and oil or gas as by water power.

Page 1007: That the T. V. A. has been in the business of selling electricity and making of rates for nearly 5 years now without ever having determined that part of its capital costs should be allocated to power. This in spite of the fact that for nearly 5 years it has asserted that its rates were to establish a "yardstick" by which the reasonableness of rates by private utilities is to be measured. Moreover, almost 2½ years ago in the amendments to the T. V. A. Act, approved August 31, 1935, T. V. A. was specifically directed to undertake such a study and report it to Congress by January 1, 1937.

It was given a year and 4 months to get up the study, and now, 2 years and 4 months later, in defiance of the law and the will of Congress, that allocation is not forthcoming.

The same amendments require that allocations must be submitted in each annual report thereafter, and the annual report that was submitted December 31, 1937, did not contain such allocation. If the stockholders of a private corporation were so cavalierly treated and their wishes so ignored there would at least be a wholesale investigation—such as Mr. MAVERICK and Mr. MAY propose for T. V. A.—followed by a thorough housecleaning.

As has been suggested on this floor, in the lobbies, and in the press, for a long time the Tennessee Valley Authority has been handicapped by a split within its directorate. The differences between Chairman A. E. Morgan, on one side, and David Lillenthal and Harcourt Morgan on the other are deep-seated. The failure of these officials to agree upon management and control of the T. V. A. experiment is obviously a factor contributing to the confusion of the administration's power policy.

President Roosevelt must have been concerned over this split for some time, for the T. V. A. is one of the favorite undertakings of the New Deal. But he has not succeeded in ending the row. In the recent hearing to determine the value of Senator BERRY's marble leases, concerning land flooded by the Norris Dam, the fight within the T. V. A. reached an explosive point. When the majority directors accuse the chairman of making false and malicious inferences, all hope of bringing about a harmonious working relationship between them seems to have passed.

The President may find it necessary to intervene to bring some modicum of accord into the management of this vast experimental project. But the matter ought not to end there. Originally this was not a row between antagonistic personalities. Rather it was a clash between conflicting policies. Chairman Morgan favors cooperative dealing with the private power industry, while the other two directors seem more inclined to use T. V. A. facilities to force private companies into line with Government policies.

The very fact that such widely different policies are possible under the terms of the T. V. A. Act suggests the vital interest of Congress in the matter. Policies of such vital importance ought to be determined by legislation and not by one Director who chances to hold the balance of power between T. V. A.'s two Morgans. Certainly, then, this far-reaching controversy indicates a very serious deficiency in the law itself. That management of the Authority is also in need of attention is pointedly indicated by Dr. Morgan's virtual request for a congressional inquiry.

In these circumstances an investigation into the T. V. A. ought to be one of the first items in the program of this 1938 session. By such a move Congress could give the T. V. A. a sense of direction that now seems to be lacking. It could turn to more constructive uses the energy that now goes into bickering and internal dissension. And, finally, such a move would give constructive impetus to efforts now being made to bring about an understanding between the Government and the private-power industry.

The fruits of such an inquiry should be rich. They might do more than court decisions to confine or eliminate the threat of T. V. A. to private business, which has paralyzed necessary refinancing in that territory and hampered it in other regions. The power to compete with industry and on a favored basis in one region involves the power to do the same thing in others.

Congress should investigate before it invests another nickel of the people's money.

The responsibility for cleaning the house of the T. V. A. rests with its landlord, Congress, and not with the neighbors. In fact, every Member of Congress should approve such a congressional investigation as is contemplated. [Applause.]

We are informed now that this allocation will be completed sometime this spring. Would it be fair to suggest that the T. V. A. deliberately chose to violate this law, rather than risk the introduction of its allocation of cost into the testimony now being taken in a trial at Chattanooga, which will test the constitutionality of the act and their administration of the act? I suggest this motive, inasmuch as this so-called navigation and flood-control program is at least 45 percent an out-and-out power program, according to the Comptroller General's annual report for 1937. Acting Comptroller General Elliott therein states that, of the costs of the annual audit, 45 percent is charged to the generation and transmission of power.

Pages 1008-1009: We discover on pages 1008 and 1009 the method by which T. V. A. intends to find a market for its power. A list of projects under the supervision of the chief project engineer at Chattanooga as of December 1, 1937, shows pending P. W. A. allotments to municipalities for the construction of systems competing with the privately owned utilities. In the State of Alabama, P. W. A. is ready to lend eight cities a total of \$1,296,000 and, as a further inducement, make an outright gift of \$974,999. Two cities in Mississippi will get loans amounting to \$149,000 and gifts of \$121,909. In Tennessee, 11 cities and towns will borrow \$4,975,000 and receive as gifts \$6,440,777. Middlesboro, Ky., also will receive a gift of \$89,000. The grand total of P. W. A. loans in the four States is \$6,420,000, and the gifts are \$7,626,085. But the total estimated cost of these 22 distribution systems will amount to \$23,897,802 because, while all cities accepted grants, some of them were able to borrow money at cheaper rates than the Government's 4 percent.

At this point I should like to insert into the RECORD a startling comparison of ultimate power capacity of the Tennessee Valley Authority as against installed capacity of privately owned utilities within transmission range of T. V. A. power (exhibit C). The ultimate rated capacity of the Tennessee Valley Authority will be 1,878,000 kilowatts, whereas the combined steam and hydroelectric installed capacity of the privately owned utilities in the T. V. A. region amounts to 1,859,258 kilowatts. In other words, the T. V. A. is increasing installed capacity in its area by 100 percent, and to find a market for this power another arm of the Government is bribing cities by 45-percent gifts to build their own municipal plants to the destruction of private industry.

No eloquence of mine could be more persuasive than these cold figures as to one of the root evils of this administration's policies which have brought about the present collapse.

Page 1019: On page 1019 we find an interesting item in the fact that this \$320,000,000 Corporation pays taxes. And how much do you suppose it pays? Exactly \$136,000. If T. V. A. paid 10 times as much, it would not compensate for the land alone that it has taken off the tax roll. Any private corporation owning \$320,000,000 worth of real property would be forced to pay many millions in taxes, whether or not it earned a dime. In my opinion, and in the opinion of many Members of this House on both sides of the aisle, one of the most harmful and hypocritical phases of the T. V. A. program is its assumption of the role of a taxpayer. The fact is that it pays 5 percent of its gross revenue in lieu of taxes. There is not a private utility company in

the country that pays less than 14 percent of its gross revenue in taxes, and many of them, including T. V. A.'s chief competitor, the Tennessee Electric Power Co., pays close to 17 percent. At the proper time and place, the T. V. A. Act should be appropriately amended so as to add another inch to this 1-foot yardstick by forcing it to pay its just dues in taxes. I doubt very much if the advocates of public ownership will have the courage openly to oppose such an amendment, although it may cause them much secret anguish.

On the same page, 1019, is first revealed the astounding fact that to this day the audit for T. V. A.'s first full fiscal year of existence, 1934, has not been completed, and that there remains a large number of items which the Comptroller General has challenged, and for which no compromise has been accepted.

Page 1010: Mr. Glaeser makes an illuminating admission which is contradictory to all of T. V. A.'s claims. T. V. A. has insisted that because of its competitive presence in this territory rates have been sharply reduced.

Mr. Glaeser says:

There was, throughout the country, a very slow recession in rates; and with the advent of the depression and other factors, the rate reductions were accelerated.

Then what becomes of T. V. A.'s claims of forcing rate reductions?

Page 1044: On page 1044—I hope while we are considering this appropriation some member of the subcommittee will favor the House with a discussion of the data submitted for the record, but which was too voluminous for inclusion in the record, as noted on page 1044. This data is on the subject of land purchases, showing the number of acres purchased, the names of former owners, the assessed values, and the prices paid. It seems to me that we would learn much of the policy of T. V. A. from such a report if it were made public.

Page 1076: A letter from Representative GEORGE A. DONDERO, Michigan, to Chairman WOODRUM, dated December 20, 1937, contains an amazing charge, challenging the integrity of the T. V. A. in presentation of its evidence in support of the initial appropriation for Gilbertsville Dam construction. The letter is short and to the point and is self-explanatory. With leave to insert it in full in the extension of my remarks, I should like to quote this excerpt:

On Monday, December 13, the T. V. A. directorate asked you for an appropriation of \$2,800,000 to begin building a dam at Gilbertsville with a total reservoir volume of 4,850,000 acre-feet of water. On Friday, December 17, James S. Bowman, T. V. A.'s head project-planning engineer, swore under oath that in August the T. V. A. plan for Gilbertsville had been completed, calling for a volume of 6,150,000 acre-feet of volume, or 1,300,000 acre-feet larger than the plan submitted to you. He further stated that T. V. A. plans favored a dam 5 feet higher than indicated to you.

Naturally all costs of the project must be revised in the light of this discrepancy. It would appear that addition of 24 percent to the volume of the project would increase its cost proportionately from \$112,000,000 to \$138,000,000, which may explain the strange behavior of T. V. A.'s officers before your committee.

It occurs to me that the Congress is indebted to the alertness and perspicacity of the gentleman from Michigan, who has discovered an important discrepancy, if not downright misrepresentation, on the part of T. V. A. officials when they presented their case for the construction of the Gilbertsville Dam. It is to be hoped that this discovery will lead to a thorough investigation of the whole problem, to the end that this dam of doubt "be shelved forever and the people save \$112,000,000."

Inasmuch as Mr. DONDERO is present, I shall yield to him such time as he desires to present the facts of the case.

I thank the gentleman from Michigan for his clear presentation of this case. And I take this occasion to warn the gentlemen on the other side of this aisle that if they permit such mismanagement to continue without a wholesome and wholesale investigation and housecleaning, they will one day have on their hands a scandal greater than the Teapot Dome.

EXHIBIT A

(Photograph—omitted in the RECORD)



## EXHIBIT B

## Tennessee Valley Authority reservoirs, relocations, and areas

[From data submitted to Appropriations Committee of the House by Tennessee Valley Authority directorate, December 1937]

Name of reservoir <sup>1</sup>	Towns affected	Population	Human relocation		Highway relocation		Railroad relocation		Reservoir shore line (miles)	Land acquired (acres)
			Families	Graves	Miles	Bridges	Miles	Bridges		
Norris	Caryville, Tenn.	300	2,900	5,225	104.5	1	3	3	705	153,000
Wilson									127	<sup>2</sup> 16,000
Wheeler	Decatur, Ala.	16,000	842	176	33.0	3	6	2	1,063	104,000
Pickwick Landing	Sheffield, Ala.	6,200	500	400	48.0	0	3	3	496	63,000
Do.	Tusculum, Ala.	4,600								
Hiwassee	Murphy, N. C.	1,600	200	100	29.0	0	5	3	150	22,000
Guntersville	Guntersville, Ala.	2,800	1,000	125	106.0	1	6	2	660	107,000
Chickamauga	Dayton, Tenn.	2,000	1,500	750	115.0	0	0	0	500	68,000
Do.	Soddy, Tenn.	2,200								
Gilbertsville	Big Sandy, Tenn.	600								
Do.	Johnsonville, Tenn.	400								
Do.	Grand Rivers, Ky.	500	3,500	2,000	166.0	3	38	3	2,000	400,000
Do.	Eva, Tenn.	400								
Do.	Birmingham, Ky.	300								
Total		37,900	10,442	8,776	601.5	8	61	16	5,701	<sup>2</sup> 933,100

Total area of the Tennessee Valley inundated by the greatest <sup>4</sup> recorded flood	Acres
Excess of Tennessee Valley Authority reservoir land above greatest recorded flood	<sup>4</sup> 480,000
Percent of excess of Tennessee Valley Authority reservoir land above greatest recorded flood	<sup>4</sup> 453,100
Total area that would, according to Army engineers' survey, be covered by greatest flood in 500 years <sup>5</sup>	193
Net excess of reservoir area over area inundated by 500-year flood	<sup>5</sup> 666,154
Percentage of above excess	<sup>5</sup> 266,946
	40

<sup>1</sup> Data for proposed Coulter Shoals, Watts Barr, and Fontana Dams not included.<sup>2</sup> Normal reservoir area only.<sup>3</sup> 1,457.9 square miles.<sup>4</sup> Flood of 1867, Army Engineer estimate.<sup>5</sup> 765.6 square miles.<sup>6</sup> 707.8 square miles.<sup>7</sup> See p. 730, pt. 4, H. Doc. 328, 71st Cong., 2d sess.<sup>8</sup> 1,040.8 square miles.<sup>9</sup> 417.1 square miles.

## EXHIBIT C

## Tennessee Valley Authority—Power capacity and cost

Dam	Date of completion	Rated capacity, kilowatts		Estimated cost	
		Initial	Ultimate	Initial stage	Ultimate stage
Wilson	1924-42	184,000	444,000	\$46,950,748	\$57,950,748
Wheeler	1936	128,000	256,000	37,157,657	44,737,657
Norris	1936	100,800	100,800	36,310,370	36,310,370
Guntersville	1939	50,000	100,000	34,123,860	38,524,860
Gilbertsville	1943	None	192,000	95,000,000	112,000,000
Hiwassee	1940	None	80,000	17,206,061	22,491,561
Pickwick	1938	72,000	216,000	33,199,497	42,431,497
Watts Barr	1942	None	150,000	26,200,000	36,800,000
Chickamauga	1940	50,000	100,000	40,435,645	45,333,645
Coulter Shoals	1943	None	60,000	25,000,000	30,000,000
Fontana	1941	None	180,000	40,000,000	51,000,000
Totals		584,800	1,878,800	434,673,638	520,600,338

## Privately owned electric utilities in Tennessee Valley Authority area

	Installed capacity, kilowatts		Fixed capital <sup>1</sup>	Towns served	Population served	Customers (electric)
	Steam	Hydro				
Alabama Power Co.	157,262	414,500	\$179,782,265	564	593,000	120,710
Georgia Power Co.	92,094	287,387	265,011,771	491	900,000	179,754
Mississippi Power Co.	18,593		20,367,080	147	224,000	40,198
Tennessee Electric Power Co.	244,153		100,697,420	443	515,000	132,413
Memphis Power & Light Co.	54,000		30,938,948	6	312,000	55,737
Birmingham Electric Co.	11,700		28,501,075	9	337,000	64,971
Carolina Power & Light Co.	43,000	205,450	93,248,516	267	800,000	83,836
Tennessee Public Service Co.	3,275		17,276,029	29	139,000	31,360
Mississippi Power & Light Co.	10,146		34,799,795	200	303,000	45,373
Kentucky Utilities Co.	48,405	24,540	41,134,960	282	301,890	17,751
Lexington Utilities Co.	9,000		5,716,467	25	101,280	18,029
Louisville Gas & Electric Co.	191,320		77,943,942	10	320,000	95,859
Old Dominion Power Co.	12,500		4,286,452	11	25,130	5,724
East Tennessee Light & Power Co. (and Tennessee Eastern Electric Co.)	8,710	14,200	10,303,805	15	79,500	15,890
Total	669,005	946,077	910,008,525	2,499	4,650,800	907,605
Total capacity, kilowatts	1,859,238					

<sup>1</sup> Fixed capital includes electric and other utility properties.

## Federal power projects—Capacity and cost

	Date of completion	Rated capacity, kilowatts		Appropriations to date	Amount required to complete	Total ultimate cost
		Initial	Ultimate			
Boulder	1936	247,500	1,348,910	\$112,760,000	\$52,240,000	\$165,000,000
Bonneville	1937	86,400	432,800	51,000,000	20,000,000	71,000,000
Grand Coulee	1942		2,025,000	68,550,000	117,450,000	<sup>1</sup> 186,000,000
Central Valley	1942	280,000	350,000	24,000,000	146,000,000	170,000,000
Casper-Alcova	1939	24,000	36,000	13,857,000	8,843,000	22,700,000
Fort Peck	1939	( <sup>2</sup> )	105,000	71,000,000	37,500,000	108,500,000
Colorado-Big Thompson		30,000	140,000	900,000	43,100,000	44,000,000
Bluestone		( <sup>2</sup> )	( <sup>2</sup> )	1,000,000	12,000,000	13,000,000
Bureau of Reclamation, 23 plants	( <sup>4</sup> )	134,337	134,337	9,328,000		9,328,000
Total		802,237	4,572,047	352,395,000	437,133,000	789,528,000

<sup>1</sup> Plus \$208,000,000 for irrigation system.<sup>2</sup> None authorized.<sup>3</sup> None yet authorized.<sup>4</sup> Various; since 1905.

## Privately owned utilities in area of Federal power projects (Pacific coast)

	Installed capacity, kilowatts		Fixed capital <sup>1</sup>	Towns served	Population served	Customers (electric)
	Steam	Hydro				
Puget Sound Power & Light Co.	104,500	209,745	\$129,724,968	411	775,000	176,221
California Oregon Power Co.	15,000	100,430	35,018,142	59	117,000	29,905
Washington Water Power Co.		203,684	66,823,260	129	252,000	71,813
Northwestern Electric Co.	42,500	0,900	21,029,370	21	354,000	44,317
Portland General Electric Co.	75,500	93,190	62,958,299	87	525,000	143,508
Washington Gas & Electric Co.	27,700		15,349,990	3	11,100	4,608
Idaho Power Co.		71,590	38,888,968	74	196,000	50,699
Pacific Power & Light Co.	8,000	22,567	33,953,516	115	189,000	57,439
Pacific Gas & Electric Co.	260,800	876,794	671,480,016	103	2,900,000	811,467
Nevada-California Electric Corporation.	8,157	60,825	44,569,658	33	355,200	236,790
Southern California Edison Co.	415,000	486,840	344,359,244	220	1,350,000	509,840
Total.....	1,066,217	2,135,175	1,464,155,431	1,345	7,024,300	2,136,567
Total capacity, kilowatts.....	3,201,392					

<sup>1</sup> Fixed capital includes electric and other utility properties.

Mr. PLUMLEY. Mr. Chairman, inasmuch as the gentleman from Michigan [Mr. DONDERO] is present, I now yield back the balance of my time that the gentleman from Massachusetts may yield it to the gentleman from Michigan.

The CHAIRMAN. The gentleman yields back 10 minutes. Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, I hope the gentleman from Vermont [Mr. PLUMLEY] who preceded me is correct, that the people of the country will be saved this \$112,000,000 which it is estimated will go into the Gilbertsville Dam if it is built. I thank the gentleman for his observation on that subject. As he stated, my letter is largely self-explanatory. I know, however, that on the same date I wrote the letter to Mr. WOODRUM, our distinguished colleague, chairman of the Subcommittee on Appropriations handling this bill, for whom I have the greatest admiration and respect, that the Tennessee Valley Authority at Knoxville directed a letter to the chairman of the subcommittee revising their figures in line with my charge. I assume that T. V. A. is not mystic and did not know of my letter which could not have been received until the next day. I presume that the Tennessee Valley Authority took its action because of the local publicity at Chattanooga when this disclosure was made at the trial that two sets of figures had been used, one here in Washington, and one under oath at the trial in Chattanooga. In fact, but for newspaper accounts I would not have been aware of the discrepancy myself.

While the Authority confirmed my charges in full that the dam they really had in mind will be 5 feet higher and 1,300,000 acre-feet larger than the dam they told the subcommittee they wanted to build, I take vigorous exception to two points raised:

First. The T. V. A. letter states:

These figures (the December 13 Appropriations Committee estimates) were compiled from the best preliminary data available to budget officers of the Authority when the table on page 10 was prepared and printed in September.

Either that statement is a deliberate misrepresentation or its writer, John B. Blandford, Jr., general manager, is too incompetent to be in charge of such a vast enterprise. I made that statement advisedly on the basis of the testimony of James S. Bowman on December 17, under oath, at the Chattanooga T. V. A. trial. Bowman is head project planning engineer for the Authority and the man in charge of all of these plans.

Bowman stated specifically that the new revised plans for the larger dam were completed last summer, and were completed either in July or August—either 1 or 2 months before the December 13 estimate was printed, on September 29.

Attorney Jackson for the defense was questioning Mr. Bowman as to the date on which the plans for Gilbertsville—with the higher volume figure—had been reached. I quote from the record:

Question. The only point I am trying to get at now is when it reached the stage shown on this exhibit, and your best judgment is how early last year? Was it '36 or '37 first?

Answer. No; it was '37 that we finally came around to this data. And I should say that in July or August, sometime, we arrived at these conclusions.

The excuse of T. V. A. that it prepared their appropriation justification for Gilbertsville from the latest data available on September 29 is an explanation that, at best, convicts it of the grossest incompetency, certainly as an agency not trustworthy to be given the stewardship of large sums of money. The heads of a private business concern who showed such carelessness would soon deserve their discharge.

Second. My second objection to the T. V. A.'s letter lies in the fact that while they now admit that the dam they really are contemplating building is 24 percent greater in volume and 5 feet higher, they still say that they can build a dam containing 1,300,000 more acre-feet of water for the same price that they could have built the smaller dam. I think this is a graver matter than the question of whether the discrepancy of December 17 was intentional or a mere incompetent blunder.

Certainly a dam containing that much more water would require many thousands of acres more reservoirs, its walls must be thicker, and its foundation deeper. If their estimate of \$112,000,000 for the smaller dam was correct, then their estimate for the larger dam is a blunder.

But, on the other hand, if they can build the larger dam for \$112,000,000, then the cost of the smaller dam was grossly overestimated.

After all, it might have been discovered, after the waters had covered the land, that beneath the waves were very valuable mineral deposits—marble, for example—as unfortunately was the case at Norris Dam, where a gentleman in another House got at least two members of the T. V. A. board to agree to conciliate claims for several million dollars' worth of alleged marble land before the third member, the chairman, denounced the scheme as a plan to defraud the United States Government. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. Mr. Chairman, sometime ago a noted statesman, William Jennings Bryan, asked, "Shall the people rule?" The greatest statesman this Nation has ever known, Thomas Jefferson, once said, "In the last analysis, the people can be trusted."

I am sorry to say that a great many members of the party with which these two great men were affiliated do not believe in trusting the people on the great question of organized murder. They think that question can be decided much better if the people are not trusted and if it is done in secret.

## ROAD OF PEACEMAN ALWAYS ROUGH

Mr. Chairman, the Ludlow resolution, House Joint Resolution No. 199, which will come before the House on next Monday, January 10, proposes an amendment to the Constitution of the United States to provide that—

Except in the event of an invasion of the United States or its territorial possessions and attack upon its citizens residing therein, the authority of Congress to declare war shall not become effective until confirmed by a majority of all votes cast thereon in a Nation-wide referendum.



The road of the peaceman has always been a rough one. Likewise, the Ludlow amendment has traveled a rough road, and even yet there is no assurance that it will be given a full hearing. As I understand it, the first question to come before this House on next Monday will be, Shall the committee be discharged? That question will be voted upon after a 10-minute statement for each side. And, unless a majority vote "yea" on that question, there will be no debate on the merits of the resolution itself. Instead, it will be sent back to the committee that once before had it and stifled it.

#### NORMAL REACTION OF PUBLIC FOR PEACE

It is only because resort was made to the rule providing for the discharge of a committee, failing to act within a reasonable time, by a petition signed by 218 Members, that this resolution is on the House Calendar at this time at all. And yet a "nay" vote by a majority of the Members of this body on the committee-discharge question will bar a full discussion of this important proposal.

Hence it becomes the absolute responsibility of each Member of this body to say whether the House of Representatives of the United States is an open forum for the discussion of momentous questions such as the one involved in this resolution, which affects every home in America, or whether its function is to silence such discussions.

The militarists and the private and corporate interests who profit through wars recognize that the normal reaction of the men and women called upon to pay the price of all wars—in suffering, privations, and loss of loved ones—is for peace. Hence they feel very strongly that open and honest discussions of the issues involved in wars should be withheld from the masses. They argue that the voters are uninformed; that they do not have the secret information necessary to a wise vote.

#### WAR PROPAGANDA POWERFUL FORCE

I say that in deciding whether the lives of Americans should be sacrificed in aggressive wars there should be no secrets from those vitally concerned.

The late Newton D. Baker, in his book *Why We Went to War*, made some startling revelations concerning the behind-the-scenes maneuvers on the part of foreign representatives in this country of the belligerents. He said:

Both sets of countries were represented in Washington by diplomats of long experience and high intelligence, and the situation made every word and act of the United States important to their countries, not only in the conduct of their warlike operations but also in the mobilization of the moral sentiment of the world, which each side recognized as an imponderable but powerful force in the ultimate outcome.

One of the most experienced diplomats in America throughout this period was Sir Cecil Spring Rice, the British Ambassador. Long after the conclusion of the war, in 1929, his private letters were published. From those letters it was shown, as so well stated by Mr. Baker, that Sir Cecil was "at least diplomatically suspicious of everybody's professions and temperamentally impatient of idealisms. As a consequence, he had difficulty in concealing from Mr. Bryan what he revealed very fully in his letters to his friends—his impatience with Mr. Bryan's desire to discuss peace treaties and peace objectives in any general sense."

#### DIPLOMAT ANNOYED BY PEACE TALK

In a letter to Sir Arthur Nicolson, dated November 13, 1914, Sir Cecil wrote:

Bryan spoke to me about peace, as he always does. He sighs for the Nobel prize, and, besides that, he is a really convinced peace-man. He has just given me a sword beaten into a plowshare 6 inches long to serve as a paperweight. It is adorned with quotations from Isaiah and himself. No one doubts his sincerity, but that is rather embarrassing for us at the present moment, because he is always at us with peace propositions. This time he said he could not understand why we could not say what we are fighting for. The nation which continued war had as much responsibility as the country which began it. \* \* \* He said that all the powers concerned had been disappointed in their ambitions. \* \* \* Why should they not make peace now, if they had to make peace a year hence, after another year's fruitless struggle? It would be far wiser if each said what it was fighting for and asked the United States to help them in arriving at a peaceful conclusion.

Thus we see that Sir Cecil was annoyed and embarrassed because the American Secretary of State, William Jennings

Bryan, insisted upon talking peace and upon asking such unreasonable questions as what the warring nations were fighting for.

There were others—some even in our own country—who were equally annoyed by Mr. Bryan's peace talks, and who no doubt were greatly relieved when he resigned his office rather than sign a note which he felt headed his country toward war.

And so it is today. It is annoying and embarrassing to the Sir Cecils and to the munition makers and war profiteers to be continually hearing this talk of peace. They want it shut off. They want the Ludlow resolution strangled. They want the American people to be kept in ignorance of the objectives of war, which are always known to only a few.

#### CONSCRIPTION REJECTED BY AUSTRALIA

But let us look into the question for a moment and see if there is any valid reason why the people should not be allowed to vote on war. I do not believe there is.

When the World War was at its height in Europe, England appealed to her dominions and colonies for more men. The Parliament of Australia passed an "act to submit to a referendum a question in relation to military service abroad."

On October 28, 1916, the referendum was held, the question before the electors being:

Are you in favor of the Government having, in this grave emergency, the same compulsory powers over citizens in regard to requiring their military service, for the term of this war, outside the Commonwealth as it now has in regard to military service within the Commonwealth?

It will be seen that the question was framed in such a light as to suggest a "yes" vote. But with 82.75 percent of the electorate voting, the proposal was rejected.

Mr. KNUTSON. Will the gentleman yield?

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

Mr. KNUTSON. The election held in this country in the year 1916 was virtually a plebiscite on whether we should enter the war?

Mr. SHANNON. I think so. That was in the minds of the public when they voted for Woodrow Wilson.

Mr. KNUTSON. The people voted against the Republican candidate, fearing his election would mean our entrance into that war?

Mr. SHANNON. I think the gentleman is stating it correctly.

The results of the first referendum being highly unsatisfactory to those who desired compulsory enlistment, it was charged that the vote was fraudulent, and a second referendum was held on December 21, 1917. The question on that occasion was put as follows:

Are you in favor of the proposal of the Commonwealth government for reinforcing the Australian Imperial Force overseas?

Again the proposal was rejected, with 81.34 percent of the electorate voting.

[Here the gavel fell.]

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

#### DECISION ON WAR SAFE IN HANDS OF PUBLIC

Mr. SHANNON. Mr. Chairman, remember that these two referendums were held in Australia when war sentiment was at a fever pitch, and when so-called patriotic feeling was running high. If the people of Australia, in such a crucial period, could sanely and soberly pass on the question of whether her citizens should, by compulsory enlistment, be required to serve overseas, surely the voters of this country can be trusted to do likewise.

Today we are at peace. The immediate effect of the passage of the Ludlow resolution by Congress at this time would be to quiet the fears of our people that we might be rushed into other nations' wars without adequate deliberation. The resolution does not discard the present system whereunder Congress is authorized to declare war, but adds to it the safeguard of a final and controlling vote by the people before the authority of Congress can become effective.

The resolution would have to be ratified by the legislatures of three-fourths of the several States, a process which would

require considerable time. But that element of time is important because it would furnish ample opportunity for the entire question of war to be thoroughly studied and discussed. Decisions on all great questions should be reached on the basis of a studied and deliberate judgment, when all the facts are known. They should not be reached on the basis of prejudices and passions and selfish interests which are bound to arise when the state of war exists or is imminent.

#### WIDE SUPPORT OF WAR REFERENDUM RESOLUTION

America wants her Representatives in Congress to discuss the question of peace as fearlessly as Bryan did. Of course, Bryan lost his Cabinet post by reason of his strong feeling for peace, but he won the gratitude and a lasting place in the hearts of all peace-loving Americans.

The Ludlow resolution has the enthusiastic support of a great part of our populace. The least its supporters are entitled to is a fair hearing upon the part of their elected national Representatives. No Member of this House can say he gave the proposal a proper hearing if he votes to send the resolution back to committee. Anyone so voting knows in advance that such action means the death of the proposal, insofar as this Congress is concerned, and further that it means the death sentence was pronounced without benefit of hearing. In fairness to all concerned, the resolution should be debated and the "yea" or "nay" vote of every Member recorded thereon so that the people back home may know how their chosen Representatives stand on the subject.

If a majority of this body vote against sending the resolution back to committee, 6 hours will be set aside for a discussion of its merits and demerits. Surely, it is not too much to ask 6 hours' time for the consideration of a proposal designed to keep America from again being drawn into that nightmare of hell, the deluge of foreign wars. [Applause.]

[Here the gavel fell.]

Mr. FITZPATRICK. Mr. Chairman, I yield to the gentleman from Minnesota [Mr. BERNARD] such time as he may desire.

#### WE PLANNED IT SO

Mr. BERNARD. Mr. Chairman, enemies of the President and of the people, those same enemies who were repudiated in 1932 and again even more vehemently in 1936, repeat the phrase as an accusation today, "You planned it so." You say yourselves that recovery did not just happen. And now that recovery has been stopped midflight by recession, we charge that recession is the result of your planning. That is the charge that is made again and again in the press that has fought the plan from the beginning, in the upholstered clubs that have sabotaged the plan from the beginning, and even here in Congress, significantly enough by Members who have tried on every roll call to defeat every attempt to legislate the plan into fact.

Yes, "we planned it so"—the President, the people, and their representatives who support the President's program planned for a recovery from the dark days of 1932, and planned that that recovery should be based on the sound foundation of increased mass purchasing power and a more equitable distribution of wealth in this rich country. Something went wrong with our plans. Was it accident? We who are accused of seeking alibis reject the alibi of accident. We affirm that we planned it so, but that powerful forces threw a monkey wrench into our plan.

Our plan provided for increased purchasing power through affording American workers some protection of the basic American right to organize and bargain collectively. Only through the free exercise of this right can they protect their jobs and their wages. What happened? From August 1936 to August 1937 the membership of the A. F. of L. increased by 831,671 new members. The C. I. O. grew from 1,440,000 members in December 1936 to 3,718,000 in October 1937. For the first time in American history American workers were in a position to meet with big business on something like an equal footing. They were stabilizing employment through signed agreements, seniority rights, protection of jobs from discriminatory firing. They were stabilizing purchasing power through wage agreements.

And what happened then? We have heard a lot about sit-down strikes. This Chamber resounded to the wails of doom when workers sat down, demanding no more than the enforcement of their right to organize, already guaranteed them by law. And now we hear that capital has sat down on its money bags, not to hatch more money, not to hatch profits which are born of investment, but to keep its money from flowing into new enterprises and to disrupt the plan of the President for marching to recovery through purchasing power. Is it true that capital has sat down? Let us not ask Robert Jackson or Harold Ickes. Let us ask the spokesmen of capital itself. What capital's spokesmen say in the press or in this House is one thing. What they say among themselves is another thing—is the truth.

One of capital's most respected organs, *The Annalist*, of November 26, proves statistically that the sharp decline in production was not brought about by administration economics, nor even by so-called natural economic laws, but deliberately by capital itself. In the words of *The Annalist* "the only ultimate answer to a strike on the part of labor is a strike on the part of capital."

Let us listen to the voice of capital, speaking not in the specious demagoguery it employs for the public's ear, but in the outspoken language it keeps for its private consumption.

I quote from *The Annalist*:

Sudden curtailment of demand, amounting almost to complete cessation of buying in the heavy industries, has obviously been the outstanding characteristic of the present decline in business activity.

One hundred and thirty million people do not suddenly decide to curtail their expenditures. Hence we witness the unprecedented spectacle of steel ingot production dropping in 11 weeks from 84 to 31 percent of capacity, while at the same time we read reports of what amount in some cases to record-breaking sales of automobiles at retail.

When automobile manufacturers comment on the demand situation it is no longer clear whether what they are saying is intended for the ears of the consuming public or the labor leaders. It seems safe to conclude, nevertheless, that there has been no such drastic curtailment in retail demand for motorcars and other luxury items as would be indicated by the current curtailment of production.

The answer to this riddle probably lies largely in an attempt on the part of the manufacturers to deal with the labor situation, which is still obviously very bad. In the case of Ford the C. I. O. leaders set the beginning of new-model production as the date for a big membership campaign. Ford, no doubt, realizes how difficult it must be for a union to secure new members in an empty factory.

Under the Wagner Act employers have only one recourse—namely, to curtail or close . . . . Under this law the only ultimate answer to a strike on the part of labor is a strike on the part of capital. Yet Congress fiddles around with the idea of farm relief and tax relief, both of which are of no immediate importance in the present crisis.

I have here another quotation from another business source which bears out the gentleman's point.

The Wall Street clique admits its sabotage in its own publications. *The Railway Age* of October 20 states:

Complete recovery and real prosperity will be achieved when, and only when, there has been frank and full acceptance of the fact that capital, as well as labor, can strike; that the failure of recovery and the present business situation are due to a strike of capital.

This is not idle talk. The railroad magnates are active in this strike. Their equipment deteriorated by 25 percent during the crisis and depression, which made large new purchases necessary. These purchases were begun toward the end of 1936. In May 1937, immediately after the meeting of the American Association of Railroad Presidents, the railroad magnates suddenly stopped these purchases, although they had ordered only a small portion of the necessary equipment.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. CRAWFORD].

#### PRICES AND THEIR EFFECT ON PROSPERITY OF OUR PEOPLE

Mr. CRAWFORD. Mr. Chairman, it is pertinent to ask, What forces operate to fix prices? Has the administration's policy the past 5 years been designed and administered in a manner to cause prices to move very definitely upward? Do large corporations, rich families, combinations in restraint of trade, monopolies, fix, freeze, and maintain prices through their own power and manipulations, or is the price fixing and freezing, about which we hear so much these days, largely



due to the policies of the administration as it operates through its agencies, such as the Federal Reserve Board, the Commodity Credit Corporation, and many other instruments? Now, let us look at the record for a while.

First, let us admit the growth of the modern corporation in the United States during the past 50 years has been quite phenomenal. This growth has been accelerated by at least three important factors:

(a) Our people are neither lazy nor inefficient but they are ambitious and thrifty. They have not had to be prodded by the overseer's whip or the bailiff's or steward's importunities—although the steward did come into the picture within the last few months. Our people are intelligent, well organized, instructed, and supplied with more and better equipment than any other group in the world. Accordingly their per capita production has been greater.

(b) The general disposition of the Anglo-Saxon is to live within his means or, as some would say, his income. Until within recent years we were even inclined to keep our national affairs on a balanced Budget basis. With a high per capita production, frugal living, an ambition to have something for the "rainy day" we produced, saved, invested in life-insurance estates, and savings and thrift institutions, thereby piling up great reserves of what we call cash so that they in turn could be invested in the industries of this country.

(c) We brought into operation what is known as the stock exchange or, as some would say, we created a trading mechanism. Through its perfection and operation it has served the investor, large and small, and enabled him to place his savings in the stream of capital funds which supplied the capital structures of the modern corporation and thereby provided for the bringing together the mortar, brick, and machinery which we now accept and use as our productive capital for the production of the goods our people expect, demand, and enjoy.

Consider the difficulties that would have been in the path of corporate enterprise and development had our people been illiterate, lazy, unskilled, thriftless, without instruction, of a vagrant disposition, with little pride of ancestry and hope of posterity, inadequate tools and crude machinery, without a stock exchange where capital "in and out" of the money market would have moved as sluggishly as it does, for instance, "in and out" of the mortgage field. And these last-mentioned forces been in control, it is reasonable to assume that our progress along the lines of modern industrialism would have been no more than that of countries to our south or in western European or the Asiatic countries. Certainly, Mexico has climate; it has natural resources, people. The same can be said of many of the Central American and of South American countries, as well as some of the Asiatic states.

If the American farmer had been able to enjoy some kind of an artificial mechanism serving his interest—as the stock exchange has served organized industry—and through which he could have financed his capital, enjoyed low rates of interest, and had been able to participate in the same degree of liquidity, his position would be entirely different to what it is today. However, there are very definite reasons why this country has set the pace in production, savings, life-insurance reserves, transportation agencies, new productive capital, and capital goods and consumption.

#### THE REAL CONTEST

Mr. Allen W. Rucker has made the observation that this country is today—

Engaged in a struggle to determine which of two economic ideas shall prevail just as a hundred-and-sixty-odd years ago it was engaged in a struggle to determine which of two political ideas should prevail. Then it was a question of whether the reactionary European conception of political subservience to an autocratic state or the liberal American conception of political freedom should prevail. Today it is a question of whether the reactionary European philosophy of a controlled economy or the liberal American doctrine of freedom of individual enterprise, with rewards proportionate to individual effort, shall prevail. A hundred and sixty years ago Americans were fighting to establish the political freedom of the individual; today we are fighting to preserve the eco-

nomie freedom of what has become to be known as the American system.

Mr. Chairman, the American Revolution led to the adoption of a Constitution. It guaranteed the individual—for 150 years, at least—from the tyranny of government. Certainly, such a step had a world-wide effect, just as recent movements in Russia, Germany, Italy, and Japan have tended to change the course of events and empire throughout the world. There came the French Revolution, the onswep of the French National Armies, and the spirit of liberty was born. This called for the scrapping of planned and controlled economies, all of which, in most every country, were consigned to the political ashcan.

The people of the earth suffered 18 centuries of stagnation. Then, within about 75 years, there came political freedom, and with it economic freedom, in most every principal country on earth except Russia. Sir George Paish tells us that—

In the century up to the war the world's income expanded fivefold, after having taken all the other centuries to grow up to a very small figure, and that was principally due to the fact that international trade expanded no less than twelfefold.

#### IMPROVEMENT AND PRODUCTION GREATEST IN AMERICA

Where do you find the greatest degree of technological improvement? In what countries have individual effort and man's creative genius flourished the most? Of course, the answer to these questions can be found in the United States and in England. Count the contributions made to mankind's movement upward by free-acting individuals—citizens of the United States and Britain. Ask yourself what has come out of countries like Russia and Spain. Why have despairing people since the World War turned away from individual freedom, gone in search of new gods, only to return with disinterred idols of ancient history? Why is it men seem to enjoy being pawns of arbitrary rulers more than they do being free men? Does history not conclusively prove that war has been the ultimate weapon of such rulers?

Our own leaders—particularly the President—are now demanding that we rearm. From diminishing resources we shall no doubt proceed to forge new instruments of destruction this very session of Congress, and all under the leadership of President Roosevelt. Does not the salvation of civilization depend upon mutual cooperation, the exchange of goods between communities and nations, the freedom of individual enterprise?

#### SELF-RULE OR DICTATORSHIP?

As for me, I prefer the right to participate in the form of government under which I shall live to that of any type or kind of dictatorship. I believe that under a system of self-rule and free competition, wherein the creative energy of the individual can operate uncircumscribed by a government bureaucracy, that the people of today and those to come tomorrow will have a far higher standard of living and a far fuller life than they can possibly otherwise share. In addition to material income, I am one who attaches much importance and a great amount of value to those spiritual forces which we know as individual liberty, free speech and thought, the right to choose one's own vocation in life, and to worship the divine Creator according to one's own philosophy—rights guaranteed by our Constitution.

#### FUNCTIONS OF GOVERNMENT

It is difficult for one to define our Federal Government. I can only try to submit my conception of its functions in this regard and say that I believe its reserve powers should be used in protecting citizens and units of local government in their support of our institutions. I do not believe our national and individual characters should be weakened and partially destroyed through government making moves which relieve the individual of his responsibility to his neighbor or of private institutions to the public, local governments to their State, or State government to the Federal Union. In exchange for the protection which the Federal Government extends to the citizen, the public, to local and State units, these individual parts should contribute to the preservation of the whole. The Federal Government has the right to demand such reciprocity.

Rapid-fire experimentation is not only dangerous, it is destructive to the fabric of our civilization, our institutions, our form of government. Experimentation creates uncertainty, destroys faith, and kills hope. Organic development is as important in the building of a form of government and its supporting institutions as it is in the creation of a species. There must be something, we might say, "outside of government" and upon which government may rest. Organic development, not experimentation, gives this very thing. A people must believe in and support certain ideals, must assume the necessary individual and collective responsibilities and duties, must not be afraid of trouble when it arrives. To be afraid means that ideals, institutions, forms may be deserted. To insist that ideals, institutions, and organic development be deserted when the storm arrives is nothing short of tyranny.

It is not liberalism. It leads to a state-controlled, state-directed, and state-planned economy. It calls for the regimentation of men for autocratic bureaucracy, for the dictation of policy by a central staff, and the extinction of liberty, of hope, and of opportunity. It controls the private citizen in a very similar manner to that exercised over the private in military life.

#### DEFINITION OF "PROSPERITY"

Webster defines the word "prosper" as meaning—

To be successful, fortunate, or prosperous; to succeed; to thrive; to turn out well; to grow; to increase; to grow strong or potent.

The word "prosperity" is defined—

State of being prosperous; advance or gain in anything good or desirable; successful progress; attainment of the object desired; good fortune; success; opposed to adversity.

Then Webster defines "adversity" as—

A condition or circumstance attended with severe trials; a state of adverse fortune; misfortune; calamity; affliction; trouble; trial; opposed to well-being or prosperity.

Sweet are the uses of adversity,  
Which, like the toad, ugly and venomous,  
Wears yet a precious jewel in his head.

Our people have desired good in the form of freedom of speech, a free press, the right to own and operate property, to worship God as we choose, to pursue happiness, to participate in the formation of the government under which we shall live, to be literate, skilled; to produce goods and services as best we can under our own initiative and enjoy the material things which modern life offers to us. And in making our advance toward things good and desirable we have kept in mind that the great Creator has made "many things possible but very difficult."

In the course of 150 years our people, under our form of government and our policies and institutions, have had days and years of prosperity and as well of adversity. When the days of adversity are upon us—and come they must—it would be and it has been wise for the Federal Government to provide leadership for the people in the exercise of their courage, initiative, and fortitude. But in doing this the Federal Government should be very sure that it does not in any way destroy the fabric of individual, community, and State responsibility. Certainly the leadership furnished by the Federal Government should carefully coordinate all existing agencies for good; it should go one step further, if necessary, and create new agencies to run for the duration of the emergency—during the days of national adversity—but these new creations should be permitted to pass away as soon as the day of adversity has ended.

For instance, a doctor would not handicap his patient by having him wear a splint on a broken arm beyond the time required to knit the bone and heal the break. He removes the splint as soon as possible to afford freedom of action of that temporarily incapacitated member of the body. Just so should the Government, in assuming the role of the doctor to the country's economic ills, remove the burdensome and handicapping splints of these new emergency agencies when they have served their purpose, and all so that there may be renewal of freedom of action and individual enterprise.

And the character of such agencies as are created should never be of such a nature as to supplant, weaken, or destroy by one jot or tittle the self-reliance, initiative, or enterprise of the people. The newly created instrumentalities, mechanisms, and benefits should be so designed as to serve all the people and administered always in a manner which strengthens and encourages the individual in his desire to support a stable government and be self-supporting.

#### GOVERNMENT INTERFERENCE WITH PRICE STRUCTURE

What is the meaning of the word "price"? Price as herein discussed means "in the broadest sense the quantity of one thing that is exchanged or demanded in barter or sale for another; the exchange value of one thing expressed in terms of units of another thing." Price as herein discussed has to do with material things such as foodstuffs, household goods, tools with which to work, clothing, shelter, travel, literature, education, buildings, and machinery—not limited to these, but including items named. The ownership of these, our teeming millions seek. It has been observed that one group or school "would have the Government do more and more about more and more of our economic activities until ultimately government will do all about everything." This school is called the liberals. There is another group it has been observed that would have "government do less and less about less and less until eventually government would do nothing about anything." The self-styled liberals would achieve their ends by making government the director of all economic activities; and when, through cupidity and stupidity common to such mutations born of reactionary economics and radical politics, their failure comes home to roost, shoulder the cost upon the hapless backs of the citizenry.

War on a large scale leads to the withdrawal of men from normal production, to increased Government expenditures, to national debts, to specialized production and consumption. This in turn encourages an unnatural rise in the price value of certain commodities and goods. History teaches us that in due course, following the end of hostilities and return to peaceful activities, prices over a period of time, in the absence of artificial stimulation and support, decline sharply. But what has been the situation in this country since the World War? During the twenties the Government participated in stimulating activities, purchased commodities on a large scale, advanced credit to foreign nations for the purpose of promoting sales and thereby bringing about a greater competitive condition for goods and labor through the use of Government credit and powers and did many other things in support of an unnatural price level and the stimulation of speculative profits.

Then came the 1929-32 debacle with all of its misery, which the last 5 years of planned economy and an increase of \$20,000,000,000 in the direct national debt have not erased. The New Deal, failing to profit by the condemned program of its predecessors, immediately viewed the wreckage and launched a program of price stimulation unequalled in all the pages of all previous history. With the world only 14 years from the close of the Great War, the present administration proceeded to leave little undone to restore an artificial and damaging price structure that has been constantly breaking from its war-stimulated pinnacle. Of course, some would justify all of this, claiming that it had to be done by reason of previously contracted debts of farmers, businessmen, and other individuals. But have not far greater debts been contracted in this unnatural program? And, in its effort to maintain an unnatural price level, the New Deal is doomed to ultimate failure. Eventually, prices will come down. Let us call the roll for some of the specific steps the administration has taken.

(1) The N. R. A., with its price-fixing, monopoly-breeding, trust-evading character.

(2) The unconstitutional A. A. A., with its crop-destroying, civil-war-provoking, wealth-transferring—from one State to another—and regimenting philosophy. Just recently I called the attention of the House to large payments of \$10,000 or more by the A. A. A. to those in big business.



(3) The Guffey Coal Act, with all of its political spoilsmanship, hesitating administration, price-fixing and regional-planning provisions.

(4) The Wagner Labor Relations Act, which is still, like a child, a "becoming." It has not yet grown up. Its own friends do not yet know whether to fear or praise its provisions. Into the camps of organized labor it has appeared as a great disturber and disorganizer. Its consequences are not yet known, and to its provisions the people have not given their secondary reaction. Of course, it, too, was designed to assist in raising prices of industrialized products and thereby cast a greater degree of inequity on the backs of the agricultural workers.

(5) The Gold Purchasing Act.

(6) The Gold Devaluation Act.

(7) The Silver Purchasing Act.

(8) The Exchange Act.

(9) The arbitrary increase of rail rates, which any student knows will not in itself solve the most difficult rail problem we all now face.

(10) The relief appropriations, Commodity Credit Corporation purchases, and commodity loans. These hold production back from distribution and clog the channels of exchange and actually prevent production coming on behind.

Entirely too many of these steps were taken in response to specific pressure groups and for the purpose of attempting to undo some unfair proposal previously enacted. These acts here mentioned have been put into operation for the purpose of stimulating, buoying up, and maintaining prices above their natural level. Every step has created an ever-widening gap between what would be fair for those who perform "stoop" labor on the farm in an effort to produce the foodstuffs for the Nation and as related to those who work in the organized industries. The farming group is as far from being up with the procession now as when the parade began. The whole program has been a will-o'-the-wisp chase in an effort to please all classes and types. It is all typical of Government-planned economy. It repeats what has gone before. The program has drawn to its support many groups who wanted special consideration and extraordinary protection. The program has led to false promises, deluded our people, and entirely too many have been induced to seek profits of speculation instead of taking the only safe and sure way to profits—through the production of goods and services. Such a program coddles, cajoles, and caters to those who would have government build an easy path over which they might travel. It makes unnecessary, for the time being, the gearing down of production costs to a basis which will permit goods to flow, and enable honest men to make their own way and the productionist to acquire profit through production. Such a program encourages speculation and inevitably leads to the complete destruction of that which civilization holds dear and which has been so aptly described by Dr. Virgil Johnson, wherein he said:

The civilization by which we live is a vast, invisible web ever woven anew of countless acts of sacrifice, fortitude, faith, and foresight by unnumbered nameless men. Thread by thread these unseen strands of individual aspiration, effort, adventure, and accomplishment are spun into those indestructible cords of endurance, industry, independence, and integrity of spirit which bind society together. This frail fabric from the ceaseless loom of generations of unremembered lives is the strongest and most precious substance in the world, for by it alone we hang suspended above the abyss of savagery . . . We shall win prosperity only if we have the strength to suffer poverty; leisure, only if we have the will to labor endlessly; security, only if we have the courage to risk all; and peace, only if we have the pride to die fighting for freedom, truth, and honor.

The program is a clear demonstration of the response of demagogic government to pressure groups and the cries of those who command or control large numbers of votes. "New Dealism" is so saturated with the philosophy of price "upism" that within 1 week after Mr. Robert Jackson had delivered his diatribe against the "price fixers" the President, responding to the call of the "silver bloc," and by proclamation, "fixed" a new price for silver, which, after all, is just another commodity like wheat or corn or cotton; it is not the "stand-

ard of value" of our money, as some would have us believe; that high position is held by the yellow metal—gold.

#### SOFTENING THE IMPACT OF DECLINING PRICES

Mr. Chairman, the administration has been attempting to soften the impact of declining prices. The error has been in the method used, and which has resulted, not in the softening of the impact but instead the price level has been supported and even materially advanced. What we need is a method of procedure which softens the impact through "productive enterprise." I contend that unless we resort to such a productive procedure we shall have an increasing Government relief load, with more debt, less employment, less production, and more poverty, and eventually, after the citizenry has tired of the whole deal, will sweep away both economic and political freedom before its force is spent.

What else do I mean by "price"? By price, I mean production multiplied by price, which equals income. You impair production if you attempt to control price. That is what the administration is guilty of, and all of this has led to a decrease in production, a decrease in consumption, with its cousins of want and distress. In addition, it has led to an endangering of the national credit, it has competed with individual enterprise, and, according to Messrs. Ickes and Jackson, placed constitutional government in jeopardy. In spite of all that has been done, "price" is still out of kilter and production, as necessary as it is, has been almost forgotten. Even Governor Eccles would now have us go "spend" instead of "produce."

Let us return to the philosophy that price is not wealth but that wealth in the form of goods, not money, not gold, but goods, more goods is what the people—all people—want. It is the cry of the ill-fed, ill-housed, ill-clothed. To bring about production, why is it so impossible for us to comprehend that it is necessary for markets to be constantly cleared and that crop quotas, sanctions, barriers, stored tonnage, restricted hours and acreage, days spent in haggling over detail, are all but hurdles over which we must jump before the stream of goods can flow to our people? Why are we so dumb that we cannot see these things that are so necessary? What is there to divide unless we produce it first?

To clear these markets, prices and wages must be kept in balance with each other. This leads to the exchange of goods for services in volume and on a parity basis.

#### AGRICULTURAL INCOME

Those who would lead the farm group to believe they are interested in parity of income for the farmer and for him a high standard of living must not overlook the fact—as has been the case—that industry must balance its "prices" with the monetary income of basic producers and consumers. When this is accomplished, the farmers will furnish a market that will positively startle this American Continent. Until this is done, the buying power of the farm group will continue to decline and industry will languish, and there will be less and less hope for the preservation of our private-property system and constitutional form of government and a greater demand that the land laws be revamped so that Government agencies can supervise the ownership and operation of farm lands as advocated by Secretary Wallace in 1935.

Keeping business prices in line with farm prices means that production costs—material and labor—will or must be flexible and in line with farm prices. We have learned during the past few years, whether we admit it or not, that farm production and costs and income are beyond the control of human agencies. When we once learn—and I contend we have not yet done so—that total annual organized pay rolls in dollars are limited by total "gross farm income," we shall be making progress. These two factors rise and fall together.

When labor, politicians, and industrialists learn how to maintain production on a declining price level, gathering income from production multiplied by price, and discontinues resorting to Government practices, sharp and otherwise, in attempts to maintain an unnatural and speculative price level through the prevention of the production of goods,

we shall then be making real progress. When the price of finished goods is below farm income, we find that industrial activity and the flow of goods are above normal. When finished-goods value rises above farm income, the curve on factory activity falls below normal by about the same percentage.

For labor to enjoy a large support from farm workers it must learn that wages are to vary downward with farm income. When wages rise above farm income, unemployment will increase and man-hours of work purchased by factory management will decline, by exactly percentage wage rates, rise above farm income.

The distortion of wage rates and prices can and does reflect very disastrously on our entire economy and in turn it disturbs our people, drives them backward and forward—first toward poverty then toward better living conditions, but continually whiplashing them into a greater and greater degree of animosity against the institutions that are. This is very easy of correction and we have no right to continue our demagogery, deficit financing, and bulldozing of the farmers and wage earners of this Nation. In the end we all lose as in 1929–32.

It has been clearly pointed out that if we but control the production variable in income, our progress in the production and exchange of material things is practically unlimited. By doing this we can have expanding production, increased employment, pay off our debts, enjoy a rising standard of living, and at the same time preserve our free society with political liberty and economic freedom. In no other way can we attain the \$100,000,000,000 national income in goods and services, to which the President has referred in his annual message.

Within the last few years we have jeopardized all of these worthy and valuable blessings and in our attempt to bring about something unnatural and impossible we have ingloriously failed.

Mr. Chairman, I do not advocate or believe in a policy of laissez faire. I do not approve of a policy of punitive conformance of awaiting the commitment of the crime and then proceeding to punish; but I do demand and beg for a Government program which will give encouragement, which will cultivate, protect, and absolutely guarantee, freedom of enterprise and a competitive economy. Never can we attain the desired and necessary goal through simply threatening to punish. The law of self-preservation will defy and defeat such a punitive approach.

The N. R. A. codes accomplished very definitely one thing—the codes neutralized what competition there would have otherwise been. They destroyed competition. They prevented the freedom of enterprise Messrs. Jackson, Ickes, and Cummings—yea, and the President—now demand. They encouraged, built, and made monopoly thrive. This is the truth, and it is bad. Yet the President condemns the Supreme Court for its opinion which held the N. R. A. Act unconstitutional, and this very week the President goes further and leaves the distinct impression that he now desires to give the N. R. A. philosophy and plan a new birth.

Secretary Ickes says:

Concentrated wealth and power in the hands of a few is just as dangerous today as it has been in times past.

That is so very true, whether it be the power of a totalitarian state, of central economic planners, political spoils-men, a demagogic administration, or a vindictive autocrat.

The reactionary philosophy of a controlled economy, which was practiced and which so miserably failed and which was finally discarded by enlightened Europeans and others many years ago, is now being advocated again by the President. Its approach is another danger signal to our American institutions. It will bring no good. It will create greater adversity and bring to our homes more poverty. No one knows this better than Secretary Ickes, who throughout his preachments prepares the way, breaks down the resistance to, and places our people in a frame of mind for the acceptance of a return to the long-ago worn-out and

discarded philosophy. Political parties, entrenched bureaus, and publicly financed demagogues can strut the boards as proudly and nonchalantly and as destructively as feudal lords, knights, barons, and earls. There is no monopoly on "strutting," and it is a wise people who exercises the necessary intelligence to see that no group "struts" too much at the expense of the taxpayer. The Secretary of the Interior would curb the press, prevent criticism of the President, prevent the practice of the legal profession, and never have the demagogic legislative proposals questioned by anyone, although the administration is noted for its submission to pressure groups.

The "planned economy" of the administration—all-planned economy—calls for much paper work. Instructions, regulations, plans, orders, reports, and estimates must flow in unceasing rivers of papers until all workers, from the most highly skilled engineers down to the floor sweeper, find themselves up to their necks in a sea of red tape and still more paper. This is indicated by the ever-widening stream of books, leaflets, press releases, reports, moving pictures, radio broadcasts, and cross-firing between Cabinet members and department heads of the present administration.

Current Russian history is replete with proof of the curse that can come to a nation operating under the control of a central staff of political planners and commissars. The "outs" are always trying to get rid of the "ins." To be sure, this is true of political parties, but there is a vast difference between political parties—with one of them out of office—and two different but fighting groups of political planners, both of which are working on the inside, but only one of which is in charge of the "works" at the moment. It is a war to the death at all times, with resorting to underground conspiracy and industrial sabotage and all at the expense of the industrial and agricultural worker and the taxpayer. One only needs to compare the recent utterances of Messrs. Jackson, Ickes, Cummings, Eccles, and the President to realize what happens when the "camp" begins to break up as a result of the failure of the "planning" to bring the desired results. Each begins to sing his respective song of alibis and let forth his hatred for such opposition as may appear to be developing.

To work at all, the planned economy will require the highest degree of delicate adjustment to the end that corrective methods can be applied instantly, and this is not possible under political control. Rigidity of plans will not permit the individual units to function in a manner to meet the constantly changing conditions which occur under a democratic constitutional form of government. From the top and from the bottom, under free press and free speech, there will always come a brutal barrage of criticism and officious interference from the layers of society; from the individual voter and from pressure groups a constant hammering process will emerge, and to this the political group in power will tend to respond.

Let government act as an impartial overseer. Let government keep out of the price-fixing, price-"upping," and increased price-promotion fields. Certainly, as Mr. Jackson has said, monopoly prevents continuing production at reasonable prices. It maintains a rigid and unwarrantably high price level for products of monopoly. This in turn prevents consumption and holds back production and dislocates and disorganizes the entire capitalistic system as so recently discussed by Secretary Ickes and Messrs. Jackson and Eccles. If, as Mr. Jackson says, government is "to act as impartial overseer of our industrial progress," he certainly must mean that in this field the function of government shall be strictly limited to maintenance of "free competition." Anything short of this means encouragement of monopoly, whether it be in the form of an N. R. A. or a new proposal of the President or some other method. When government goes beyond this it sets up competition "with" small business and promotes monopoly, as under the N. R. A. codes.

Again, in the words of Mr. Jackson, in considering the economic consequences of proposals made, whether they be submitted by big business, by special pressure groups, by the administration, or by the President himself, "the best way to



do that is to examine the actions, not the speeches." Again, having in mind the statement of Mr. Jackson, we must not overlook the fact that increased prices and decreased production bring about a consequent decrease in purchasing power of a great mass of our people. Certainly Mr. Jackson and others who are sympathetic to his philosophy will not contend New Dealism has been negligent in promoting the economy of scarcity and high prices. That has been its theme. If the small-business man is to receive a different kind of cooperative effort to that which Mr. Jackson has so scathingly denounced, certainly it will be necessary for Government and the New Deal to do less in the way of creating and encouraging monopoly and big business.

For 5 years the forces of government have impelled small business to conform to Government supervision and overseeing and on Government's own terms. This has definitely promoted and protected the interest of the large operators as against the interest of the small industries.

#### COSMIC FORCES ARE STILL AT WORK

Mr. Chairman, the individual body and I dare say the race we call Americans are both the product of cosmic forces, governed by natural laws as immutable as the law of gravitation and the laws of mathematics. Those who have lived on the frontiers, who have studied nature, can understand something about the forces which guide the honey bee, the beaver in his engineering, insects, and other animals in making provisions for food and abode. There is a force which operates and gives to these creatures in advance, the knowledge of the functions each is designed to discharge. None argue with its destiny. Perhaps, if these creatures could talk, each would say, "I act through free choice and I am guided by my wisdom."

Should we claim that by legislative fiat, drafted and enacted by the butcher, the baker, the candlestick maker, the lawyer, the banker, or others, we can change the nature of man—the American man—quickly and in such a manner and to such a degree that he will conform to an economy of scarcity and high prices? I do not believe that such a transformation is possible. Trace the history of man back for 750,000 years and bring it down to the last moment and you will find that his progress has not been due to the work of reformers. What progress he has made is due to the "promulgation of laws made when the foundation of this world was laid down." When I am today told that those laws are worse than futile, that they should be discarded and replaced by some invention of the limited intellects which make up our legislative bodies, and which inventions fail to square with those of Nature's own dicta, I am brought to the firm conclusion that we are headed in a direction which, if continued, means the doom and destruction of our race and civilization.

What fitness does our Constitution require for running a government? Does the philosophy of our democracy permit us to assume "any man or woman is so ignorant or so inept as to be disqualified to pass judgment upon economic or social problems, whether of national or international scope"? Do we require that our legislators and Chief Executives and Cabinet members of Commerce and other departments "know how to transact the smallest or simplest business of their own"? Do we not, under the sign of our democracy, consider all fully competent?

It is my prayer that we look for the light; that as we deal with social and economic problems that we give the laws of Nature a chance to work as the physician who in this day of modern thought removes the obstacles and lets Nature restore the physical strength of the one who is ill. The reformer who is trying to teach his horse to live without food may find that the beast will die before he becomes used to the abstinence and that high prices and scarcity does not provide the means for growing bones and tissue.

Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and include therein some very brief quotations.

The CHAIRMAN. May the Chair inquire the nature of the quotations to be included?

Mr. CRAWFORD. Some of the quotations I have read, and there are two or three others of one or two lines each.

The CHAIRMAN. Without objection, permission will be granted to the gentleman to extend his own remarks; but the Chair is of the opinion permission to include extraneous matter should be obtained in the House.

There was no objection.

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

Mr. CRAWFORD. I yield to the gentleman from California.

Mr. VOORHIS. I believe I understand the philosophy the gentleman has expounded, and I believe he has made the statement that the presence of monopoly makes it difficult, if not impossible, to carry forward the kind of order about which he has been talking.

Mr. CRAWFORD. Monopoly will utterly defeat the institutions of free competition, which I more fully set forth in my extension of remarks. At the same time, having prices pushed up, buoyed up, and maintained by legislative fiat and Government support is as destructive, and has been as destructive during the past few years, as any power which has ever been exercised in that direction by a monopoly in this country. [Applause.]

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield such time as he may desire to use to the gentleman from Maine [Mr. OLIVER].

#### A BRIEF OBSERVATION ON OUR "DEBT" MONEY SYSTEM

Mr. OLIVER. Mr. Chairman, the annual interest load of our Federal debt, just short of \$1,000,000,000, was the item of most significance to me in the President's Budget message. Obviously, interest charges are predicated on debt. Debt immediately calls to mind our outmoded and aborted money system. Debt also calls to mind the tremendous impact which the debt structure, both private and public, involves upon our productive capacity. Under our present money system which is based on debt, the banks sometimes colorfully called merchants of debt are in a key position so far as the issuance of new money is concerned. At the present time we are suffering a stoppage of production because our citizens individually are not "taking on" new debt. In other words, they are loaded with time or installment payments on old debt. At the same time corporations such as our railroads, for example, cannot make new debts because of their existing debt structure. Our Federal Government does not need to offer new debt on the financial markets because, according to my understanding, it is collecting enough from the pay rolls of the Nation in the form of social-security taxes to make cash outgo and income balance. Thus we have the banks, temporarily at least, undergoing a cessation of opportunity of creating new debt money. Now, I believe that it is time that we, the people, realize that the Constitution gives us through the Federal Government the power to coin, issue, and regulate the value of money. It is time that we replaced a money system based on debt with a money system based on productive capacity and labor. To effect this result we should take over the Federal Reserve System under Federal Government ownership and then mandate the board of governors designated as a monetary authority to require 100-percent Reserve requirements for all demand deposits on the part of our banks.

Furthermore, under a money system based on productive capacity and labor in lieu of the repudiated present system based on debt, America, through its monetary authority, will be in a position to correct the present conditions of unemployment, insecurity, and poverty which are now dragging millions of our citizens down to a level which constitutes an ever-increasing menace for society as a whole.

Henry Ford in recent statements has called attention to the break-down of our money system which in my opinion is another name for distribution. This issue is the key log in our present jam. Shall we continue to pay tribute to a money system which has demonstrated again and again its inadequacy or shall we, boldly and courageously, reassert our constitutional rights as a Congress and formulate a money

policy which will make possible a continuance of our free political and economic institutions?

Mr. FITZPATRICK. Mr. Chairman, I yield to the gentleman from Washington [Mr. COFFEE] such time as he may desire to use.

"CONFIDENCE" AND THE NATIONAL ASSOCIATION OF MANUFACTURERS

Mr. COFFEE of Washington. Mr. Chairman, yesterday the gentleman from Pennsylvania offered us a solution for the problem of unemployment. His solution is "confidence." It is a familiar solution. It was put forward most vigorously by the National Association of Manufacturers in their recent convention. I believe that no man in the history of this country has done more to restore confidence than has Franklin D. Roosevelt. In his recent message to Congress he said, and his words were carried out across the land to millions of anxious and hungry people:

I do not propose to let the people down.

Do you think these words, backed by the assurance that this administration holds the human budget more sacred than the fiscal budget, backed by the assurance that no one in America will be allowed to starve—do you think these words did not breed confidence?

Who needs confidence, anyway? General Motors Corporation, with more than \$450,000,000 in undistributed surpluses, or the 30,000 General Motors workers recently laid off? Who needs confidence: the 11,000,000 unemployed, or those who have made a mockery of their hypocritical defense of the "right to work"?

WHOSE PROGRAM BREEDS CONFIDENCE?

Whose program is more likely to bring confidence to America's anxious millions? The program of the President of the United States, contained in his message to the Congress, or the program of the N. A. M., which has been and will continue to be opposed to the President's program in this House?

SAVE OUR "SELECT" GROUP, AND ADVENTITIOUSLY A MODICUM OF PROSPERITY MAY DRIP DOWN TO THE PLAIN PEOPLE

This N. A. M. program has nothing to offer to workers, consumers, farmers, small-business men, and the great majority of our population except unemployment and want. The self-styled "industry's program for 1938" is in fact a program not for America's 130,000,000 people, nor even for all of industry, but a program for America's "60 families" only; and its attempt to represent itself as anything else is pure demagoguery.

The N. A. M. demands the cooperation of the public and the Government for its program. Without such cooperation, it proclaims "the American standard of living will be reduced." This is blackmail.

The N. A. M. program is a program of "Hands off!" Hands off the trusts and monopolies. Hands off great concentration of idle wealth. Hands off the exploitation of labor by corporate czars.

Shorn of its beguiling phrases, this is a program for relieving the tax "burden" of the rich by transferring it to the bowed shoulders of the poor; of defeating the wage and hour bill; of repealing the National Labor Relations Act, or so "amending" the act that it becomes an instrument for the oppression of the workers it was intended to serve.

N. A. M. "COOPERATION" MEANS WORKER SUBMERGENCE

What the N. A. M. has in mind is illustrated by what it dares to call "equitable employment relations." Here we find that N. A. M. calling upon workers to "cooperate," not only to surrender rights gained during the past few years but also the right to strike which Anglo-American workers won only after centuries of struggle. American workers will know how to value an invitation from Girdler, Weir, and Rand to meet in individual conferences, or to herd themselves into company unions for the sake of preserving the forms of collective bargaining.

LIBERALS HAVE A HOPEFUL PROGRAM FOR THE FUTURE

Have we a better program to offer the American people? We confidently assert that we have. The right of every American to a job was not mentioned in the N. A. M. bill of rights for big business. But this is a right which millions

of jobless workers dare to claim, a right which has been cruelly denied them by the program makers recently convened at the Waldorf-Astoria. We place the realization of this right first upon our program.

We place next the preservation and strengthening of the National Labor Relations Act and the passage of an effective wage and hour bill shamefully defeated in the special session.

We want adequate relief for those who stand in need.

Our program calls for the protection of small-business men and small investors through strengthening and enforcement of the antitrust laws and continued supervision of the stock exchanges.

The N. A. M. protests what it calls "policies which have the effect of redistributing existing wealth and income instead of endeavoring to produce more national wealth and income." We deny that such a contradiction exists. We affirm that only by more equitable distribution of wealth and the resulting increase in mass purchasing power can the conditions for producing new wealth prevail. We, therefore, advocate the policies of redistribution which the N. A. M. condemns, and will continue to support the President in his pursuit of such policies.

The N. A. M. asserts that "prosperity for the farm and prosperity for the factory go hand in hand." This is a specious misstatement of the truth that farmer and factory worker are interdependent. The small farmer, the tenant, and the sharecropper have nothing to gain from the profits of speculators and monopolies. We support all Federal legislation which aids the farmer directly or which aids him indirectly by raising the income of city workers.

LIBERALS WANT TO SAVE DEMOCRACY

Ours is a program based on the conviction that private enterprise and democratic government can and will endure in the United States. It is particularly significant that the N. A. M. heard without comment a contrary view expressed by Virgil Jordan, chairman of the National Industrial Conference Board. Mr. Jordan stated that in his opinion the chances are "overwhelming" that in the next 5 years our present system will collapse and the only question in America will be "communism or fascism." We have no doubt that Mr. Jordan has made his choice. We, too, have made ours. We denounce the choice of alternatives Mr. Jordan tries to foist upon the American people. The American democratic system, we insist, is not doomed. It need not collapse, either in the next 5 years nor at any future date within the province of men to predict. It will not collapse unless it is wrecked by those who, like Mr. Jordan, have chosen fascism.

We denounce industry's program for 1938 as an attack on democratic government and the rights of the American people. We shall fight, in Congress and out of it, for the people's needs, for our own constructive program, and for the permanence of American democracy. Many of us reaffirm the pledge made in our name by the President—the pledge that we shall not let the people down. We recognize the program of the N. A. M. whenever it is offered here by Members of whatever party or section, no matter how cleverly it may be disguised. We shall fight for the defeat of this program on every issue and for the triumph of the program we and the President have pledged to achieve for the American people.

Mr. FITZPATRICK. Mr. Chairman, I yield such time as he may desire to use to the gentleman from Massachusetts [Mr. CASEY].

Mr. CASEY of Massachusetts. Mr. Chairman, I note, with grave concern, that the bill now before us cuts the appropriation for the Civilian Conservation Corps in a very drastic manner. The appropriation for this year was cut 35 percent. This will mean a decrease of more than \$124,000,000. Such a reduction, coming as it does after a large reduction during the previous year, means that the Civilian Conservation Corps will not be able to take care of some 75,000 boys who will be presumably deposited in a world that has displayed but little friendliness toward them in the past. Where can they go? There is but little hope for them in civil service because they have no preference provisions



operating in their favor. Industry cannot provide for them at present. Insofar as this Government is concerned, it means returning them to the poolrooms, to the boxcars, and to the former hang-outs, from which, it has been so often said, we saved them in the past.

I yield to no man in this Congress in my desire to economize. But there is wise economy and there is wasteful economy. If we do not take care of these boys through the C. C. C. camps, we will have to take care of them on our relief rolls. This might be a more expensive method. I do not know. But I certainly believe it is not the wiser policy to pursue where the youth of our country is concerned. From the standpoint of economy it is not wise because I understand that 300 of these camps will have to be abandoned if this cut is put into effect. Virtually all of these camps will be unable to finish the splendid work they have been performing before July, when, if this curtailment is approved, the camps of necessity will be abandoned. All of this work in the 300 camps is of a most useful and praiseworthy nature and to abandon it uncompleted is to waste the money, time, and labor which has thus far been expended by the Federal Government.

The present bill makes appropriations for a great many agencies of the Government and yet it selects for its most drastic cut that agency which has received and earned the approbation of all classes, and of all political parties. If you vote for this reduction, you are abandoning 75,000 boys who otherwise would be prepared for manhood and citizenship in the wholesome environment of C. C. C. camps, and you are doing this at a time when almost every avenue of employment is closed to them. Our Civilian Conservation camp program was an investment in American manhood, training young men in mind and body to be good citizens.

I appreciate that it is human nature to believe in economy for everyone else excepting one's self and one's own pet projects. This is not my failing, however. I am willing to accept a cut of 15 percent in C. C. C. appropriation which is as much, if not more, than the reductions contemplated in other departments of the Government. I believe that the strictest economy possible in the operation of our Government is necessary at the present time. This bill, however, goes far beyond that and selects one of the worthiest departments in our New Deal as the object of its most drastic economy. Only over my most relentless protests shall you make the object of a false economy the youth of our country, now provided for in C. C. C. camps, who are without political influence.

Mr. FITZPATRICK. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman and members of the Committee, I want to talk to you in a plain, conversational way about what, under the circumstances, is one of the most important matters that we will have to deal with during this Congress or any other Congress, as a matter of fact, and that is whether or not what is known as the Ludlow amendment should be brought to the floor of the House through exercise of the power of discharge of the Rules Committee which the House of Representatives possesses.

This resolution proposes a fundamental change in the functioning machinery of this Government with regard to that which in many respects is the most important matter that this or any other people have to deal with. The proposition is concrete, whether or not after the Congress shall have determined that this Nation ought to go to war, the matter should then be submitted to the people by referendum. We have got to get this clear. The proposition is that after the Congress, having taken the matter under consideration and having debated and concluded that under the circumstances it has become a national necessity for this country to call into operation its military power, that power shall be held suspended until the referendum is taken, and thereby give the advantage of that delay to that country which the Congress believes we are compelled to fight. That is not all, but that is one of the concrete, definite propositions involved here. You may regard it as not important, but you

cannot get away from that fact. God grant we may not have war. If we want peace, why now, of all times, do that thing calculated to create an erroneous impression as to how much can be done to us before we will fight?

I want to be respectful to my colleagues who have a different view. This is a matter about which we may have honest differences of opinion. When I do not agree with the other fellow I know somebody is wrong, and I may be that somebody. I yield to the other person the same honesty of purpose that I claim for myself. It is in that spirit that I approach this discussion.

I have seen Members here play politics. I do not pretend I have not done that, but I never have seen this House of Representatives yet fail in a crisis to stand upon its judgment and answer to its people for the exercise of the best judgment God has given them. I have never seen that failure yet. [Applause.] I believe with as firm a conviction as I have ever had that this proposed movement is a mistake, possibly a tragical mistake. These are dangerous times. Things are tense. Nations are apparently doing whatever they can do and get away with it. Our Government is dealing with delicate diplomatic problems. Diplomacy is our first line of defense.

We have in this situation, as we always have under our form of government, certain diplomatic agents who represent us—the President of the United States and the Secretary of State. We have no other agents. Our whole dependence for the effective functioning of our first line of defense is upon them. It is their job. The President of the United States and the Secretary of State tell us that this resolution interferes with this country in protecting the public interest in a great national crisis. In my judgment, it seems probable that the statement is true. I mean it is supported by my own judgment and by reasoning and the probabilities of things which are apparent. That is aside from and in addition to the confidence which we have a right to have in our diplomatic agents.

What are we going to do about it? It is a mighty serious thing for the legislative branch of the Government to ignore this warning by our copartners in governmental responsibility who are bearing the burden of our protection against acts which every American who knows our people realizes might turn loose among us the passions of war.

We have no other representatives in that undertaking. Will we assume the responsibility of handicapping them? They are hired men of the Nation. They have been hired by the American people to do this job. The concrete question now is whether or not the House of Representatives in a situation of this sort will itself, by its own action, do that thing which these hired men, hired to do this particular job, tell us will hinder them in rendering a service which the interests of the Nation require. We know two-thirds of this House is not going to vote to send this proposition to the country now. But if that were not true, it is no time even to debate this matter. The whole world is nervous. One extreme follows another. No people were ever in greater danger of swinging to a militaristic extreme than when they have gone far in the other direction. I saw a nation reelect Woodrow Wilson on the ground that he had kept us out of war. I was in Congress then. I saw that same people swing to the other extreme and the red passions of war run through this country like a prairie fire.

With all respect to my constituents and your constituents, this question of national security cannot be dealt with and settled by the resolutions now being stirred up by propaganda. [Applause.] We sympathize with their desire for peace. Above all things, I want the peace of this country to be preserved. But as I see this resolution it points not to peace but to war. It would weaken our first line of defense. Diplomacy is our first line of defense. Our diplomats tell us this proposition would weaken their ability to make that line hold. We know when it does not hold the American people will probably fight. It is not in harmony with a desire for peace to do that calculated to deceive other people on that point.

I have great respect for the people. I believe an advised, intelligent public opinion is the only safeguard of a free country, but I know as a matter of common sense that when a nation stands upon the brink of war, when its security is in peril, in the very nature of things you cannot have that matter settled in the forum to which you propose to refer it.

As a practical proposition, in a world like we have now, it seems remarkable that anybody would actually be willing, after it had gone forth to the Nation that the Congress believes the country must go to war, that we would lend approval to such a procedure, as to delayed action, as is proposed by this resolution. It is not to hold power in Congress that we are concerned.

The Members of this Congress are sent here as the selected, trusted agents of the people of their respective districts. Your people are there, your kinspeople are there, the boys and girls of your childhood are there, the people who sent you to Congress are there, and who will say that the Members of the American Congress are so alien to all the normal interest and sentiments which inhere in such a relationship that they would send this country to war lightly?

You, you—you! Would you vote the approval of that criticism as a correct estimate of the American Congress? Boys, you ought not to do it; it is not the truth. I was here during the Wilson administration. I sat in this Hall at 3:15 one night. Talk about the expression, the weight of responsibility, or the sense of responsibility! I never had any conception of what it meant until I was called upon to answer at a quarter after three one morning. I would have been glad to take my name from the rolls of the living and to have gone out forever in that night if I could have saved my people—could have escaped that vote.

I know it is a fact that my constituents wanted to go to war long before I was willing to vote to send them. They referred to me as the silent man. I was under criticism by my people, and I tell you now—and I make the statement upon my honor for whatever it may be worth—in my judgment, you can more quickly make the American people willing to fight than you can make this Congress willing to send the Nation to war. [Applause.] This is not a movement for peace, as I see it. We are not a democracy in the sense that everybody can sit in judgment in the councils of the Nation. We are a democracy that has outgrown itself. We must act and govern through representatives. The American people could not all come here, and that is the only reason that you and I are here. They have said to Bill and John and Tom, "You go down there and represent us; we cannot all go." They have picked you to do that; they have selected you. You are the American people, sitting by proxy in the councils of the Nation. There is not a nation on earth that has the method of dealing with the issues of war and peace, preserving the prestige, and guarding the safety of the people that is proposed in this resolution.

It will not work; it cannot work. I would not vote to put my Nation at the disadvantage of having a system under which our Army and Navy could not take the initiative in protecting our people, and have that advantage lost to the other nation during the interim between the time when the Congress had acted and the time when a referendum could be taken. We know, as a matter of fact, that the action of Congress referring to the people would be a declaration of war to all intents and purposes insofar as putting our enemy into action is concerned, and this proposed arrangement could operate only to handicap my country. There never will be a time when the Congress and the people will be so out of accord that the Congress in so grave a matter, so great a responsibility, will act contrary to the public will. I would not vote for the proposition to save my right arm, and I am not parading myself, under which I would make it impossible for the agencies of the Government to get into operation as quickly as the enemy could and protect the people, until we could vote on a referendum among my people. [Applause.]

I would not vote to give that advantage to a nation that I thought we would have to fight. Would you? That is

what it is. You can talk all this propaganda and all this stuff that they are turning out over the radio, but it is a clean-cut proposition to vote against the interest of the Nation, as I see it, to deny my Nation the right equal to the enemy to use its naval arm and its military arm to defend my people. Do you suppose any nation that has good sense would hold up in getting all the advantage it could between the time when Congress had declared we must go to war and the time that we could take a referendum? In a representative government such as we have the House and the Senate are under the terrible responsibility of voting to send our people to war. People can talk about this matter, but nobody will ever know what it means to vote for war until he sits right where you sit and face the responsibility of that vote.

When this matter of locating this responsibility of declaring war was considered by the Convention in the organization of this Government, the only objection that was offered to the plan that we have adopted was that it would be too slow to trust the Legislature to act. The Constitutional Convention discussed the proposal to give Congress power "to make war" on August 17, 1787. I quote from Madison's Papers with reference to Messrs. Pinkney and Butler.

Mr. Pinkney opposed the vesting this power in the Legislature. Its proceedings were too slow. It w<sup>d</sup> meet but once a year. The H<sup>s</sup> of Rep<sup>s</sup> would be too numerous for such deliberations. The Senate would be the best depository, being more acquainted with foreign affairs, and most capable of proper resolutions. If the States are equally represented in (the) Senate, so as to give no advantage to (the) large States, the power will notwithstanding be safe, as the small have their all at stake in such cases as well as the large States. It would be singular for one authority to make war and another peace.

Mr. BUTLER. The objections ag<sup>st</sup> the Legislature lie in (a) great degree ag<sup>st</sup> the Senate. He was for vesting the power in the President, who will have all the requisite qualities, and will not make war but when the Nation will support it.

Mr. Madison, Mr. Gerry, Mr. Sharman, Mr. Elsworth, and Mr. Mason favored the plan, which was adopted, but nobody from the beginning until the end of the Constitutional Convention suggested such a plan as is proposed by the Ludlow amendment.

We have been doing a lot of top-water thinking, but we cannot do it any more for things are running deep now.

This is no child's job here now. We have been placed at the steering wheel. The road is narrow and much obstructed. We have got to take the responsibility. We all sympathize with the desire, the objective of those who are sending us petitions. Three great nations in the world have broken loose, and the diplomatic representatives of my Nation are confronting the most difficult problems that ever confronted them, and we, the Congress, are threatening to do that which they say upon their honor will prevent them from properly representing the interests of our country and preserving the peace of our Nation.

Think of it! We have not been thinking this thing through. We are thinking about it now, and I will give you some interesting indications of that fact. We all love Louis LUDLOW. He is wrong this time. It is just a question of hitting an average. Sometimes you are on the wrong foot and sometimes you are on the right foot. This happens to be the time when Louis got started on the wrong foot, and I believe he knows it. Maybe the next time I will be wrong.

This thing Louis had was all right until he got right up against the proposition of doing something about it. It was pretty fine stuff. Then he got to looking at it, and he said: "Boys, it won't do; I've got to patch her up." [Laughter.] The resolution as now drawn provides:

SECTION 1. Except in the event of an invasion of the United States or its territorial possessions and attack upon its citizens residing therein, the authority of Congress to declare war shall not become effective until confirmed by a majority of all votes cast thereon in a Nation-wide referendum.

Following the submission of the matter by Congress to the people the involved nation could move within striking distance of our shores and could do anything short of actual invasion of our country. He got to looking way off down here



at South America. They have discovered a Monroe Doctrine which they are going to defend.

They are going to propose an amendment under which, if a foreign force invades Patagonia, for instance, Congress can call the fighting machine of this Government into operation and without a referendum declare war. I believe an amendment is going to be proposed that if a hostile fleet is headed this way we can shoot them. [Laughter.] But if they are sailing sort of sideways and we do not know whether they are coming this way, then, boys, we cannot do it. [Laughter.] Now I mean that in all seriousness. I want to call attention to some of these proposed amendments.

Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman from Texas has 8 minutes remaining.

Mr. SUMNERS of Texas. Do you know what I am going to do right now? I am going to do a foolish thing. I am not going to finish my speech but yield for questions. We all want to do what is right about this matter. We all want to protect the interest, the influence, and the peace of this Nation. It is just a difference of opinion as how best to do it.

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

Mr. SUMNERS of Texas. Yes; but I ask the gentleman to please make his question short.

Mr. SIROVICH. Does the distinguished chairman of the Committee on the Judiciary feel that the cumulative wisdom of the President of the United States and the Secretary of State is superior to the cumulative wisdom and knowledge of the Congress of the United States?

Mr. SUMNERS of Texas. That is a fair question. With reference to their job that we have hired them to do, I think we had better let their judgment control. [Applause.]

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

Mr. SUMNERS of Texas. I yield.

Mr. MAY. I think this question resolves itself to this illustration: If my child is out on the street and a man says he wants to kill it, I say, "It is all right, but you cannot come into my dooryard and do it."

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

Mr. SUMNERS of Texas. I yield.

Mr. WALTER. I believe one of the principal reasons why the proponents of the Ludlow resolution think it should be adopted is because they are afraid that there might be too much haste in the declaration of war. I call the gentleman's attention to the fact that never before without a declaration of war has this Nation been confronted with an episode that might have justified the declaration of war more than that which happened in China.

On yesterday it was my privilege to view the uncensored pictures of this incident. I am firmly convinced that the Japanese Government sought out the *Panay* and deliberately bombed it, because there is no question about the identification marks on the vessel. The fact that our State Department did not declare war indicates that there should be no apprehension of that kind.

Mr. SUMNERS of Texas. It is the things done before a declaration of war which lead to war. It is the prevention of the doing of those things or their settlement by diplomacy which prevents war. This resolution strikes at the efficiency of our diplomatic agencies in doing that work, so they declare.

There is another aspect of this matter. It is a very simple proposition. We tested it out when we used to go to school. I do not believe that anything would be more calculated to get us into war than to create an erroneous impression in the world that we are so anxious for peace we would not fight. [Applause.]

You do not have to read a lot of history books to learn this. Just think back of your experiences in school days when some boy created the impression that you could do anything to him and he would not fight. Sometimes you made a mistake. [Laughter.] It takes at least two to keep the peace, but only one to start a fight. It is not a good idea for a fellow, if he wants to live in peace, to fasten a "Kick me" sign on the seat of his trousers.

In my judgment, to press this resolution—which will never be adopted by the States, three-fourths of the number required, when they get to thinking about it—just has not got any sense to it. I say that with all respect. To bring this thing out now, in as critical a situation as our diplomatic agents have ever had to deal with, over their protest may be good sense according to some people's ideas, but it does not analyze out that way for me.

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

Mr. SUMNERS of Texas. Yes; I yield for a question.

Mr. PATRICK. Under the provisions of this resolution, how long would it be, if war became imminent, before war could be declared by the people of the United States?

Mr. SUMNERS of Texas. That just depends. To take the deliberate judgment of the Nation, I believe the gentleman from New York [Mr. FISH], in his recent speech in favor of this resolution, said would require 4 or 5 days. I believe my friend will agree that you could not get the machinery started in that time. I do not know.

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

Mr. SUMNERS of Texas. I yield.

Mr. LEAVY. I have a most profound respect and regard for the gentleman's knowledge of the Constitution. Congress is empowered to declare war. Why could not the Constitution be amended to provide that the people by referendum shall have the power to declare war? Is not that the purpose of the Ludlow resolution?

Mr. SUMNERS of Texas. Congress initiates, Congress acts in the first instance. This is the language:

The authority of Congress to declare war shall not become effective until confirmed by a majority of all votes cast thereon in a Nation-wide referendum. Congress, when it deems a national crisis to exist, may by concurrent resolution refer the question of war or peace to the citizens of the States.

Mr. LEAVY. And then this further question, if the gentleman will permit, Would it at all be necessary for Congress to take any action whatever? Would not the referendum be taken pursuant to Executive proclamation?

Mr. SUMNERS of Texas. No; but let us be sensible about it. When a nation must determine whether or not it should go to war—that determination must be based upon many other things—the state of its preparedness, its potential strength, its present and possible allies, and innumerable similar important things with reference to itself and its potential antagonist—which cannot be brought into the open for popular discussion. The Congress was wisely chosen for this responsibility. It is a fair cross section of the country. It is the selected representatives of all the other people. Its membership contacts intimately in the aggregate all the people. It is sufficiently numerous for the benefit of council and sufficiently small to act deliberately, guided by the facts which it can possess without the dangerous disclosure of military secrets.

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

Mr. SUMNERS of Texas. I yield.

Mr. O'MALLEY. The Gallup poll shows that about 70 percent of the people of the United States would like an opportunity to pass upon whether or not they should be sent to death either by their President or by their Congress. Does the gentleman think that we as Members of Congress have a right to hold ourselves up to our constituents as knowing more about that question than they and then deny them the right to pass upon our opinion?

Mr. SUMNERS of Texas. I am not at all afraid of my constituency. I am not afraid to go to my people and analyze this situation and get their approval of the vote I cast. You need not be afraid of your constituency either. They send us these petitions which indicate their desire for peace in which we all concur, but they expect us to use our best, most advised judgment toward that objective. They have employed us for that purpose. We need not be afraid of the people if we cast an honest vote which we can defend.

Mr. VOORHIS. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from California.

Mr. VOORHIS. In view of the fact that at present the Executive has to have a declaration of war by Congress, in what way would the Executive be hampered in dealing with emergencies or in what way would our armed forces be hampered if the Ludlow amendment were passed than at present?

Mr. SUMNERS of Texas. I was speaking of the difficult and delicate diplomatic duties just now of the Executive. It is their understanding that this resolution will be regarded as a sort of declaration to the world that you can kick us from now until doomsday and you need not expect much reaction. It is a bad situation, but the strength of diplomacy and its powers to avoid war-provoking acts rest upon the fact that the governments which these diplomats represent have the ability and the will not to tolerate such acts.

That is the best safeguard against them being committed. A contrary impression is the best assurance they will be committed. We know, as a general proposition, that wars are not initiated by declarations. For instance, take the Japanese-Chinese conflict today. They have been fighting over there for a long time and have not had any declaration of war to date. This resolution does not touch these acts. Such as the Veracruz bombardment and some fighting in China some years ago. Declarations of war do not create wars. They acknowledge their existence.

Mr. EATON. Will the gentleman yield?

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

Mr. EATON. Are we to understand that Mr. LUDLOW is in favor of having his amendment modified in the way indicated in the gentleman's address?

Mr. SUMNERS of Texas. I understood that is so, and I am sure of it. May I say this: I have no authority to speak for the gentleman from Indiana [Mr. LUDLOW], but I believe that that old big boy is thinking things over now as he faces his responsibilities as the author of the bill. He does not want, I believe, to embarrass the President and the Secretary of State while trying to hold effective our diplomatic agencies, our first real line of defense against foreign aggression. I am just guessing, but I believe it is a safe guess that in view of developments he is not any too proud of this proposition, when the President and the Secretary of State say this agitation is hindering them when they are trying to protect his Nation in a great national crisis. [Applause.] I have no authority to speak for him, but I will tell you now that I believe if you could read his mind you would find that is true.

Mr. SIROVICH. Will the gentleman yield?

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

Mr. SIROVICH. If the Ludlow amendment were passed by the House and agreed to by three-fourths of the States of the Union, does the distinguished gentleman feel it would establish a precedent that for any future legislation of a major nature which we might pass here it would have to be referred back to the people for approval?

Mr. SUMNERS of Texas. Anything might happen. It is a modification, at least, of our plan of government. You just cannot do it on this question of war. It will not work.

Mr. GEARHART. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from California.

Mr. GEARHART. The Ludlow amendment deals with but one subject, the power to declare war. Does the gentleman not think it is an idle act to include a regulation of the power to declare war when no modern nation of the world indulges in that practice any more?

Mr. SUMNERS of Texas. That is what I stated. They do not do it any more, because they are fighting generally before they declare war. I yield to the gentleman from Minnesota.

Mr. KNUTSON. I asked the gentleman if he was a Member of the Sixty-fifth Congress, the war Congress.

Mr. SUMNERS of Texas. Yes; I was.

Mr. KNUTSON. The gentleman recalls how this House was stampeded into voting for the war resolution by hundreds and hundreds of telegrams.

Mr. SUMNERS of Texas. There were many telegrams.

Mr. KNUTSON. The tenor of all of them was, "Stand by the President." Do you think you could stampede the people any easier than you could Congress?

Mr. GEARHART. Was it not the people with their telegrams that stampeded Congress?

Mr. KNUTSON. Not the common people.

Mr. GEARHART. No; the people.

Mr. KNUTSON. No; it was not.

Mr. SUMNERS of Texas. My own judgment is the people wanted to go to war long before we declared war.

Mr. RANDOLPH. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. The Ludlow resolution, which will be before us shortly for consideration, is certainly not a new thing. It has been before the Congress of the United States, in one form or another, either through some Representative or some Senator, for more than 20 years; is that not true?

Mr. SUMNERS of Texas. Yes; it has been here a good while. It is not a new thing.

Mr. LANZETTA. Will the gentleman yield?

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

Mr. LANZETTA. Does not the gentleman think that with the map of the world as it is today, that there will be many wars in the near future and that we are apt to be involved in all of these wars under our present policy?

Mr. SUMNERS of Texas. I do not know that I exactly get the gentleman's question. I may say we are living in a world that is fighting, and nobody knows what is going to happen.

Mr. LANZETTA. Most of the nations that have not all that they think they should have will continue fighting until they get what they want, and under our present policy we may become involved in all their wars.

Mr. SUMNERS of Texas. I know we are a pretty juicy sort of a proposition, and I think we had better be pretty watchful of our step. We had better let the folks back home know that.

Mr. IZAC. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from California.

Mr. IZAC. Does the gentleman think this will put us at a disadvantage in case we pass the measure?

Mr. SUMNERS of Texas. Yes.

Mr. IZAC. In the first place, does not the gentleman realize the President of the United States, regardless of the passage of this measure, will still be able to send an expeditionary force wherever he wants to and that the fleet of the United States will be a barrier and a line of defense from the middle of the Atlantic to the middle of the Pacific and nobody may cross that line?

Mr. SUMNERS of Texas. Well, a good deal of what the gentleman says is true. Those facts make the resolution as a protective measure of no value. The President of the United States can do these things, which by their nature are provocative of war, and this resolution cannot touch him.

He can do these things anyway. But the resolution does create an erroneous impression, so we are told by people who are in position to know. We have no right to disregard them. If we cannot take the solemn statements of men in responsibility on this point, I do not see how we are to run this Government. This field in which they are working is the field of their responsibility, fixed for them by the Constitution. It is a mighty serious matter for us, the legislative branch of the Government, to inject something into the situation to increase and complicate their difficulties. That conduct on our part, if I may be candid, and I am certain I mean no offense, is aggravated by the fact that we know that it will take two-thirds of each House and three-fourths of the States to make this resolution a part of the Constitution, and we know absolutely that that vote cannot be had now. But we are doing something. We are giving an opportunity for the creation of the impression abroad that nobody need pay much attention to our diplomatic spokesmen.



The first thing we know somebody will believe it. Somebody will act on that belief and upon a mistaken notion as to how much they can kick us around, and the next thing we know we will swing away from the present extreme to the other extreme. I agree with the gentleman that the Executive can do all these things, provocative of war and this resolution does not touch that power, but they tell us they are trying to avoid the possibility of having to do them, and that this action on the part of the Congress is hampering them in that great effort.

Mr. IZAC. I know; but we must realize that you cannot equip and send an army across the seas into foreign lands if this resolution passes, and this is our objective, to put into the hands of the people the decision on whether or not they are willing to send their sons and themselves into foreign lands to be killed. [Applause.]

Mr. SUMNERS of Texas. In other words, to bring about a condition over here under which they may come to this country and kill American citizens on American soil. Wait a minute; I seem to have that wrong. Let me get it straightened out.

Mr. IZAC. Absolutely; there cannot be sent into our waters a foreign fleet which our fleet cannot turn back when it gets anywhere near the territory of the United States.

Mr. SUMNERS of Texas. You mean we could fight them then? This Ludlow resolution would not permit declaration of war by Congress short of invasion.

Mr. IZAC. If you expect to dictate a policy of peace throughout the world, then you are going to need a bigger fleet than you have at the present time. If our fleet is brought up to full strength, it will keep any other fleet away from our shores. If we have control of the waters surrounding the United States a foreign fleet will never be able to land on our shores. Likewise, if this resolution passes, we cannot send a body of troops to another land without the consent of the American people. I believe, therefore, it is the right of the American people through their enlightened votes to say whether or not they want to be killed.

Mr. SUMNERS of Texas. Let me ask the gentleman something, man to man. The gentleman does not claim to be any better than the average Member of Congress, I imagine.

Mr. IZAC. Not quite as good, I should say.

Mr. SUMNERS of Texas. Well, let us make it an average. Does the gentleman mean to tell me that, coming from a constituency which contains his kinfolks, his family, his loved ones at home, under his responsibility to his Nation, he cannot be trusted to get in touch with his people and reflect the will of his people on the question of whether or not they should go to war?

Mr. IZAC. Absolutely, I expect to be able to vote exactly as my people would like to have me vote.

Mr. SUMNERS of Texas. Yes; and the gentleman is a good, fair, average, and a smart Member. He has told the truth about it, and that is the truth all over the House.

I was here during the war Congress, and my friend the gentleman from Minnesota [Mr. Knutson] was here. If he says he voted contrary to the will of his people, I am not going to agree with him, because he is just too good a man, and his constituents would not have kept him here if he had done such a thing.

As a practical proposition, you do two things by this resolution as I see it. You create an erroneous impression in the world as to what they can do to us without our fighting. That would tend toward war. Perhaps I am wrong about this, but the President thinks so and the Secretary of State thinks so. And then you provide for the giving of notice to the prospective antagonist of the fact that it is the judgment of the Congress we are going to fight. That gives the break, the advantage, to the prospective antagonist between the time of that notice and the time when the country says we should go ahead. It is a resolution calculated to provoke war and to handicap us in its prosecution. At least that is the way the analysis works out for me.

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

Mr. SUMNERS of Texas. I yield to the gentleman from Michigan.

Mr. HOFFMAN. What is the gentleman's opinion as to the purpose and the effect of the news reels which are being shown in the theaters?

Mr. SUMNERS of Texas. I say we have to watch our step. I cannot answer that question now.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 2 additional minutes to the gentleman from Texas.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield? Mr. SUMNERS of Texas. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Would it not be true that if the Ludlow resolution passes it would give the world the impression this Government could not cooperate with other governments in a foreign war without the permission of the people, and is not this the real fear of the people who do not want the resolution passed?

Mr. SUMNERS of Texas. When this Nation went to war in the great World War this Nation wanted to go to war; there is not a bit of doubt about it. We were disappointed in the results of the war, many of us were disappointed. Now the people have not thought this matter through. I do not say they want to lay the blame for the war we had on Congress, but it was an unfortunate and an unhappy experience of the people. They do not want to repeat it. I do not want to repeat it. But that does not mean this resolution is wise or would be helpful.

Let us think this matter over. We have to vote on the resolution Monday. I may be wrong about it and you may be wrong about it, but this is a solemn hour in the Nation's life and in our responsibility. No man has a right to cast his vote next Monday who is looking to see whether or not as the result of that vote he can be returned here at the next election. We are not going to do it. The men and the women who sit in this Chamber are not going to do it. [Applause.]

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 30 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, there is something a bit ironic about the situation today, because the distinguished scholar who preceded me a few minutes ago sat in this Chamber on the night of April 6, 1917, and solemnly intoned a vote in response to the reading of the roll call by the Clerk which sent this country to war. I was one of those who went to war as a result in part of the vote that was registered by my distinguished friend, the gentleman from Texas. I served in that war for 18 months overseas. I served at the front, and I hope there will be no aspersions and no derogatory remarks as to my patriotism when I say, that I signed the Ludlow petition, that I intend to vote to discharge the committee, and I intend to vote for the proposal. [Applause.]

First of all, we ought to realize the basic reason why the Ludlow proposal is pitched into the lap of Congress today. It is not here particularly because 218 Members appended their names. Oh, no; there is a more fundamental and moving reason. This reason had its inception in the war which was concluded 20 years ago this present year. That war is one of the reasons. If you think you can bereave thousands of American homes, if you think you can erect 54 veterans' hospitals as memorials to the wreckage of war, and if you think you can spew out \$400,000,000 a year for pensions and compensation, and then expect the American people to forget the ghastliness and all the hideous attributes of war, you are mistaken and too naive as to their capacity for forgetfulness.

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

Mr. DIRKSEN. Not now.

We are considering at the moment the independent offices appropriation bill. On page 1 starts the justification for the Veterans' Administration. Take the hearings with you to your office tonight and read them. What will you find? First of all, 57,000 veterans of the World War languishing in the hospitals of the country today. You will learn from The Adjutant General's office that 530,000 veterans have died

since the armistice was signed in November 1918. You will find that 37,000 were killed in action. You will find that 185,000 were maimed, gassed, or wounded; men who swallowed chlorine and mustard gas and who reached out convulsively for breath that never came.

Do you believe you will eliminate these pictures from the minds of the people of this generation?

Those same hearings will disclose that about 387,000 World War veterans and 107,000 dependents are on the compensation rolls today. They can hardly be enthusiastic about war, in view of the niggardly treatment they received during the last several years. Those same hearings will disclose that there are 27,000 mental cases today and that it will go to 44,000 cases, in the judgment of the Veterans' Administration. On page 45 you will find the testimony of General Hines, in which he states that the peak load of veterans' cases will not be reached until 1965. Think of it! The peak will not be reached until 47 years—nearly a half century—after the close of the World War. Through the posts of the American Legion and the Veterans of Foreign Wars these facts have been for years brought to the attention of the people. Unlike other wars, the ghastly and brutal truth of war is coming home to our people, and they want to give effect to the declaration of George Washington when he wishfully said that "war, the shame of mankind, might be abolished from this earth."

This has been the driving force behind this proposal to invest in the hands of the people this confirmatory power before we can plunge them into another war.

Examine some more of that testimony, and what do you find? The total pension compensation and hospital cost is over \$21,000,000,000 since 1790. It is little enough for those who bore the brunt of battle. Nor do the people complain about taking care of these comrades. But they are moved to inquire whether this is necessary for the future and whether restraint on the war-making power may not obviate these heavy burdens as a result of future troubles.

There is a bill before you now asking for \$595,000,000 for the Veterans' Bureau for the fiscal year 1939. These are the things that are in the minds of the people. They have not been effaced by time, and so they are reaching out now by petition and supplication, by letters and telegrams to those who represent them here, that something be done to preserve the peaceful integrity of this country and give assurance that our soldiers shall not fight on foreign soil.

This is one reason the petition is here. It is not because LOUIS LUDLOW's name is attached to it. It might have been John Jones or Abraham Lincoln, or someone else. Behind it is the moving force of history. Behind it is the inexorable truth in the law of compensation as enunciated by Emerson a long time ago.

Secondly, do you gentlemen realize, and do you, my colleagues on this side realize, that for 4 or 5 years Republican orators, Republican spellbinders, and others have gone up and down the land talking about what? We have been talking about dictatorship in the White House. We have been talking about dictatorial power, the usurpation of power, and the broad delegation of power by the Congress. You cannot talk that way for 5 years, you cannot make speeches over the radio for 5 years, or stress that belief in magazines and newspapers without ultimately striking in the minds of the people the thought that perhaps there is some truth in it. Yes; we are responsible in part for that. We have talked about dictatorship. Thousands of editorials have been written on the subject. Campaign orators in the last campaign spoke feelingly on the subject.

People humbly and willingly submitted themselves to, and encouraged enactment of many sweeping bills that came into this Chamber, such as the Agricultural Adjustment Act, the N. R. A., the Guffey Coal Act, and many others that pointed to broad control of the internal economy of this country; but while we were talking about and raising the suggestion of dictatorial powers, it remained for the public mind, agile as

it is, to suddenly infer, "Oh, if that is true, suppose that the President should exercise such power and should project us into war?" There we had misgiving and fear. There we had doubt and perplexity. Who will deny that such fear exists today and has kindled the interest of the people in the Ludlow resolution.

It is in answer to what my distinguished friend from Texas said a little while ago when he talked about reposing confidence in the hired men at the other end of the Avenue. This confidence has been disturbed over 5 years by talk of dictatorship, insofar as it relates to the danger of war. How else can one account for the tremendous interest in this matter and the demands of the people for assurances against wars on foreign soil.

There is another element in the picture. You have gone home, as I have gone home, after Congress adjourned, and picked up the newspapers in your district, and often and often and often you have read editorials about a "rubber stamp" Congress. I did not like this. I have always sought to so demean myself as a Member of this body as to earn the respect of my people, of the newspapers, and all that go to make up that district. It disturbed me a little to see constant allusion to the Seventy-third Congress, to the Seventy-fourth Congress, and the first session of the Seventy-fifth Congress as a "rubber stamp" Congress. Could these constant repetitions of a "rubber stamp" Congress have any other ultimate effect than to impair the confidence of the people in the Congress? Could it have any other effect than to persuade the people that in the event the international stage was so set as to produce circumstances that might lead to war, that the "rubber stamp" Congress might supinely yield and declare war? How could the people of this country escape that conviction? And today they are manifesting that conviction in their demand for a further check on the war-making power.

Put them together. Talk of dictatorship. Talk of a "rubber stamp" Congress. You persuade the minds of the people that here you have a combination of circumstances, which, when brought into the light of war and the possibilities of war, may suddenly project us into a conflict with a foreign country. This is another reason why the Ludlow petition is before us today. This is the moving spirit behind it. One can talk about the signatures and about what the proposal will or will not do, or how it departs from the traditions of the past, but you cannot escape the fact that there is a great, fundamental force pushing it on, and the answer is inevitable. And if we fail on this matter this time, it will only be a failure that will come ahead of ultimate victory, and the people, the source and fountain of all power in this country, will eventually take back some portion of that power that was given to the Congress when the Constitution was fabricated.

That is another question that was brought up by my distinguished friend from Texas [Mr. SUMNERS]. Go back and read the preamble to the Constitution. What does it say? There in flaming letters it says, "We the people." For what purpose? To establish a more perfect union and provide for the common defense, do ordain and establish this Constitution, and therein give to the Congress war-making powers. The people are responsible for our being here today. We exercise only so much power as the people gave us. The people can give and the people can take away, and so this great spirit that is manifest and rife in America today is only the rumbling of a great desire upon a part of the people who are disturbed and apprehensive to modify that war-making power and place further constraint upon their representatives.

Is there anyone so bold as to stand in his place and say that the people do not have this authority? Is there anyone so bold as to assert that the people cannot do as they will in this matter? Hark back to the days when the Supreme Court issue was before the country. What was the most convincing argument against enlarging the Court, an argument used by Democrats and Republicans alike? It was that this is a government of the people, and that if the people desire



changes in the highest judicial tribunal of the land the people can speak through their power to amend their own Constitution. What, then, is before us today? Nothing more than a proposal to let the people speak through representatives of their choice in the legislatures or in special conventions as to whether they want their Constitution amended with respect to the power of Congress to declare war. That and nothing more. Who then dare deny this right to the people when they ask to be permitted to consider this proposed amendment?

It is frightful that this Ludlow proposal should have been invested with a lot of brutal misinterpretation. It is tragic. There is a distinguished gentleman from Michigan who likened this proposal to having a meeting of the town council before you can put out a fire. God save such an inept metaphor, to persuade and influence the people of this country. If he had said it is calling a meeting of the fire department in the town to see whether or not they should impress civilians into duty for the purpose of putting out a fire in a town over in another country, that would have been far more apt.

That is a brutal misinterpretation of what is before us today. They say it will hamstring the activities of the President in his capacity as Commander in Chief of the Army and Navy to deploy the Army and Navy and send them wheresoever he will. I do not remember, but I believe my friend from California [Mr. Izac] was a naval officer during the war. In fact, he is a graduate of the Naval Academy, served as a naval officer with high distinction, and holds the Congressional Medal of Honor. He is an outstanding service man. He knows something about this thing. He has had some experience as a naval officer, and that is why he could and did testify in answer to the distinguished gentleman from Texas a short while ago, and testify as an expert. When he talks about the defense of this country and the vulnerability and the invulnerability of our Navy and the prospects of invasion, I am glad to accept that testimony. The fact of the matter is that the proposal, if adopted, will not affect or impair the power of the President as Commander in Chief of the Army and the Navy. Let us look at history a little bit. When Franklin D. Roosevelt was Assistant Secretary of the Navy you may remember that early in 1917 we went down and threw a few shells on the city of Veracruz. It was 48 hours later, as I remember it, before the President asked the Congress to give its approval and tacit consent to what had been done. In 1927 our warships threw shells on the city of Nanking. Did they have to come here and ask Congress or ask the people for authority to do that? Did the President have to seek authority? No. That is a right that inheres in the Commander in Chief of the Army and the Navy. So I say that when by brutal misinterpretation they say that this Ludlow proposal will hamstring the President, I say there is not an iota of truth in it. It is unfortunate that we have that sort of interpretation.

They have tried to read into this proposal, that addresses itself to the hearts and minds and the introspection of the American people, something that is not there. I want to make it just as emphatic as I know how that I have been thinking about this referendum proposal for a long time. I think of it in terms of the tragic difficulty that happened in December, better known as the *Panay* incident. My friends, it seems to me it will be a golden opportunity lost if we vote down consideration on Monday and not harken to the wishes and views of the people and give them a chance to register their sentiments on this matter. All we are trying to do is this. We are submitting under the Constitution to conventions or to legislatures the right to determine by the people whether or not the people shall have the right of a referendum on war. We are simply the medium by which that question is submitted to them. Let them vote it up or vote it down. I, in my representative capacity, with almost 15,000 signatures in my office from the people in my district in behalf of this proposal, am going to do a righteous and solemn thing in saying to them, "You determine whether or not in the future, if Congress ever declares war, you shall first confirm that declaration and indicate to the country that you

want to make your little contribution of arms and legs and blood and eyes and ears and all the rest." We give the people so many rights. In every city and State the people have the right to determine whether to bond themselves in order to build a sanitary district to preserve the health of the people. Is it not, then, more important that we also say to them, "If you want it, you shall have the right to determine whether your sons and your sons' sons shall go into action and make these sacrifices when perhaps it is not necessary."

There is a deep thrill of patriotism that goes through every American citizen when he is charged to defend his country. Our citizens would rise as one man to repel invasion. But wars on foreign soil to which this proposal is addressed is another matter. As we go back to the World War in 1917 we see in perspective all those strange things that happened behind the scenes, and how quickly we were plunged into action just a few months after a President had been inaugurated on the platform that he kept us out of war. Yes, the people have the right to feel that there ought to be some restriction on this war-making power.

Mr. O'MALLEY. Is it not true that after we got out of the World War the party that got us into the World War was defeated? Apparently the people must have disagreed with the views of the party that got us into it.

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

Mr. DIRKSEN. I yield.

Mr. KNUTSON. The gentleman has heard it repeatedly stated that in 1917 the American people were ready for war long before Congress voted it. If that be true why did we enlist only 62,000 men and finally have to resort to the draft?

Mr. DIRKSEN. That is right. That is a very fair question and one of real interest today. In the face of that spirit, and without for a moment criticizing the President of the United States I want to allude to some of the things that have happened in the last few months.

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

Mr. DIRKSEN. I hope the gentleman will let me proceed. I will yield later if I have time.

A short while ago a newspaper criticized me by saying that I had appended my name to the Ludlow petition to annoy the President of the United States. Let me say to you, my colleagues, in refutation of any charge that I have ever attempted to annoy or thwart the President, that in the early actions of the Seventy-third and Seventy-fourth Congresses I voted for 16 of the first 30 major measures that the President of the United States requested. I was going to sublimate my partisanship and announce to the people of my district that the interests of the country was manifestly more important than my own political fortunes. I did not append my name to this petition to annoy the President. I do say, however, that I have felt some misgivings about what has happened in the last few months. In the first place, the President announced from his yacht in southern waters some time about the 6th of September that the 7,780 American nationals must come out of China or remain there at their peril. That was given out in a news release. One month later he came to Chicago and there dedicated a bridge on the outer drive. That is when he made the stirring speech that lawless nations should be quarantined. As I recall, he inquired of our naval experts as to the ability and capacity of our Navy to protect our shipping in the Orient. Yet only a month before he had warned our nationals out of China. But they were still there. Two months later the *Panay* was bombed. A dispatch came to the New York Times over the signature of Mr. Norman Soong, who was on board the *Panay*. Get out a copy of the newspaper and see what it said. That dispatch was dated December 17. The *Panay* was conveying three oil tankers on the Yangtze River. Yes; that is the historic fact. I ask those Members who referred to the pictures to refer also to Mr. Soong's dispatch. It is related that seven members of the *Panay* crew were visiting on board one of the oil tankers at the time.

I repeat, on the 6th of September the President told our nationals to get out of China or remain at their peril. A

month later comes the Chicago speech while our nationals were still there. Two months later comes serious trouble. I begin to see conflict in this international and national decorum, and it begins to persuade me that all is not right. Can these incidents have a different effect upon the fears and apprehensions of 130,000,000 people who compose the citizenry of this country? These are the things today, my friends, that have given point and poignancy to the Ludlow resolution. It will get a hearing, whether or not, in this Congress, because the people have addressed their hearts and minds to this subject fully cognizant of the bereavements of the World War, and filled with dread about another war as they read their daily newspapers.

I am willing to go back and give an accounting of my stewardship to my people and say to them: "You wanted the right to pass on this question. I, as your Representative in the Congress of the United States, irrespective of the pressures that may have been exerted, have tried to give you that right." By sustained and determined effort, success will crown the people's efforts. This proposal may lose now but it will be converted into ultimate victory. [Applause.]

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

Mr. DIRKSEN. I yield.

Mr. RANDOLPH. The gentleman, I am certain, is a student of history and well remembers that President Wilson said that he feared governments going to war with other governments but he never feared peoples going to war with other peoples. Is not that true? [Applause.]

Mr. DIRKSEN. That is true.

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

Mr. DIRKSEN. I yield.

Mr. SOUTH. The gentleman has very graphically pictured the horrors of war and particularly the horrors of the recent World War. Will the gentleman tell this Congress that the American people, if permitted to vote as to whether they would have gone into the World War, would have voted to stay out?

Mr. DIRKSEN. I do not know what the American people would have done.

Mr. SOUTH. What is the gentleman's best judgment?

Mr. DIRKSEN. First of all, I was a student in college when war was declared. Then I found myself in the Army and in the training camp. Obviously there was therefore no real opportunity for me to make a determination as to what the people would have done. I had absorbed the Army viewpoint and was at an age when one accepted the war as a matter of fact.

Mr. SOUTH. The gentleman will admit that is the crux of this question, and if the people would have voted to go into war then all this talk about the horrors of war is simply energy wasted, is it not?

Mr. DIRKSEN. That is true. Whenever the people confirm it, then that is all out of the window, but it can certainly be presumed that after the tragic experience of 1917 and 1918, when over 12,000,000 young men from 22 nations were slaughtered on the battlefields, they are going to be pretty cautious about entering into another war.

Mr. KITCHENS. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Arkansas.

Mr. KITCHENS. I understood the gentleman to say that a few years ago the President had our battleships fire some shells into Veracruz and also some shells into Nanking. The gentleman also stated the President had full authority to do that and that he would not be interfered with by this resolution if it were made an amendment to the Constitution of the United States. That being true, what is the use of having the amendment to the Constitution?

Mr. DIRKSEN. My dear sir, I am glad you brought the matter up, and I will answer. The President of the United States can always employ and deploy the professional soldiers and sailors of this country any time he wants to, wheresoever he pleases, but it is another thing to permit the Congress of the United States to ultimately conscript millions of civilian soldiers in this country and pour out their blood on the battlefields of a foreign country.

Mr. KITCHENS. No.

Mr. DIRKSEN. That is the crux of the whole thing.

Mr. KITCHENS. If they can fire shells into cities of foreign countries, thereby bringing about a war which would result in the destruction of our fleet and the destruction of everything else in America without the Congress or the people participating, then I ask, Why the necessity of the resolution?

Mr. DIRKSEN. In the first place, the gentleman must not presume his own President would be precipitate in that action, because he would not. Those things actually happened and I cited them to show that the President has the authority. I cited those things in order to rebut a current misinterpretation of a very simple resolution that comes before us on Monday next.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. On the point whether the people would have voted to enter the World War, may I say that I traveled around through the country and know something about the conditions then existing. War was declared in April 1917. In the first election and at the first opportunity the American people had to vote on the question, they turned out a tremendous majority of Democrats in this House and put in a big majority of Republicans. The people overturned the administration. There was a landslide throughout the country, which was an expression of the people in opposition to our entering the World War.

Mr. DIRKSEN. The history of that time speaks for itself.

Mr. KNUTSON. Will the gentleman yield?

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

Mr. KNUTSON. If that war was as popular as the gentleman from Texas seems to think it was perhaps the gentleman can inform the House why the enlistments for 60 days were only 1,000 per day? If it was a holy war, we should have enlisted 5,000,000 in a week.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. May I call the gentleman's attention to a considered statement on war and peace, made by the President since he has been President of the United States? After a declaration for proper national defense, as the second point in a positive program be proposed:

A simple declaration that no nation will permit any of its armed forces to cross its own borders into the territory of another nation.

Then he stated further as follows:

I did not make this suggestion until I felt assured, after a hard-headed practical survey, that the temper of the overwhelming majority of all men and women in my own country as well as those who make up the world's population, subscribes to the fundamental objective I have set forth and to the practical road to that objective. The political leaders of many of these peoples interpose and will interpose argument, excuse, befogging amendment—yes, and even ridicule. But I tell them that the men and women they serve are so far in advance of that type of leadership that we could get a world accord on peace immediately if the people of the world spoke for themselves.

Mark you, those are the words of Franklin D. Roosevelt since he became President, spoken in a prepared address, calmly considered, away from the heat of an emergency.

And he said further:

Through all the centuries and down to the world conflict of 1914 to 1918, wars were made by governments. Woodrow Wilson challenged that necessity. The challenge made the people who create and who change governments think. They wondered with Woodrow Wilson whether the people themselves could not some day prevent governments from making war.

Is that not exactly what the people wonder today? And the President concluded:

It is but an extension of the challenge of Woodrow Wilson for us to propose in this newer generation that from now on war by government shall be changed to peace by peoples.

[Applause.]



This was the conclusion of the President's address on the birthday anniversary of Woodrow Wilson, delivered on December 28, 1933. The gentleman from Illinois has given an admirable exposition of the war-referendum idea—in reality a proposal to turn from war by governments to peace by peoples. [Applause.]

Mr. O'MALLEY. Will the gentleman yield?

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

Mr. O'MALLEY. One of the other misinterpretations of the effect of this measure which seems to be broadcast is that its passage would create an erroneous impression in foreign countries that we would not go to war. Is it not the gentleman's opinion that instead of creating an impression in foreign countries we would not go to war, it would create among the people of the foreign countries a further resistance to being sent into foreign wars by their dictators, as a result of the example of the United States?

Mr. DIRKSEN. That is a rather broad matter on which to make an answer, but, as was remarked this morning, if we have implanted the seed saying there shall be restored to democracy the right to determine whether or not they shall be immolated on the altar of war that may have a happy and felicitous effect on the thinking of the people of other countries and advance the cause of a receding democracy.

Mr. O'MALLEY. Of course, the diplomats would not agree to that.

Mr. RANDOLPH. A Member has mentioned the turning out of one party and the placing of another party in power. The principle enunciated in the Ludlow resolution was a part of the Democratic platform of 1924. The young Democrats in session last year made it a part of their purposes.

Mr. DIRKSEN. And did not a young man by the name of James Roosevelt preside over the meeting when that proposition was accepted?

Mr. RANDOLPH. Yes. Mr. James Roosevelt.

Mr. COX. Will the gentleman yield?

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

Mr. COX. Does the gentleman not think it would be better for all of us to cooperate with its sponsors in finding a way, if they want to find a way, of withdrawing it from present or early consideration, thereby sparing the mothers of this country, in whose bosoms there swells up this sentiment and this demand for peace, the shock that would result from dragging it out here on the floor next Monday and defeating it by an overwhelming vote?

Mr. DIRKSEN. I may say to the gentleman from Georgia that we held a meeting this morning in reference to the matter and some 65 or 70 Members were present in the caucus room of the old House Office Building.

As I recall, we were there from 10 until 11:30. The matter was discussed pro and con. I do not suppose I am violating any confidence or telling any tales out of school when I say the resolution which had for its purpose the deferment of action on this matter was withdrawn, and so the question will come up on Monday.

Answering the gentleman's observation very directly, it seems to me all these great moral issues sort of slumber along, as it were, until suddenly they are clothed with some kind of dramatic raiment, and there they are full-blown. Thus the signatures were affixed, probably on the day the *Panay* was bombed, and this thing was brought right out into the limelight and pitched into the minds and hearts of the American people. Shall this opportunity now be foregone? Shall we deliberately foreclose an opportunity to get this thing before the Congress and the people?

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 5 additional minutes to the gentleman from Illinois.

Mr. DIRKSEN. I think of it in terms of a little story about an old farmer in Arkansas, whose barn had a lot of holes in it and boards blown out of the roof. Somebody came along and said, "Why don't you fix your barn?" "Well," he said, "Mister, when it's raining I can't, and when it ain't raining it don't need it."

When there is not a dramatic moment on which to base this thing, it is going to slumber along for a little while; but here is the opportunity, and it is up to the Members of Congress to determine whether or not they are going to dispose of this opportunity, as I hope they will.

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

Mr. DIRKSEN. I yield to the gentleman from Connecticut.

Mr. PHILLIPS. I understood the gentleman to refer a moment ago to the *Panay* incident as a little difficulty. I wonder if I did not misunderstand the gentleman. I wonder if the gentleman refers to the cold-blooded and premeditated slaughter, the shooting down and wounding of American citizens, as a little incident. I do not call it that. I call it murder.

Mr. DIRKSEN. Maybe it is murder, and perhaps the term was not aptly chosen if I used that term. It is not a little incident, if I said "a little incident." It was an incident sufficient to alight the world. Yes, it is a serious incident, and it has serious implications for the millions of people who would be eligible for a uniform in this country. Yes, it is very serious, and very important.

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

Mr. DIRKSEN. I yield to the gentleman from California.

Mr. GEARHART. To borrow from his story the gentleman's analogy about rain, suppose it were raining fire throughout the world.

Mr. DIRKSEN. But it does not rain fire.

Mr. GEARHART. Suppose it were raining fire on the American Nation, and I mean by that there was a possibility of war, and the American people were leisurely preparing to go to the ballot box to decide whether or not they should participate. Can the gentleman tell me what the other government might be doing while we were debating?

Mr. DIRKSEN. I may refer the gentleman to the observation which has just been made by the gentleman from his own State [Mr. IZAC], who has a splendid naval background. I prefer to ride with his opinion rather than my own. I think the gentleman answered a little while ago the question of whether or not this country can be invaded.

Mr. GEARHART. I do not believe he did answer it. He did not say, and nobody on the floor has said, what the other nation might be doing while the American people are leisurely debating and preparing to go to the ballot box. Does the gentleman believe the other government would wait for us?

Mr. DIRKSEN. If the record can be relied on, I suggest the gentleman look at the statement in quotation marks in a recent extension of remarks by the gentleman from New York [Mr. FISH]. In his remarks the gentleman quotes Captain Fox, Admiral Yarnell, Major General MacArthur, and several others on whether or not this country can be invaded or can be invaded successfully.

Mr. IZAC. I would like to give the answer, if the gentleman will permit.

Mr. DIRKSEN. I will let the gentleman's colleague from California answer.

Mr. IZAC. There is not a nation on the face of the earth which can throw 100,000 men onto our shores inside of 6 months right now.

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

Mr. DIRKSEN. I yield.

Mr. GEARHART. Would it not be a good plan to amend the Ludlow resolution to provide that a Federal court should be given jurisdiction to issue an injunction against any other country's marching upon us while we are holding such an election in the United States?

Mr. DIRKSEN. Do not be so facetious about this. There are tied up here all the aims and the yearnings of millions of the American people. You cannot laugh this thing off. If you think you can, wait until you go home. [Applause.]

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. It has been repeatedly brought out that under the wise leadership of the President and Secretary Hull we have been able to stay out of war following the *Panay* incident. Assuming that under the same leadership we would continue to stay out of war, is it not true that somewhere down the line we might have a militaristic regime which would not be so eager to keep the world at peace and might get us into war?

Mr. DIRKSEN. It is always a possibility.

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

Mr. DIRKSEN. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. The gentleman from Georgia in addressing an inquiry to the gentleman from Illinois stated that if the resolution came before the House on Monday it would be overwhelmingly defeated. Is it not a fact that whether or not it is defeated in the House on Monday, it will simply be just one more step toward the final enactment of such a principle into the law of this land?

Mr. DIRKSEN. My answer is that the people march on to their proper destiny. I am not only not afraid of the people but I have faith in their ultimate judgment and innate sense. The course is ever onward and upward toward a better articulation of democracy. In the material field we have moved from candles to incandescent lamps and from the pony express to the air mail. In the domain of political liberty we have moved from the divine right of kings to a representative democracy in which the people and not a king hold the power. In the economic sphere we have moved from slavery and labor bastilles toward collective bargaining and a shorter working day and working week. In social relationships, we have moved from a time when witches were burned at the stake to an era of clinics and sanatoria supported at public expense. So in the field of international relationships we move forward to a time when the people and not a small group of representatives under pressure shall determine whether we shall resort to that form of international political action known as war. There is light ahead.

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. THOM].

Mr. THOM. Mr. Chairman, in 1936, Representative UMSTEAD, of North Carolina, chairman of the Subcommittee on Naval Appropriations, and myself made an inspection of the Great Lakes Naval Training Station located on Lake Michigan some miles from the city of Chicago. There is located at the station a modern, up-to-date hospital manned by surgeons and physicians of experience and equipped with modern facilities, including all sorts of appliances ordinarily used in a hospital. We discovered that this hospital could care for an additional number of patients, not less than 75, and that there were temporary quarters on the ground which, if ordered into service, could accommodate 75 or 100 more patients. Mr. UMSTEAD, feeling as I did that this number of unused beds was a source of waste, communicated his opinions to the chairman of the Appropriations Committee, the late Mr. Buchanan. It was his suggestion that these extra beds should be used by the Veterans' Administration.

When we came back to Washington in 1937 and held hearings on the naval appropriation bill, this situation at the Great Lakes Naval Training Station was brought to the attention of the Surgeon General of the United States Navy. He produced for our information a table showing that on January 13, 1937, which was 6 months after our trip of inspection and after Mr. UMSTEAD had written the letter above referred to, the bed capacity of the Great Lakes Naval Training Station was 150 beds and of this number 143 were occupied. It was apparent that the letter of Mr. UMSTEAD might have been the cause of this increased use of the facilities of that hospital.

The same report of January 13, 1937, for all naval hospitals showed a bed capacity of 5,088 and beds occupied 4,116. This left 972 vacant beds. The bed capacity of the New

York hospital was 484, of which 257 were occupied; Norfolk, Va., bed capacity 403, occupied 294; Parris Island, bed capacity 151, occupied 60; Pensacola, bed capacity 142, occupied 89; Portsmouth, bed capacity 150, occupied 22. The Surgeon General of the Navy promised the committee that he would keep before the Veterans' Administration at all times the existence of this unused bed capacity and would do his best to promote the use of unoccupied beds by that branch of the Government.

We have just concluded hearings before the Subcommittee on Naval Appropriations for the 1938-39 fiscal year. The Surgeon General of the Navy has reported to us that on December 1, 1937, total bed capacity of the naval hospitals was 4,967, of which 3,716 beds were occupied. This leaves a surplus of 1,251 beds—an increase in the number of unoccupied beds as compared with the report of January 13, 1937. We find that the Great Lakes Naval Training Station hospital, concerning which we made complaint, has 150 beds and only 86 occupied. In other words, the status of that hospital has now again returned to that which we found upon the occasion of our inspection trip.

We are today discussing the independent offices appropriation bill, in which is contained appropriations for the Veterans' Administration, including the maintenance of veterans' hospitals. In the testimony of the hearings I find that General Hines said that he was asking in the Public Works bill, which will be introduced later, a sum of more than \$11,000,000 for remodeling of hospitals and construction of new ones. He estimated the additional new construction at \$8,690,000. For ordinary surgical and medical cases he reported that 300 additional beds were needed in North Carolina, 250 beds at Aspinwall, Pa., and 600 beds at the Bronx in New York. When you turn now to the statement of hospitalization furnished by the Surgeon General of the United States Navy as of December 1, 1937, you find that the Philadelphia naval hospital has 484 beds, of which 225 are occupied; the Norfolk naval hospital 403 beds, of which 333 are occupied; Parris Island 151 beds, of which 23 are occupied; Pensacola 142 beds, of which 76 are occupied.

The purpose of these remarks and of the presentation of these facts is to ascertain why it is that the Veterans' Administration is asking for additional appropriations for hospital construction when in the very vicinities where added facilities are to be proposed there are now, as above indicated, vacant beds in the naval hospitals. I submit that this is a live question. If we are to economize, we ought not to have a situation where over 1,200 beds in our naval hospitals are unused while another department of the Government is proposing the expenditure of millions of dollars to provide additional facilities for hospital purposes.

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

Mr. THOM. Yes.

Mr. TERRY. I believe last summer there was a bill before the Congress authorizing the erection of a new naval hospital here in Washington at a very large expense, amounting to several million dollars. I am wondering, in view of the statement made by the gentleman about the number of vacant beds in naval hospitals in various sections of the country, why it is necessary further to increase the number of beds in such hospitals.

Mr. THOM. I do not know whether the proposed new hospital in Washington will increase the number of beds or not. The argument for a new naval hospital in Washington does not rest upon the need of additional beds, but upon the argument that the present hospital is antiquated and the buildings not properly constructed and not properly located to carry on the purposes of the hospital.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, I ask unanimous consent to extend and revise my remarks.

The CHAIRMAN. Is there objection?

There was no objection.



Mr. MASON. Mr. Chairman, after listening to a discussion of the greatest problem before the Nation today, the greatest problem before this Congress, it seems an anticlimax to discuss the bill that is before us, or the President's Budget, or other such affairs. I hesitate to do it at this particular moment. Yesterday we listened to a vigorous protest by the gentleman from Oklahoma [Mr. JOHNSON] against balancing the Budget at the expense of the C. C. C. camps. In those remarks the gentleman from Oklahoma pointed out very clearly that these C. C. C. camps have demonstrated the value of their service, have proven their value, and have been approved by a great majority of the American people, and perhaps have demonstrated that they should be continued as a permanent institution in this Nation, their value has proven so great. I wondered when he was making that protest whether the officials of this Nation that have the duty and the obligation to point out the essential functions of government to be maintained and to point out those that are perhaps nonessential and to be lopped off in the interest of economy, can and do discern the difference between essential government activities and nonessential activities; and I think the answer to that is perhaps one of the greatest difficulties that confronts the Nation today and that confronts this Congress. I think it is the duty of this Congress to at least determine what are essential functions that should be or must be maintained, and what are nonessential functions that may be lopped off. We cannot shirk that responsibility.

Today I am entering an emphatic protest against balancing the Budget at the expense of Federal aid for roads, because I know, not from my own knowledge, but from the testimony of experts, that the dollars spent in Federal aid for hard roads go further, help more unemployed people, and bring in more results than perhaps any other Government dollar expended in any other way, and for that reason I am protesting against selecting the essential functions of government and those that accomplish the greatest good to the greatest number, those that have been approved by the American people in great majority, as the functions that shall be lopped off or greatly curtailed.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. MASON. Yes.

Mr. MURDOCK of Arizona. Does the gentleman not regard it as the poorest kind of economy to strike out or seriously curtail such a fine program as our Federal-aid road-building program has proven to be in this instance?

Mr. MASON. I not only regard it as the poorest kind of economy, but I regard it as silly and foolish to do that.

Mr. MURDOCK of Arizona. Does the gentleman not realize that money expended on highways will furnish employment all over the country to factories that furnish the cement, or other building material, the structural steel, machinery, and supplies as well as to local labor?

Mr. MASON. My speech will show that 91 cents out of every dollar spent for hard-road construction goes into the pockets of the wage earners.

Mr. MURDOCK of Arizona. I agree with the gentleman in that respect.

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

Mr. MASON. Yes.

Mr. TERRY. I am very much interested in the gentleman's statement, and I realize the value of roads, but I am just wondering what items of governmental expense the gentleman would recommend we curtail or abolish to start the balancing of the Budget?

Mr. MASON. I am very glad the gentleman has asked me that question. I have some ideas about items of expense that should be curtailed in order to start balancing the Budget. I would say, first, that our policy of spending millions of dollars each year in the purchase of silver at an exorbitant price is a useless expenditure and could very well be curtailed. Second, I would say that not only the millions but the billions of dollars that we have spent in buying up the world's supply of gold and burying it in Kentucky could very well be curtailed. That useless expenditure in itself would

balance the Budget. I would say, third, that the money that we have been expending for dams out West to impound water to irrigate desert acres to put those acres into competition with fertile acres, as long as we have enough fertile acres available, is a useless expense and should be curtailed; and I do not expect several gentlemen in front of me to agree with me, but those are my sentiments. And fourth, I would say that the millions of dollars we have been expending during the past years and propose to expend this coming year to keep fertile acres out of production, and at the same time to invite a billion and a half dollars of agricultural products to be brought into this Nation, one-third of which are in direct competition with our agricultural products, is a useless expenditure and that it should be curtailed. Fifth, I would say that of the billion and a half dollars that we appropriated last year for relief, if the proper method of handling it had been adopted, we could have saved a half billion dollars and got as much relief into the hands of the people who need it as we did under this process, and that means that we should put the administration of relief back into the local communities and largely the support of it.

I think I have suggested enough things.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. MASON. I yield.

Mr. MURDOCK of Arizona. Considering only the first three of those propositions, I positively disagree with the gentleman 66⅔ percent.

Mr. MASON. I expected as much.

Mr. MURDOCK of Arizona. Concerning the purchase of silver by the Government, I think it should go further than the Executive order recently issued did go.

Mr. MASON. That, of course, is a difference of opinion.

Mr. MURDOCK of Arizona. I am not able in a short time to say what should be done with regard to the purchase of gold, but with regard to the building of dams and the reclamation of arid lands, I call the gentleman's attention to the fact that there is not enough level land to meet our agricultural needs. Very soon in this country we are going to have to cut out the tilling of hillside slopes, as well as worn-out level lands. There is not enough good level land in this country to raise the Nation's food necessities, to say nothing of those seminecessary, succulent crops ordinarily grown on irrigated lands.

Mr. MASON. I disagree with the gentleman on that point; and now, Mr. Chairman, I must refuse to yield further because time is precious.

The President's Budget message, dealing as it does with our present astronomical national expenditures, is of such importance that it deserves close study by each and every Member of Congress. The comparisons he makes in his message, the estimates that are offered, and the conclusions drawn, will bear careful scrutiny and analysis. I shall leave that task to the members of the Appropriations Committee and shall confine myself today to the President's one specific recommendation for reducing the Budget, namely, his recommendation that we cut in half the appropriation for Federal aid in the construction of highways.

My home town, Oglesby, Ill., is one of the cement centers of the United States. Our two mills produce more than 80 percent of the cement produced in Illinois, and when producing at capacity they have an output of some 7,000,000 barrels of cement each year. I feel, therefore, that I know something about the production of cement, the amount of employment given and the wages paid by the industry, the enormous quantities of coal required and consumed in the production of cement, and the number of workers in other industries that are kept busy when our basic product, cement, is being used in construction. But when I challenge a statement made by the President in his Budget message, and I do challenge his statement, I am not foolish enough to base that challenge upon my own knowledge, but predicate it upon the greatest authorities we have in the field of road building, the leading engineers of the Bureau of Public Roads.

The President said in his message:

This year I recommend that such items be curtailed. First, because expected Government income will be less; and, second, because it has been amply demonstrated that they do not provide as much work as do other methods of taking care of the unemployed.

This statement is not founded upon fact, and I make the claim that Government dollars spent in building hard roads represent more value received, more actual wages for American workingmen, and a better investment for the future than Government dollars spent in almost any other way. In support of my claim I offer the following table prepared by T. H. MacDonald, engineer in charge of the United States Bureau of Public Roads, the table being a break-down of \$1,000 spent for concrete highways, and shows the approximate total amount that actually goes to wages and salaries:

*Labor and salaries*

Contractor receives \$1,000, of which direct labor on road construction receives.....	\$141.00
Contractor's \$859 remaining is distributed as follows:	
\$184 for getting onto job, equipment, bonds and insurance, gross profits, etc., of which direct labor receives.....	44.70
And \$675 to mills and quarries, of which direct labor receives.....	117.00
The \$697.30 remaining (\$139.30 from contractor and \$558.00 from mills and quarries) after this distribution, is spent as follows:	
Freight eventually receives \$406.70, of which direct labor receives.....	175.00
Fuel eventually receives \$57.20, of which direct labor receives.....	38.90
Repairs and depreciation eventually receive \$188.75, of which direct labor receives.....	56.00
Materials and supplies eventually receive \$170.80, of which direct labor receives.....	157.65
Taxes and redistribution items eventually equal \$49.50, of which direct labor receives.....	40.60
Profits, interest, rents, and depletion eventually equals \$209.15, of which direct labor receives.....	139.15
Labor eventually receives.....	910.00
Owners expend.....	90.00
	1,000.00

Believe it or not, this table actually shows that 91 cents out of every dollar that is spent upon concrete highway construction goes to pay wages and salaries. Can you show the same for other Government dollars spent?

How labor is benefited may be judged by the fact that two trainloads of materials, of 50 cars each, are needed to build 1 mile of concrete pavement. These materials, of which only a fifth or a sixth is cement, must be mined or quarried, manufactured or processed, and transported to the site of the new road. The high return to labor is credited to the fact that there are no intrinsically valuable materials used in road building.

Because of the requirement for raw materials and the need for such large quantities, few, if any, activities offer so great a return to labor as road construction. And the return is widespread—not purely local—to the benefit of workers in many industries over wide areas. For these reasons highway construction was made a major outlet for P. W. A. funds in the battle against unemployment. Because of pressing highway needs and the ability to quickly draft plans, State highway departments were able to keep more men at work for much of the time than were employed in all other types of P. W. A. construction. Aside from improving road surfaces, supplementary structures, such as rail-highway grade separations, highway grade separations, and bridges, also require workers in large numbers.

In further support of my contention, I quote from the report, *An Economic and Statistical Analysis of Highway Construction Expenditures*, prepared by Associate Highway Engineer C. F. Rogers, of the Bureau of Public Roads. On page 2 of that report we find the following enlightening statements, statements that amplify and bear out the previous table:

An annual highway expenditure of \$100,000,000 results in an average annual employment on the highway work and in industry of approximately 102,690 persons continuously employed for 12 months at an average annual cost of approximately \$970 per

person employed. For each of the 37,960 persons employed directly on highway-construction projects, approximately 1.71 names of individuals appear on project pay rolls.

For each person employed directly on highway jobs, approximately 1.71 persons are employed indirectly in industries furnishing materials, equipment, supplies, and services.

An annual highway expenditure of \$100,000,000 initiates a movement which eventually involves, in the handling and processing of materials by industry, a total value of business transacted of approximately \$315,000,000.

In addition to affording economic and unemployment relief, highway construction eventually provides a connected highway system which is a distinct national asset, promoting agricultural and industrial expansion and fostering social values. Highway expenditures are providing a connected highway system composed of various road types and containing a variety of materials. The raw materials used in highway construction have widespread occurrence in Nature. The adaptation of these natural resources to highway use requires numerous stages of processing. Stone must be quarried, transported, crushed, separated into sizes, and proportioned with other materials in proper amount. Clay must be dug and converted into brick and tile. Limestone and gypsum must be quarried and manufactured into cement and plaster. Petroleum must be produced and refined into fuels and asphalt. Iron ore must be mined and shipped, and blast furnaces and steel mills must operate to produce structural and reinforcing steel. Cotton must be grown, ginned, and woven into fabric for tires and containers. Coal must be mined, and timber felled and milled. Finally these materials must be concentrated in various proportions at numerous sites of construction, and, after the application of a high degree of mechanization in the direct construction operation, they emerge in the finished highway.

In conclusion, Mr. Chairman, I shall oppose the President's recommendation to curtail the amount appropriated for Federal aid for the construction of hard roads, for the following reasons:

First, because these Government dollars spent for building hard roads represent more value received, more wages for American workingmen, and a better investment for the future than Government dollars spent in almost any other way.

Second, because the American motorist pays special taxes, over and above all the other taxes that every citizen is required to pay, amounting to nearly one and a half billion dollars, of which the Federal Government collects \$314,000,000 each year. \$214,000,000 of this huge sum is now being returned to the several States for road-building purposes—a direct benefit to the motorists. The balance of the amount, \$100,000,000 is being diverted to other purposes.

A member of the opposition is criticized when he finds fault without offering an alternative. I therefore offer as an alternative plan the suggestion that the administration get rid of some 300,000 useless employees, excess baggage that has been added to the Federal pay roll during the last 3 or 4 years. Such a step would accomplish more toward balancing the Budget than the President's recommendation that Federal aid for road building be greatly curtailed. It would bring about a saving of approximately \$400,000,000, an item worth considering even in these extravagant times. I claim we should make a start toward balancing the Budget by first eliminating all unnecessary and useless expenses of the Federal Government.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS. Mr. Chairman, in partial answer to the speech just made by the gentleman from Illinois [Mr. MASON], I merely point out that the purpose of reclamation projects is not to bring land into cultivation in competition with good agricultural land. In the first place, it is to make homes for the people. In the second place, it is to bring land into cultivation to replace seriously depleted soils, of which we have in the neighborhood of 300,000,000 acres in this country. I refer the gentleman to an extension of remarks I made on January 5, which appears on page 96 of the RECORD for that date, in which I deal with some of these matters, and in which I also point out that if the Tennessee Valley Authority had not done a single thing other than what it is now doing in the developing of cheap and easily transportable phosphates, the most valuable chemical element perhaps in soil fertility, its existence would be entirely justified.



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

Mr. VOORHIS. I yield.

Mr. McFARLANE. And this bill seriously limits the production of fertilizer in that project.

Mr. VOORHIS. I so understand. I hope it will be restored.

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

Mr. VOORHIS. I yield.

Mr. DIRKSEN. When the bill is read for amendment, I intend to make some observations on that very matter. I want to offer an amendment.

#### LUDLOW RESOLUTION

Mr. VOORHIS. Although I had not intended to talk on the subject this afternoon, in view of what has been said so far on the question of the Ludlow resolution, I shall make my brief statement in that regard. In the first place, I signed this resolution way last spring shortly after it was put upon the desk.

My signing of it, therefore, can by no stretch of the imagination be construed as criticism of the work of the State Department. Indeed, I believe that to put that construction upon support of the resolution is a stretching of the truth. It has nothing whatsoever to do with that. Neither does it in any way restrict the Executive in dealing with emergencies, or weaken in any way the national defense. But if we believe in democracy as a form of government we must recognize that the question of sending an American army across the sea to engage in a foreign war is the most fundamental question and comes closer to the everyday life of the American people than any question in all the world. [Applause.] On that particular issue we believe that the American people who will pay the price and make the sacrifice should have the right to make their decision. For this reason I intend to vote for that resolution. And further, I believe there is no argument so vital or important and none which will be answered with such great difficulty by opponents of the Ludlow resolution as the argument that to give the people a right to have a say about the question of foreign war is fundamentally right and fair and just; and on these grounds I shall support the resolution.

The question has been asked what other nations will be doing in the meantime. We have been called upon to look upon this thing practically, let us do it for a moment. As a matter of actual fact the question of war for the United States will undoubtedly present itself to us, if it does, in almost the same way that it presented itself to us in 1917. I am not sure how the people would have voted in 1917 had they been given the opportunity, but it does not seem to me that that is the essential question. The essential question is whether they should not have a right to express themselves in a situation of that kind. I believe they should. Other nations will be wondering what this Nation is going to do. They will be wondering and they will be knowing that if this Nation by a popular decision decides to enlist itself in the struggle that the decision will carry with it a greater conviction than could otherwise possibly be the case.

It does not seem to me that this consideration involves in any degree a lack of unity in the American people, but, rather, that it involves a fundamental fact that will operate in the interest of democracy and justice and change the old way of having a few people decide about wars that other people fight. I believe that the people who are asked to make the sacrifices are the ones to make the decision.

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

Mr. VOORHIS. I yield.

Mr. KNUTSON. Does not the gentleman think that if the matter of declaring war were left to the people in all nations that it would virtually outlaw war?

Mr. VOORHIS. I am inclined to believe that it would.

Mr. KNUTSON. Was not the election that was held in 1916 virtually a plebiscite on whether or not this country

was to participate in the World War? It was so considered, was it not?

Mr. VOORHIS. I was a schoolboy at that time. I am sure that that is the way I understood it.

Mr. KNUTSON. Was not the issue "He kept us out of war" the dominating issue of that campaign?

Mr. VOORHIS. It certainly was one of them. I have several other matters I very much want to discuss.

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

Mr. VOORHIS. Yes; I will yield to the gentleman.

Mr. RANDOLPH. Does the gentleman believe that the Japanese invasion of China would have taken place if the Japanese people themselves had the final decision of the matter instead of those in militaristic control?

Mr. VOORHIS. I believe there would not have been an invasion of China had the people decided the question and that the recent Japanese elections are indicative of that fact.

Mr. DUNN. Will the gentleman yield?

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

Mr. DUNN. Is it not a fact that by giving the people the opportunity to vote on the Ludlow amendment it demonstrates beyond any doubt we are democratic, and if we do that other nations in the future and the near future will do likewise?

Mr. VOORHIS. I hope so. Of course, we only have one nation for which we are responsible, and we have to do the best we can.

I doubt that anything is to be gained for the American people by attempts on anyone's part to fix blame for the present recession. I believe much is to be gained by earnest effort to get at the facts regarding it. And today I want to answer some of the statements made recently on this floor in criticism of the program of this administration in dealing with the economic problems of America. May I preface those remarks by pointing out that our fundamental trouble comes from the fact that we are confronted with a situation in which our system of distribution of purchasing power and wealth has been demonstrated over a period of time to be an inadequate system to keep our productive machinery operating at full capacity. Something or other must be done about this.

#### THE CURE FOR 1937 IS NOT ANOTHER 1929

When people say, "Look at the recession of 1937," and try to blame it on administration policies they usually advocate a return to the very policies that led us into the depression of 1929 and it seems to me, therefore, their arguments are very much like saying that the patient is at present ill; we know how to kill him, so let us do it.

I do not believe that the pre-1929 policies are the answer. I think but few close students of our economic question will doubt that the main cause of the 1929 collapse was faulty distribution of our national income, consisting of two elements, first, too much of a concentration of reserves and surpluses in the hands of certain individuals and corporations, and, second, the fact that the common people of this Nation in attempting to take off the market the goods that had been produced by industry went into debt to the tune of \$7,000,000,000 in the form mainly of installment purchase obligations. We have been trying to correct this situation. Those who criticize the program of the President of the United States, it may be noticed, do not offer any program to take the place of his.

I further call the attention of the Members to the fact that the President's program has not been carried through in its entirety. Certain of the most essential measures have not been passed by this Congress, which if passed, might materially alter the story.

#### THE PRESIDENT'S PROGRAM IS RIGHT

The program in barest outline consists of these fundamentals of government: It is the job of the Government to protect the welfare of the poorest people, those who are eco-

nomically helpless, and those whose power to buy the necessities of life is most precarious, through a program of work for the unemployed, through an encouragement of collective bargaining, through minimum-wage legislation providing protection for those people whose wage standards are the lowest, through an expanding system of social security, and by protection for those farmers that cutthroat competition and the manipulation of speculators will otherwise ruin. That is the principle and philosophy of the present administration, and it is a sound principle and philosophy.

#### WHY A COMPLETELY FREE ECONOMIC SYSTEM WILL NOT WORK TODAY

The gentleman from Michigan [Mr. CRAWFORD] expressed another philosophy that has unity and a strong theoretical appeal. All must agree with him when he says we need more, not less, production. If you could eliminate monopoly and take from private financiers the power to create and destroy money, if you could really free the people and have an entirely free and competitive economic system, then there would be something very challenging in arguments against measures of control by government. But to eliminate monopoly is a gigantic task; one, indeed, if possible at all, which will require the best effort of a generation. The program of the administration is a program that must be carried through in view of the fact that the task of overcoming monopoly power is one so tremendous that it is necessary to have governmental protection of other population groups in the meantime in order to protect the people from absolute insecurity and poverty and hopelessness. Some day all of us hope for a new true freedom such as we have never known before.

#### THE IMMEDIATE QUESTION

At this moment the question very largely is: When 30,000 men are laid off in 1 day by a corporation which possesses hundreds of millions of dollars of reserves and which made \$238,000,000 of profit last year, what are we to do? What, indeed, are we to do with other unemployed thousands?

Here they are, good American citizens, until a few days or weeks ago the essential workers in our industry. What is to be done about them?

No one offers any other answer except that their fate is a Government responsibility—until such time as industry wants them again.

And some of us, agreeing wholeheartedly with what the President said in his message, stand ready to defend with all our strength the right of these heads of American families to work at useful labor. We are utterly unwilling to see them put upon a dole, because we believe that is unsound economically, unfair, un-American, and un-Christian.

#### MEANING OF OUR DEBT

As long, then, as our governmental policy is based upon justice, the expenditures of the Government must reflect inversely the extent of private employment.

Not only that. The Federal Reserve Board reports that there are ample reserves for a healthy expansion in our banks. If only the money now in the banks were put to work, says the Board, all would be well.

But there is no way to get it to work. The powers of the Federal Reserve Board are inadequate to the task. At present we must depend for necessary expansion of buying power upon the willingness of banks to lend, plus the willingness of business to borrow. Failing to get this combination to work, but one possibility remains to us if business itself is to be spared the consequences of depression. That one possibility is for Government to expand its expenditures and to create new money by going into debt. That worked in 1933. It will work again. But no one likes the method. And our critics are half right when they complain about this method. But they are only half right.

#### NECESSARY STEPS TO AVOID FURTHER DEBT

For the thing they overlook is that this necessity for government to contract debt is basically due to two fundamental causes: First, the failure of our economic system, unaided by government expenditures, to keep the people employed; and second, the fact that government today has surrendered to the banking system its right to create money. It goes farther

than that. Not only does government refrain from expanding the volume of money in accord with the expansion of the Nation's need for it and leave the Nation at the mercy of an uncertain and highly variable supply of bank credit, but we permit a private banking system to expand credit upon fractional reserves while government with \$12,000,000,000 of gold in its possession does not expand upon it at all for credit purposes but borrows at interest privately manufactured credit instead.

Correct some of these things and the task of budget balancing, the task of providing ample credit for secured loans at low rates of interest and many another problem would be solved.

Now a word or two about corporation surpluses. And what I have to say comes from one who believes the undivided-profits tax should be revised and small corporations exempted from it. But a lot of misinformation has got abroad about that tax.

#### ABOUT CORPORATION RESERVES

We hear over and over that large corporation surpluses are an unmixed blessing.

We hear about the billions of dollars spent by corporations out of reserves during the depression to pay wages and dividends.

No one who has studied the record carefully can doubt that many business enterprises did make earnest and heroic efforts to keep men employed during the last depression.

Neither can any fair-minded person doubt that, generally speaking, this was done far more by small business than by big business; nor can he doubt that right now some of the corporations with the very largest surpluses of all are the readiest to reduce their pay rolls and pass to government the task of employment.

#### KEEP THE RECORD STRAIGHT

Just to keep the record straight, we ought to know what really happened to those big corporation reserves during the depression. For while it is true that a careful study of the income accounts of all corporations during the 3-year period 1931-33 reveals an aggregate net deficit after taxes of \$6,600,000,000, it also reveals that not more than a small fraction of this deficit is accounted for by payments of dividends or wages out of surplus.

Of course, there were exceptions. These figures refer to the aggregate of all corporation-income accounts.

#### EXPERT TREASURY FINDINGS

The findings of the Division of Research and Statistics of the Treasury on this point were summarized by Dr. L. H. Seltzer of that division in an article in the Tax Magazine for July 1937.

Dr. Seltzer says in part:

If we consolidate the income accounts of all corporations for each of the 3 years 1931-33, inclusive, we find that they reported an aggregate net deficit for this 3-year period, after taxes, of six and six-tenths billion dollars. We also find, however, that this aggregate deficit was arrived at after deducting some eleven and two-tenths billion dollars for depreciation, some seven hundred and sixty-one millions for depletion, some three and seven-tenths billions for bad debts, and some five and one-tenth billions for loss on the sale of capital assets; deductions which, in the main, did not represent current cash outlays sustaining employment, pay rolls, etc.

In other words, the aggregate net income of corporations before these valuation deductions, but after taxes, for these 3 years of the worst depression in history, was a little more than \$14,000,000,000, and their cash dividends a little more than thirteen billions. For corporations as a whole, dividends, wages, and other payments came out of current receipts, primarily, and not from accumulated liquid surpluses. The book surpluses of corporations were, indeed, reduced; but they were reduced, in the aggregate, not by actual cash disbursements but by the writing down of assets on the books of corporations. The cash and investments of all corporations aggregated nearly \$11,000,000,000 more at the end of 1933 than at the end of 1929.

This is the answer to the charge that the tax policies of the administration are responsible for the current recession, if, indeed, such an answer is needed. It is well also to remember that in 1929 there were no such taxes, no Government "interference," and yet some people still remember what happened in that year.



FORMER EMPLOYERS SHOULD BE THE LAST TO COMPLAIN WHEN GOVERNMENT EMPLOYS THEIR LAID-OFF WORKERS

There are good reasons for revision of the undistributed-earnings tax. One of these reasons is not that large corporation reserves have in the past reduced unemployment to any appreciable extent or been used deliberately to keep people employed. For such is not a fact when we consider industry as a whole.

And to those businessmen who did make sacrifices to keep workers employed we are forced to say something like this: "Your patriotic action cannot be forgotten by this Nation, but unfortunately your efforts have been swamped by the failure of our great monopolies to follow your example." And the age-old question must then be raised, If a man cannot find work in private industry to support his family, whatever the reason may be, what then is he to do? We have said that he could turn to government for a useful job. As a matter of plain justice we have got to go on saying that, and those who once employed these workers, and either cannot or do not choose to continue to employ them, should be the last to complain when government spends money to pay them wages for work performed, gives them buying power in this manner, and preserves their morale and their skill against the day when there will be private work again.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. DITTER].

Mr. DITTER. Mr. Chairman, in the midst of the turmoil this afternoon I take a certain degree of pleasure in bringing to the House what I believe to be a rather comforting and encouraging word. I have the honor of representing the Seventeenth District of Pennsylvania, which district is made up of one county, the county of Montgomery.

On the 30th of December that county paid off the last dollar of its indebtedness and today I believe my district can make a claim that few others can make in the Nation. Montgomery County started the year free of debt, with its current obligations paid, its bonded indebtedness discharged, and with a comfortable cash working balance.

I am sorry there are not more of my Pennsylvania colleagues present, because I take a great degree of pride in saying that Montgomery County is under the administration of a group of substantial, old-fashioned Republicans [applause] and that its affairs have been administered for a great many years by good, substantial, old-fashioned Republicans.

Mr. DUNN. Will the gentleman yield?

Mr. DITTER. I would suggest to the gentleman from Pennsylvania that I might embarrass him if he should ask me a question. I do not yield.

Mr. Chairman, the county of Montgomery has provided for the needs of its people. Year in and year out it has returned substantial Republican majorities. I do not believe there is one-third of the population of that county ill-nourished, ill-clad or ill-housed. I believe the county of Montgomery through its frugal, honest, and careful administration of the public needs, including the needs of those in distress, has established an enviable record which might be followed with profit by the Federal Government.

I make this further declaration, that we probably would have had a more comfortable cash balance in the county of Montgomery today had it not been for the present State administration's operation and its intrusion into our own county affairs. Had it not been for the overreaching of the present Democratic administration in Harrisburg in trying to put on a small-sized edition of the New Deal in Pennsylvania, I believe we would have had even a better cash balance in Montgomery than we have today.

May I say to my brethren from Pennsylvania that I am not assuming a boastful attitude. I am prompted by a desire that my words may be an inspiration to those poor debt-ridden counties which have long languished under the spell of a Democratic regime, and I hope that by my words they may be inspired to go out and do what Montgomery has done in taking care of its fiscal affairs with honesty,

with forthrightness, and with a degree of splendid efficiency such as only a Republican, and a capable Republican, administration can demonstrate.

These remarks have been just by way of preface. What I really wanted the time for this afternoon was to make an observation or two on one of the outstanding characteristics of the President.

The ability of the President to do unexpected things is recognized by all. He seems to delight in springing surprises. Vacillation is a characteristic. He appears to enjoy changing his course more than getting into port. Running true to form, he astonished the American people in his message on Monday by adding a new qualification to the requirements for helpful citizenship. Most of us had understood that the marks of good citizenship were pretty well defined, and while the demands of the New Deal had distorted the original feature to some extent by condemning thrift and industry and extolling profligacy and shiftlessness, nevertheless we were unaware that an entirely new obligation was required of those who aspired to the role of good citizens. According to the new formula of the President, a helpful citizen must be able to provide the ways and means of getting the country out of the financial mess into which the New Deal has plunged it.

For the most part the President's message on the state of the Union was delivered without gesture and in a serious mood. The outstanding exception was the recital of his method in dealing with those who have pleaded with him for a balanced Budget. Apparently for the purpose of discrediting those who have emphasized the importance of squaring national outgo with national income, the President assumed a facetious role. Adding a touch of humor to a very serious situation, the President attempted to sidestep gracefully the personal responsibility of inaugurating and maintaining a sound national fiscal policy. He told the Congress that he asked those who pleaded with him for a balanced Budget the question, "What present expenditures would you reduce or eliminate?" Thereupon, with a studied effort to make the answer appear ridiculous, the President said that those to whom the question was addressed would reply invariably that it was none of their business and that they knew nothing about the details. He then dismissed the subject by establishing the new qualification for citizenship—the qualification that the individual citizen should provide the answer to the question which the New Deal has faced from the beginning—how to provide the ways and means for continuing its joy ride of extravagance and wastefulness.

The nonchalant air of the President was a surprise. Such a carefree attitude had not been expected. A perplexing problem is before the American people. The administration alone has the power to provide a satisfactory answer. The effort of the President to avoid the responsibility of balancing the Budget is in marked contrast to statements which he and his party leaders have made in times past. The country cannot help but remember the assurances which were given in the party platform that a saving of not less than 25 percent in the cost of the Federal Government would be accomplished. The country cannot help but remember the President's declaration that he accepted the party platform and that he looked upon it as a covenant with the American people. The country cannot help but remember that as early as September 1932 he asked the American people to delegate to him the task of reducing the expenditures of the Federal Government. In his speech at Sioux City on September 29, 1932, he used these words:

On my part, I ask you to assign to me the task of reducing the annual operating expenses of the National Government.

At that time he did not suggest that it was the duty of private citizens to advise and suggest the method or the means of reducing the national expenditures. At that time he did not suggest that he felt that the standard of helpful citizenship required a contribution of methods and means for reducing the spending of public funds. At that time he requested the American people to assign to him the responsi-

bility, the power, and the obligation of reducing the operating expenses of the National Government. And now after 5 years—after 5 years of intimate contact with the fiscal affairs of the country—after 5 years of opportunity and experience, after 5 years of study and deliberation, the President suggests that private citizens be charged with the duty of putting a stop to the orgy of spending which his administration has indulged in from its beginning. Are we to assume that the declaration in 1932 was made in a facetious mood? Are we to assume that the request of 1932 was made for vote-getting purposes? Are we to assume an admission of inability and a desire to give up the task? Are we to assume that the President is faced with political objection, which makes it inadvisable and inexpedient for him to reduce the spending of public funds? The Congress and the country have a right to know what it is that now prompts the President to sidestep the issue—to pass the buck—to expect the answer to this pressing problem from the citizens of the country.

No good purpose can be served by repeating here the many, many promises which have been made by the present administration that the fiscal affairs of the country should be put in order. Suffice it to say that it has become almost a habit for some one or more of those identified with the administration to try the soothsayer's art by telling the people that the Budget would be balanced. Promise has been piled upon promise. Assurance has been added to assurance. All of them, with a definite purpose of impressing upon the American people that our national household would be put in order—that the spending spree would stop, that extravagances and wastefulness would be ended, that mounting debts and deficits would be curtailed, and that the joy ride of profligacy and squandering would come to an end. Now, we are startled to learn that the administration seeks to surrender the management of the fiscal affairs of the country. By so doing the administration admits either its unwillingness or its inability to put into operation a sound fiscal program which would result in the attainment of the desired objective. The country is not only startled, amazed, surprised: the country is alarmed over this very serious and perplexing problem. Something more than nonchalance is expected. Facetiousness will not suffice. Something can and should be done of a practical and substantial nature, and that without any further delay.

I submit, Mr. Chairman, that there are certain things that this Congress can do to help the American people out of the dilemma in which they find themselves as a result of the President's effort to avoid the responsibility for putting our national affairs in order. I believe the Congress owes a duty to the American people in this emergency. I submit, Mr. Chairman, that our first duty in this connection is to refuse to make any lump-sum appropriations whatever. No more blank checks would be an excellent rule to adopt at once. This Congress has the right to levy taxes. This is a large grant of power handed to us by the people.

Our responsibility to the people, including all the people, to spend their money wisely, judiciously, and honestly is just as great. I submit, Mr. Chairman, that while the power to tax has long been recognized as a power to destroy, by the same token the power to spend can have just as great a destructive effect as the power to impose taxes. In view of the President's desire to avoid the responsibility, let us take up the job for the American people at once.

I submit, Mr. Chairman, that we should refuse to make any appropriation until we have facts and figures as to how the money will be spent, where the money will be spent, when the money will be spent, and how much more will have to be spent to complete and maintain the project for which we originally begin to spend the money. Let us insist on a justification which will require every spending agency to prove that they need the money for which they ask. And let us insist as well on a justification which will warrant us in giving them the money for which they ask. In many instances projects have been authorized, appropriations have been made, and little, if any, thought has been given as to what the ultimate cost of the project will be. Let us set

our own house in order by changing our policies in appropriating public funds. Let us know before a project is authorized, or at least before any money is appropriated for it, what the cost of completion will be and what the future maintenance costs of these projects will be. In many cases we have found ourselves forced to appropriate money for the completion of a project or be embarrassed by having a partially finished job on our hands. This should and can be avoided. Emphasis likewise should be laid upon the future maintenance costs of every Federal project which is authorized.

The mistake which has been made in many cases in spending public funds is the same mistake which has been made in many cases by individuals. We have gotten into the habit of considering only the purchase price of our automobiles, for instance, and rarely, if ever, do we take into account the upkeep and operating expenses of the machine. What is true of automobiles is likewise true of many other private expenditures. The colossal machine operated by the Federal Government has been run in much the same hit-or-miss fashion. Projects are presented here. Authorizations are made. Appropriations are provided. Little, if any, thought is given as to the upkeep and maintenance of these innovations. If the Federal Budget is to be balanced, there is but one way to do it, and that is to reduce the spending of money. It is not a question of trying to find ways and means of getting more money out of the taxpayers' pockets. Our job is to find ways and means of keeping more money from being squandered and wasted. What we need here is a change in method, more investigation of spending sprees, and less inquiry on ways and means of wheedling out of the taxpayers' pocket additional dollars. We cannot have a balanced Budget as long as we have an unbalanced spending policy. The Ways and Means Committee may work from now until doom's day on a tax program, but it will mean nothing if a wasteful and purely political spending policy is countenanced and continued. If the President's promise of 1932 meant anything, and if it was worth anything then, it should mean something now—and it can mean much if an about face is started at once. If he cannot do it, we should. If we are to live within our means as a nation, then we must conform our spending to the means which we have at hand. Instead of saving until it hurts, we have been spending until it not only hurts but threatens to kill.

I am persuaded, Mr. Chairman, that if economies are to be effected, if extravagances are to be stopped, if wastefulness is to be avoided, then much of the needless personnel in every department must be eliminated. And, what is probably more important, Mr. Chairman, I am convinced that this needless personnel can be eliminated in almost every department without any appreciable or material decrease in efficiency. Many of us have found that efforts to reduce personnel have been unavailing. As some of us have sought to reduce appropriations the excuse has been offered that no reduction is possible because most of the appropriation is required to maintain the present personnel. I submit, Mr. Chairman, this is not a proper justification for continuing on the pay rolls of the Federal Government the large army of job holders that have been enlisted under the banner of the New Deal. Of course, I know, Mr. Chairman, that this is a highly controversial subject, but it all depends on the objective which we have in mind. If our purpose is to continue as many as possible on the public pay roll, so that patronage privileges will not be curtailed, then this increased army of Federal employees is justifiable. In that case patronage privileges take first place and economy in Government trails along in the rear. But let us remember the responsibility for continuing these people on the pay roll is the responsibility of the administration, which cannot be shifted by a facetious remark or a nonchalant attitude. The Federal pay roll was never intended as a maintenance fund for any political outfit. Padding the public pay rolls with needless employees can only be justified by the professional politicians. Their philosophy is jobs, irrespective of need or merit.

[Here the gavel fell.]



Mr. WIGGLESWORTH. Mr. Chairman, I yield 5 additional minutes to the gentleman from Pennsylvania.

Mr. DITTER. I submit further, Mr. Chairman, that substantial savings could be made in almost every department if the present propaganda machines which flourish on all sides were dispensed with. Printing presses and mimeograph machines grind out tons of reports, pamphlets, brochures, magazines, and books, all of them flavored with political touches and all of them intended as a part of the colossal advertising scheme of selling the New Deal to the American people. Nor is this propaganda effort confined to either printing presses or mimeograph. The public platform and the radio resound with a continuing din of what the New Deal is doing for the American people. Paeans of political praise are crooned and sung into the ears of the listening public. These effusions printed and spoken, all cost money and the point is that they cost the taxpayer money. The taxpayer pays the bill. No legitimate excuse can be found for this squandering of the public funds for the purpose of perpetuating a political party in power. If the New Deal wants to put on an advertising program, let the New Deal foot the bill and not expect the American public to provide the wherewithal.

Mr. O'CONNOR of New York. Mr. Chairman, will the gentleman yield?

Mr. DITTER. I will yield in just a moment.

There is a real difference between the dissemination of useful public information and the wholesale distribution of purely political printed matter with which the country has been flooded during the past 5 years. The one serves a useful purpose. It may be overdone at times but, generally speaking, it can be justified at least in part. But the second cannot be justified under any circumstances. "It pays to advertise" has been a slogan in the business world for a long time. I believe in it. But the thing which we are concerned with here is whether it pays the American people to stand the cost of this avalanche of New Deal advertising which has rolled down upon the country in recent years.

Here again, Mr. Chairman, the responsibility of squaring the expenditures of the Federal Government with the income of the Federal Government rests upon the shoulders of the administration. If the President's hands are tied so that he cannot act, or if he does not choose to stop the spending spree, you can render a real service to the country by enlisting in a real economy drive.

Mr. O'CONNOR of New York rose.

Mr. DITTER. I yield for a brief question.

Mr. O'CONNOR of New York. In all the gentleman's meanderings has he ever gazed upon that individual, here or elsewhere, who ever read any of that propaganda? [Laughter.]

Mr. DITTER. May I answer the gentleman by saying that unfortunately I feel that probably only too many susceptible, unguarded souls have come under the spell and the unfortunate influence of it. It is a calamity, I realize, and I am sorry I must admit it, but the American people, many of them, are rather credulous. I am afraid, therefore, that I shall have to admit that a good many people do read it and, unfortunately, from past records, apparently, they have believed too much of it. [Laughter and applause.]

Of course, Mr. Chairman, this whole problem of spending or saving depends upon the attitude, the purpose, the frame of mind of those who have the power to determine national policies. The present administration seems bent on impressing upon the American people the value of spending money. Thrift has been tabooed; in fact, thrift has been penalized and profligacy has been placed upon a pedestal. The old sayings and axioms of the value of thrift have been thrown into the wastebasket. "A penny saved is a penny earned" has been branded as a bit of foolishness coming out of the "horse and buggy" days. Instead of the old copybook in which the children wrote and rewrote on the value of saving, there has been substituted a radio in the classroom which dins into their ears the advisability of spending. A hysteria for spending prevails. It has taken on the fervor of a religion. It is part and parcel of the New Deal. There is no worry about

the source of supply—not where do we get the money but where can we spend more money.

The excuse cannot be offered that this spending policy has been necessary as a part of the relief program. I submit, Mr. Chairman, that the needs of those in distress could have been met, and adequately met, without indulging in the wild orgy of spending which has characterized the New Deal program. The truth of the matter is, Mr. Chairman, that the shameful waste of the administration has taken thousands of dollars out of the hands of those on relief and added immeasurably to their distress.

I am persuaded that more and more Members of the House realize the seriousness of our present plight—the gravity of our present situation. I am encouraged with the hope that more and more Members are convinced that our financial affairs must be put in order—that the credit of the country cannot be put in further jeopardy by disregarding accepted and tried practices, and that the homely virtues of thrift, industry, and frugality are as applicable and worth while in managing national affairs as they have proved to be in running the affairs of every individual citizen. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield to the gentleman from Missouri [Mr. CANNON].

MARCELLUS C. SHEILD

Mr. CANNON of Missouri. Mr. Chairman, while it is the custom in some circles to give Congress little credit and much blame, on all possible occasions, nevertheless, from the fact that the Republic is still a going concern after 150 years, it necessarily follows that Congress must have at times rendered some modicum of worth-while service.

But, Mr. Chairman, the truth is that Members of Congress are entitled to even less credit than is usually given them. As a matter of fact, much of the work they are supposed to do and many of the accomplishments with which they are credited are the work of members of the staff of the House who, working modestly in the background, give their committees and its members credit for all that meets with public approval, and accept blame for all congressional mistakes and shortcomings.

One of the most efficient members of the staff of the House, one of the ablest; one of the most indefatigable, who has served in that capacity in its history, is the clerk to the Committee on Appropriations, Marcellus C. Sheild, who, with the close of business tonight, completes 30 years in the service of the committee and the House. He came to the House January 8, 1908, in the first session of the Sixtieth Congress, and in the 30 succeeding years has served under 7 Presidents: The elder Roosevelt, Taft, Wilson, Harding, Coolidge, Hoover, and Franklin D. Roosevelt; under 8 Speakers: Cannon, Clark, Gillett, Longworth, Garner, Rainey, Byrns, and Bankhead; and under 10 chairmen: Tawney, Fitzgerald, Sherley, Good, Madden, Anthony, Wood, Byrns, Buchanan, and Taylor.

Mr. Sheild occupies one of the key positions of the House and the Nation. Every dollar that is appropriated passes, directly or indirectly, over his desk. During his service the Government has spent more money than has ever been spent by the United States, or any other nation on earth, in a similar period of time. In those crowded years the American Congress has levied and borrowed, has debated and disbursed sums so stupendous as to stagger human comprehension, and yet if Marcellus Sheild, in those hectic sessions, ever made an appreciable mistake; if he ever failed his chairman; if he ever at any time faltered in the most meticulous service to the committee and the House and the country, I have never heard of it.

Mr. Chairman, in my opinion, Mr. Sheild has saved the Treasury more money and contributed more effectively to the orderly and economical disbursement of Government funds than any one man who ever sat in either branch of the Congress. Without fear or favor, without personal or party consideration, calmly, dispassionately, and unerringly he has discharged the duties of an office it is given few men to fill, and with a fidelity and capacity it is given few men to possess.

I am certain I express the sentiment of every man who sits in this Chamber when I felicitate him on the completion

of 30 busy, fruitful years, and wish for him another 30 years of devoted service to the House and the Nation. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD and include therein certain excerpts.

The CHAIRMAN. Without objection, permission will be granted the gentleman from Texas to revise and extend his own remarks, but permission to include excerpts must be obtained in the House.

There was no objection.

#### RADIO MONOPOLY STILL UNCHALLENGED

Mr. McFARLANE. Mr. Chairman, we are hearing a good deal these days regarding the monopolistic control big business has over almost every field of endeavor, and it now seems that something constructive may be done to check these evil practices that have gone on almost unmolested in this country since the Wilson administration. The Democratic platform through the years has called for strengthening our antitrust laws and the elimination of monopolies, the effectiveness of which has largely been destroyed by the Supreme Court decisions and the friendly attitude toward big business taken by the Republican administration and the appointees under them in charge of the enforcement of these laws, which include the Federal Trade Commission and the Department of Justice.

Under this administration, the emergency having passed, we are now trying to really do something to correct these unfair and unlawful practices which have made the monopolies more powerful through the years and now threaten to destroy individual enterprise and small business. I opposed the provisions in N. R. A. and other legislation which exempted these measures from the provisions of the antitrust laws. I thought then as I think now that it would take stronger remedies and measures to curb these monopolistic practices than the "being a good fellow" tactics used up to now on such legislation. I have spoken on numerous occasions concerning these monopolistic practices and have tried to point out reasons why they should be curbed.

The Democratic platform of 1932 and 1936 on monopoly stated:

In this time of unprecedented economic and social distress the Democratic Party declares its conviction that the chief causes of this condition were the disastrous policies pursued by our Government since the World War, of economic isolation, fostering the merger of competitive businesses into monopolies. \* \* \*

We advocate strengthening and impartial enforcement of the antitrust laws, to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor. \* \* \*

Monopolies and the concentration of economic power, the creation of Republican rule and privilege, continue to be the master of the producer, the exploiter of the consumer, and the enemy of the independent operator. This is a problem challenging the unceasing effort of untrammelled public officials in every branch of the Government. We pledge vigorously and fearlessly to enforce the criminal and civil provisions of the existing antitrust laws, and to the extent that their effectiveness has been weakened by new corporate devices of judicial construction, we propose by law to restore their efficacy in stamping out monopolistic practices and the concentration of economic power.

#### PRESIDENT ON MONOPOLY

The President in his message to Congress, on January 3, discussing monopolies, said:

Capital is essential; reasonable earnings on capital are essential; but misuse of the powers of capital or selfish suspension of the employment of capital must be ended, or the capitalistic system will destroy itself through its own abuses.

The overwhelming majority of businessmen and bankers intend to be good citizens. Only a small minority have displayed poor citizenship by engaging in practices which are dishonest or definitely harmful to society. This statement is straightforward and true. No person in any responsible place in the Government of the United States today has ever taken any position contrary to it.

But, unfortunately for the country, when attention is called to, or attack is made on specific misuses of capital, there has been a deliberate purpose on the part of the condemned minority to distort the criticism into an attack on all capital. That is willful deception but it does not long deceive. \* \* \*

There are practices which most people believe should be ended. They include tax avoidance through corporate and other methods, which I have previously mentioned; excessive capitalization, investment write ups, and security manipulations; price rigging and collusive bidding, in defiance of the spirit of the antitrust laws by methods which baffle prosecution under the present statutes.

#### FARMERS RESPONSIBLE FOR ANTITRUST LAW

Hon. Robert Jackson, Assistant Attorney General, in charge of the antitrust division, has forcefully called to the attention of the Nation the seriousness of this situation, and in an address to the American Farm Bureau Federation at Chicago, Ill., December 13, said:

The antitrust laws perhaps more than any other public policy owe their existence to the insistence of the farmers. They first came into State legislation in the agricultural States as a result of farm support. They took their place in the national statute books in 1890, supported largely by the influence of the farm-protest movement. They constituted a part of what was known as the "granger laws" and came to enactment as the result of the granger movement or "populist" uprising which caused more jitters among conservatives of that day than the New Deal does today.

The philosophy of the antitrust laws was simple American philosophy. It was their doctrine that competition, left free of restraint, would be a sufficient regulator to assure fair prices and good service to the public. They were based on the theory that the Government owed the duty of policing the economic system to see that no one interfered with its functioning as a system of free enterprise. They were intended to prevent the necessity ever arising for Government control of prices or for Government regulation of business life. They were not designed to get the Government into business, but they were designed to keep the Government out of business.

#### JACKSON CHALLENGES MONOPOLISTS

On December 26, in a radio address, Mr. Jackson stated:

Economic power in this country does not reside in the mass of the people. Economic wealth is alarmingly concentrated in a few, and its management is even more centralized. About one-half of the wealth of the country is in corporate form, and over half of the corporate wealth of the country is controlled by 200 corporations, which in turn are controlled by what a commentator has called "America's 60 families."

Private enterprise in such a form the American people fear. Their fears produce the laws regulating business in this country. Until big business can reconcile its attitudes with the aspirations of our people for democracy and freedom from arbitrary economic power, the suspicion of the masses will find their way to the statute books.

What should government do in the present situation?

In my personal opinion, it would give private enterprise all the assistance and encouragement that can be given without sacrificing the progress toward the preservation of American democracy which we have made in the last 6 years. It can give financial assistance to help private enterprise break into new fields like housing. It can correct specific inequities in the application of tax laws without, however, abandoning our American doctrine that taxes shall be paid in proportion to ability to pay.

#### ICKES ILLUSTRATES EVILS OF MONOPOLY

Hon. Harold Ickes, Secretary of the Interior, in a recent speech has forcefully pointed out the evils of this monopolistic set-up and the effect allowing them to run rough-shod over the country has had on the great masses of our people.

Secretary Ickes states:

Practically all of our greatest historical figures are famous because of their persistent and courageous fight to prevent and control the overconcentration of wealth and power in a few hands. Thomas Jefferson, our first great leader in this fight, knew what it was to be cursed as a Jacobin and a destroyer of the Constitution by the wealthy tycoons of his time.

Andrew Jackson, in his determination to curb the power of the Bank of the United States, felt the fury of the Wall Street of his day. He, too, was denounced as a dictator, as a wrecker of our institutions, in language even more vitriolic than the condemnations which are now being hurled by some of our financial earls at Franklin D. Roosevelt.

#### MEMBERS OF CONGRESS WANT ACTION

I listened with considerable interest on yesterday to the speeches made by the gentleman from Massachusetts [Mr. WIGGLESWORTH] and the gentleman from Virginia [Mr. WOODRUM] on the activities of the communications monopoly, and the Federal Communications Commission charged with the supervision of this known existing monopoly.

I have previously spoken pointing out as best I could the monopolistic set-up of the communications field, especially as it applies to radio. Several other Members of Congress in both branches, during previous sessions have spoken on this same subject and so far no Member of Congress has taken



the floor to defend the known existing evils of this monopoly and in the Communications Commission, as was admitted on yesterday by the gentleman from Virginia [Mr. WOODRUM], chairman of the subcommittee, conversant with the conditions existing in the Federal Communications Commission indicated that the conditions needed correction and to my mind the only correction that can be made is through a congressional investigation, which I have asked for.

As was pointed out on yesterday by the gentleman from Massachusetts [Mr. WIGGLESWORTH] based on the hearing before the House Appropriations Committee it seems that these evil practices which have been repeatedly complained about during recent sessions of Congress, still continue to exist in the Communications Commission and in the communications monopoly. These evils were forcefully pointed out on yesterday by the gentleman from Massachusetts [Mr. WIGGLESWORTH].

#### THE INDICTMENT

Let us review some of these known existing evils that no one in Congress has yet defended.

(1) It was demonstrated that radio censorship and dictatorship exists, not by the Government or any Federal agency but by the vested interests and the radio monopoly.

(2) That radio and motion pictures, the main means of controlling and molding public opinion, are in the hands of the Telephone and Radio Trust, with television about to be added.

The Natural Resources Committee pointed out that television may become a wonderful boon or if misused and misregulated a horrible monster. To permit the present Communications Commission, as it has in the past regulated radio, or rather misregulated, is a thing that Congress must prevent, and one way we can do it is by cleaning up the radio cesspool.

(3) That the public was apparently in the process of being fleeced by stock racketeering in radio securities.

(4) Specific evidence was presented to show that the S. E. C. is helpless to cope with the present Columbia Broadcasting System's stock-issue registration and distribution, which has the appearance of fleecing an innocent investing public; neither can it cope with the issuance of securities by R. C. A., which controls all of the stock of N. B. C.

(5) That the trafficking in radio frequencies, for which broadcasting companies pay the Government nothing, has proven a flourishing racket.

(6) That the F. C. C. was on the verge of giving two frequencies allotted to the Navy to the Columbia Broadcasting System. A situation which has all the appearances of another Teapot Dome.

(7) That the F. C. C. officials have admitted the present existence of the radio monopoly and its racketeering practices and are either unwilling or unable to protect the public and enforce the law. And this monopoly costs the Government \$2,262,375 annually to maintain the Federal Communications Commission to grant free licenses to this monopoly to enable this monopoly to take from the public through advertising over \$140,000,000 annually, with no regulation of the advertising rates to be charged.

(8) That unfair competition prevails whereby privileged individuals, with unusual political connections, are enriched by millions of dollars through the continued holding of so-called experimental licenses.

(9) That the consent decree of 1932 contains elements so suspicious that they fairly shout for complete exposure.

(10) That two governmental agencies, the F. C. C. and the F. T. C., specifically instructed to protect the public against monopoly and monopolists, are either unable or unwilling to enforce the law.

(11) That the Radio Trust has a complete monopoly of the 40 cleared channels.

(12) That 93 percent of all the broadcast power is in the hands of this monopoly.

(13) That radio control of newspapers is a widespread evil.

(14) That the illegal monopoly conditions existing before the consent decree of 1932 were not changed by that decree and still flourish.

(15) The dissemination of indecent, vulgar, nightmare broadcasting programs, which excite the children so they cannot sleep and nauseate the grown-ups in thorough disgust of such programs.

#### THE COMMISSION DUCKS AND DODGES

Some time ago the Commission found it necessary, to appease public demand, to call for a transcript of what was alleged to be an indecent, profane, and blasphemous program, which many have contended ravished the American home.

I note on page 1253 of the hearings that the Commission admits 1,140 separate communications concerning the complaints against the program service of radio service was referred to their legal department. Also, the statement that a large number of individual complaints in letter form have been received, of which no record has been kept for the year 1937. Yet, despite all of these complaints, this Commission, which some Members of Congress are hopeful will correct these indecent conditions, have taken no action toward punishing any station, despite those thousands of complaints, and throughout these hearings I note that the Commission in a number of instances, when asked their recommendations, have repeatedly stated that it is up to Congress to direct the Commission, and the best way to secure the facts is through congressional study or investigation.

The plea was made here on the floor again on yesterday to give the Commission time and they will clean up this mess. What action of the Communications Commission since the appointment of Mr. McNinch and Mr. Craven would indicate to anyone that they have done or plan to do anything which will eliminate the monopolistic and other conditions which they admit exist? Nothing has been done, and I unhesitatingly predict that nothing will be done until Congress makes its own study. They knew these evils and conditions existed at the time of their appointment, and yet have taken no action nor offered no recommendation to protect the American people and the American home.

Mr. Craven had been chief engineer on the Commission since 1935, and as such was thoroughly familiar with the entire set-up. Chairman McNinch has had 5 months now to show what he intends to do—and, as the Good Book says, "By their fruits ye shall know them"—and by his votes, since he has been Chairman of the Commission, he has shown that he can be included with the other known friends of the monopoly on the Commission. For example, one of his first official acts was to vote with the monopoly favoring the unconstitutional usurpation of authority to bar a fellow member of the Commission with whom he did not agree.

It so appears that this fellow member, Hon. George Henry Payne, was then, and is now, trying to clean up the mess that supposedly McNinch and Craven were added to the Commission to clean up. Instead of cleaning up we now find both of them voting with Sykes, Brown, and Case, and as opposed to Payne and Walker. One of the first chances they had to start cleaning up was the cleaning out of the illegal practices going on before the Commission, as was so well pointed out on yesterday by the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Paul Segal and George M. Smith, two of the so-called leading radio attorneys of Washington, D. C., were charged by the Commission, after an official inquiry directed by the Commission, with the following illegal and unethical practices before the Commission:

In a regular meeting of the Federal Communications Commission May 19, 1937:

Whereas the Commission having conducted an investigation into the facts and circumstances concerning the alleged unauthorized and unlawful interpolation of documents into the records of the Commission in the case of Richard M. Castro, Docket 4212, and having inquired into the demeanor, good faith, and conduct of Paul M. Segal and George S. Smith, attorneys for the said Richard M. Castro, in the making and prosecution of the application in the said case; and

Whereas the Commission having further inquired into the demeanor, good faith, and conduct of said Paul M. Segal and George S. Smith in connection with the organization of and filing of applications with the Commission by or for the Palmer Broadcasting Syndicate, Inc.; and

It appearing that the demeanor, good faith, and conduct of the said Paul M. Segal and George S. Smith may constitute unbecoming, unethical, and unprofessional conduct and demeanor as practitioners before this Commission; may constitute concealment in obtaining admission to practice before the Commission of material facts with reference to their legal qualifications, professional standing, character, or integrity; or may constitute a violation of their oaths taken upon admission to practice before the Federal Communications Commission, that they would demean themselves as practitioners before the Commission uprightly and according to law, and that they would support the Constitution of the United States and would conform to the rules and regulations of the Commission; and

It appearing that charges should be preferred against the said Paul M. Segal and George S. Smith, affording them an opportunity to be heard as to why they, and each of them, should not be suspended, disbarred, or their right to practice before the Commission revoked or their further appearance as attorneys before this Commission should not be prohibited:

*It is ordered*, That charges be, and they hereby are, preferred by the Commission against the said Paul M. Segal and George S. Smith for alleged unbecoming, unethical, and unprofessional conduct and demeanor; for the alleged concealment in obtaining admission to practice before this Commission of material facts with reference to their legal qualifications, professional standing, character, or integrity; or for the alleged violation of their oaths taken upon admission to practice before the Federal Communications Commission; that they would demean themselves as practitioners before the Commission uprightly and according to law; that they would support the Constitution of the United States and would conform to the rules and regulations of the Commission in the following particulars, to wit:

1. That the said Paul M. Segal and George S. Smith did, on or about the 9th day of December 1936, knowingly and with intention to deceive, interpolate, or aid and abet in the interpolation of, certain signed and notarized depositions into the files of the Commission in the case of Richard M. Casto, docket 4212, contrary to the rules and regulations of the Commission.

2. That the said Paul M. Segal and George S. Smith did represent said Richard M. Casto in the preparation and filing of his application for a radio station construction permit and in hearings before this Commission on such application, all of which was done with the knowledge that the said Richard M. Casto was not the true applicant, that he did not own the funds as represented, and that he was a subterfuge or dummy applicant for another person, or persons, all of which was done to deceive and mislead the Commission in its consideration of the said application and other applications; and to hinder and delay other applicants from obtaining or operating under authorizations of this Commission.

3. That the said Paul M. Segal and George S. Smith did conceive, organize, and cause to be chartered the Palmer Broadcasting Syndicate, Inc., for the purpose of using said Palmer Broadcasting Syndicate, Inc., as a dummy applicant for authorizations from the Commission, and for the purpose of deceiving and misleading this Commission in its consideration of applications to be filed by the Palmer Broadcasting Syndicate, Inc., and applications of other applicants, and to hinder and delay other applicants in obtaining or operating under authorizations of this Commission.

4. That the said Paul M. Segal and George S. Smith did knowingly and with the intention to deceive have the said Palmer Broadcasting Syndicate, Inc., file applications before the Commission for stations or construction permits at Portland, Maine; Lewiston, Maine; and Cheyenne, Wyo., for the purpose of deceiving and misleading the Commission in its consideration of said applications and applications of other applicants, and to hinder and delay other applicants in obtaining or operating under authorizations of this Commission.

*It is further ordered*, That the said Paul M. Segal and George S. Smith shall file with the Commission within 31 days from the date hereof their several answers under oath to the foregoing charges, which shall include a statement as to whether they wish to appear and be heard thereon.

*It is further ordered*, That the Commission enter upon a hearing, at a time and place hereafter to be fixed, to determine the truth or falsity of the said charges, and to determine whether the said Paul M. Segal and George S. Smith and each of them should be suspended, disbarred, their right to practice before the Commission revoked, or their further appearance as attorneys before this Commission prohibited.

In a meeting of the Federal Communications Commission, September 16, 1937:

Whereas the Commission having inquired into the demeanor, good faith, and conduct of Paul M. Segal and George S. Smith in connection with the organization and filing of applications with the Commission by or for the Commercial Broadcasters, Inc., and the Great Western Broadcasting Association, Inc.; and

Whereas the Commission, having further inquired into the demeanor, good faith, and conduct of said Paul M. Segal and George S. Smith in the making and prosecution of the application of Geraldine Alberghane, Docket 4387; and

It appearing that the demeanor, good faith, and conduct of the said Paul M. Segal and George S. Smith may constitute unbecoming, unethical, and unprofessional conduct and demeanor as practitioners before this Commission; may constitute concealment in obtaining admission to practice before the Commission of material facts with reference to their legal qualifications, professional standing, character, or integrity; or may constitute a violation of their oaths taken upon admission to practice before the Federal Communications Commission, that they would demean themselves as practitioners before the Commission uprightly and according to law, and that they would support the Constitution of the United States and would conform to the rules and regulations of the Commission; and

It appearing that charges should be preferred against the said Paul M. Segal and George S. Smith affording them an opportunity to be heard as to why they and each of them should not be suspended, disbarred, or their right to practice before the Commission revoked, or their further appearance as attorneys before this Commission should not be prohibited:

*It is ordered*, That charges be, and they hereby are, preferred by the Commission against the said Paul M. Segal and George S. Smith for alleged unbecoming, unethical, and unprofessional conduct and demeanor; for the alleged concealment in obtaining admission to practice before this Commission of material facts with reference to their legal qualifications, professional standing, character, or integrity; or for the alleged violation of their oaths taken upon admission to practice before the Federal Communications Commission, that they would demean themselves as practitioners before the Commission uprightly and according to law, that they would support the Constitution of the United States and would conform to the rules and regulations of the Commission in the following particulars, to wit:

1. That the said Paul M. Segal and George S. Smith did conceive, organize, and cause to be chartered the Commercial Broadcasters, Inc., for the purpose of using said Commercial Broadcasters, Inc., as a dummy applicant for authorizations from the Commission, and for the purpose of deceiving and misleading this Commission in its consideration of applications to be filed by the Commercial Broadcasters, Inc., and applications of other applicants, and to hinder and delay other applicants in obtaining or operating under authorizations of this Commission.

2. That the said Paul M. Segal and George S. Smith did knowingly and with the intention to deceive, have the said Commercial Broadcasters, Inc., file application before the Commission for a station or construction permit at Moorhead, Minn., for the purpose of deceiving and misleading the Commission in its consideration of said application and applications of other applicants, and to hinder, and delay other applicants in obtaining or operating under authorizations of this Commission.

3. That the said Paul M. Segal and George S. Smith did conceive, organize, and cause to be chartered the Great Western Broadcasting Association, Inc., for the purpose of using said Great Western Broadcasting Association, Inc., as a dummy applicant for authorizations from the Commission, and for the purpose of deceiving and misleading this Commission in its consideration of applications to be filed by the Great Western Broadcasting Association, Inc., and applications of other applicants, and to hinder and delay other applicants in obtaining or operating under authorizations of this Commission.

4. That the said Paul M. Segal and George S. Smith did knowingly and with intention to deceive have the said Great Western Broadcasting Association, Inc., file applications before the Commission for stations or construction permits at Provo, Utah, and Logan, Utah, for the purpose of deceiving and misleading the Commission in its consideration of said applications and applications of other applicants, and to hinder and delay other applicants in obtaining or operating under authorizations of this Commission.

5. That the said Paul M. Segal and George S. Smith did represent Geraldine Alberghane in the preparation and filing of her application for a radio-station construction permit and did appear for said Geraldine Alberghane, and that they knew or should have known that said Geraldine Alberghane was not the true applicant, that she did not own the funds as represented and that she was a subterfuge or dummy applicant for another person, or persons, all of which was done to deceive and mislead the Commission in its consideration of the said application and other applications; and to hinder and delay other applicants from obtaining or operating under authorizations of this Commission.

*It is further ordered*, That the said Paul M. Segal and George S. Smith shall file with the Commission within 15 days from the date hereof their several answers under oath to the foregoing charges, which shall include a statement as to whether they wish to appear and be heard thereon.

*It is further ordered*, That the hearing on the foregoing charges be consolidated with the hearing on the charges against said Paul M. Segal and George S. Smith contained in the order of the Federal Communications Commission dated May 19, 1937, and that said hearing be set before the Commission en banc on Tuesday, October 5, 1937, at 10:30 a. m., at the offices of the Commission in the city of Washington, to determine the truth or falsity of said charges and to determine whether the said Paul M. Segal and George S. Smith and each of them should be suspended, disbarred, their right to practice before the Commission revoked, or their further appearance as attorneys before this Commission prohibited.



## COMMISSION CONDONES CRIME

Their answer in substance was "all such acts and conduct were in conformity with a prevalent and sanctioned practice before the Commission."

The Commission after many weeks' delay in a typical justice of the peace decision found them guilty, but for some reason best known to themselves, instead of meting out disbarment which should have been rendered, they suspended Segal for 60 days and gave Smith a reprimand. However, I find Mr. Smith on December 16 appearing in a case representing Smith and Segal, despite the fact that the Commission's disbarment of Segal is effective until February 6.

Let us get back to the meat in the coconut. Here we have three broadcasting chains, National, Columbia, and Mutual, controlling all 40 clear channels on the radio dial, 93 percent of the power consumed in the Nation over the radio, and these three chains are known through their control and co-operation with American Telephone & Telegraph who completely control the molding of public opinion in the United States. These chains hold exclusive contracts with American Telephone & Telegraph whereby only American Telephone & Telegraph wires are used for chain broadcasts.

Under this communications set-up this monopoly is almost airtight and complete.

## FINANCIAL SET-UP OF RADIO MONOPOLY

I have previously given the financial set-up and background of the Columbia Broadcasting System in my remarks of July 19, 1937. In my remarks of August 10, 1937, I partially covered the financial set-up and background of Radio Corporation of America. In order to present a little clearer picture of Radio Corporation of America's background we should review the basis upon which this monopoly receives its control. Let us first look at the financial set-up. The General Electric Co. purchased the Marconi holdings in the United States in 1919 and paid the Marconi Co. in this manner. The Radio Corporation of America was organized by issuing 2,000,000 shares of its \$5 par preferred stock and 2,000,000 shares of its common stock. The preferred stock was in payment for the tangible assets including the wireless stations, and so forth, and the common stock was in payment for the patents and goodwill of the Marconi Co. The net worth of the Marconi Co. thus acquired was about ten and one-half million dollars, and the net worth of Radio Corporation of America, 100 percent subsidiary of General Electric just after being thus set up, was estimated to be worth \$20,500,000. This \$10,000,000 difference was carried on the books and based on the supposed increased value of the patents and patent rights held by Radio Corporation of America after the act was issued of the property patents and patent rights of the Marconi Co., and the contracts this subsidiary had with General Electric.

Five hundred thousand shares of Radio Corporation of America common stock at the time of organization was issued to the American Telephone & Telegraph Co. presumably to have their rights in the De Forest patent three-element tube.

The General Electric Co. also took 77,772 shares in addition to their 2,000,000 shares of preferred stock for its services in negotiating the Marconi contract. At the time of this organization, as previously pointed out by me, General Electric and its subsidiary Radio Corporation of America entered into an exclusive contract wherein Radio Corporation of America was required to purchase all of its apparatus and equipment from General Electric at General Electric prices, and it also agreed to sell exclusively to Radio Corporation of America.

## THE HOOVER CONSENT DECREE

As previously pointed out by me in May 1930 the Department of Justice filed a suit to enforce the antitrust laws and to dissolve the Radio Trust. This suit which I will go into in more detail at a later date dragged along until after Hoover's defeat in 1932, when the Hoover appointees realizing that an honest administration would take office in 1933 entered into a conspiracy to defraud the American people by allow-

ing through court action the continuance of this known Radio Trust. The fraudulent practices indulged in in securing this notorious, and to my mind, illegal consent decree have been well concealed until recently. I have no hesitancy in stating that I believe as soon as the facts now available are presented to Congress the Department of Justice may find it necessary to institute proceedings to clean out some of the judicial parasites on the public pay roll.

The stock of the radio monopoly has been reshuffled and the monopoly continued. The question now is since we are going to break up these monopolies, what are we going to do about this one?

## THE FINANCIAL SET-UP OF RADIO CORPORATION OF AMERICA

If ever a monopoly has taken the people for a ride, the R. C. A. has certainly taken the stockholders and the people for one. The gross income of R. C. A. for 1920 to 1936 was \$1,100,079,148. Their cost of doing business during this period was \$959,152,625, leaving a net income before deduction of \$140,886,523. After deducting their losses, recognized expenses, Federal income taxes, and other deductions, their statement shows a net profit transferred to surplus amounting to \$73,416,088. However, after other deductions, write-down, shake-down, and so forth, they only show a net profit of \$11,669,328. Who reaped the profit from this gigantic monopoly? It was certainly not the stockholders, the people, or the Government. Then who was it?

## WHITE ELEPHANTS

The management of this concern, headed by David Sarnoff, on Morgan's preferred list, the record shows. They have been well taken care of through salary, bonuses, and so forth, although he and other members of the management, as stated in public advertisement paid for by Radio Corporation of America, own less than one-half of 1 percent of the outstanding stock. The records will show that they have looted the treasury for themselves and for the preferred-stock holders until there is little or nothing left for the real owners. As a matter of fact, until last month the common-stock holders have never received a dividend; yet during the inflation days of Hoover and Mellon, in 1929, this stock reached a high of \$549 a share.

Let us look at some of the white elephants wished off on the stockholders by the collusion of the investment bankers in cahoots with each other:

(1) The purchase of the Victor Talking Machine Co. at a time when it should have been apparent to any radioman that radio inevitably would do to talking machines what the automobile did to the horse and buggy; and

(2) The purchase of more than a 65-percent interest in R.-K.-O. when the apparent purposes of the investment could have been served with a 30- to 40-percent interest.

(3) The sale of the R.-K.-O. interest, at a substantial loss, at a time when it was not only unnecessary to sell it but when the motion-picture industry itself was beginning, if it had not already actually started, an upswing.

(4) The execution of lease agreements for space so substantially in excess of reasonably predictable requirements that it cost over \$6,000,000 to effect a reduction of R. C. A. leases, and the prospects, as already noted, are that nearly twice that sum will be the cost of adjusting the R.-K.-O. leases.

(5) In other words, the profits of this monopoly have been siphoned off for the management in cahoots with the investment bankers.

Another prize white elephant, of which they are too numerous to mention, was a famous deal in which General Electric and the Westinghouse Cos. took their baby, Radio Corporation of America, for a ride in 1930, receiving 6,580,375 shares of R. C. A. common stock in exchange for an indebtedness of 20 percent in value. Since these two companies already had control of most of the shares, this last gift brought their holdings up to about 73 percent of the outstanding shares, less, of course, any they had sold. On the date of issue the market value of these 6,580,375 shares of common stock was about \$263,000,000, as compared with some \$40,000,000 value stated to have been received for

them. Up until the entry of this consent decree at Wilmington, Del., November 1932, Radio Corporation of America had been under the dictatorial control of General Electric and Westinghouse—the Power Trust. Under the consent decree and the reshuffling of the stock, this transfer of control to R. C. A. management was headed by David Sarnoff, who previously was office boy to Swope and Young, of the Power Trust, which Power Trust last year received more than \$150,000,000 from the American people for power consumed in radio receiving sets alone, as shown by our House Appropriations Committee hearings (p. 1240). The effect of this transfer was really to change masters of the Radio Trust. The stockholders are still holding the bag, and so is the public.

#### SHAKE-DOWN CONTINUES

Another steal on the part of those in control was the sale of the holdings of the Electric & Musical Industries, Ltd., of England, in 1934, in which the Radio Corporation of America had an investment of \$13,189,432. Although this company declared a 10-percent dividend on the ordinary shares, Radio Corporation of America's holdings of this stock amounted to \$327,809.40 after deduction of British income tax at the source. Despite the handsome profits Radio Corporation of America was receiving from this subsidiary, the investment bankers' set-up taking the stockholders for another ride in 1935 liquidated their investment for \$10,225,917, or a supposed loss of \$2,963,515, on a subsidiary dividend-paying company in one of the most promising business fields known. The sale of Radio Corporation of America's English holdings is especially significant to the United States now, in that within less than 1 year from the so-called alleged sale of this company the new company inaugurated television in England for the benefit of the English public, in December 1936. Thus to me indicating greater interest in the welfare and entertainment of the English people than they have shown for those in America who make their profits and existence possible. Thus we find England has had television since December 1936, while the American people are denied television in order that the radio manufacturers may liquidate their present near-obsolete radio sets and unload them on an unsuspecting American public.

This evidently with the consent or, at least the connivance, of the Federal Communications Commission, which was created to protect the American public and for which we are asked to again appropriate almost \$2,000,000, in reality for the benefit of the radio and other communications monopolies.

#### FARMERS DEPRIVED OF TELEVISION

Incidentally, we hear a lot on this floor of the interests which the Congress has in the farmers and in the American people. The American farmer is clean and wholesome and respectable, and looks to Congress to protect his home from the ravishment of indecent, profane, nauseating, and blasphemous radio programs. The city dwellers are entitled to the same protection.

I have already called attention to the fact that the American home is entitled to that protection which the Congress specifically provided for in the Communications Act of 1934.

The radio monopoly and its investment banker set-up has indicated its lack of interest in the American farmer, and but for the strong opposition of one Prof. Charles Francis Harding, head of the Purdue School of Electrical Engineering, would be in a position today to deprive the American farmer in the rural area of ever getting the benefits of television. This Commission, for which we are asked to appropriate some \$2,000,000 to maintain, was specifically charged with backing large companies—monopolies against the smaller organization in the battle for the control of television.

The New York Times of July 17, 1936, reporting on a hearing held by the F. C. C., credited Charles Francis Harding, head of the Purdue School of Electrical Engineering, that its action in depriving Purdue school of

experimental licenses then held in reality, depriving rural United States, permanently of the benefits of television which experts agreed has passed into the stage of practical operation. Those appearing for Purdue University warned the Commission that it dare not become a body of suppression and repression, as they opposed an order issued by the F. C. C. withdrawing two radio frequencies from television experiment then held by that school. The withdrawal of these grants by the F. C. C. made possible the application by R. C. A. for these experimental licenses. However, because of the opposition of Purdue University and its desire to serve the rural population of the United States, the F. C. C. withdrew its previous action after Purdue had turned on the heat.

#### CONGRESSIONAL INVESTIGATION NECESSARY

In view of the facts known to the Congress that the appropriation asked for by the Federal Communications Commission is used primarily for the promotion of monopoly, I do not believe we are justified in appropriating any money at this time. I believe that the appropriation for this Commission should be recommitted and a congressional inquiry instituted and Congress not asked to appropriate money for the perpetuation of a monopoly until all the facts are truthfully known and can be properly acted upon by the House. Such an appropriation as may be necessary to maintain this organization until such time as the Congress has established all the facts can be cared for in a deficiency appropriation bill.

Yesterday we heard speeches by the gentleman from Massachusetts [Mr. WIGGLESWORTH] and the gentleman from Virginia [Mr. WOODRUM] and others regarding what I think is recognized as one of the most outstanding monopolies at the present time. I refer to the Federal Communications Commission. The gentleman from Massachusetts very thoroughly and properly went into that matter, covered the situation as well as it could be covered in the brief time that he had, and pointed out the many abuses known to exist in this Commission. If the gentlemen will refer to the hearings they will find that the activities of this Commission were very thoroughly gone into and these facts that have been known to exist for several years were brought down to date, which shows that little if any progress has been made in curbing this monopoly. 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—and when you know the chain tie-up and the exclusive



contracts that are in existence between the American Telephone & Telegraph Co. and these three broadcasting companies it simply proves that a monopoly does exist.

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

Mr. WOODRUM. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. WIGGLESWORTH. Mr. Chairman, I yield the gentleman 3 minutes.

Mr. McFARLANE. There seems to be no disagreement on these facts. In fact, no one has taken the floor in this House or in the other body and denied that these monopolies do exist, despite the consent decree entered into in 1932. While there was a reshuffling of the stock, there was no change in the monopolistic set-up then or now, and it is known to exist today, and that the newspaper chain broadcasting control does exist today and that radio control is in the hands of a very small group of individuals who have the right to control this entire set-up.

Under the platform pledges referred to, under the solemn statements made by our great leader in the White House who says he wants to curb these monopolies, under the speeches recently made by Mr. Jackson, who is in charge of the anti-trust enforcement division of the Department of Justice, and by Secretary Ickes, an important official of the Government, I am wondering when we are going to begin to enforce the antitrust laws against this known monopoly.

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

Mr. McFARLANE. Yes.

Mr. CONNERY. I compliment the gentleman upon the fine work that he is doing in exposing these conditions, and I say to him that I hope to join with him and others in pressing for the passage of the resolution of the late William B. Connery, Jr., my brother, which was introduced in the first session of this Congress calling for an investigation of the Federal Radio Commission.

Mr. McFARLANE. I thank the gentleman for his contribution, and say that I was with the gentleman's brother, the late Mr. Connery, and others, the gentleman from Massachusetts [Mr. WIGGLESWORTH], and other Members of this body as well as of the other body, trying to force this matter as best we could and bring these matters to the attention of the membership of the House, and they have not been contradicted or denied.

There does not, however, seem to be any driving force in the Rules Committee that will permit these resolutions to be brought out and this investigation carried on, when I know, as you know, that it is the only way that we can efficiently and for the benefit of the great mass of the people get the desired results and get the facts upon which we can recommend legislation to the Congress to correct these known existing evils.

I have called these matters to the attention of the House on numerous occasions. I have pointed out the existence of this monopolistic tie-up. It is in control not only of the entire communications field of this country, but a careful study will show that it has just as complete and almost as much control of the entire communications system of the world. I am just wondering when we will wake from our slumber, when the Rules Committee will have a meeting and take some action on these resolutions that are pending and report back to this House at least affirmatively or otherwise what their action has been in regard to them.

Mr. O'CONNOR of New York. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. O'CONNOR of New York. We have had several meetings on the matter, but we have not had it under thorough consideration. Some 14 years ago I myself called attention to the same situation about this monopolistic control. Personally, I heartily agree with the gentleman, that two or three companies do control radio. The Rules Committee, of course, never issues adverse reports. When they do report they report affirmatively. [Applause.]

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. BACON].

MARCELLUS C. SHEILD

Mr. BACON. Mr. Chairman, my colleague the gentleman from Missouri [Mr. CANNON] paid a well-deserved tribute to Marcellus C. Sheild, clerk of the Committee on Appropriations, who tomorrow celebrates his thirtieth anniversary with the Appropriations Committee. I do not think that in the entire Government service there is a more faithful servant of the people than the clerk of the Committee on Appropriations. He was appointed assistant clerk in 1908 by the Honorable James A. Tawney, of Minnesota, to succeed Kennedy F. Rea, who is now clerk of the Senate Committee on Appropriations.

In 1916 the Honorable John J. Fitzgerald, of New York, was chairman of the Committee on Appropriations. He appointed Marc Sheild as clerk. It is interesting to note that Mr. Sheild was first appointed assistant clerk by a Republican and was promoted to be clerk by a Democratic chairman of the Appropriations Committee. He has served for 30 years under 10 chairmen of the committee, namely, Chairman Tawney; Chairman Fitzgerald, of New York; Chairman Shirley, of Kentucky; Chairman Good, of Iowa; Chairman Madden, of Illinois; Chairman Anthony, of Kansas; Chairman Wood, of Indiana; Chairman Byrns, of Tennessee; Chairman Buchanan, of Texas; and now under our present chairman, Taylor of Colorado.

Thirty years of faithful service to the House of Representatives; 30 years of faithful service to the people of the United States. I am glad of the opportunity of joining with the gentleman from Missouri [Mr. CANNON] in paying tribute to this faithful, efficient man. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. FADDIS].

Mr. FADDIS. Mr. Chairman, some weeks ago the very able and distinguished gentleman from Texas [Mr. SUMNERS] addressed the House briefly upon a subject upon which I had been thinking for several years. It is a subject of such vast proportions, so befogged by intricate ramifications, so filled with abstract answers, that I have hesitated in approaching it. This is the question—not new to this world by any means—of whether or not we are overdoing ourselves in the matter of technological advancement.

Now, I am not one who desires to return to the "horse and buggy" days. I do not believe that all the work of the world is completed and that progress is no longer possible. I do believe that there are unexplored realms far beyond our present power of conjecture. I believe, however, that in our journey into these realms we must keep in view goals other than those which are purely mechanical. If we are to maintain a proper national balance and provide for the general welfare, which is the highest purpose of government, we must learn to distinguish between labor-saving, labor-creating, and labor-displacing machinery.

When we examine the business index for the past year, we discover that while the production curve was running high the employment curve was running low. Industry was functioning with less labor per unit of production than it had in former times. While manufacturing the required amount of commodities with an economy of labor, the number of consumers were decreased. Now, I will state quite frankly that there is much regarding this question about which I am ignorant. I do know this, however: An employed man is a consumer. An unemployed man is not a consumer. Therefore, it is beyond dispute that an employed man is an asset to industry and to the Nation and an unemployed man is a liability to industry and to the Nation.

At the risk of being branded as nonprogressive and lacking in vision, I am going to say that in my humble opinion this Nation has become supersaturated with labor-saving machinery. I know that the cry throughout the world since labor-saving machinery began to be introduced has been that labor-saving machinery in the end creates more demand and

therefore creates more employment. That I believe was true up until about 15 years ago.

Today, however, we have millions of honest men walking the streets in search of employment. Also we have taxation imposed upon those who are employed, in order to maintain these unemployed in a state of quasi-charity—a state which is alike unnatural and undesirable to the unemployed and to the Nation. Our millions of unemployed are not an abstract theory. They are a concrete condition, a condition which no set of trick figures or theoretical dissertation of the glories and advantages of the machine age can eradicate. It is a condition which should no longer be ignored.

I am not going to advocate the abolition of technological advancement. I realize that, in general, it is desirable. I realize the validity of the argument that it has released millions from dangerous and arduous slavery. I realize that it has brought us mass production, luxuries, conveniences, and even necessities to the masses. I do know, however, that there is a vast difference between labor-saving machinery, labor-creating machinery, and machinery which is only labor displacing. The only virtue of some labor-displacing machinery is that it speeds up production. At the same time it saves nothing to the consumer, but throws thousands out of employment. These men are human beings and are entitled to an opportunity to earn a living. If they are denied this opportunity, from whatever cause, their minds are fertile fields for the seeds of such doctrines as "the Government owes us a living." Small wonder that they should believe so. "Self-preservation is the first law of nature," and economic security is the desire of all normal human beings. That is the chief reason why men join labor unions, pay dues, engage in strikes, and even resort to industrial violence. The wolf at the door is more than a chimerical vision to more than 50 percent of the breadwinners of this Nation.

Every well-regulated industry in this Nation has its research department. This department is continually at work endeavoring to develop new products for that industry or the utilization of the byproducts to economical advantages. Wonders have been accomplished and the time element is always in the forefront. I believe that we have reached the stage in our national history where we should engage in research in order to determine whether so-called labor-saving machinery is or is not displacing more men than it employs. If the only advantage is the saving of the time element, at the cost of displaced labor, which must be supported by the taxpayers, then its use is of very questionable value, to say the least. If labor-saving machinery does not lessen the price of the commodity to the ultimate consumer, who is also the taxpayer, sufficient to compensate for the increased taxes necessary to assist the displaced labor, then its value is detrimental. I am going to give to the House some instances in which I am personally acquainted, where I believe the labor displacement has been to the disadvantage of the general welfare.

At one time in my life I worked in the steel mills. I was a heater in what was known as the hot mills. We made the sheet which was later coated with tin and became tin plate. Having a knowledge of this industry and in sympathy with the industry and those employed in it, I have watched the technological advancement within it closely. Thirty years ago we worked in charcoal iron. This was smelted into billets in small furnaces, run through the bar mill, and there rolled into bars which were cut into billets. In the hot mills these billets were rolled into sheets. There were 9 of us on a crew—3 crews a day—27 men on a mill. Due to labor-saving machinery throughout the last 30 years a very large percent of the labor was eliminated before the operation reached the hot mill. I know that much of this labor was reemployed because of increased use of the products and the development of allied industries, such as the manufacture of automobiles. Today we are faced with a different situation. We are faced with a step which will displace labor at an unprecedented rate.

Hot strip mills are being put into operation in which 15,000 men will do the work of 100,000. A displacement of 85,000 men. How and where are they to be reemployed?

The question of their reemployment is a concern of the Nation, just as much as it is the concern of these men. Certainly it is a question which will affect the regulation of taxation which certainly falls under the jurisdiction of government. By virtue of this fact it will also be a question of Government regulation of business. The labor of the workers of this Nation is just as much a part of our national resources as our oil, coal, timber, water, soil, or mineral resources, and its conservation and economical utilization is just as much a national concern. There is also the social and moral side of the question as well. Are the taxpayers of this Nation willing to leave the reemployment of these men to the law of chance? If so, they must be willing to assume their share of assisting them until they are reemployed—if they ever are.

Let me give you another example from my personal experience. I was engaged in the general contracting business for 8 years. Let me show you some of the labor displacement during those 8 years, as it relates to road construction. At the start grading was done by steam shovels. On a steam shovel we had an operator, a fireman, a man with a team hauling coal and water, and two men in the pit who leveled the ground and helped handle the mats upon which the shovel ran. We had from 6 to 10 teams hauling the dirt from the shovel to the grade. On the grade we had from three to five men building the grade and a man on a roller rolling it.

Eight years later we had a gasoline shovel which ran on caterpillar tracks. One operator ran it. From three to five trucks carried the dirt to the grade where one man supervised the dumping and one man with a bulldozer spread and rolled it. Eleven men out of nineteen had been eliminated.

In the laying of the concrete pavement in those 8 years I saw the elimination of 17 out of 24 men. During those 8 years in road construction I saw at least a 50-percent displacement of labor due to mechanical progress.

Also, during those 8 years, I saw the cost of road construction increase one-third. The taxpayer—the ultimate consumer in this case—was paying one-third more for the roads and in addition had the burden of supporting the displaced labor thrown upon his shoulders. The contractor was not getting the increase in the price of construction. Why had he installed this labor-displacing machinery? Because of the demand for more rapid construction. The taxpayer was demanding the elimination of time. At the end of this 8 years we had eliminated half of the time as well as half of the labor. It is all very well to say these men are or will be employed in other lines of industry. That is the abstract answer. The concrete answer is that they are employed—if at all—on the W. P. A.

Many other industries can be cited as like examples. It is conservatively estimated that labor-displacing machinery in offices has displaced 1,000,000 white-collared workers. It is also conservatively estimated that 13,000 individuals are engaged in manufacturing this machinery. Where have the other 987,000 gone? That is a question which should not receive an abstract answer.

I believe that this is a question which deserves some thought and research. I believe it is high time that we began to examine our policies and to find out whether or not our unemployment is the concrete answer to our abstract policy of fighting for time at the expense of decreasing purchasing power. This Government owes to the workers and to the taxpayers of the Nation, in the interest of the general welfare, that they shall not be displaced and left either to starve or become public charges merely as sacrifices to the idol of time.

We have departments to keep trace of the movements of the fowls of the air, the beasts of the forests, and even the fishes of the sea, in the interests of conservation and economy. Our experts on entomology carefully watch the depredations of injurious insects with a view to eradicating or minimizing their injurious migration and multiplications. Our health departments are continually combating the inroads of disease. Let us give some thought to the possibilities



of combating unemployment among our citizens and we will have less taxation to maintain our penal institutions, less industrial disturbances, and less taxation to maintain C. C. C. camps, W. P. A., P. W. A., and similar alphabetical institutions. [Applause.]

Mr. ROMJUE. Will the gentleman yield?

Mr. FADDIS. I yield to the gentleman from Missouri.

Mr. ROMJUE. I am sure the gentleman heard his colleague from Pennsylvania a few minutes ago when he spoke about the wonderful county of Montgomery. So far as I have been able to learn, this is the first time Montgomery County has been out of debt in 100 years; also, it so happens that Montgomery County, like the rest of Pennsylvania, is now operating under a Democratic President and a Democratic Governor. May I ask the gentleman if Montgomery County, like all other counties throughout the United States, has not received benefits and assistance from the Government through W. P. A. and P. W. A.?

Mr. FADDIS. Absolutely.

Mr. ROMJUE. Does it not appear to the gentleman that, since Montgomery County is now out of debt, and under a Democratic Governor and a Democratic President, it may well be called a New Deal child?

Mr. FADDIS. Certainly. I imagine Montgomery County is like every other county in Pennsylvania. The contributions of the Federal Government in the form of the W. P. A. and the P. W. A. have assisted that country in getting out of debt.

Mr. DUNN. I want to substantiate that statement, too. [Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman, last week I visited the Aspinwall—Pittsburgh—Hospital in Allegheny County, Pa., in which our ex-service men are permitted to be hospitalized at Government expense. I know it is a fact that other Congressmen have been called upon to assist ex-service men to obtain hospitalization but when we contact the hospital we are informed by the staff that because of insufficient beds they are unable to admit the patient. It is the duty of the Government to provide hospitalization for our ex-service men regardless of whether they are Spanish-American War or World War veterans. It is an absolute fact that there are many thousands of ex-service men in the country who are not only in need of hospitalization but also in need of employment. I have had many Spanish-American War and World War veterans and the widows of ex-service men come to my office for assistance. It is true that some ex-service men are receiving compensation from the Federal Government because of a disability which they received while in line of military duty. The amount of compensation obtained is insufficient for the ex-service men to meet their necessary obligations; for example: An ex-service man is informed that he is about 15 percent or 25 percent disabled and for that disability he receives from \$15 to \$30 per month. It is also true that many mills, factories, and other business establishments will not employ an ex-service man, nor any other person who is in any way incapacitated. Since it is extremely difficult for our Spanish-American War and World War veterans to obtain employment, then I maintain that it is the duty of the Government to give them adequate compensation or a position which will enable them to obtain sufficient funds with which to provide themselves and their families with a decent livelihood. If any class of people in our country is entitled to a position or an adequate pension it is the Spanish-American War and the World War veterans, and the widows of ex-service men who have dependent children. These men are the ones on whom the United States Government had to depend for its existence. Let us give our ex-service men the consideration to which they are justly entitled.

Mr. WOODRUM. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK of Arizona. Mr. Chairman, not only in the remarks of the gentleman preceding me but earlier in

the day quite a lengthy statement was made concerning the number of beds being used, and those not being used, in the naval hospitals throughout the country. May I call attention to the fact that there are hospitals, especially veterans' hospitals in certain parts of the country, which are sadly lacking beds. I call particular attention to this situation that in the Southwest, where the climate is unusually healthful, especially for people afflicted with tuberculosis, sinus trouble, asthma, arthritis, and other diseases of middle life which diseases now afflict the ex-service men, we have hospitals short on beds and long waiting lists of applicants.

I believe the committee ought to give attention to a readjustment of such facilities. It may be that 30 percent of the hospital beds in some parts of the country are not in use, but I can point to such hospitals as the veterans' facility at Tucson, Ariz., and at other places in the land of sunshine, where there are waiting lists and an insufficient number of beds. It may be that we cannot expect to transfer sick veterans and service men from all parts of the country to these particularly favored spots, but I do believe the committee ought to take these facts into consideration when providing hospital facilities for our ex-service men. The curative quality of our warm, dry climate on the southwestern deserts is a positive factor in the healing of the sick, and the faith of those sick men in the curative climate of that country lends them hope and contentment which is a powerful aid to the healing process.

[Here the gavel fell.]

Mr. WOODRUM. 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. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the independent offices appropriation bill (H. R. 8837), had come to no resolution thereon.

#### EXTENSION OF REMARKS

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein certain excerpts.

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

There was no objection.

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today in the Committee of the Whole House on the state of the Union and include therein certain excerpts and a couple of tables to which I made reference in my remarks.

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

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein some very brief quotations.

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

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an article by Mary Roberts Rinehart.

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

There was no objection.

Mr. MAAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a letter of my own.

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

There was no objection.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein certain excerpts.

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

There was no objection.

#### RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication:

HON. WILLIAM B. BANKHEAD,

*The Speaker, House of Representatives, Washington, D. C.*

MY DEAR MR. SPEAKER: I herewith tender my resignation as a member of the Committee on Claims.

Respectfully,

CHARLES L. SOUTH.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. BRADLEY, until further notice, on account of illness.

#### ADJOURNMENT OVER

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

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

There was no objection.

#### SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 993. An act for the relief of Chazkiel (or Charles) Lewkowsky; to the Committee on Immigration and Naturalization.

S. 1649. An act for the relief of Philipina Baca Klemencic; to the Committee on Immigration and Naturalization.

S. 2257. An act for the relief of Helene Landesman; to the Committee on Immigration and Naturalization.

S. 2707. An act conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co.; to the Committee on War Claims.

S. 3043. An act to provide for loans to farmers for crop production and harvesting during the year 1938 and for other purposes; to the Committee on Agriculture.

S. J. Res. 161. Joint resolution authorizing the Bureau of Labor Statistics to collect information as to amount and value of all goods produced in State and Federal prisons; to the Committee on Labor.

S. J. Res. 204. Joint resolution authorizing the President to issue a proclamation with respect to commemoration of the four hundredth anniversary of the journey and explorations of Coronado in western America; to the Committee on the Judiciary.

#### ADJOURNMENT

Mr. WOODRUM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 42 minutes p. m.) the House, under its previous order, adjourned until Monday, January 10, 1938, at 12 o'clock noon.

#### COMMITTEE HEARINGS

##### COMMITTEE ON THE JUDICIARY

The subcommittee of the House Judiciary Committee appointed to inquire into the courts of the District of Columbia, pursuant to House Resolution 287, will hold a public hearing at 10 a. m. on Monday, January 10, 1938, in the House Judiciary Committee hearing room, regarding the Court of Claims.

##### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m. Tuesday, January 11, 1938. Business to be considered: Hearing on S. 69, train-lengths bill.

##### 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 11, 1938, at 10 a. m.

##### COMMITTEE ON RIVERS AND HARBORS

The Committee on Rivers and Harbors will meet Tuesday, January 11, 1938, at 10:30 a. m., to hold hearings on a report recommending the improvement of the Houston Ship Channel and Buffalo Bayou, Tex.

##### 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 12, 1938, for the public consideration of H. R. 8711 and H. R. 7369.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

971. A letter from the Executive Director, Social Security Board, transmitting a copy of the Second Annual Report of the Social Security Board; to the Committee on Ways and Means.

972. A letter from the Secretary of Agriculture, transmitting, pursuant to law, a section of a report on a study and research of motor-vehicle traffic conditions in the United States, together with recommendations of measures for their improvement, entitled "Skilled Investigation at the Scene of the Accident Needed to Develop Causes." This is the second of a series of reports based upon investigations conducted by this Department (H. Doc. No. 462, pt. 2); to the Committee on Roads and ordered to be printed, with illustrations.

973. A letter from the Secretary of Agriculture, transmitting, pursuant to law, a section of a report on a study and research of motor-vehicle traffic conditions in the United States, together with recommendations of measures for their improvement, entitled "Inadequacy of State Motor Vehicle Accident Reporting." This is the third of a series of reports based upon investigations conducted by this Department (H. Doc. No. 462, pt. 3); to the Committee on Roads and ordered to be printed, with illustrations.

974. A letter from the Secretary of Agriculture, transmitting, pursuant to law, a section of a report on a study and research of motor-vehicle traffic conditions in the United States, together with recommendations of measures for their improvement, entitled "Official Inspection of Vehicles." This is the fourth of a series of reports based upon investigations conducted by this Department (H. Doc. No. 462, pt. 4); to the Committee on Roads and ordered to be printed, with illustrations.

975. A letter from the Secretary, United States Employees' Compensation Commission, transmitting the Annual Report of the United States Employees' Compensation Commission covering the fiscal year ended June 30, 1937; to the Committee on the Judiciary.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BACON: Committee on the Territories. H. R. 8403. A bill to ratify and confirm Act 23 of the Session Laws of Hawaii, 1937, extending the time within which revenue bonds may be issued and delivered under Act 174 of the Session Laws of Hawaii, 1935; without amendment (Rept. No. 1664). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROWE: Committee on the Territories. H. R. 8404. A bill to authorize the Territory of Hawaii to convey the present Maalaea Airport on the island of Maui, Territory of Hawaii, to the Hawaiian Commercial & Sugar Co., Ltd., in part payment for 300.71 acres of land at Pulehu-Nui, island of Maui, Territory of Hawaii, to be used as a site for a new airport; without amendment (Rept. No. 1665). Referred to the Committee of the Whole House on the state of the Union.



## 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. 8769) for the relief of the heirs at law of Barnabas W. Baker and Joseph Baker; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H. R. 8709) to provide for the payment of war-risk insurance to the dependents of officers and enlisted men who lost their lives at the time the U. S. S. *Lakemoor* was torpedoed and sunk on April 11, 1918; Committee on Claims discharged, and referred to the Committee on War Claims.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. O'CONNOR of Montana: A bill (H. R. 8871) to amend clause (4b) of subsection (b) of section 203 of the Motor Carrier Act, 1935; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8872) granting to certain needy persons the right to obtain fuel from lands of the agricultural experiment station near Miles City, Mont.; to the Committee on Agriculture.

By Mr. TREADWAY: A bill (H. R. 8873) to authorize the construction of levees, dikes, pumping plants, and related works for the protection of the city of Holyoke, Mass., from floodwaters; to the Committee on Flood Control.

By Mr. CLASON: A bill (H. R. 8874) to authorize the construction of levees, dikes, pumping plants, and related works for the protection of the cities of Chicopee, Northampton, and Springfield, Mass., and the town of West Springfield, Mass., from floodwaters; to the Committee on Flood Control.

By Mr. COCHRAN: A bill (H. R. 8875) to limit the time for filing claims in the General Accounting Office, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. SPARKMAN (by request): A bill (H. R. 8876) to amend the Classification Act of March 4, 1923, as amended, to create a mechanical service, and for other purposes; to the Committee on the Civil Service.

By Mr. SCRUGHAM: A bill (H. R. 8885) for the benefit of the Goshute and other Indians, and for other purposes; to the Committee on Indian Affairs.

By Mr. PATMAN: Resolution (H. Res. 397) to adjust the purchasing power of the dollar by the necessary monetary policies and measures to attain within the next 12 months the 1926 price level of wholesale commodities, including farm products; to the Committee on Banking and Currency.

By Mr. CELLER: Joint resolution (H. J. Res. 555) proposing an amendment to the Constitution of the United States relative to disapproval of items in general appropriation bills; to the Committee on the Judiciary.

Mr. O'CONNOR of Montana: Joint resolution (H. J. Res. 556) to amend the joint resolution entitled "Joint resolution making funds available for the control of incipient or emergency outbreaks of insect pests or plant diseases, including grasshoppers, Mormon crickets, and chinch bugs," approved April 6, 1937; to the Committee on Agriculture.

## PRIVATE BILLS AND RESOLUTIONS

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

By Mr. CULKIN: A bill (H. R. 8877) granting an increase of pension to Lenora D. Stone; to the Committee on Invalid Pensions.

By Mr. GINGERY: A bill (H. R. 8878) granting an increase of pension to Alice Paul; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8879) granting an increase of pension to Barbara Weber; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8880) granting an increase of pension to Elizabeth Koontz; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8881) granting an increase of pension to Sarah E. Kennedy White; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8882) granting a pension to Lydia Frances Nyman; to the Committee on Invalid Pensions.

By Mr. NELSON: A bill (H. R. 8883) granting a pension to William J. Day; to the Committee on Pensions.

By Mr. POLK: A bill (H. R. 8884) granting a pension to Roscoe Martin; to the Committee on Pensions.

## PETITIONS, ETC.

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

3741. By Mr. CONNERY: Petition of the Portuguese-American Civic League of Peabody, Mass., protesting, by unanimous vote, against the present tariff policy of the United States Government with that of Czechoslovakia; to the Committee on Foreign Affairs.

3742. By Mr. CULKIN: Petition of the nonpartisan meeting of employer-manufacturers of Troy, N. Y., December 10, 1937, urging repeal of the undistributed-profits tax, repeal or amendment of the capital-gains tax, reduction in costs of Government, and that Government cease competing with private business; also opposing passage of a wage and hour bill; to the Committee on Ways and Means.

3743. Also, petition of the Capital District Typothetae, Albany, N. Y., at a meeting December 16, 1937, urging repeal of the undistributed-profits tax, repeal or amendment of the capital-gains tax, reduction in costs of Government, and that Government cease competing with private business; also opposing passage of a wage and hour bill; to the Committee on Ways and Means.

3744. Also, petition of the nonpartisan meeting of employers in the town of Littleton, N. H., December 15, 1937, urging repeal of the undistributed-profits tax, repeal or amendment of the capital-gains tax, reduction in the costs of government, and that Government cease competing with private business; also opposing passage of a wage and hour bill; to the Committee on Ways and Means.

3745. Also, petition of the Eleventh National Asphalt Conference at Memphis, December 9, 1937, opposing the proposed reduction in Federal highway aid; to the Committee on Roads.

3746. Also, petition of the Watertown Local No. 78, International Molders Union of North America, Watertown, N. Y., opposing enactment of the 70-car train limit bill; to the Committee on Interstate and Foreign Commerce.

3747. Also, petition of members of the DeRuyter Seventh Day Baptist Church, DeRuyter, N. Y., urging passage of the Ludlow constitutional amendment providing for a referendum on war; to the Committee on Foreign Affairs.

3748. Also, petition of a nonpartisan meeting of employers in the city of Watervliet, N. Y., December 10, 1937, urging repeal of the undistributed-profits tax, repeal or amendment of the capital-gains tax, reduction in costs of Government, and that Government cease competing with private business; also opposing the passage of a wage and hour bill; to the Committee on Ways and Means.

3749. By Mr. CURLEY: Petition of the Alabama State Industrial Union Council, urging enactment of the McCormack and the Bigelow bills to provide, respectively, a 5-day week and a Civil Service Court of Appeals; to the Committee on the Civil Service.

3750. Also, petition of the New York County Lawyers Association, New York, N. Y., recommending disapproval of House Joint Resolution 515, which seeks to amend the United States Constitution in relation to permitting the President to disapprove or reduce items in appropriations; to the Committee on the Judiciary.

3751. Also, petition of Local 49, Portsmouth, Va., United Federal Workers of America, urging enactment of the McCormack bill providing for a 5-day week and the Bigelow bill providing for a Civil Service Court of Appeals; to the Committee on the Civil Service.

3752. By Mr. FITZPATRICK: Petition of the Social Justice Council, No. 1, of Yonkers, N. Y., urging the passage of the Ludlow bill giving the people the deciding voice in wars which necessitate the use of American soldiers on foreign soil; to the Committee on the Judiciary.

3753. By Mr. GWYNNE: Petition of sundry citizens of Waverly, Iowa, protesting against the imposition of new processing taxes on primary food products; to the Committee on Ways and Means.

3754. By the SPEAKER: Petition of the Regular Veterans' Association, Washington, D. C., petitioning consideration of their resolution passed by executive action of Post No. 75, Cheyenne, Wyo., dated December 20, 1937; to the Committee on Military Affairs.

## SENATE

SATURDAY, JANUARY 8, 1938

(Legislative day of Wednesday, January 5, 1938)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

HOMER T. BONE, a Senator from the State of Washington, and HIRAM W. JOHNSON, a Senator from the State of California, appeared in their seats today.

### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar days Thursday, January 6, 1938, and Friday, January 7, 1938, was dispensed with and the Journal was approved.

### CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Duffy	La Follette	Pittman
Ashurst	Ellender	Lewis	Pope
Bankhead	Frazier	Lodge	Reynolds
Barkley	George	Logan	Russell
Bone	Gibson	Lundeen	Schwartz
Borah	Gillette	McAdoo	Schwellenbach
Bridges	Glass	McCarran	Sheppard
Bulkeley	Graves	McGill	Shipstead
Bulow	Guffey	McKellar	Smith
Byrd	Harrison	McNary	Steiwer
Byrnes	Hatch	Miller	Thomas, Okla.
Capper	Hayden	Minton	Thomas, Utah
Caraway	Herring	Murray	Truman
Chavez	Hitchcock	Neely	Tydings
Connally	Holt	Norris	Vandenberg
Copeland	Johnson, Calif.	Nye	Van Nuys
Davis	Johnson, Colo.	O'Mahoney	Wagner
Donahay	King	Overton	Wheeler

Mr. MINTON. I announce that the Senator from Rhode Island [Mr. GREEN] and the Senator from Delaware [Mr. HUGHES] are absent because of illness.

The Senator from Maryland [Mr. RADCLIFFE] is absent because of a death in his family.

The Senator from Nebraska [Mr. BURKE] is absent on official business as a member of the committee appointed to investigate certain conditions in Puerto Rico.

The Senator from Florida [Mr. ANDREWS], the Senator from Mississippi [Mr. BILBO], the Senator from New Hampshire [Mr. BROWN], the Senator from Missouri [Mr. CLARK], the Senator from Rhode Island [Mr. GERRY], the Senator from Oklahoma [Mr. LEE], the Senator from New Jersey [Mr. MOORE], and the Senator from Florida [Mr. PEPPER] are unavoidably detained.

The Senator from North Carolina [Mr. BAILEY], the Senator from Tennessee [Mr. BERRY], the Senator from Michigan [Mr. BROWN], the Senator from Illinois [Mr. DIETERICH], the Senator from Connecticut [Mr. LONERGAN], the Senator from Connecticut [Mr. MALONEY], the Senator from New Jersey [Mr. SMATHERS], and the Senator from Massachusetts [Mr. WALSH] are detained on important public business.

Mr. GIBSON. I announce that my colleague the senior Senator from Vermont [Mr. AUSTIN] is necessarily absent on

official business by reason of service on a subcommittee of the Judiciary Committee of the Senate. I ask that this announcement stand for all quorum calls during the day.

The PRESIDENT pro tempore. Seventy-two Senators having answered to their names, a quorum is present.

### READING OF WASHINGTON'S FAREWELL ADDRESS

The VICE PRESIDENT, pursuant to the order of the Senate of January 24, 1901, designated Mr. ELLENDER, a Senator from the State of Louisiana, to read Washington's Farewell Address on February 22 next.

### STATISTICS OF AMERICAN NATIONALS, ARMED FORCES, AND INVESTMENTS IN CHINA

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, transmitting, in response to Senate Resolution 210 (submitted by Mr. STEIWER on December 20, 1937, and agreed to January 5, 1938), certain information concerning American nationals, American troops, and American capital in China, which, with the accompanying paper, was referred to the Committee on Foreign Relations and ordered to be printed.

### REPORT OF SURGEON GENERAL OF THE PUBLIC HEALTH SERVICE

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting, pursuant to law, the Annual Report of the Surgeon General of the Public Health Service for the fiscal year ended June 30, 1937, which, with the accompanying report, was referred to the Committee on Finance.

### "INADEQUACY OF STATE MOTOR-VEHICLE ACCIDENT REPORTING"

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, transmitting, pursuant to law, a report entitled "Inadequacy of State Motor-Vehicle Accident Reporting," which, with the accompanying report, was referred to the Committee on Post Offices and Post Roads.

### SPECIAL ASSISTANT ATTORNEYS, DEPARTMENT OF JUSTICE

The VICE PRESIDENT laid before the Senate a letter from the Attorney General, transmitting, pursuant to law, a report showing the special assistants employed under the appropriation "Pay of special assistant attorneys, United States courts," together with the rates of compensation, the amounts paid, and a description of their duties, as of January 1, 1938, which, with the accompanying report, was referred to the Committee on the Judiciary.

### REPORT OF NATIONAL ACADEMY OF SCIENCE

The VICE PRESIDENT laid before the Senate a letter from the president of the National Academy of Sciences transmitting, pursuant to law, the annual report of the Academy for the fiscal year ended June 30, 1937, which, with the accompanying report, was referred to the Committee on the Library.

### PETITION AND MEMORIAL

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Samuel W. Getzen, of Gainesville, Fla., praying for an amendment to the so-called Wagner housing bill to make loans in any amount immediately available for college fraternities, which was referred to the Committee on Banking and Currency.

Mr. SHEPPARD presented a memorial of sundry citizens of Rotan, Tex., remonstrating against the United States becoming involved in war, which was referred to the Committee on Foreign Relations.

### BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. CHAVEZ:

A bill (S. 3198) for the relief of Filomeno Jiminez and Felicitas Dominguez; to the Committee on Indian Affairs.

By Mr. REYNOLDS:

A bill (S. 3199) to provide that it shall be a criminal offense to advise, advocate, or teach principles of government based in whole or in part in opposition to or discrimination