1173. Also, petition of the Council of Jewish Federations and Welfare Funds, Inc., New York City, concerning inclusion of their employees under the Federal old-age security provisions; to the Committee on Ways and Means.

1174. By Mr. MARTIN J. KENNEDY: Resolution adopted by the New York State Waterways Association, New York, urging New York Senators and Congressmen to oppose legislation intended to place control of the rates of water carriers under the jurisdiction of the same body at present vested with the duty of regulating and fostering the business of their competitors; stating that our waterways are public highways upon which no monopoly of transportation is possible, and that it is, therefore, not in the public interest to impose upon carriers by water the type of restrictive regulation which has necessarily been imposed upon other types of interstate carriers in order adequately to protect the shipper; to the Committee on Interstate and Foreign Commerce.

1175. Also, telegram from the New York Clothing Cutters Union, New York City, urging, in behalf of 3,000 members, full appropriation for National Labor Relations Board as recommended by administration, without attaching legislative riders having the effect of amending act without full hearing, which proposed revisions require; to the Committee on Appropriations.

1176. By Mr. MUNDT: House Concurrent Resolution No. 8, introduced by Mr. Swenning, of the South Dakota House of Representatives (the senate concurring), asking Congress to appropriate adequate funds under the Farm Forestry Acts to continue the reforestation program in South Dakota; to the Committee on Appropriations.

1177. Also, House Concurrent Resolution No. 7, introduced by Mr. Lowe, of the South Dakota House of Representatives (the senate concurring), asking for Federal legislation providing for the cancelation of seed and feed loans in South Dakota; to the Committee on Appropriations.

1178. Also, senate concurrent resolution, introduced by Mr. Berry, of the South Dakota Senate (the house of representatives concurring), asking Congress to continue appropriations contained in the Hayden-Cartwright Act for construction and maintenance of highways within Indian reservations; to the Committee on Appropriations.

1179. By Mr. PFEIFER: Petition of the Merchants' Association of New York, concerning freight rates from southern territory into official classification territory as provided for in Senate bills 126, 158, and House bill 188; to the Committee on Interstate and Foreign Commerce.

1180. Also, petition of the State Council of Parks, New York City, opposing any claim of the Federal Government to the ownership of the lands under tidal waters of the State of New York or any other State; to the Committee on the Public Lands.

1181. Also, petition of the Albany Branch, League of Nations Association, Albany, N. Y., concerning our neutrality policy; to the Committee on Foreign Affairs.

1182. Also, petition of the Council of Jewish Federation and Welfare Funds, Inc., New York City, favoring inclusion of their employees under the Federal old-age security provision; to the Committee on Ways and Means.

1183. Also, petition of the Marquette Council, No. 288, Knights of Columbus, Brooklyn, N. Y., urging strict adherance to our neutrality policy; to the Committee on Foreign Affairs.

1184. By Mr. PLUMLEY: Resolution of the Vermont Senate and House of Representatives, to prohibit at once sale and shipment of war materials to Japan; to the Committee on Foreign Affairs.

1185. By Mr. BOLLES: Petition of sundry citizens of Kenosha, Wis., requesting that we adhere to the general policy of neutrality contained in the act of August 31, 1935, and in the act of May 1, 1937; to the Committee on Foreign Affairs.

1186. Also, petition of sundry citizens of Racine, Wis., favoring lifting the Spanish embargo; to the Committee on Foreign Affairs.

1187. By Mr. POLK: Petition of C. C. Bothwell, chief engineer of Division 584, Brotherhood of Locomotive Engineers, Portsmouth, Ohio, and 52 members, approved by a committee composed of Messrs. Scott, Pyles, Colley, Brooks, and Callihan, opposing any bill which has for its purpose the regulation by the Federal Government of miles and hours worked by railroad and train service employees and giving their reasons therefor; to the Committee on Interstate and Foreign Commerce.

1188. By Mr. RISK: Resolution passed by the General Assembly of the State of Rhode Island on February 11, 1939, protesting against the passage of House bill 2196 proposing a tax of 3 cents per gallon on the sale of fuel oil when used for heating and generating purposes; to the Committee on Ways and Means.

1189. By Mr. SCHIFFLER: Petition of Addis Clelland, secretary, and 550 members of Local Union No. 4036, United Mine Workers of America, of Farmington, W. Va., urging the passage of the Townsend bill; to the Committee on Ways and Means.

1190. By Mr. TERRY: Memorial of the Fifty-second General Assembly of Arkansas to the Congress of the United States, requesting passage of adequate legislation providing sufficient funds for the complete multiple-use development of the White River Basin in Arkansas and Missouri; to the Committee on Appropriations.

1191. By Mr. THOMAS of New Jersey: Letter from William E. Milner, commander, Epps Post, No. 126, the American Legion, Dunsmuir, Calif., on behalf of Epps Post, conveying message of congratulations and support in Congressman THOMAS' impeachment charges recently preferred against the Secretary of Labor and two pricincpal aides for coddling and protecting from deportation certain aliens illegally within the borders of the United States of America and for the Secretary of Labor's direct violation of the immigration laws and oath of office in refusing to carry out deportation orders of Federal courts; to the Committee on the Judiciary.

1192. Also, letter from Lewis H. Clarke, adjutant, the American Legion, Club Post, No. 373, Los Angeles, Calif., advising Congressman THOMAS that at a regular meeting of that post held on February 7, 1939, a motion was unanimously passed commending him for his efforts in exposing an apparent lack of effort on the part of the Department of Labor to clarify a situation objectionable to every right-thinking American citizen, and the letter further stated "please rest assured that this post, together with hundreds of other posts of the American Legion scattered throughout the United States fervently hopes that other legislators, inspired by your courageous leadership will assist in remedying a branch of our Government that is showing itself to be unhealthy"; to the Committee on the Judiciary.

1193. By Mr. THORKELSON: Petition of the Legislature of the State of Montana, asking the Congress of the United States of America to assist the beet-sugar industry in Montana; to the Committee on Agriculture.

1194. By Mr. VAN ZANDT: Petition of Council No. 454, Junior Order United American Mechanics, Clearfield, Pa., favoring Resolutions 26 and 27 as introduced by Congressman DIES and also an appropriation of $150,000 to carry on the investigation; to the Committee on Appropriations.

1195. By the SPEAKER: Petition of certain citizens of the States of New York and New Jersey, petitioning consideration of their resolution with reference to peace; to the Committee on Foreign Affairs.

SENATE

MONDAY, FEBRUARY 20, 1939

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Gracious Father, who dost reveal to us the secret mystery of life as Thou holdest our feeble hands in Thine, making us to know ourselves in knowing Thee: Lead us, we beseech Thee, into a more beautifully ordered life, with finer sympathies for every day's most quiet need, with keener insight and compassion for the unobtrusive sorrows of companions on the way, with freer hearts to share and braver hearts to

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bear the crushing burdens, howsoever laid, upon the hapless shoulders of our fellow men, that love and truth and kindliness may through us lead our people to their highest destiny. We ask it in the name of Jesus Christ our Saviour. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of Friday, February 17, 1939, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed a bill (H. R. 4218) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. BARKLEY. 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	Donahey	King	Russell
Andrews	Downey	La Follette	Schwartz
Ashurst	Ellender	Lee	Schwellenbach
Austin	Frazier	Lewis	Sheppard
Bailey	George	Logan	Shipstead
Bankhead	Gerry	Lucas	Smathers
Barbour	Gibson	Lundeen	Smith
Barkley	Gillette	McKellar	Stewart
Bone	Glass	McNary	Taft
Borah	Green	Maloney	Thomas, Okla.
Bridges	Guffey	Mead	Thomas, Utah
Brown	Gurney	Miller	Tobey
Burke	Harrison	Minton	Townsend
Byrd	Hatch	Murray	Truman
Byrnes	Hayden	Neely	Tydings
Capper	Herring	Norris	Vandenberg
Caraway	Hill	Nye	Van Nuys
Chavez	Holman	Overton	Wagner
Clark, Idaho	Holt	Pittman	Walsh
Connally	Hughes	Radcliffe	Wheeler
Danaher	Johnson, Calif.	Reed	White
Davis	Johnson, Colo.	Reynolds	Wiley

Mr. MINTON. I announce that the Senator from Wyoming [Mr. O'MAHONEY] is detained from the Senate because of illness.

The Senator from Mississippi [Mr. BILBO], the Senator from South Dakota [Mr. BULOW], the Senator from Missouri [Mr. CLARK], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Florida [Mr. PEPPER] are detained on important public business.

Mr. WALSH. I announce the absence of my colleague [Mr. LODGE], owing to the death of his grandmother.

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

GENERAL ANTHONY WAYNE MEMORIAL COMMISSION

The VICE PRESIDENT laid before the Senate the following letter of resignation:

UNITED STATES SENATE, *February 20.*

Hon. JOHN N. GARNER,
Vice President of the United States.

MY DEAR MR. VICE PRESIDENT: While appreciating your high consideration in your designation of me to be a member of the Anthony Wayne Memorial Commission, I am unable to give this assignment the time and attention it deserves and requires. Therefore, I present my resignation from the Commission.

Respectfully yours,

A. H. VANDENBERG.

The VICE PRESIDENT appointed the Senator from Ohio [Mr. TAFT] a member of the General Anthony Wayne Memorial Commission, pursuant to Public Resolution 64, approved August 19, 1937, vice the Senator from Michigan [Mr. VANDENBERG], resigned.

LANDS ON SISSETON INDIAN RESERVATION, N. DAK. AND S. DAK.

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to authorize the consolidation of the lands on the Sisseton Indian Reservation, N. Dak. and S. Dak., which, with the accompanying papers, was referred to the Committee on Indian Affairs.

REHABILITATION AND SUBSISTENCE HOMESTEADS FOR INDIANS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to amend title II, section 208, of the act approved June 16, 1933 (48 Stat. 205–206) to authorize the Secretary of the Interior to adjust or cancel reimbursable features of said act insofar as they apply to Indians, and for other purposes, which, with the accompanying paper, was referred to the Committee on Indian Affairs.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Oregon, which was referred to the Committee on Agriculture and Forestry:

House Joint Memorial 7

To the Honorable Senate and House of Representatives of the United States of America in Congress assembled:

We, your memorialists, the Legislature of the State of Oregon, respectfully represent that:

Whereas there exists within the Pacific Northwest a condition of economic distress which has caused widespread unemployment, creating much suffering and want of necessities of life among a great many of the people of said area; and

Whereas the Pacific Northwest is without proper military protection in that said section is wholly cut off from the East by the Bitter Root Mountains, with only one passage through said range from the Canadian border to Bannock Pass, a distance of some 800 miles; and

Whereas it has become the public policy as well as the urgent need of the United States to take affirmative steps to relieve the conditions aforesaid; and

Whereas the Lewis and Clark Highway follows a low-elevation water grade from Portland, Oreg., across the States of Oregon, Washington, and Idaho, through the Lolo Pass, the lowest pass in the Bitter Root Range, and which is centrally located, to Missoula, Mont., and will provide an adequate military and commercial route which is so badly needed; and

Whereas the Lewis and Clark Highway has been completed, with the exception of only 50 miles which lies wholly within the national forests of Idaho, and appropriations for forest roads in national forests, which in Idaho cover 34,000,000 of its total 53,000,000 acres, are inadequate to provide for completion of said highway from that source; and

Whereas these national forests are of the largest, most beautiful, interesting, and valuable of the national forests, affording unsurpassed recreational opportunities for the people of the entire Nation, and is not accessible either by rail or national highway; and

Whereas this highway would be of great benefit to the States of Idaho, Montana, Washington, and Oregon to facilitate marketing of their products, would provide adequate military protection to the Pacific Northwest, would provide adequate employment to reduce the critical effect of the present economic distress in this area, and would stimulate national trade and commerce; and

Whereas the Lewis and Clark Highway has been designated as eligible for Federal aid: Now, therefore, be it

Resolved, That the House of Representatives of the State of Oregon (the senate concurring) do most respectfully urge on the Congress of the United States that the said Congress pass such legislation and make the necessary appropriations to provide for the complete construction of the unfinished portion of said highway above mentioned, and that the Forest Service of the Department of Agriculture and/or the War Department and/or the Department of the Interior of the United States be authorized and directed to begin immediate construction thereon; be it further

Resolved, That the secretary of state of the State of Oregon be authorized, and is hereby directed, to immediately forward certified copies of this joint memorial to the Secretary of Agriculture, the Secretary of War, the Senate and House of Representatives of the United States, to Senators and Representatives in Congress from the States of Idaho, Oregon, Washington, and Montana, and to the President, Franklin D. Roosevelt.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of South Dakota, which was referred to the Committee on Mines and Mining:

House Concurrent Resolution 9

Concurrent resolution memorializing the Congress of the United States of America to provide for the investigation, survey, and development of the manganese resources of South Dakota

Be it resolved by the House of Representatives of the State of South Dakota (the senate concurring):

Whereas there are extensive deposits of manganese of good quality within the State of South Dakota which have not been thoroughly investigated, surveyed, nor developed; and

Whereas such deposits are believed to be superior to and more extensive than any others which may be found within the United States; and

Whereas an adequate supply of domestic manganese is of prime importance to the industries, commerce, and protection of the United States; and

Whereas the United States Department of Interior, and the Division of Metals and Minerals of the United States Department of Commerce have the facilities and personnel required for a proper survey and investigation of the South Dakota manganese deposits: Now, therefore be it

Resolved by the house of representatives (the senate concurring), That the Congress be, and it is hereby, memorialized and petitioned to promptly take such steps as may be necessary to provide for the early investigation, survey, and development of the manganese deposits in South Dakota, by the Federal Government and its appropriate agencies; and be it further

Resolved, That copies of this memorial be certified and forwarded by the secretary of state of South Dakota to the Secretary of State of the United States at Washington, D. C., and to the Vice President of the United States as presiding officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

The VICE PRESIDENT also laid before the Senate a joint memorial of the Legislature of the State of Montana, favoring the enactment of legislation adopting the principles of the so-called Townsend national recovery plan substantially as set forth in House bill 4199 (Seventy-fifth Congress), a general-welfare bill granting old-age assistance, which was referred to the Committee on Finance.

(See joint memorial printed in full when presented today by Mr. WHEELER.)

The VICE PRESIDENT also laid before the Senate resolutions adopted by Lodge No. 1010, Steel Workers Organizing Committee, of Indiana Harbor, and Torrance Lodge, No. 1414, Amalgamated Association of Iron, Steel, and Tin Workers of North America, affiliated with C. I. O., of Torrance, Calif., protesting against amendment of the National Labor Relations Act, which were referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the Board of Supervisors of the City and County of Honolulu, T. H., protesting against the negotiation of a trade agreement with Cuba supplementary to the trade agreement signed at Washington on August 24, 1934, pertaining to the duty on sugar imported into the United States from Cuba, which was referred to the Committee on Finance.

He also laid before the Senate a resolution of the Audubon Association of the Pacific, San Francisco, Calif., protesting against the enactment of legislation relating to predatory animals in natural parks, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a resolution of the Berkeley (Calif.) Young Democratic Club, favoring the purchase by the United States of the Redwood Mountain grove of big trees for national-park purposes, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a resolution of the Berkeley (Calif.) Young Democratic Club, favoring the enactment of legislation establishing the Kings River region as the John Muir National Park, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a resolution adopted by the Board of Harbor Commissioners of the City of Los Angeles, Calif., protesting against the enactment of the joint resolution (S. J. Res. 24) relative to the establishment of title of the United States to certain submerged lands containing petroleum deposits, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a resolution of Midwest Local, No. 233, Oil Workers International Union, of Midwest, Wyo., favoring an adequate appropriation for the National Labor Relations Board, which was ordered to lie on the table.

Mr. DANAHER presented a petition, numerously signed, of sundry citizens of the State of Connecticut, praying for the enactment of the so-called Pepper-Boland bill, providing for the education of all types of physically handicapped children, which was referred to the Committee on Education and Labor.

Mr. ELLENDER presented a petition of sundry citizens of Terrebonne Parish, La., praying that the open season on Wilson or jack snipe in the coastal regions of Louisiana be extended at least until the end of February, which was referred to the Special Committee on Conservation of Wildlife Resources.

Mr. MALONEY presented a resolution of officers and members of Russell Council No. 65, Knights of Columbus, of New Haven, Conn., urging that the United States adhere to the policy of absolute neutrality with respect to the existing conditions in Spain, and that the embargo on the shipment of munitions to Spain be continued, which was referred to the Committee on Foreign Relations.

Mr. HOLT presented a resolution adopted by the executive committee of the Wood County Teachers' Association, Parkersburg, W. Va., favoring the enactment of legislation to prevent the retroactive application of any Federal tax upon employees of the States and their instrumentalities, which was referred to the Committee on Finance.

He also presented a resolution of the Logan Coal Operators' Association of the Logan district in West Virginia, favoring the enactment of legislation increasing the duty on the importation of foreign oil and also amendment of the so-called Gas Act so as to regulate the gas industry and prevent the dumping of natural gas for industrial purposes, etc., which was referred to the Committee on Interstate Commerce.

Mr. REED presented petitions of 17 citizens of Stafford County, 21 citizens of Garden City, 45 citizens of Winfield, and 52 citizens of Clay County, all in the State of Kansas, praying for the enactment of legislation to prohibit the advertising of alcoholic beverages by press and radio, which were referred to the Committee on Interstate Commerce.

He also presented petitions of 31 citizens of Wichita, 57 citizens of Sumner and Sedgwick Counties, and 100 citizens of Herington, all in the State of Kansas, praying for the enactment of legislation to limit the service of railroad employees to not more than 208 hours in 1 month, which were referred to the Committee on Interstate Commerce.

Mr. MEAD presented a resolution adopted by the Kensington Taxpayers & Community Association, Buffalo, N. Y., favoring the enactment of legislation to tax the incomes of Federal and State employees and other persons whose incomes are at present exempt from taxation, which was referred to the Committee on Finance.

He also presented a telegram in the nature of a petition from the League of Nations Association of New York City, praying that the Foreign Relations Committee of the Senate report back to the Senate the joint resolution (S. J. Res. 67) to amend the Neutrality Act, which was referred to the Committee on Foreign Relations.

He also presented a letter in the nature of a memorial from the executive committee of the Merchant Truckmen's Bureau of New York, N. Y., remonstrating against the ratification of the St. Lawrence deep waterway treaty with the Dominion of Canada, which was referred to the Committee on Foreign Relations.

He also presented a resolution of officers and members of Marquette Council, No. 283, Knights of Columbus, of Brooklyn, N. Y., favoring continuation of the policy of absolute neutrality by the United States with respect to the war in Spain, and also that the Spanish embargo be not lifted, which was referred to the Committee on Foreign Relations.

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

Senate Joint Memorial 5

Memorial to the Congress of the United States of America requesting it to assist the beet-sugar industry in Montana

Whereas only 29.5 percent of domestic sugar sales are allotted to domestic producers at present. Cuba has practically the same amount and our insular possessions 41.5 percent. American producers are rightfully entitled to all of the domestic market that they are able to supply; and

Whereas the import quotas of raw sugar as set at the present time have brought the farmers, the workers in the beet-sugar factories, and the laborers in the beet fields in direct competition with the poorly paid labor in the sugar-producing territories outside of continental United States; such competition has the direct result of lowering the standard of living of these farmers and laborers to the level incompatible with the American way of life; and

Whereas sugar beets can be effectively grown at a reasonable profit in this State and there is no food more valuable to the consumer in nutritive worth even at a much higher price than at present; and

Whereas the production of sugar beets provides employment at good wages for many times as many workers as the same acreage of other crops adapted to this latitude and any control of the expansion of sugar-beet acreage means more unemployment and more relief clients who could otherwise make a living in this industry; and

Whereas there is grave danger that the present policy, if continued, will result in many now employed in this country losing their means of livelihood, thereby further increasing the already tremendous burden of unemployment; and

Whereas our beet growers, if permitted to make a reasonable amount of money are, due to their higher standard of living, many times better customers for eastern industry as are foreign sugar laborers and planters; and

Whereas an orderly and sound expansion of beet plantings in accordance with the development of suitable land and the building of new factories to take care of the increased production is a reasonable and necessary process to the building up of this State and should be encouraged; and

Whereas the expansion of the domestic production of sugar should be encouraged as a problem of national economy and defense; the acute shortage of sugar during the World War demonstrated our need for a much higher domestic sugar production in time of emergency; and

Whereas because of the high altitude of this region there are practically no substitute crops for sugar beets and the restriction of the beet industry means the throttling of our agriculture by eliminating the best cultivated crop in a proper rotation for maintaining soil fertility and weed control; and

Whereas the development of profitable agricultural operations is so vital to the business of all of Montana as well as of the entire United States, and should be given most serious consideration by all individuals and law-making bodies; and

Whereas the beet growers' associations of Montana, supported by the Montana Federation of Labor and Montanans, Inc. (the State chamber of commerce), have given serious and careful consideration to the present sugar quotas and the above facts have been definitely established: Now, therefore, be it

Resolved, That it is the prayer of your memorialists, the Twenty-sixth Legislative Assembly of the State of Montana, that the Congress of the United States should, by proper legislation, right the wrong suffered by the farmers, processors, and wage earners engaged in the growing and manufacturing of beet sugar, by immediately raising the domestic sugar quota to permit the unrestricted production of sugar within the continental limits of the United States, and to maintain the protective market by quota reductions and adequate tariffs on foreign sugar; be it further

Resolved, That a copy of this memorial, duly authenticated, be sent by the secretary of state to the Senate and House of Representatives of the United States and to each of the Senators and Representatives of Montana in Congress.

Mr. WHEELER also presented the following joint memorial of the Legislature of the State of Montana, which was referred to the Committee on Finance:

Senate Joint Memorial 2

Memorial to the Congress of the United States for the passage of an act incorporating the principles of the Townsend national-recovery plan substantially as set forth in a bill entitled "H. R. 4199," introduced into the House of Representatives in the first session of the Seventy-fifth Congress of the United States on February 2, 1937

To the honorable Senate and House of Representatives of the United States in Congress assembled in the Seventy-sixth session:

Whereas the problems of unemployment and social security are two of the most vital economic issues now confronting the people of the State of Montana, as well as all other States of the Union; and

Whereas the United States Government has incurred an enormous debt in providing a bare subsistence for several million unemployed persons; and

Whereas it will be impossible to continue such relief appropriations indefinitely without serious injury to the credit of the Nation; and

Whereas the economic problems of unemployment and social security cannot be properly handled by individual States, but are national problems involving the general welfare of the whole Nation; and

Whereas the Townsend national recovery plan, as set forth in the General Welfare Act of 1937 (H. R. 4199), introduced in the last session of Congress, provided for the collection of a 2-percent tax on business transactions and the pro rata monthly distribution of the proceeds to persons over 60 years of age who agree to retire from gainful employment and expend their monthly allotments for the products of American capital and labor; and

Whereas it is the purpose of such plan—

1. To retire from active employment some four or five million persons over 60 years of age and provide jobs for several million persons under 60 years of age.

2. To decrease, if not eliminate, expenditures for relief.

3. To eliminate the necessity of hoarding to provide for needs incident to advancing age.

4. To stimulate trade and industry by increasing the purchasing power of persons of advanced years.

5. To relieve the present stagnation of money and credits by providing a market for products of American capital and labor: Now, therefore, be it

Resolved by the Senate of the State of Montana (the house concurring), That we do hereby petition the Congress of the United States of America for the enactment of the Townsend national-recovery plan into law, the said plan being deemed just and equitable to all persons in the United States; be it further

Resolved, That a copy of this memorial be transmitted by the secretary of state of Montana to the President of the United States, to the Senate and House of Representatives of the Congress of the United States, and to the Senators and Representatives in Congress from the State of Montana, and they and each of them be requested to use all honorable means within their power to bring about the enactment of the Townsend recovery plan into law at the earliest possible time.

Mr. BYRNES presented the following joint resolution of the House of Representatives of the State of South Carolina, which was referred to the Committee on Agriculture and Forestry:

House resolution memorializing the Congress of the United States to rehabilitate the Florington National Farm Loan Association of Darlington County, S. C., and other such inactive associations in this State

Be it resolved by the House of Representatives of the State of South Carolina, That the Congress of the United States is hereby memorialized to take the necessary and proper steps to rehabilitate all inactive national farm loan associations in the State of South Carolina, and especially the Florington National Farm Loan Association of Darlington County, S. C.; be it further

Resolved, That copies of this resolution be forwarded to the Members of the United States Senate and House of Representatives from the State of South Carolina.

Mr. MURRAY presented a joint memorial of the Legislature of the State of Montana, favoring the enactment of legislation to assist the beet-sugar industry in Montana, which was referred to the Committee on Agriculture and Forestry.

(See joint memorial printed in full when presented today by Mr. WHEELER.)

Mr. MURRAY also presented a joint memorial of the Legislature of the State of Montana, favoring the enactment of legislation adopting the principles of the so-called Townsend national recovery plan substantially as set forth in House bill 4199, a general-welfare bill granting old-age assistance, which was referred to the Committee on Finance.

(See joint memorial printed in full when presented today by Mr. WHEELER.)

Mr. GEORGE. I present two memorials from the Legislature of the State of Georgia. I especially direct attention to the first memorial asking for a change in the entire farm program. I ask that the memorials be referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. The memorials will be received and referred as requested by the Senator from Georgia, and, under the rule, they will be printed in the RECORD:

To the Committee on Agriculture and Forestry:

Whereas the State of Georgia is dependent upon farming and the prosperity of our farmers reflects itself in every other vocation, profession, and occupation; and

Whereas for the past 6 years we have tried experimentation and new and untried laws affecting farming generally; and

Whereas after the expenditure of billions of dollars on this experimentation and untried legislation the farmers now find themselves in equally as bad condition as in 1912: Now, therefore, be it

Resolved, That the Georgia delegation in Congress be requested to enact and pursue some method of legislation to restore the prosperity of the farmers, and that a copy of this resolution be sent to Georgia's 2 Senators and 10 Members of the House of Congress.

Resolution urging an increased Federal appropriation for forest-fire control

Whereas additional Federal funds are urgently needed in Georgia for forest-fire protection; and

Whereas there has been introduced into Congress a bill, S. 228, providing for an increase in the Federal appropriation for national forest-fire control from $2,500,000 to $9,000,000; and

Whereas Georgia's portion of Federal funds for forest-fire control would be materially increased if the new bill is passed by Congress: Therefore be it

Resolved by the Senate of the State of Georgia (the house of representatives concurring), That the Members of the Georgia

delegation in Congress be requested to give their full support to this bill: Be it further

Resolved, That copies of this resolution be transmitted to each Member of the Georgia delegation in our Congress.

MAINTENANCE OF NEUTRALITY ACT—PETITIONS

Mr. CAPPER. Mr. President, I present to the Senate, for reference to the Committee on Foreign Relations, petitions from more than a score of Kansas cities and towns, urging continuance of the present Neutrality Act and protesting specifically against the lifting of any embargo on arms shipments; also several petitions urging nonparticipation in aggression by the United States and the discontinuance of shipments of war supplies to Japan.

These petitions are signed by several thousand citizens of Topeka, Herington, Russell, Manhattan, Stafford, Cheney, Niles, Kinsley, Bellefont, Ashland, Fowler, Princeton, Bloomington, Medicine Lodge, Concordia, Independence, Downs, Alton, Atwood, and Fort Scott, in the State of Kansas.

Mr. President in connection with these petitions I desire to restate my own position in regard to the Neutrality Act. In the present disturbed state of the world, I believe the United States should maintain the strictest possible neutrality in relation to the Old World.

I feel that we should have recognized long ago that war was being waged in China, and should have applied the provisions of the Neutrality Act as prohibiting shipments to both sides. We should refuse to sell scrap iron or other war materials to Japan or any other country engaged in war.

It seems to me that the extent of the agitation for and against the shipment of arms to Spain is a plain sign that the United States would add to domestic turmoil by taking sides in that conflict; in fact, in any foreign conflict.

I am opposed to establishing fortifications at Guam, 6,250 miles from this continent, or any other move that undertakes to make the United States the policeman of the world.

We should do our best to take the profit out of war, mind our own business, and stay out of all foreign wars.

If any changes are made in the Neutrality Act, the amendments should be to strengthen it, not to weaken it by allowing more discretion to the President to decide whether or not its provisions shall be applied.

The VICE PRESIDENT. The petitions presented by the Senator from Kansas will be received and referred to the Committee on Foreign Relations.

ADDITIONS TO OLYMPIC NATIONAL PARK, WASH.—TIMBERLANDS

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Public Lands and Surveys copy of a letter from Mr. L. T. Thornton, of Aberdeen, Wash., dated February 1, 1939.

There being no objection, the letter was referred to the Committee on Public Lands and Surveys and ordered to be printed in the RECORD, as follows:

Senator JAMES J. DAVIS,
307 Senate Office Building, Washington, D. C.:

On June 29, 1938, the Seventy-fifth Congress of the United States, during regular session, passed H. R. 10024, an act to establish the Olympic National Park in the State of Washington.

This park, with the present boundaries, is now the greatest timber national park in our Nation and contains an adequate acreage of virgin timber of all species for museum, scenic, and recreational requirements, there being represented large stands of old-growth Douglas fir, spruce, hemlock, cedar, and all other native types, containing approximately 12,000,000,000 to 14,000,000,000 feet of merchantable timber.

Section (5) of H. R. 10024 provides that the President may after 8 months from the approval of this act (act approved June 29, 1938) by proclamation add to the Olympic National Park any lands within the boundaries of the Olympic National Forest and any lands which he may deem advisable to add to such park. Section (5) further provides that the total area of said park shall not exceed 898,292 acres. Section (5) further provides that before issuing any such proclamation the President shall consult with the Governor of the State of Washington, the Secretary of the Interior, and the Secretary of Agriculture, and advise them of the lands which he proposes to add to such park, and shall afford them a reasonable opportunity to consult with and communicate to him their views and recommendations with respect to the addition of such lands to such park.

We believe it would be eminently unfair to take further from the timber lying to the south and west which now remains for the use of our industries and the benefit of our wage earners. We believe any addition made should include such areas as Hurricane Ridge, Deer Park, and Mount Angeles and other areas to the east, these areas being of real park caliber.

TAX EXEMPTION OF GOVERNMENTAL SECURITIES AND SALARIES

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Finance a letter from Hon. S. Davis Wilson, mayor of Philadelphia, of February 18, 1939, relative to the proposed taxing of municipal bonds and salaries of public employees. Pursuant to the subject I also ask inclusion in the RECORD and the same reference of a resolution of the City Council of McKeesport, Pa.

There being no objection, the letter and resolution were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

CITY OF PHILADELPHIA,
OFFICE OF THE MAYOR,
February 18, 1939.

Hon. JAMES J. DAVIS,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: In connection with the proposal now pending before Congress for the taxing of municipal bonds and salaries of public employees as well, it is my belief that any such proposal, if made effective by legislation, would greatly increase the cost of municipal financing. This is especially so in Philadelphia, which has long enjoyed a favorable position in the financial world. If the bill proposes to tax bond issues already sold, or the income therefrom, the city of Philadelphia will very likely be required to reimburse the taxpayer for the amount of the taxes he will have to pay on the income derived from the city's securities. Our contract with the bond buyer provides that he shall be protected against any taxes assessed upon the bond. A recent supreme court decision of our State has held that a tax on income from securities is a tax on the principal. The city at present has approximately $550,000,000 of outstanding bonds, and the addition of a tax on the income of these bonds in favor of the Federal Government would have to be added to the cost of maintaining the debt service charges and would have to be paid not by the lender but by the taxpayers of the city of Philadelphia. On the other hand, if the bill proposes to tax the income received from future issues of Philadelphia bonds, the debt service charges on such bonds will be increased, because the buyers will demand a rate of interest which will compensate the purchaser of the bond for the Federal taxes he will have to pay.

The proposed reciprocal right to tax Federal securities would be of no benefit to most municipalities for the reason that ordinarily municipalities are not invested with the power to levy taxes on such securities.

In addition it would seem to be a futile thing to have the city of Philadelphia taxing its citizens to pay taxes to the Federal Government, either directly or indirectly, and the Federal Government taxing, inter alia, the citizens of Philadelphia to pay taxes to the city of Philadelphia. It could only result in an increase in the cost of administration of both governments, with the burden being borne not by the lender but by the persons who are responsible as taxpayers for the maintenance of government services in the municipality.

The same reasoning applies to a lesser extent to the proposal to tax the incomes of municipal employees. In this connection it must be remembered that such employees do not have the protection afforded to persons engaged in industry and commerce arising from existing labor laws, and that hours of employment and compensation received by municipal employees is generally on a lower scale than those guaranteed to employees in private industry.

In view of that fact, income taxes chargeable against the salaries of municipal employees would no doubt tend to either increase the cost of rendering municipal government services or reduce the standard of employees below the requirements for such services.

Very truly yours,

S. DAVIS WILSON, *Mayor.*

Resolution condemning any attempt on the part of the Federal Government to tax the revenues of the States or their municipalities and any attempt to tax State or municipal bonds or the salaries of State and local governmental employess unless and until the consent of the State is first obtained through a proper constitutional amendment

Resolved by the city of McKeesport in council assembled, That we, the City Council of the City of McKeesport, Pa., go on record as condemning any attempt on the part of the Federal Government to tax the revenues of the States or their municipalities and any attempt to tax State or municipal bonds or the salaries of State and local governmental employees unless and until the consent of the State is first obtained through a proper constitutional amendment; and be it further

Resolved, That copies of this resolution be sent to our United States Senators and our Representative in Congress, urging them to do all in their power to carry out our wishes.

REPORTS OF COMMITTEES

Mr. GILLETTE, from the Committee on Foreign Relations, to which was referred the bill (S. 1045) to give effect to the

International Agreement for the Regulation of Whaling, signed at London, June 8, 1937, and for other purposes, reported it with amendments and submitted a report (No. 71) thereon.

Mr. WALSH, from the Committee on Naval Affairs, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 828. A bill to permit the President to acquire and convert, as well as to construct, certain auxiliary vessels for the Navy (Rept. No. 72); and

S. 829. A bill to authorize alterations and repairs to certain naval vessels, and for other purposes (Rept. No. 73).

Mr. WALSH also, from the Committee on Naval Affairs, to which was referred the bill (S. 1115) for the relief of Lt. Malcolm A. Hufty, United States Navy, reported it without amendment and submitted a report (No. 74) thereon.

BILLS INTRODUCED

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

By Mr. CONNALLY:

S. 1483. A bill to amend sections 3 and 15A of part I of the Interstate Commerce Act; to the Committee on Interstate Commerce.

By Mr. CHAVEZ:

S. 1484. A bill to extend the boundaries of the Santa Fe National Forest, N. Mex.; and

S. 1485. A bill to include within the Carson National Forest certain lands owned or in course of acquisition by the United States; to the Committee on Public Lands and Surveys.

Mr. NYE. I introduce, for reference to the Committee on Military Affairs, a bill to supplement existing laws relating to the maintenance of secrecy with respect to certain military and naval aircraft.

The VICE PRESIDENT. The bill will be received and referred, as requested by the Senator from North Dakota.

By Mr. NYE:

S. 1486. A bill to supplement existing laws relating to the maintenance of secrecy with respect to certain military and naval aircraft; to the Committee on Military Affairs.

By Mr. MEAD:

S. 1487. A bill for the relief of the Postal Telegraph-Cable Co.; to the Committee on Claims.

S. 1488. A bill giving clerks in the Railway Mail Service the benefit of holiday known as Armistice Day; and

S. 1489. A bill extending the classified civil service to include assistant postmasters and clerks in third-class post offices, and for other purposes; to the Committee on Post Offices and Post Roads.

By Mr. JOHNSON of California:

S. 1490. A bill for the relief of William H. Kelly; and

S. 1491. A bill granting a pension to Lottie A. Torrance; to the Committee on Pensions.

By Mr. HAYDEN:

S. 1492. A bill to provide for a 5-year building program for the United States Bureau of Fisheries; to the Committee on Commerce.

By Mr. MALONEY:

S. 1493. A bill for the relief of Peter Giancola and Julia Morelli Giancola; to the Committee on Immigration.

By Mr. WALSH:

S. 1494. A bill to preserve from extinction the American eagle, emblem of the sovereignty of the United States of America; to the Committee on Agriculture and Forestry.

S. 1495. A bill to increase annual payments to State and Territorial homes for veterans; to the Committee on Military Affairs.

S. 1496. A bill to protect producers, manufacturers, and consumers from the unrevealed presence of substitutes and mixtures in woven or knitted fabrics and in garments or articles of apparel made therefrom, and for other purposes; to the Committee on Interstate Commerce.

By Mr. REYNOLDS:

S. 1497. A bill to provide benefits on account of disability or death due to service in the armed forces of the United States in the event of war, and for other purposes; to the Committee on Military Affairs.

By Mr. CLARK of Idaho:

S. 1498. A bill to authorize the Secretary of the Interior to permit the payment of the costs of repairs, resurfacing, improvement, and enlargement of the Arrowrock Dam in 20 annual installments, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. BARBOUR:

S. 1499. A bill to increase the number of National Guard aviation units; to the Committee on Military Affairs.

S. 1500. A bill to assure equal protection to all persons under the fourteenth amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. McNARY:

S. 1501. A bill for the relief of the Industrial Spray Painting Corporation; to the Committee on Claims.

By Mr. WHEELER:

S. 1502. A bill for the relief of Donna L. I. Carlisle; to the Committee on Claims.

By Mr. GIBSON:

S. 1503. A bill for the relief of Ernest J. Abair; and

S. 1504. A bill for the relief of Joseph A. Pawelczyk; to the Committee on Claims.

By Mr. GUFFEY:

S. 1505. A bill to provide for the appointment of an additional district judge for the eastern district of Pennsylvania; to the Committee on the Judiciary.

S. 1506. A bill granting an increase of pension to Catherine Pennington; to the Committee on Pensions.

By Mr. HARRISON:

S. 1507. A bill granting a pension to Walter Earl Savage; to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

S. 1508. A bill to provide additional home-mortgage relief by providing for (1) a moratorium on foreclosures permitting appropriate legislation to provide further emergency relief to home-mortgage indebtedness, (2) to further refinance home mortgages, (3) to reduce the rate of interest and extend payment and amortization of mortgages, (4) to eliminate personal and deficiency judgments in foreclosures, and for other purposes; to the Committee on Banking and Currency.

By Mr. DANAHER:

S. 1509. A bill for the relief of Mary Egan; to the Committee on Claims.

S. 1510. A bill for the relief of George Louis Artick; to the Committee on Immigration.

By Mr. BONE:

S. 1511. A bill to provide for the acquisition by the United States of lands not in Federal ownership within the Olympic National Park, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. MINTON:

S. 1512. A bill to amend part II of the Interstate Commerce Act, otherwise known as the Motor Carrier Act, 1935, as amended by the act of June 29, 1938; to the Committee on Interstate Commerce.

By Mr. CAPPER:

S. 1513. A bill to regulate the election of delegates representing the District of Columbia to national political conventions; to the Committee on the District of Columbia.

By Mr. BANKHEAD:

S. 1514. A bill providing in the interest of the general welfare for an appropriate reduction of the burdensome oversupply of American cotton and for further encouragement of soil conservation and soil improvement by making payments in kind in cotton, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. OVERTON:

S. 1515. A bill for the relief of the Louisiana National Bank of Baton Rouge and the Hibernia Bank & Trust Co. of New Orleans; to the Committee on Claims.

By Mr. BARBOUR:

S. 1516. A bill to amend sections 704, 705, 706, and 707 of the Merchant Marine Act of 1936, as amended; to the Committee on Commerce.

HOUSE BILL REFERRED

The bill (H. R. 4218) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1940, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

AMENDMENT TO LEGISLATIVE APPROPRIATION BILL

Mr. GREEN submitted an amendment making provision for a messenger at special gallery door of the Senate, intended to be proposed by him to House bill 4218, the legislative appropriation bill, 1940, which was referred to the Committee on Appropriations and ordered to be printed.

REGULATION OF CONTRACTS OF INDIGENOUS WORKERS

Mr. CAPPER submitted the following resolution (S. Res. 82), which was referred to the Committee on Foreign Relations:

Whereas there is pending before the International Labor Organization at Geneva a proposed convention on Regulation of Contracts of Indigenous Workers, which would impose a lower standard of working conditions on many American workers, and in particular upon many American women workers: Therefore be it

Resolved, That the Senate request the United States delegation to the June conference of the International Labor Organization to oppose the adoption of the above convention.

HEARINGS BEFORE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. KING submitted the following resolution (S. Res. 83), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on the District of Columbia, or any subcommittee thereof, is hereby authorized during the Seventy-sixth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid from the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

ASSISTANT CLERK TO COMMITTEE ON MILITARY AFFAIRS

Mr. SHEPPARD submitted the following resolution (S. Res. 84), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Military Affairs hereby is authorized to employ an assistant clerk to be paid from the contingent fund of the Senate at the rate of $1,800 per annum until the end of the present session.

ASSISTANT CLERK TO COMMITTEE ON PATENTS

Mr. BONE submitted the following resolution (S. Res. 85), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Patents is hereby authorized to employ for the duration of the Seventy-sixth Congress an assistant clerk to be paid from the contingent fund of the Senate at the rate of $2,800 per annum.

LEGAL ASPECTS OF FLOOD CONTROL (S. DOC. NO. 34)

Mr. WALSH. Mr. President, I ask to have printed as a Senate document, a memorandum prepared by the Bureau of Law of the Federal Power Commission in regard to various legal aspects of flood control; and also a memorandum on power projects licensed by the Federal Power Commission at Government dams constructed primarily for purposes other than power.

The VICE PRESIDENT. Without objection the memoranda will be printed as a Senate document.

AIR POWER FOR PEACE—ADDRESS BY SENATOR REYNOLDS

[Mr. SHEPPARD asked and obtained leave to have printed in the RECORD a radio address on the subject of Air Power for Peace, delivered by Senator REYNOLDS on February 18, 1939, which appears in the Appendix.]

RETURNING MEN TO WORK—ADDRESS BY SENATOR MALONEY

[Mr. WALSH asked and obtained leave to have printed in the RECORD a radio address on the subject Returning Men to Work, delivered by Senator MALONEY on February 14, 1939, which appears in the Appendix.]

LET'S LOOK AFTER AMERICA FIRST—ADDRESS BY SENATOR HOLT

[Mr. HOLT asked and obtained leave to have printed in the RECORD a radio address delivered by himself on February 16, 1939, on the subject Let's Look After America First, which appears in the Appendix.]

ADDRESS BY SENATOR WILEY BEFORE WOMEN'S POLITICAL STUDY CLUB

[Mr. MCNARY asked and obtained leave to have printed in the RECORD an address delivered by Senator WILEY on February 18, 1939, before the Women's Political Study Club of Washington, D. C., which appears in the Appendix.]

LINCOLN DAY ADDRESS BY SENATOR TAFT

[Mr. MCNARY asked and obtained leave to have printed in the RECORD a Lincoln Day address delivered by Senator TAFT at the Netherlands-Plaza Hotel, Cincinnati, Ohio, on February 11, 1939, which appears in the Appendix.]

APPRAISAL OF WASHINGTON BY JEFFERSON

[Mr. BORAH asked and obtained leave to have printed in the RECORD excerpts from a letter written by Thomas Jefferson in 1814 on George Washington, which appears in the Appendix.]

ADDRESS BY GOVERNOR AIKEN AT PITTSBURGH, PA.

[Mr. GIBSON asked and obtained leave to have printed in the RECORD the address delivered by Hon. George D. Aiken, Governor of Vermont, on February 11, 1939, at the Amen Corner Club, Pittsburgh, Pa., which appears in the Appendix.]

ADDRESS BY WILLIAM O. DOUGLAS BEFORE FORDHAM UNIVERSITY ALUMNI ASSOCIATION

[Mr. MALONEY asked and obtained leave to have printed in the RECORD an address delivered by William O. Douglas, Chairman of the Securities and Exchange Commission, before the Fordham University Alumni Association on February 9, 1939, which appears in the Appendix.]

FEDERAL RECLAMATION IN NEBRASKA—ADDRESS BY HON. JOHN C. PAGE

[Mr. NORRIS asked and obtained leave to have printed in the RECORD an address on the subject Federal Reclamation in Nebraska, delivered by Hon. John C. Page, Commissioner of Reclamation, which appears in the Appendix.]

HON. HARRY HOPKINS, SECRETARY OF COMMERCE

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an article from the New York Herald Tribune of February 20, 1939, relating to Hon. Harry Hopkins, Secretary of Commerce, and the Presidential nomination in 1940, which appears in the Appendix.]

FORTIFICATION OF GUAM—EDITORIAL FROM WASHINGTON DAILY NEWS

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an editorial from the Washington Daily News of February 16, 1939, entitled "Congress and Guam," which appears in the Appendix.]

FOREIGN POLICY—ADDRESS BY SENATOR PITTMAN

Mr. TYDINGS. Mr. President, I should like to call attention to a speech on our foreign policy, delivered in Baltimore, Md., before the real-estate board of Baltimore City, by the senior Senator from Nevada [Mr. PITTMAN], chairman of the Committee on Foreign Relations. While using this text for his speech, the Senator from Nevada enlarged to a considerable extent upon other phases of our foreign policy.

I think it would be very fitting to have this address published at length in the RECORD, because it was very well received by those present, and was very forthright in its clarity, dealing as it does with the difficult subject of neutrality and foreign relations in general.

I ask that the speech may be printed in the RECORD at this point as a part of my remarks.

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

The address is as follows:

ADDRESS BY HON. KEY PITTMAN, OF NEVADA, BEFORE THE TWENTY-THIRD ANNUAL BANQUET OF THE REAL-ESTATE BOARD OF BALTIMORE, ON FEBRUARY 11, 1939

Mr. Toastmaster, members of the real-estate board of Baltimore, and distinguished guests, I am happy that my official engagements could be so arranged that I am permitted to be with you tonight. I fully realize the honor conferred upon me in being invited to address this assemblage of distinguished men upon this celebrated occasion of your annual banquet.

Apparently every business and professional man in Baltimore is a member of this association. That is wise. The ownership of land is the foundation of wealth and the strongest incentive to patriotism.

As a college boy in the South I read with rapt interest the thrilling and romantic history of Maryland. The story of the democracy, justice, and tolerance of its founder, Lord Baltimore, after whom your great city is named, left with me a lasting impression. During years that elapsed while I wandered in far places, and participated in the exciting development of my own wonderful State of Nevada, the memory of your State and your metropolis was almost erased from my mind. Then the citizens of Nevada in 1912 did me the honor to elect me to the United States Senate as one of their representatives. I was thrown in intimate association with your distinguished representatives in the Senate—and you have always had distinguished representatives in both branches of Congress. One of the first Senators with whom I became intimately acquainted was your able Senator John Walter Smith. He, with other senior Members, gave me some good advice. He warned me never to answer a letter unless the answer would be pleasing. Senator Mark Smith, of Arizona, advised me that the chief object of a political speech is not to lose votes. While Senator Swanson, of Virginia, urged that I never make a speech on an important subject in the year in which I was running for reelection because somebody would be offended. I took their advice—and I am still in the Senate.

Through your Senators I met and learned to know your State, your city, and their patriotic, progressive, and hospitable citizens. In fact, I became so fascinated by the beautiful scenery of Maryland and the excellent opportunities for recreation and sports on Chesapeake Bay that I helped to organize and became president of Jefferson Island Club. There I learned to know and appreciate the liberty-loving and law-abiding people of the Eastern Shore. They are law abiding—but they make their own laws. They recognize, however, that Baltimore is on the border of the Eastern Shore and is entitled to their sympathy and their confidence—most of the time. At first I marveled at the industry, the activity, and the great prosperity of Baltimore. I soon discovered, however, the cause. Very few cities in the United States have by location and facilities better opportunities for the expansion of industry and commerce than Baltimore, and none excel it in the character and industry of its citizens.

There is a bright future for Baltimore because there is a bright future for the United States. We are guaranteed by our Constitution, builded by our patriotic and inspired forefathers, independence, and liberty to a degree not enjoyed by any other people. We have more natural resources, more wealth, more progressive businessmen, and more intelligent, capable, and democratic people than any other country in the world. We as a people should be proud and happy for these blessings. We should guard against enemies both within and without with every resource and power at our command.

There is little danger from within. The Third International a few years ago, through money and propaganda, attempted to establish and propagate in our country the destructive doctrine of communism. They moved against labor, as they thought that the easiest point of attack. Labor scorned and repulsed them. It is true that there exists in our country a so-called Communist Party. It is puerile and without policy or intelligent leadership or following. There are, of course, a few shrewd, cunning, and anarchistic men in this country who are teaching and practicing the doctrine of unlawful domination through violence and destruction. These men are largely vicious aliens. These aliens should be deported. Those who are citizens should be tried, convicted, and imprisoned. Russia, however, at the present time is too busily engaged at home in preparation against a threatened conquest of her territory to engage in much activity abroad.

Hitler, however, in his mad vanity, fanatical zeal, and unbounded ambition to dominate throughout the world, is openly and secretly striving to organize and bind to him nationals of other countries who are of the German race. I personally do not doubt that Hitler would consider it justifiable to arouse internal dissensions in foreign countries to accomplish his ambitions. He has made little headway, however, in his appeal to our citizens of the German race. They are too intelligent and patriotic to be won over to his scheme by such insincere appeals to their racial pride. They have pride in their race, and well they may have, but they know that Hitler in his ruthless and unrestrained ambition has regimented the German people like slaves, worked them inhuman hours without sufficient proper food, and deprived them of their liberty. They know that Hitler through force and violence is depriving his people of free speech, the right of a free press, and the right to worship their God as they see fit. The people of the German race everywhere long for the advancement of their race, with the aspirations common to every race. But our citizens of the German race will never approve of the inhuman methods adopted by Hitler in Germany. It is true that we have a little Hitler organization in this country called the Bund. It does not amount to much. It is composed of a few vain, flattered, loud-mouthed, light-headed, goose-stepping mountebanks. They are insulting and annoying. They are a disgrace and humiliation to our citizens of the German race. They have no influence.

Those who give the most encouragement to both of these foreign ideologies are some of our prominent citizens. These men and women in their particular hatred for or fear of one of these idealogies seem to praise the other either by comparison or by their attack solely on one. As a matter of fact, they do, as does every patriotic American citizen, detest both communism and nazi-ism. We are not directly concerned with the character of government in any foreign country, nor do we attempt to destroy it, but we resent and will resist any attempt of foreigners or foreign sympathizers to destroy our democratic system. To say the least, such efforts are destructive of harmony and good feelings among nations. Under our Constitution, we cannot deprive any persons of the right of free speech or of peaceful assemblage, but we have the right to refuse to associate or do business with people who speak against our Government and preach the offensive ideology of a foreign government while enjoying the blessings of our country. We should ostracize them.

There is, however, a threat of war from abroad; not immediate, of course. Not so long as the totalitarian powers—sometimes called the dictator powers—that is, Germany, Italy, and Japan—are engaged in war or preparing for war in Europe and Asia. One of the totalitarian powers is now engaged in war and in the conquest of China. If Japan finally conquers China, then Japan will dominate eastern Asia and her Army and Navy will be free to join Hitler and Mussolini in a war for the conquest of Europe and the rest of Asia. If these dictator governments conquer Europe and Asia—and this is possible—then the Latin American Republics will be the next countries involved. In such an event, how can we avoid war? Certainly we do not intend to stand still while the dictators subdue our neighbors and advance to our very door. We will not let any military power reach our shores and make a battleground of our country and carry death and destruction to our noncombatants, men, women, and children, as was and is being done in China. We will stop them at the gate.

We hear over the radio nightly and we read in the press the challenging questions: "Why prepare for defense, as there is no danger of war? Who will bring war to the United States?" Some of these questioners speak from sincere ignorance. Some are actuated by an unpatriotic fear. Possibly some are motivated by sinister motives. Some say: "Do not state the facts. Do not criticize the dictators lest we anger them." They have already expressed their hatred and contempt for our Government. They will not force us into war on account of hatred, nor will they refrain from war on account of a friendly feeling. They are, and will continue to be, actuated solely by ambition for power and the love of conquest. Has any competent observer ever detected any evidence that any of the dictators were ever influenced by justice, religion, morality, or sentiment? Is not their every declaration and act based on the doctrine that might makes right? Do they not worship at the altar of the god of war? Do they recognize any law save the law of force? Is there anything that can stop their march to conquest save fear of force?

Let us not be deceived. These dictator governments are in definite and firm military alliance. They are forcing other governments into the alliance, and no one can safely predict where this will end. They are in alliance against the Comintern, which means Russia. They were in alliance against Czechoslovakia. They are in alliance against Great Britain and France, and their alliance will hold against any country that opposes or interferes with the consummation of their ambitions and greed. Their acts in the Latin American republics are proof of their determination to dominate these vast countries so rich in undeveloped natural resources.

The President, in his message to Congress on January 4 of this year, in part, said:

"All about us rage undeclared wars—military and economic. All about us grow more deadly armaments—military and economic. All about us are threats of new aggression—military and economic.

* * * * * * *

"There comes a time in the affairs of men when they must prepare to defend not their homes alone but the tenets of faith and humanity on which their churches, their governments, and their very civilization are founded. The defense of religion, of democracy, and of good faith among nations is all the same fight. To save one we must now make up our minds to save all.

"We know what might happen to us of the United States if the new philosophies of force were to encompass the other continents and invade our own. We, no more than other nations, can afford to be surrounded by the enemies of our faith and our humanity. Fortunate it is, therefore, that in this Western Hemisphere we have, under a common ideal of democratic government, a rich diversity of resources and of peoples functioning together in mutual respect and peace.

"That hemisphere, that peace, and that ideal we propose to do our share in protecting against storms from any quarter. Our people and our resources are pledged to secure that protection. From that determination no American flinches.

* * * * * * *

"We as one of the republics reiterate our willingness to help the cause of world peace. We stand on our historic offer to take counsel with all other nations of the world to the end that aggres-

sion among them be terminated, that the race of armaments cease, and that commerce be renewed.

* * * * * * *

"We have learned that God-fearing democracies of the world which observe the sanctity of treaties and good faith in their dealings with other nations cannot safely be indifferent to international lawlessness anywhere. They cannot forever let pass, without effective protests, acts of aggression against sister nations—acts which automatically undermine all of us.

"Obviously they must proceed along practical, peaceful lines. But the mere fact that we rightly decline to intervene with arms to prevent acts of aggression does not mean that we must act as if there were no aggression at all.

* * * * * * *

"At the very least, we can and should avoid any action, or any lack of action, which will encourage, assist, or build up an aggressor."

I do not interpret this to mean that we intend to join with other nations in determining an aggressor. We will not do this in concert with other nations. We will determine this question for our own selves when such aggression directly threatens our own safety or indirectly threatens us through threats of safety to our neighbors on this hemisphere. Let us remember that the President declared in his message that we "rightly decline to intervene with arms." Evidently this expression was not considered by those who charged that his message indicated a desire to lead our country into an alliance with foreign countries. If there was any such doubt existing in the minds of anyone, that doubt should be removed by the President's statement made at his press conference on February 3 of this year when in his first declaration of the fundamental principles of our foreign policy he said: "We are against any entangling alliances, obviously."

His assertion in his message that "At the very least, we can and should avoid any action, or any lack of action, which will encourage, assist, or build up an aggressor" was looked upon in some quarters, Nazi and elsewhere, with a grave suspicion. The publicity of the fact that the agents of France were inspecting and purchasing airplanes from private manufacturers in this country with the approval of the President was grasped as a cause for attack upon the President. Some of these attacks were sincere. Others were by political partisans for political purposes. It is deplorable that anyone should inject politics into the foreign relations of our country at any time, and especially in so grave a world situation.

What was all the hullabaloo about? There is no law against any government, not declared by the President to be in a state of war, inspecting and purchasing airplanes from private manufacturers in the United States. France instead of the United States is paying for the testing of planes manufactured in the United States. France at her own expense is paying for the expansion of our private plants and furnishing experience to our manufacturers in this country to our great advantage. We do not need these airplanes now. Later we will require greatly enlarged plant capacity.

Is there anything wrong in permitting France to purchase airplanes in this country? France and Great Britain were the only military powers who sincerely joined with the United States in the many efforts to limit naval armaments. The United States, Great Britain, and France, relying on peace treaties and the limitation of armaments, failed to build up military forces, military equipment, or to provide capacity for essential production, while the dictator powers not only enlarged their military forces to their utmost ability, but provided capacity for enlargement and renewal of arms, ammunition, and implements of war far beyond the capacity of Great Britain and France. To deny Great Britain and France, in the circumstances, the right to purchase arms, ammunition, and implements of war in this country would be giving aid to the dictator powers and would be unneutral, unjust, and contrary to the best interests of our country.

Apparently the only thing that can prevent war in Europe, with the ever-threatening danger of spreading to this hemisphere, is such a balance of military power by the opposing groups of countries in Europe and Asia that both will refrain from attack for fear of defeat. It is devoutly to be hoped in the interests of peace that such balance of power in Europe and Asia will be established and maintained as a preventive of war, at least until some peaceful deterrent can be devised, established, and maintained.

Our people hate war. They have not forgotten its death and destruction. It is constantly asserted that we are about to be dragged into another European war as we were in the last. The conditions are not the same; they are entirely different. Then the President and Congress held firmly to the doctrine of the freedom of the seas. We went to war by reason of the continued and brutal violation of our rights on the high seas. The Neutrality Act has prohibited our citizens many of their rights upon the high seas, the violation of which prior to the World War was the chief cause for our being forced into that war. But, whether you believe that we were right or wrong in entering the World War, do not forget that Congress—and not the President—declared war, and that we will not enter another foreign war unless it is the will of Congress. I have absolute confidence in our Congress.

Let us be cautious but firm. Let us be governed by intelligence, not sentiment. Let us be actuated by patriotism, not fear. Let us remember that no people who were afraid to fight for liberty ever retained liberty. Let us be prepared to defend our country. If we do these things, we will not have war forced upon us, nor will we be dragged into it, and our rights will be respected throughout the world and our liberties preserved.

DEATH OF POPE PIUS XI

Mr. MEAD. Mr. President, in the passing of Pope Pius XI the world sustained a grievous loss. Religion benefited by the force of his profound spiritual leadership. The temporal world found in him an influential advocate of human rights. An apostle of peace, a vigorous defender of the truth, a firm believer in the inherent rights of mankind, his death is mourned by the God-fearing peoples of every race and creed.

A saddened world pays its respects to the memory of this frail and devout figure, who time and again resisted death that he might continue his ministry on earth. In an age when peace and tolerance have left the hearts of many men, Pope Pius XI exemplified the virtues of hope, faith, and charity. His wisdom, vision, and patience attested to his godliness, and burned themselves deeply into the hearts and consciences of those in the world who are oppressed, persecuted, or threatened with violence to their liberties.

In attempting to mark the accomplishments of this distinguished student of human and spiritual problems, I take occasion to quote the comments of leaders of our day from the press of my State.

The New York Times carries President Roosevelt's statement, issued by Secretary of State Cordell Hull. The President, in expressing his condolences to the Papal Secretary of State, said of the Pope:

His great spiritual qualities and his zeal for peace and tolerance won him a place in the hearts of all races and creeds. Word of his passing has been received with deep sorrow throughout the United States.

The Most Reverend Amleto Cicognani, apostolic delegate to the United States:

It is difficult to bring ourselves to realize our great loss. He lives and will continue to live in the hearts of his loyal and grateful subjects, and in the administration of those who sincerely wish the good of humanity.

The Most Reverend Stephen L. Donahue, auxiliary bishop and administrator of the Archdiocese of New York, quoted in the Times, declared:

He was not only an outstanding Pontiff who ruled the church of God with Christlike clarity and fatherly solicitude but also he will be remembered by generations to come as an eminent statesman and scholar endowed with those rare gifts of wisdom and courage which he used for the betterment of mankind.

Among many other comments reported by the Times, are:

Robert P. Goldman, president, the Union of American Hebrew Congregations:

The Pope was a lover of peace and humanity, and upheld the ideals of spirituality with courage and wisdom. He has clarified the thinking of the world by his firm declaration that the law of God must mold the standards of society. His life was an inspiration and his passing is a loss to the people of all religious faiths.

Rev. Charles E. Coughlin, of Detroit:

He reflected from their snow-capped pinnacles the light of God's guiding truth to those of us who dwelt in the valley of darkness.

Postmaster General James A. Farley, of New York:

The world has lost a leader whose spiritual influence will exist long after most of us are forgotten. The earnest efforts of His Holiness to promote world peace and his energy in advocating social justice made him respected by men of all political and religious faiths.

Alfred E. Smith, former Governor of New York:

He will go down in history as one of the world's truly great men. We are losing him at a time when we need him most.

Rev. Robert I. Gannon, S. J., president of Fordham University:

His Holiness was a martyr to the cause of liberty.

The Long Island Star quotes Rabbi Joshua Goldberg, of Astoria, national secretary of the American Jewish Congress:

The Jews of the country at large share with their Catholic brothers a sense of grief over the passing of this kindly and courageous leader of men, whose courage, sympathies, and utterances combined to form a leadership that the world today can ill afford to miss.

The Star likewise reports a statement by Rabbi Abraham Dubin, of Flushing, who said:

We Jews are particularly mindful of his friendliness toward our people and of his sympathetic expressions for the Jews suffering in many places of the world today. Wherever men labor for freedom and truth and justice and peace, there the passing of Pope Pius XI will be mourned. The world is bereft of a great humanitarian whose efforts in behalf of peace and understanding have won the heart of all denominations. His memory will be held in everlasting benediction.

The Buffalo Evening News, the Buffalo Times, and the Buffalo Courier-Express all contain expressions of the grief of prominent Buffalonians over the Pope's death. Among the comments appearing in the Buffalo papers are:

Mayor Thomas L. Holling:

His was an inspiring presence; his death particularly unfortunate at this time, because His Holiness was a tremendous influence in furthering world peace. He contributed much to the betterment of man spiritually, socially, and economically. May his noble soul rest in peace.

The Most Reverend John A. Duffy, bishop of the Catholic Diocese of Buffalo:

The Pope of the workingman is dead and the toilers of the world will mourn the loss of a truly sincere and devoted friend. A scholar internationally known, a diplomat of world renown, yet this and future generations will revere Pope Pius XI as the supreme exponent in our day of social justice.

Rabbi Joseph L. Fink, of Buffalo:

He was a great, vigorous, and extraordinary personality. His influence on the world has been enormous. His leadership will be missed by the millions outside of his own faith as well as by the millions in his faith. He was a great man and we deeply mourn his passing.

The Right Reverend Cameron J. Davis, Episcopal bishop of western New York:

The whole world is grieved at the death of the Pope. He stands as one of the greatest spiritual leaders that has been known in many, many years. His devotion to God and to man has been marked particularly in three of his great encyclicals and particularly in that one which dealt with the problems of our present social order.

Monsignor Alexander Pitass, of Buffalo:

The Pope's death is a great loss to the world. Even though we were warned of the impending danger, nevertheless it was a great shock. His death means much to Poland and the Polish-Americans of Buffalo, since he was very much attached to the Polish people. It was a Polish cardinal who consecrated him bishop.

The Utica Observer Record carries the words of Hon. Fiorello H. LaGuardia, mayor of New York City, who said of the Pope:

He was exercising all his strength for peace in his world. I know that I and all the people in the world will miss forces which he was trying to express. I feel confident that what he had in mind will be carried on.

The Utica Observer Dispatch quotes Rev. Jerome F. McCarthy, of Utica:

Our Catholic people deeply regret his passing and know that they will miss his guiding hand.

The Observer Dispatch likewise includes a statement by Rev. Michael Dzialuk, of Utica, in which Reverend Dzialuk says:

Pope Pius XI was the greatest Pope since Gregory VII, and I feel, as all men do today, deeply grieved at the loss of such a leader.

The Utica Daily Press reports a statement by the Most Reverend Walter A. Foery, bishop of the Catholic diocese of Syracuse, who says:

He loved mankind, even as his Master, Christ, loved all men, and offered himself as sacrifice for the salvation of all. He was the champion of the workers, defending them and demanding for them justice and working conditions worthy of human dignity. He was the guide of the educators; he was the patron of youth, vindicating their individual rights above the demands of the state.

The Binghamton Press prints eulogies of the Pope from the lips of a score of pastors in that city. Among them are the words of the Reverend Joseph P. Toomey, head of the Catholic Charities, who states:

The Pope was truly a spiritual father, seeking always to protect for his children their God-given rights, guiding them in the way of godliness and providing them with a spiritual heritage which might survive every attack of worldly materialism.

FIRST DEFICIENCY APPROPRIATIONS—CONFERENCE REPORT

Mr. ADAMS. I submit the conference report on House bill 2868, the first deficiency appropriation bill, and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2868) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide supplemental appropriations for the fiscal year ending June 30, 1939, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 14, 15, 19, 20, 21, 22, 24, 25, 26, 27, 28, 29, 31, 32, 33, 34, 35, and 36, and agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: At the end of the matter inserted by said amendment before the period insert the following: ": *Provided*, That the amounts claimed and allowed, respectively, in item numbered 95, page 12 of such document, are hereby changed to $7, and that the amount allowed in item numbered 5, page 25 of such document, is hereby changed to $16.15"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 10, 13, 16, 17, 18, and 23.

ALVA B. ADAMS,
CARTER GLASS,
KENNETH MCKELLAR,
CARL HAYDEN,
JAMES F. BYRNES,
FREDERICK HALE,
JOHN G. TOWNSEND, JR.,
Managers on the part of the Senate.

EDWARD T. TAYLOR,
C. A. WOODRUM,
CLARENCE CANNON,
LOUIS LUDLOW,
THOS. S. MCMILLAN,
J. BUELL SNYDER,
EMMET O'NEAL,
JOHN TABER,
R. B. WIGGLESWORTH,
W. P. LAMBERTSON,
Managers on the part of the House.

The VICE PRESIDENT. Is there objection to the request of the Senator from Colorado for the immediate consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. NYE. Mr. President, I inquire of the Senator from Colorado concerning the status of the amendment which was added to the bill in the Senate, providing for grasshopper eradication.

Mr. ADAMS. The two Houses are in disagreement on that amendment. In fact, I may say they are in disagreement on all the major items but one.

Mr. NORRIS. Mr. President, there was so much commotion in the Chamber that I could not understand what was said when the report was first taken up. This is only a partial report, as I understand.

Mr. ADAMS. That is correct. It is only a partial report. It reports three major items and one rather minor item in disagreement.

Mr. NORRIS. What is the status of the amendment which was put on the bill by the Senate in regard to the eradication of pests, including grasshoppers?

Mr. ADAMS. The House declined to recede from its position, and the Senate declined to recede from its position. As I recollect, the House provided $2,000,000 for the purpose. The Senate increased the amount to $5,417,000; and we are in disagreement as to that item.

Mr. NORRIS. It is contemplated, then, is it, that a separate vote shall be taken on that amendment in each House?

Mr. ADAMS. I propose to request the Senate to insist on its amendments, to reappoint the same conferees, and to

ask for a further conference. I think in the House it is planned to have separate votes on the separate items.

Mr. NORRIS. Then the Senator probably will want a yea-and-nay vote on the matter here, as well as in the House. Is that correct?

Mr. ADAMS. I will say to the Senator from Nebraska that I had not planned to have a yea-and-nay vote at this stage of the conference report.

Mr. McKELLAR. Mr. President, I think it would be wise to have such a vote, if the Senate desires to back up the conferees.

Mr. NORRIS. It seems to me the conferees would be in a better position to meet the conferees of the House if they were backed up by a yea-and-nay vote.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

Mr. ADAMS. I move that the Senate insist on its amendments in disagreement, request a further conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. ADAMS, Mr. GLASS, Mr. McKELLAR, Mr. HAYDEN, Mr. BYRNES, Mr. HALE, and Mr. TOWNSEND conferees on the part of the Senate.

CONSIDERATION OF THE CALENDAR

The VICE PRESIDENT. The routine morning business is concluded. The consideration of bills on the calendar under rule VIII is in order.

The first business on the calendar was the bill (S. 326) for the payment of awards and appraisals heretofore made in favor of citizens of the United States in claims presented under the General Claims Convention of September 8, 1923, United States and Mexico.

Mr. ADAMS. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

INDEPENDENT OFFICES APPROPRIATIONS

Mr. GLASS. Mr. President, I move that the Senate proceed to the consideration of House bill 3743, the independent offices appropriation bill.

The VICE PRESIDENT. Let the Chair state to the Senator from Virginia that this is Monday morning, and under the rule the calendar must be called for the consideration of bills under rule VIII unless unanimous consent is given to dispense with it. Of course, the Senator from Kentucky or other Senators may ask unanimous consent for that purpose.

Mr. BARKLEY. I suggest that the calendar be called. The calendar is short, and it will not take long to dispose of it.

Mr. GLASS. Very well.

BILL AND RESOLUTION PASSED OVER

The bill (S. 1093) for the relief of Mike Chetkovich was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The resolution (S. Res. 58) providing that a calendar day's notice shall suffice in connection with suspension of a rule was announced as next in order.

Mr. McNARY. Let the resolution go over.

The VICE PRESIDENT. The resolution will be passed over.

CLAIMS FOR COMPENSATION—RECOMMITTAL OF BILL

The bill (S. 197) to amend the Judicial Code in respect to claims against the United States for just compensation was announced as next in order.

Mr. MILLER. I ask unanimous consent that the bill be recommitted to the Committee on the Judiciary.

The VICE PRESIDENT. Without objection, it is so ordered.

BILL AND RESOLUTION PASSED OVER

The resolution (S. Res. 74) providing for a Committee on Civil Aviation was announced as next in order.

Mr. VANDENBERG. Let the resolution go over.

The VICE PRESIDENT. The resolution will be passed over.

The bill (S. 884) for the relief of disbursing officers and other officers and employees of the United States for disallowance and charges on account of airplane travel was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

PACIFIC TELEPHONE & TELEGRAPH CO.

The bill (S. 745) for the relief of the Pacific Telephone & Telegraph Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Pacific Telephone & Telegraph Co., of San Francisco, Calif., the sum of $51,325.85, in full satisfaction of its claim against the United States for reimbursement of expenses incurred in repairing and restoring a submarine cable in the San Francisco Bay between San Francisco and Fort Baker, Calif., which was cut by the U. S. S. *Quail* on November 27, 1937, while engaged in recovering an anchor of the U. S. S. *Whippoorwill: Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with such claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with such claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

THE CORBITT CO.

The Senate proceeded to consider the bill (S. 1315) for the relief of the Corbitt Co., which had been reported from the Committee on Claims with amendments, on page 1, line 3, after the word "Treasury", to strike out "is" and insert "be, and he is hereby"; in line 6, after "$6,659.80", to strike out "such sum representing the amount of" and insert "in full settlement of all claims against the United States for"; and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Corbitt Co., of Henderson, N. C., the sum of $6,659.80 in full settlement of all claims against the United States for liquidated damages for delinquency in making deliveries charged against such company in the settlement of a certain contract (No. W-ord-226) entered into by such company with the War Department for furnishing 20 T 9 scout cars and a quantity of spart parts: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

THE OCILLA STAR

The Senate proceeded to consider the bill (S. 303) for the relief of The Ocilla Star, which had been reported from the Committee on Claims with an amendment, on page 1, line 10, after the word "December," to strike out "1936, such claim having been disallowed by the General Accounting Office," and insert "1936: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to The Ocilla Star, of Ocilla, Ga., the sum of $96 in full satisfaction of its claim against the United States for the publication of six foreclosure advertisements in four consecutive issues at the request of a county rural rehabilitation supervisor, Resettlement Administration, in December 1936: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by

any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

THE FITZGERALD LEADER

The Senate proceeded to consider the bill (S. 463) for the relief of the Fitzgerald Leader, which had been reported from the Committee on Claims, with an amendment, on page 1, line 10, after the word "December", to strike out "1936, such claim having been disallowed by the General Accounting Office", and insert: "1936: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Fitzgerald Leader, of Fitzgerald, Ga., the sum of $32 in full satisfaction of its claim against the United States for the publishing of two foreclosure advertisements in four consecutive issues at the request of a county rural rehabilitation supervisor, Resettlement Administration, in December 1936: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DISASTER LOAN CORPORATION

The bill (S. 1367) to extend the time for making loans by the Disaster Loan Corporation and increasing its capital stock was announced as next in order.

Mr. KING. Mr. President, is the passage of this bill unanimously recommended by the committee? [A pause.] Let it go over.

Mr. BARKLEY. Mr. President, the law which this bill proposes to amend was passed 2 years ago. It authorized the making of loans, and the Disaster Loan Corporation was created, with a capital stock of $20,000,000, furnished by the R. F. C. Not more than half of the money has been used, and the law will soon expire. Because of disasters, not only in the same region as heretofore but in other regions of the country, it is desirable that the time be extended.

I will say to the Senator from Utah that the Disaster Loan Corporation set up in the R. F. C. has been very conservative in making loans, and in view of the expiration of the time, and the fact that practically half of the capital stock is still unused, I think the time ought to be extended. I hope the Senator will not object.

Mr. KING. For how long is it desired that it shall be extended?

Mr. BARKLEY. My recollection is that it is a year, but I am not certain. I shall have to examine the bill to ascertain that.

Mr. KING. If it is more than one year, I shall object. I suggest that the bill be passed over temporarily.

Mr. BARKLEY. I think it is a year.

Mr. KING. May I inquire whether the extension was recommended by the R. F. C.?

Mr. BARKLEY. My recollection is that it was recommended. Certainly it is not opposed by the R. F. C.; and the unanimous report of the committee asks that the time be extended.

Mr. McKELLAR. The bill merely provides:

That the act approved February 11, 1937 (50 Stat. 19), as amended, is amended by striking from the first sentence "$20,000,000" and inserting in lieu thereof "$40,000,000", and by striking from the second paragraph "or 1938" and inserting in lieu thereof "1938, 1939, or 1940."

Mr. KING. I shall object if the amount is increased from twenty to forty million dollars. No reason has been shown for the extension.

The VICE PRESIDENT. The bill will be passed over.

DAVID R. THOMPSON AND RALPH S. WARNER

The Senate proceeded to consider the bill (S. 316) to authorize and direct the Commissioners of the District of Columbia to set aside the trial-board conviction of Policemen David R. Thompson and Ralph S. Warner and their resultant dismissal, and to reinstate David R. Thompson and Ralph S. Warner to their former positions as members of the Metropolitan Police Department, which had been reported from the Committee on the District of Columbia with amendments, on page 1, line 4, after the words "directed to", to strike out "set aside the trial-board conviction of Policemen David R. Thompson and Ralph S. Warner and their resultant dismissal, and to reinstate David R. Thompson and Ralph S. Warner to their former positions as members of the Metropolitan Police Department of the District of Columbia" and insert "reappoint David R. Thompson and Ralph S. Warner as members of the Metropolitan Police Department of the District of Columbia; compensation to commence from the date of such reappointment only, and no pay or compensation to be paid them from the date of their dismissal from the Metropolitan Police Department to the date of such reappointment", so as to make the bill read:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized and directed to reappoint David R. Thompson and Ralph S. Warner as members of the Metropolitan Police Department of the District of Columbia; compensation to commence from the date of such reappointment only, and no pay or compensation to be paid them from the date of their dismissal from the Metropolitan Police Department to the date of such reappointment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize and direct the Commissioners of the District of Columbia to reappoint David R. Thompson and Ralph S. Warner as members of the Metropolitan Police Department of the District of Columbia."

INDEPENDENT OFFICES APPROPRIATIONS

The Senate proceeded to consider the bill (H. R. 3743) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1940, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

The VICE PRESIDENT. The clerk will proceed to state the amendments of the committee.

The first amendment of the Committee on Appropriations was, under the heading "American Battle Monuments Commission," on page 4, line 17, after the word "work", to insert a comma and "supplies, materials, and equipment," so as to make the proviso read:

Provided, That notwithstanding the requirements of existing laws or regulations, and under such terms and conditions as the Commission may in its discretion deem necessary and proper, the Commission may contract for work, supplies, materials, and equipment in Europe and engage, by contract or otherwise, the services of architects, firms of architects, and other technical and professional personnel.

The amendment was agreed to.

The next amendment was, under the heading "Civil Aeronautics Authority", on page 8, line 3, after the figures "$13,738,000", to insert a comma and "of which $1,000,000 shall be available for the Technical Development Division", so as to read:

Salaries and expenses: For salaries and expenses of the Civil Aeronautics Authority, including the expenses of operation, maintenance, and upkeep of air navigation facilities, in carrying out the

duties, powers, and functions devolving upon it pursuant to the authority contained in the Civil Aeronautics Act of 1938 (52 Stat. 973), including traveling expenses and expenses of employees detailed by the Chairman of the Authority or the Administrator to attend meetings of associations, organizations, or other properly constituted bodies concerned with the civil aeronautics industry or the art of aeronautics, in the United States or in foreign countries; personal services and rentals in the District of Columbia and elsewhere; contract stenographic reporting services; examination of estimates of appropriations in the field, including actual expenses of subsistence or per diem allowance in lieu thereof; expenses of packing, crating, drayage, and transportation of household effects and other personal property (not exceeding in any one case 5,000 pounds) of employees when transferred from one official station to another for permanent duty, upon specific authorization by the Chairman of the Authority or the Administrator; purchase and exchange of professional and scientific books, law books, books of reference, atlases and maps, periodicals and newspapers; purchase and exchange (not to exceed $400,000), operation, maintenance, repair, and overhaul of aircraft, aircraft power plants, propellers and equipment, and spare parts therefor; purchase and exchange (not to exceed $45,000), hire, maintenance, repair, and operation of passenger-carrying automobiles, including two automobiles for use in the District of Columbia; and purchase of special clothing, wearing apparel, and suitable equipment for aviation purposes (including rubber boots, snowshoes, and skis), $13,738,000, of which $1,000,000 shall be available for the Technical Development Division.

The amendment was agreed to.

The next amendment was, on page 28, line 19, after the numerals "1938", to strike out "$250,000, of which $75,000 shall be immediately available" and insert "$175,000, together with the unobligated balance of the appropriation for this purpose for the fiscal year 1939", so as to read:

Mount Rushmore National Memorial Commission: For completion of the work, except the inscription, authorized by the provisions of the Mount Rushmore Memorial Act of 1938, $175,000, together with the unobligated balance of the appropriation for this purpose for the fiscal year 1939.

The amendment was agreed to.

The next amendment was, under the heading "Social Security Board", on page 44, line 23, after the figures "$49,000,000", to strike out the comma and "of which sum such amount as may be necessary shall be available for the grants under this title III for any period in the fiscal year 1939 subsequent to March 31, 1939", so as to read:

Grants to States for unemployment compensation administration: For grants to States for unemployment compensation administration, as authorized in title III of the Social Security Act, approved August 14, 1935, including rentals in the District of Columbia and elsewhere, $49,000,000.

Mr. VANDENBERG. Mr. President, I should like to ask the Senator from Virginia whether there is anything in the present appropriation for the Social Security Board which covers the reserve fund under title II, or will we reach that in the consideration of some other bill?

Mr. GLASS. The reserve fund of the Social Security Board?

Mr. VANDENBERG. Yes.

Mr. GLASS. I do not think that is involved in this bill.

Mr. KING. Mr. President, with respect to social security, I should like to make an inquiry. I have received many communications from church organizations, as doubtless other Senators have, objecting to bringing their organizations, so far as social security is concerned, under the terms of the Social Security Act. Is there anything in the pending bill that will accomplish that result?

Mr. GLASS. I do not think this bill deals with that question at all. That is a legislative matter.

Mr. GEORGE. Mr. President, I may say to the Senator from Utah that the intention is to amend the Social Security Act, and the House Committee on Appropriations is now engaged in hearings with that object in view.

Mr. KING. This bill does not touch that matter?

Mr. GEORGE. This bill does not touch that.

The VICE PRESIDENT. The question is on agreeing to the amendment on page 44, line 23.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment of the committee.

The next amendment was, under the heading "Tennessee Valley Authority", on page 48, line 5, after the name "Hiwassee Dam", to insert "Gilbertsville Dam, and for construction of a dam at or near Watts bar on the Tennessee River, Tenn., and for preliminary investigations of a site for a dam at or near Coulter Shoals on the Tennessee River, Tenn.", and in line 20, after the numerals "1940", to strike out "$21,797,000" and insert "$39,003,000", so as to read:

For the purpose of carrying out the provisions of the act entitled "The Tennessee Valley Authority Act of 1933," approved May 18, 1933, as amended by the act approved August 31, 1935 (16 U. S. C., ch. 12a), including the continued construction of Pickwick Landing Dam, Guntersville Dam, Chickamauga Dam, Hiwassee Dam, Gilbertsville Dam, and for construction of a dam at or near Watts bar on the Tennessee River, Tenn., and for preliminary investigations of a site for a dam at or near Coulter Shoals on the Tennessee River, Tenn., and the acquisition of necessary land, the clearing of such land, relocation of highways, and the construction or purchase of transmission lines and other facilities, and all other necessary works authorized by such acts, and for printing and binding, law books, books of reference, newspapers, periodicals, purchase, maintenance, and operation of passenger-carrying vehicles, rents in the District of Columbia and elsewhere, and all necessary salaries and expenses connected with the organization, operation, and investigations of the Tennessee Valley Authority, and for examination of estimates of appropriations and activities in the field, fiscal year 1940, $39,003,000.

Mr. ADAMS. Mr. President, I desire to submit an amendment to the amendment, to strike out the words beginning on line 5, after the word "Gilbertsville," down to and including the words "Watts bar" on line 6, the language being "and for the construction of a dam at or near Watts bar."

Mr. President, this represents a point of issue which was discussed at length in the Committee on Appropriations. It represents a very definite issue which I wish to have submitted to the Senate.

When the relief bill was before the Senate those of us who were arguing for a reduction in the amount to be appropriated were told that we should not begin economies with relief, that there were other places. There is now presented what some of us think a very good place, which is not subject to the objections which were made in reference to the relief bill.

The Tennessee Valley Authority now has in the process of construction the dams on the list which appears in the pending bill on lines 3 and 4, page 48, which includes the Pickwick Landing Dam, the Guntersville Dam, the Chickamauga Dam, the Hiwassee Dam, and the Gilbertsville Dam. The item which I have asked to have stricken out is the authorization for the construction of a new dam.

In considering the item the committee divided, 13 to 11, and then only after most persuasive and effective efforts by the senior Senator from Tennessee [Mr. McKELLAR] who is sometimes down, but is never out. Twice during the committee's deliberations the Senator from Tennessee lost, but he always came back with another vote. The result was that our efforts to strike out this authorization for a new dam were defeated by a vote of 13 to 11, representing the vote of every Senator on the committee.

The votes of the 11 members of the committee whose views I am seeking to express were in accord with the vote in the House of Representatives. The House eliminated both the Gilbertsville Dam and the Watts bar dam. The motion which I have made is merely to eliminate the authorization for the construction of a new dam upon which work is not now being done, and it does seem that if we authorize the construction of the Gilbertsville Dam in addition to four other dams now being constructed, we are being extremely liberal.

Mr. President, the Tennessee Valley Authority has already spent over $220,000,000. The completion of the plans of the engineers of the Tennessee Valley Authority will involve the expenditure of $560,000,000, and it does seem that at least we might be a little less impatient, that we might wait a little, and not crowd construction of a new dam while we have under construction four great dams involving expenditure of $200,000,000.

The Gilbertsville Dam will involve a cost of $95,000,000 without the installation of power facilities. With the installation of power facilities the cost will run substantially

over $100,000,000. Those Senators who have been here during the past few sessions know that the construction of the Gilbertsville Dam was authorized after vigorous battles, and I think I am not exaggerating when I say that it was only the persausiveness of two great Senators from two great States, and the personal affection of many Senators, that secured the authorization of the Gilbertsville Dam. But we are just starting the Gilbertsville Dam, under the $95,000,000 program, which program has supporting it a great argument based on flood control. It is the dam furthest down the river. It is the dam which would protect Paducah.

The Watts bar dam is above Chattanooga. I do not know how many Senators have followed the Tennessee Valley program, but it covers a stretch of 650 miles, from the mouth of the river to the Norris Dam. It is proposed to build dams at intervals, resulting in the creation of lakes, so that by the use of the lakes it will be possible to pass from one section to another.

The dams now under construction, including the Gilbertsville Dam, will provide navigation facilities to a point above Chattanooga, to a point, I think, within 75 miles of Knoxville. We are not at this time raising directly the issue of the propriety of the construction of the Watts bar dam, but rather the propriety of engaging at this time in a new expenditure as to which there is no occasion for haste. If it is desired to build the Watts bar dam, we can wait a year and still complete it before the Gilbertsville Dam will be completed.

The Gilbertsville Dam will not be completed until 1945. The Watts bar dam, which will involve an additional expenditure of $38,000,000, will be of no value as a flood-control dam unless there is also constructed the dam at Coulter Shoals, which will mean another thirty to thirty-five million dollars, and for the construction of which no request was made at this time of the Committee on Appropriations.

Mr. NORRIS. Mr. President——

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

Mr. ADAMS. I yield.

Mr. NORRIS. Did the Senator mean to indicate, by the statement he just made, that the Gilbertsville Dam had no flood-control value?

Mr. ADAMS. Oh, no; I meant to indicate that it was the most important flood-control element in the entire system.

Mr. NORRIS. That is correct. The Senator was probably referring to the Watts bar dam.

Mr. ADAMS. As a matter of fact, in the flood of 1937 the dams already under construction lowered the height of the crest at Cairo four-tenths of a foot, according to the engineers who testified before us. It is said that if the Gilbertsville Dam is built it will result in lowering the height of the river more than 2 feet at Cairo, Ill. In other words, the Gilbertsville Dam will be of great benefit for flood control.

Mr. NORRIS. I wanted to call attention to what I thought was a mistake made by the Senator.

Mr. ADAMS. I am much obliged to the Senator.

Mr. NORRIS. The Gilbertsville Dam, as the Senator says, is the greatest of all the dams in this region so far as flood control is concerned.

Mr. ADAMS. Unquestionably.

Mr. NORRIS. It has greater flood-control value than any other dam anywhere east of the Mississippi River.

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

Mr. ADAMS. I yield.

Mr. McKELLAR. The Senator from Colorado said a moment ago that there was no occasion for haste in the construction of the Watts bar dam. The Senator recalls the testimony to the effect that the power companies, the cities of Tennessee, and the T. V. A., have all come to an agreement by which the power companies have sold their properties to the various cities. He also recalls the testimony of Mr. Klug that it was very essential that the Watts bar dam be begun this year in order to meet the requirements of the T. V. A. and of the cities in Tennessee in furnishing power for their own needs. The Senator recalls that testimony. Mr. Krug testified that it was very necessary to build the Watts bar dam since the purchase of these companies by the T. V. A. and the associated cities.

Mr. ADAMS. Mr. President, as I understand, the constitutional basis for the T. V. A. construction is twofold, in that it includes navigation and flood control. The courts have sustained the development of power and the sale of power as incident to navigation and flood control. I have very studiously avoided discussion or consideration of the power element, because it opens the way to so much misunderstanding, and I have wanted to discuss the project upon its constitutional basis of flood control and navigation.

Mr. KING. Mr. President——

The PRESIDING OFFICER (Mr. LEE in the chair). Does the Senator from Colorado yield to the Senator from Utah?

Mr. ADAMS. I yield.

Mr. KING. I am interested in the statement just made by the Senator. May I say that I violated the Sabbath Day, and spent nearly all last night as well, in examining the more than 2,048 pages of testimony before the House committee, plus all the testimony taken by the Senate committee. It seems to me that one of the paramount purposes urged for this project—and I am very much opposed to it and think it is wholly unwarranted and may not be defended—is the development of power, and I read that the power which will be developed will cost $214 per kilowatt-hour as against a very small amount, $25, or $30, or $40, or $56 per kilowatt-hour in other sections of the United States. It seems to me that a reading of the record will show that the paramount purpose of the construction is the development of power, and that feature of it is being forgotten, covered up, by the contention that this project is designed primarily for flood-control purposes. It seems to me the primary purpose, as disclosed by the record, is the development of power.

Mr. ADAMS. I have assumed, I may say to the Senator from Utah, that the Tennessee Valley Authority and the Senate were following the constitutional course, and that the power was a beneficial but incidental element.

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

Mr. ADAMS. I yield.

Mr. NORRIS. I should like to say to the Senator that since I interrupted him before I have consulted the official reporter, and I find that I was right in my understanding of what the Senator said. What he said, as the reporter has it, and as I understood the Senator to say, was that the Gilbertsville Dam had no flood control value unless Watts bar dam was also constructed, and of course the Senator did not mean that.

Mr. ADAMS. That would have been an erroneous statement, and I hope the official reporter will correct it. I thank the Senator very much indeed for calling attention to it.

Mr. McKELLAR. Mr. President, will the Senator yield to me so I may ask for further information?

Mr. ADAMS. I yield.

Mr. McKELLAR. The Senator refers to the question of constitutionality. In my judgment, the most vigorous legal battles which were ever waged against any institution in this country—and I think the Senator will agree with me—were with respect to the matters now under discussion. Many suits were brought in many courts; they have all gone to the Supreme Court, and have all been decided in favor of the T. V. A. up to this good hour. Is that not true?

Mr. ADAMS. I should say to the Senator that I have not had any concern with the question of constitutionality. I have merely said that I assumed that the basis of the whole program was the unquestioned constitutional basis of flood control and navigation, recognizing the decision of the Supreme Court that power might be developed and power might be sold as an incident thereto.

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

Mr. ADAMS. Certainly.

Mr. NORRIS. Since we have cleared up the question of flood control in regard to Gilbertsville Dam, I wish to state to the Senator that it is my understanding that Watts bar dam—that is the dam the Senator proposes to strike out by his amendment—will have a flood-control value of 340,000 acre-feet of water.

Mr. ADAMS. That is correct.

Mr. NORRIS. I understood the Senator to say that there was nothing in it but power.

Mr. ADAMS. Oh, no; oh, no.

Mr. NORRIS. Then I misunderstood the Senator.

Mr. ADAMS. There is controlled power of 340,000 acre-feet in the Watts bar dam.

Mr. NORRIS. Yes. There would be that much less control if the Senator's amendment should prevail.

Mr. ADAMS. But the aggregate flood control provided for in all of the T. V. A. area is over 10,000,000 acre-feet, so that the Watts bar dam is a relatively small item.

Mr. NORRIS. Compared with the Gilbertsville Dam, it is small.

Mr. ADAMS. The Gilbertsville Dam has four and one-half million acre-feet.

Mr. NORRIS. I should like to ask the Senator if the evidence does not also show with respect to power, that unless Watts bar is commenced now or within the immediate future, the probabilities are that the T. V. A. will not have sufficient power in its other dams to supply the power which soon will be demanded of the T. V. A.? In other words, is it not true that the evidence shows that demand for power in that valley will be so great that there will be a shortage of power before it can be met, unless Watts bar is commenced at the beginning of the next fiscal year?

Mr. ADAMS. I may remind the Senator that power development is not included under the plan for Gilbertsville Dam. Evidently it was not felt that power development is essential, or it would have been included. In the pending bill we are providing for the installation of additional units at Wheeler Dam and at one other dam to provide additional power.

Mr. NORRIS. I think that is all true, except the implication that there never would be any power installed at Gilbertsville.

Mr. ADAMS. Oh, no; it is not felt that there is any emergency.

Mr. NORRIS. But with all the increased generating plants the Senator has mentioned, the T. V. A. estimates that there will be a shortage of power unless the Watts bar dam is commenced in the next fiscal year.

Mr. ADAMS. Mr. President, I am not willing to have the matter determined on the power question. I want to keep away from it. My own mind has not in any way been determined by the power phase of the question. I have been studying it from the navigation and the flood-control aspects. The Senator from Nebraska is an expert on the power situation. I am not; but I have felt that we ought to consider the construction of the dams first from the standpoint of national financing.

Mr. NORRIS. I agree with the Senator.

Mr. ADAMS. That is the basis upon which we are talking, and that we should not go into vast expenditures which could be postponed.

Mr. NORRIS. I agree with the Senator. But at the same time when a power program is commenced it would be folly to complete half of it and stop there. But if we eliminate the power end of it entirely, it is still true that the Watts bar dam will increase the navigability of the Tennessee River for a distance of 72 miles.

I do not think there is any dispute about that. It will provide a flood-control value of 340,000 acre-feet. So that if we confine the matter to navigation and flood control and say nothing about anything else, what I have stated will be the net result of putting in the Watts bar dam. It is conceded that it is going to provide some power. Is it not true from the evidence, I will ask the Senator, that if we omit this item from the pending bill the effect will be to discharge several thousand men from employment at the beginning of the next fiscal year? The Senator from Colorado said that three of the dams are on the point of completion. Is it not contemplated as part of the program to move the machinery and the men and the organizations from the dams when they are completed to Watts bar dam and go on with that work without the discharge of anybody, without laying aside any machinery, and putting the men and the machinery to work there instead of discharging them as would happen if the Watts bar construction were not provided for?

Mr. ADAMS. I will say that I have given some thought to that suggestion. There are three dams which I have in mind. The Guntersville Dam will be completed in March 1940. The Chickamauga Dam will be completed in September 1940. The Hiwassee Dam will be completed in January 1941. So that none of the crews on those dams are now available, but they would be available a year from now. We can wait a year without losing the benefit of those crews and the equipment now employed.

Mr. NORRIS. I think the Senator is wrong in his conclusion. While he is right with regard to his statement of the time when the dams will be completed, the great bulk of the machinery and the great body of men that are being employed, at least at one of those dams—Guntersville, for instance—will have to be discharged.

The machinery will lie idle, whereas if the Watts bar dam is built, the men and machinery can be put right to work. The finishing touches on these dams will not require the large number of men or the large amount of machinery which the Senator has probably anticipated in his statement.

Mr. ADAMS. Mr. President, to go back to the initial contention which influences my mind, we have now authorized and are working upon projects involving an expenditure approaching $200,000,000, if we include the Gilbertsville Dam. The figure for Gilbertsville is $95,000,000. The Guntersville, Chickamauga, and Hiwassee Dams account for practically another $100,000,000. It seems to me that in the present state of the Public Treasury, with the growing public debt, and the fact that we are confronting a deficit estimated to be $4,000,000,000 for the next fiscal year, it is time for us to hesitate a little if there is no emergency requiring this work to be done. I cannot see any emergency in connection with the Watts bar dam.

One statement which the Senator from Nebraska made must be qualified. He said the Watts bar dam would provide navigation for some 70 miles. That would be true only if the Coulter Shoals dam were also constructed. That is, the two dams are required to provide a depth of 9 feet of water to Knoxville.

Mr. NORRIS. That is true; but it does not follow that there would be less than 72 miles of increased navigation if the Watts bar dam were completed. If I had a map before me I could show the situation very easily. Coulter Shoals, the only project left on the river to carry out the program of the T. V. A., is farther up the river toward Knoxville than is Watts bar. The lake which would be formed by the Watts bar dam would be at the end of the 72 miles of additional navigation; and while I did not claim that it would complete navigation to Knoxville—the Coulter Shoals dam in addition would be required to do that—72 miles would be added to the navigability of the river, and a 9-foot channel, as required by the law, would be provided for 72 miles.

Mr. ADAMS. Mr. President, in my own mind I have a very serious question, which I am not seeking to argue here, as to whether or not Congress is justified in spending $70,000,000 to provide navigation for the last 120 or 130 miles to Knoxville. I doubt whether that expense can be justified by any possible traffic which might originate in or be carried to that part of the river. The navigation will be inconsequential until the Gilbertsville Dam is built. The Gilbertsville Dam is essential if the Tennessee Valley is to be opened up for navigation from the Mississippi and from the Ohio. That is the basis both of flood control and navigation. There would not be sufficient depth for navigation in the 184 miles which

would be covered by the lake behind the Gilbertsville Dam. At the present time there is no navigation of any consequence in the area from Knoxville practically to Chattanooga. The two dams, the Watts bar dam and the Coulter Shoals dam, would be necessary to complete the provision for navigation above that point. Under normal conditions the river is not susceptible to navigation at that point. The water levels above Chattanooga drop to not more than 1½ or 2 feet of water. Below that point there is a certain amount of navigation in any event. Much of the river has a depth of from 4½ to 5 or 6 feet.

We are answered by the T. V. A. authorities that the reason why they feel they must build a navigable channel to Knoxville is that Congress so provided. Of course, the direction of Congress is binding upon the T. V. A., but the direction of the Congress in 1935 is not binding upon the Congress in 1939. So, if the Congress in 1939 differs with the Congress of 1935 as to the desirability of the expenditure, it is not an answer to us to be told that in 1935 the Congress said, "You must go ahead and provide a 9-foot channel up to Knoxville." I seriously doubt whether the navigation and flood control to be obtained by these two dams would justify the cost.

Much has been said about the city of Chattanooga and its need for flood control. In the dams already constructed, over 2,000,000 acre-feet of storage is provided above Chattanooga on the Tennessee River and its tributaries.

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

Mr. ADAMS. I yield.

Mr. McKELLAR. Even that storage capacity would not protect Chattanooga from floods. It can only be properly protected from floods by the building of the Watts bar dam. That is the evidence. That is the testimony of the engineers.

Mr. ADAMS. I think the Senator will recall that the engineers said that when the Norris Dam was constructed there was substantial protection; but, so far as the maximum imaginable flood is concerned, something additional would be required. What I am saying to the Senator is that over 2,000,000 acre-feet of storage is now provided above the city of Chattanooga, and it seems to me that the United States Government has done fairly well in making that provision.

Mr. McKELLAR. So far so good, but the answer to that is that the engineers testified that that is not sufficient for the protection of Chattanooga.

Mr. ADAMS. I will say to the Senator that there is not a city in the United States upon a river which has absolute and complete protection. I do not think the obligation rests upon the United States to pick out the city of Chattanooga and say that it shall have absolute and complete protection and that other cities may go their way.

In 1921 I came to Congress as a member of a committee. A flood had swept through the city in which I lived, drowning 400 or 500 persons, sweeping out several hundred houses, and almost destroying the business section of the city. I came to Congress asking for Federal help for my stricken community, and I was told that it was not the business of the Federal Government to furnish such help. My community proceeded to build its own flood-control provisions. We burdened ourselves with a debt almost as heavy as the cost of the flood itself. Prior to that time the city of Dayton had suffered from a a great flood, and the local community built its own flood protection devices. The same engineer, Mr. Arthur E. Morgan, supervised the construction in Dayton and in my town. I am merely saying that I do not believe that the fact that there is not complete protection for a particular city is a basis for spending unlimited sums of money.

The total assessed valuation of the city of Chattanooga is $111,000,000. The flooded area embraces less than half of that valuation. We have already constructed dams which have cost approximately $100,000,000. We are asked to construct two more, which will cost approximately $80,000,000.

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

Mr. ADAMS. Certainly.

Mr. BARKLEY. I do not recall when the dam at Pueblo, to which the Senator referred a moment ago, was constructed. However, my recollection is that it was prior to the adoption by Congress of the policy of regarding flood protection as a national obligation.

Mr. ADAMS. That was the point I mentioned.

Mr. BARKLEY. Congress has now embarked on that policy, and at the last session of Congress authorized some $350,000,000 for flood protection throughout the country. We realize that all these protective devices throughout the country cannot be built at one time. By a special act of Congress the Tennessee Valley basin has been treated separately for all the purposes defined to be carried out anywhere—flood protection, navigation, and power. I do not think it is quite accurate to use the situation at Pueblo, which undoubtedly would have been embraced in a national program for flood protection, as an argument against Chattanooga, or any particular point in the Tennessee Valley, or any other valley communities in which Congress now regards it as its duty to help protect against recurring floods.

Mr. ADAMS. I am saying to the Senator that up to this hour no other city in the United States has had as much done for its flood protection as has Chattanooga. That is part of my argument. Here is the Tennessee Valley, a remarkable valley along a great river. However, there are perhaps 10 other rivers in the United States greater than the Tennessee River, having cities along their banks. We are spending $550,000,000 on a program. I dare say that amount is twice what the Panama Canal cost. I believe that the people in other valleys, who are paying the bill, ought not to be crowded. If it were an emergency matter, that would be a different thing.

Mr. BARKLEY. I can agree with the Senator about some of his contentions. I am not partial to any one river as against another. I think, so far as the Federal Government can and has the obligation, it ought to treat all rivers fairly. But it so happens that because of an enormous expenditure during the World War in the Tennessee Valley that valley occupied a peculiar situation, which cannot be said of any other valley in the United States. I do not agree with the Senator when he says that this program is going to cost $550,000,000.

Mr. ADAMS. I am merely relying on the estimates of the engineers.

Mr. BARKLEY. My recollection is that the chief engineer of the T. V. A. testified that the entire program in the Tennessee Valley, when completed, would cost about $420,000,000, of which $220,000,000 have already been expended.

Mr. ADAMS. Let me interrupt the Senator right there to say that the last Budget estimate contains figures showing that the Tennessee Valley program would involve an expenditure of $481,000,000, which does not include $80,000,000 of tributary work not covered by the Budget figures. So I am talking by the book.

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

Mr. ADAMS. I yield.

Mr. SCHWARTZ. I merely wish to say that Chattanooga itself is expending and has expended several million dollars in order to secure flood control. While these very dams will be of great service to Chattanooga, and to river navigation also, yet they will not be sufficient absolutely to insure Chattanooga against the kind of floods which occurred in 1867 and on several occasions since. So the city proposes, at its own expense, to spend several million dollars for the building of dikes and bypass channels by which the water may be better controlled.

Mr. ADAMS. Does the Senator think it is an unusually considerate thing for a community to spend some of its own money in order to protect its own people and their property?

Mr. SCHWARTZ. Undoubtedly not, but I wanted to give Chattanooga that benefit and credit because it seemed to be assumed that Chattanooga was sitting down with its hands folded and waiting for "George to do it."

Mr. ADAMS. I think they are asking us to add 20 dams to what they are doing. We have already, as I have said to the Senate, provided available controllable storage of

2,000,000 acre-feet above Chattanooga, which has reduced the hazard from flood there very greatly.

It is possible, of course, to imagine floods which will sweep over any protection that may be provided. There was a time some 6,000 years ago when there was nothing above the water.

Mr. SCHWARTZ. I think the Senator is in error about that, for, as I remember, there was an ark which was always above the water.

Mr. ADAMS. That was only after the water had receded, when the ark was left; that is, the ark was deposited upon a high point by the waters, which could not have happened if the waters had not been there.

Mr. McKELLAR. The ark was above the water at any rate, and we are happy for that.

If the Senator from Colorado will yield to me further, not only is what the Senator from Wyoming [Mr. SCHWARTZ] says about Chattanooga absolutely true but another dam which has been built by private interests there has helped in the flood-control situation to some extent at the same time.

Mr. ADAMS. That dam is below Chattanooga.

Mr. McKELLAR. That is true; but it has helped in the flood-control situation just the same.

Mr. ADAMS. And it is a privately owned dam for power purposes with locks.

Mr. McKELLAR. It is a privately owned dam.

Mr. ADAMS. While we are talking about navigation, let me say that the city of Knoxville, to which we are asked to provide navigation, is something over 800 feet above sea level. Paducah, the center of the Gilbertsville activities, is in the neighborhood of 300 feet above sea level. So it is proposed, by locks, to lift the traffic 550 feet. That is the height to which traffic going from Paducah to Knoxville must be raised. In other words, it is necessary to have tremendously expensive locks. If it were not for the water that it is necessary to hold for navigation, there would not be any difficulty about flood control. The difficulty is that we have a multipurpose program. We have navigation which requires that water be kept behind dams to fill up locks so as to provide a 9-foot channel. Then, in order to maintain the power, it is necessary to have water over and above that necessary for navigation requirements to run through the sluices and turn the wheels. So it is necessary practically to have a second dam. Then, if it is going to have any flood-control qualities, it is necessary to have, in contemplation, a third dam above the second, the third dam to be empty. In other words, there is certain economy of costs in the multiple use, but if it was merely a question of flood control at Chattanooga the dams which have been constructed would dry the river at Chattanooga.

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

Mr. ADAMS. Certainly.

Mr. McKELLAR. The evidence shows, as I am quite sure the Senator will recall, that when this project of 10 dams is completed, which was specifically authorized by the act of 1935——

Mr. ADAMS. No; when the Senator says the water-power dams were specifically authorized, will he permit me to differ with him?

Mr. McKELLAR. The Senator, of course, can differ. They were not specifically authorized by name but were specifically authorized just the same. There are four dams now completed—two at Muscle Shoals, the Wilson Dam and the Wheeler Dam.

Mr. ADAMS. I will give the Senator the names accurately. They are the Wilson Dam, the Norris Dam, the Wheeler Dam, and the Pickwick Dam.

Mr. McKELLAR. Yes; four dams. From those four dams there will be a return this year of six and a half million dollars, and when the 10 dams are put into operation there will be a return to the Government of upward of $20,000,000 a year. So, even if they do cost $481,000,000, as the experts testify they will cost, $20,000,000 of income from those dams will absolutely justify the cost in every respect. Does the Senator know of any other project undertaken by the Government that pays an income of $20,000,000 by the building of 10 dams at a cost of $481,000,000?

Mr. ADAMS. The Senator from Tennessee does not agree with the Tennessee Valley Authority. The Tennessee Valley Authority said that income would go into the treasury of the Tennessee Valley Authority and none of it would come to the United States. There is not one nickel of this revenue that comes into the Treasury of the United States.

Mr. McKELLAR. It reduces the appropriation exactly that much.

Mr. ADAMS. It has not had that effect.

Mr. McKELLAR. Of course, that matter is entirely within the hands of Congress. The Congress can have that income paid into the Treasury at any time it so desires. If the Senator from Colorado will offer an amendment to that effect, I do not see any reason why it should not be adopted. Let the money go into the Treasury. The Treasury owns it in any event. The Treasury will have from this project when the 10 dams are completed, if they are completed in accordance with the recommendations of the engineers of the T. V. A., an income from the 10 dams of more than $20,000,000 a year. There is no other project in the entire country, Boulder Dam or any other dam, that will bring such splendid returns to the Government of the United States.

Mr. ADAMS. I wish I were converted to that view. It is a picture which I had not obtained from the engineers.

Mr. McKELLAR. The Senator did not read that part of the testimony carefully.

Mr. ADAMS. I read the testimony, but I did not see that part of it.

Mr. NORRIS. Mr. President, will the Senator from Colorado permit an interruption there?

Mr. ADAMS. Certainly.

Mr. NORRIS. I think the Senator from Tennessee is in error. Instead of $20,000,000, when all these dams are completed, the estimate is that the returns from the sale of power will be $25,000,000 a year, and that in 30 years it will pay not only for navigation but for flood control and everything else. It is not fair to assume that the money received does not benefit the Treasury. While it is not being paid into the Treasury of the United States, it goes into the building of the project and makes the appropriation that much less. However, when the plan is carried out it is contemplated that all the money derived from the sale of power will go into the Treasury of the United States.

Mr. ADAMS. Mr. President, may I suggest that one of the difficulties that some of us have is that the Tennessee Valley Authority has great powers in and of itself? It is controlled by a triumvirate on which there is very little restraint. It has in mind 10 dams; on the plat which has been filed there are 17 additional dams outlined on tributaries and 2 or 3 large dams on other tributaries. So they would have the money which has been referred to available for these purposes, and there would be a long time before any of it would go into the Treasury of the United States. We have been appropriating, as the Senator knows, practically $40,000,000 a year. This year the committee was willing to go along with the Senator from Tennessee and appropriate $39,000,000 to carry on these activities, but the Senator is insistent that we add a new dam, so that we will be constructing not four dams but five.

Mr. McKELLAR. Mr. President, will the Senator yield at that point, so that we may clear up the question of income?

Mr. ADAMS. Certainly.

Mr. McKELLAR. It will also clear up another question which the Senator has just raised. I read from the testimony of Mr. Krug, chief power engineer of the T. V. A., on page 66 of the hearings:

> This study shows that the power revenues from the proposed 10-dam system—

That is, the 10-dam system, all on the main river—

> will approximate $20,250,000, which will cover all of the direct power costs and the common cost fairly apportionable to power, including 3-percent interest, depreciation, and all other items of operating cost, and leave a margin of more than $3,000,000, which

will be available for flood-control and navigation costs. If speculative costs are eliminated from consideration, such as interest and workmen's compensation, power revenues from the 10-dam system will return over $15,000,000 annually to the Federal Government to apply as liquidation of the investment.

It is perfectly clear.

Mr. ADAMS. I presume the Senator has no objection to an amendment which would provide that these revenues should go into the Federal Treasury.

Mr. McKELLAR. I shall not vote against such an amendment.

Mr. NORRIS. Mr. President——

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

Mr. ADAMS. I do.

Mr. NORRIS. So that the silence of anyone may not be taken as approving such an amendment, I desire to be recorded as opposed to it at the present time. In the first place, it would be useless. The money that comes from the sale of power goes into building dams, and we would not gain anything by putting it in the Treasury and taking it out again. If that were done, the appropriation would have to be larger, and it would frighten more people than it does now. The result would be that we should be taking the money out of one pocket and putting it in another, with absolutely no change so far as the ultimate results are concerned. Of course, however, when the dams are completed, the money properly will go to the Treasury of the United States.

Mr. ADAMS. I am sorry the two Senators do not agree about this matter.

Mr. McKELLAR. I am not disagreeing at all. If the Senator will yield, I think we can clear up the matter in a moment.

Mr. ADAMS. I yield.

Mr. McKELLAR. The Senator will remember that last year, when all kinds of charges of dishonesty and corruption were hurled against the T. V. A., a committee was appointed to examine into the affairs of the T. V. A. The committee went down there and has examined every item connected with the T. V. A.

Mr. ADAMS. The Senator speaks of charges. The charges were hurled by a member of the Tennessee Valley Authority. They were not hurled on the floor of the Senate.

Mr. McKELLAR. They were hurled around on the floor of the Senate, too, if the Senator will recall. There were a number of them. I want to say that when a committee of this body went down to the region affected, it found the charges absolutely without foundation in fact; and the committee has given the T. V. A. a clean bill of health. If there had been any question regarding the honesty of the use of these moneys, I should think the Senator's proposed amendment was all right; but as it is now, I do not see any use of adopting such an amendment.

Mr. ADAMS. Mr. President, my amendment has absolutely no relationship at all to the character of the administration of the T. V. A. Not one word has been said by me upon that basis, and no such thought has been in my mind. I have been trying to argue to the committee and to the Senate that this is a time when we should consider costs; that an expenditure is proposed here which is not necessary, which is not emergent; and that we have already been liberal beyond all conception in the appropriations we have made. The Senator from Tennessee was one of those who said to me, when we discussed the relief measure, "Let us find some other place than relief to economize." Now, when we suggest this place, we are told that this is not the place to economize. That is the trouble in trying occasionally to battle for economy: We are all in favor of economy as a matter of principle, but we oppose every single effort to apply the principle.

Mr. President, there are many details in this situation. I do not want to burden those who are here more than I have. The matter has been presented. I think the Senate owes it to itself, and I think it owes it to the country, to concur with the House at least to the extent of eliminating the authorization of new construction which in and of itself involves an additional authorization. Finally, as I endeavored to say in talking about the relief measure the other day, I think the United States ought to be willing at least to experiment with economy. That is all I have asked—that we make some effort to experiment with economy.

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

Mr. ADAMS. I yield to the Senator from Oregon.

Mr. McNARY. The able Senator from Colorado is a student of public matters, and is thoroughly familiar with this project. Is it his opinion that the construction at Gilbertsville is a flood-control, power, or navigation development?

Mr. ADAMS. The virtuous part of it is flood control. That is the real virtue of it. There is need for flood control to protect the Mississippi River Valley. The Gilbertsville Dam may be excessive in its cost, but it has a genuine function in flood protection. Personally, I do not think much of navigation there. I do not think any substantial traffic will ever be developed on the Tennessee River. As a matter of fact, tables of traffic on the Tennessee River for various years have been furnished us, showing considerable traffic in the past year and the year before; but that traffic consisted in hauling cement, sand, and gravel principally to be used in the construction of these dams. As a matter of fact, up to 83 percent of the traffic on the river consisted of materials of that character, and the traffic on the river in 1937 was less than the traffic on the river 20 years ago.

Mr. McNARY. Mr. President, will the Senator further yield?

Mr. ADAMS. I yield.

Mr. McNARY. Is it the judgment of the able Senator that the major use of Gilbertsville Dam would be for flood control?

Mr. ADAMS. That is the reason why I should be willing to give it consideration.

Mr. McNARY. That is the reason why I have given sympathetic consideration to it. What is the head? What power can be developed at Gilbertsville? Did that come out in the testimony?

Mr. ADAMS. Yes; it is in the record of hearings. The immediate plan, however, provides for the construction of a dam available for the installation of power, but does not provide for power installation at the time.

Mr. McNARY. What is the head at Gilbertsville? What is the power which can be developed there? I do not want to put the Senator to the necessity of looking up the matter in the hearings.

Mr. McKELLAR. Mr. President, it is about 100,000 kilowatts.

Mr. McNARY. That is not much of a power plant, as I view it from developments in the West.

Mr. McKELLAR. No; it is not so great a power-producing plant as other dams.

Mr. McNARY. Let me ask the very patient Senator from Colorado another question. It pertains to Watts bar. Does that project contemplate the removal of a volume of sand in the center of the stream of the Tennessee River?

Mr. ADAMS. No; that refers to the location. It is the Watts bar dam. Evidently there is a bar in the river there, and that is the location where the dam is to be built.

Mr. McKELLAR. It is the name of the particular place on the Tennessee River in Roane County, Tenn., where the dam will be built.

Mr. ADAMS. I may add a statement, which ought to be made, I will say to the Senator from Oregon. Practically all of these dams involve dredging to maintain the channel; in other words, to clear the channel largely of rocks in order to get the 9-foot depth; that is, in and of itself the dam will not provide all of the depth, but in part a channel must be cut out.

Mr. McNARY. What effect will the structure at Gilbertsville have upon the floodwaters of the lower Mississippi River?

Mr. ADAMS. There is a storage capacity in the Gilbertsville Dam—which is called controlled storage—of 4,500,000

acre-feet. I will say in fairness that Representative MAY, of the House, wrote me a letter in which he said that if the Gilbertsville Dam had been in existence at the time of the 1937 flood Cairo would have been flooded. The explanation was that the Tennessee Valley Basin furnished a place for the waters of the Ohio and Mississippi Rivers to back up, and that the building of the dam would have prevented enough water from backing up into that basin to have really flooded Cairo. That is not the understanding we get from the engineers, however.

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

Mr. McNARY. Just a minute. In reading the testimony given before the House and Senate committees I drew the inference that the complete construction of Gilbertsville Dam and the other facilities on the Tennessee River would lower the floodwaters of the Mississippi River about three and a half feet—not Gilbertsville, but the completion of the whole project—which, supplemented by the levees, would give complete control of the flood conditions that obtain there from year to year. Is that the inference the able Senator has drawn from reading and the hearing the testimony?

Mr. ADAMS. I think that is the maximum hope. Of course, the Senator from Oregon knows that all these things depend upon the rains. In other words, if the Tennessee watershed were heavily flooded with rains, we should have a different situation than if the rains were in the Ohio watershed and not in the Tennessee watershed. We might have floods as a result of rains in the Ohio and Cumberland watersheds and not as a result of rains in the Tennessee Valley, in which event dams in the Tennessee Valley would not be helpful.

Mr. McNARY. May I make a very brief observation in the time of the Senator from Colorado?

Mr. ADAMS. Certainly.

Mr. McNARY. I took a great deal of interest in working out, or assisting in working out, before the Senate Commerce Committee a national plan of flood control which covered a period of a number of years.

I do not want to look with one eye on any section of the country. In the great western region, where there are national forests and public domain and high mountains, flood control is an essential obligation of the Government, in its obligation to save private property from destruction. I have always supported steps toward flood control, wherever they were to be made. I entertain no sectional view whatsoever. Probably plenty of power is developed in the Tennessee Valley for present purposes. If this is purely a flood-control project, as I think it is, in my opinion it is worthy, and should receive support of the Congress. That being the view I entertain, is there anything in the record which should cause me to change my view on that subject?

Mr. ADAMS. The Senator is speaking of the Gilbertsville Dam?

Mr. McNARY. I am speaking of the Gilbertsville Dam.

Mr. ADAMS. Of course, the Senator knows that the motion I made leaves the Gilbertsville Dam in the bill and seeks to take out the authorization for the construction of a dam 420 miles up the river.

Mr. McNARY. The motion was filed today?

Mr. ADAMS. I have merely made an oral motion.

Mr. McNARY. I did not hear it on account of the confusion. But the item which was defeated in the House contained the Senator's proposal as well as the Gilbertsville Dam proposal?

Mr. ADAMS. That is correct.

Mr. McNARY. Is the Senator supporting the Gilbertsville Dam proposal, and directing his opposition to another part of the program?

Mr. ADAMS. I may answer in this way, that if the Watts bar dam is eliminated I shall be very glad to support the Gilbertsville Dam. If there is insistence on tying the Watts bar to the Gilbertsville, I shall probably vote against both.

Mr. McNARY. What is the Watts bar proposal?

Mr. ADAMS. It involves $38,000,000 for the construction of a new dam, of which four and a half million dollars would be included in the appropriation in the pending bill, commitment being made, by the commencement of construction, to continue it, and that being constructed, we would become obligated to construct the Coulter Shoals Dam, which would involve another $30,000,000, to follow immediately.

Mr. McNARY. What reduction would occur in the amount added by the amendment if we accepted the Gilbertsville Dam proposal and omitted the other?

Mr. ADAMS. Four and a half million dollars, as to this immediate appropriation. I do not mean that that is the exact figure, but that is the approximate figure.

Mr. McNARY. It would lessen the appropriation in the pending bill by four and a half million dollars?

Mr. ADAMS. Yes. The House appropriated $21,000,000. Our committee has increased that to $39,000,000. My amendment would result in reducing the $39,000,000 by four and a half million dollars, and would leave an appropriation of thirty-four and a half million.

Mr. McNARY. Is the view of the Senator from Colorado entertained by the minority of the committee?

Mr. ADAMS. It is entertained by 11 members of the committee. Thirteen supported the other view.

Mr. McNARY. All of those who support the amendment of the Senator support the Gilbertsville Dam if we eliminate the Watts bar proposal?

Mr. ADAMS. No; there are some who would be against the Gilbertsville Dam project in either event. Six votes were cast in the committee against the Gilbertsville Dam project.

Mr. McNARY. I should be very happy if my distinguished friend would address himself to his amendment, so that I might be able to differentiate between what he has in mind and what the text of the bill provides.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from Colorado yield to the Senator from Kentucky?

Mr. ADAMS. I yield.

Mr. BARKLEY. The Senator a while ago referred to a letter written to him by one of the members of the Kentucky delegation in the House of Representatives, one who has always opposed this entire project, in which letter he stated that if the dam at Gilbertsville had been constructed and had been in existence in 1937, Cairo would have been flooded, for, as it is now, I gather the inference is, instead of the water of the Tennessee River flowing downhill, it flows uphill, because the water in the Ohio River is so high that the Tennessee River water cannot get out in it, and, because of its velocity, the water in the Ohio River forces the Tennessee River to flow upstream. I know that that is not so.

Mr. ADAMS. I have always accepted the judgment of the Senator from Kentucky.

Mr. BARKLEY. But the Senator quoted the opinion of a Member of the House, expressed in a letter to him.

The truth is that in 1937 the rainfall in the Tennessee Valley, for the 4 or 5 weeks prior to flood stage in the Ohio River, was the greatest rainfall that has occurred in many years. I happen to know that the water of the Tennessee did flow out into the Ohio, which meant that the water of the Ohio was not high enough to retard the flow of the Tennessee River.

It was stated by T. V. A. engineers, and concurred in by some of the Army engineers at the time, that even with the incompleted status of the Tennessee River improvements, the stage of the water at Cairo was affected to the extent of between 6 inches and a foot. Of course, 6 inches to a foot more of water at Cairo would have meant that Cairo would have been flooded. The completion of the whole Tennessee River project would affect the flood stage at Cairo by about three and a half feet, and the completion of the Gilbertsville Dam alone, which is the largest dam in the river, and one of the largest in the country, would affect the stage of the water at Cairo by about 2 feet.

I do not desire to enter into an argument over the Gilbertsville Dam, which is not involved in the Senator's motion; but I did not want the Senator to quote someone who is constitutionally and congenitally opposed to the entire Tennessee

Valley project in approval of the idea that the water in the Ohio River at flood stage is so high that it forces the Tennessee River to run upstream. It does not happen that way.

Mr. ADAMS. I refrained from quoting some resolutions which have come to me in the last day or two from various bodies in western Kentucky opposing the appropriation.

Mr. BARKLEY. Some of them coal operators' associations, I suppose.

Mr. ADAMS. They were from different county organizations. Some were from the coal area, some from luncheon clubs. I have always been one of the humble and devout followers of the senior Senator from Kentucky.

Mr. BARKLEY. I always appreciate the Senator's devoutness, and especially his humility.

Mr. LUCAS. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. LUCAS. I am quite interested in the question now being discussed, in view of the fact that Cairo, Ill., is involved. I should like to have the distinguished Senator from Colorado tell the Senate just what the engineers have said with respect to the lowering of the floodwaters at Cairo, Ill., in the event the Gilbertsville Dam is completed.

Mr. ADAMS. My recollection is that it would result in a lowering of from 2 feet to perhaps 3½ feet, at the extreme. That is to say, the present structure on the Tennessee River lowered the flood level four-tenths of a foot. That was their estimate of what happened in 1937, with the existing structure, and that would be increased by the Gilbertsville Dam to probably 2 feet more, and perhaps there would be some addition by the other structures.

Mr. LUCAS. I thank the Senator for that information. If I may be pardoned for asking one more question along the same line, with respect to the dam which is now being proposed at Watts bar, is there any testimony in the hearings before the Senator's committee which discloses what effect the construction of that dam may have upon the floodwaters at Cairo, Ill.?

Mr. ADAMS. Necessarily it would have a very small effect. In the first place, it is from 420 to 500 miles above Cairo, and the controlled storage is 340,000 acre-feet at the maximum. That necessarily spreads itself out.

I will give an illustration from the Arkansas River, with which I am familiar. There was a flood in my community in which something over 100,000 second-feet of water were passing. Wichita is perhaps the same distance below us that Cairo is below Watts bar. When the flood reached there, there were only about 7,500 second-feet, on account of friction and retardation. So the storage at that high point does not have a substantial effect.

Mr. LUCAS. As a result of the construction of all these dams there is a natural decrease in the water stage at places along the Ohio or Mississippi Rivers above the dams.

Mr. ADAMS. Necessarily. Of course, there is another consideration, namely, that the water must be let out some time, and it might have the effect of increasing the level. That is, we cannot control absolutely the conditions at Cairo by controlling conditions 500 miles up the stream.

Mr. LUCAS. There is one other question I should like to ask the distinguished Senator. In the earlier part of his remarks he discussed 17 other dams which are now contemplated by the T. V. A. Am I correct in that statement?

Mr. ADAMS. That is correct.

Mr. LUCAS. I should like to ask whether or not the construction of the Pickwick Landing Dam, the Guntersville Dam, the Chickamauga Dam, the Hiwassee Dam, and the Gilbertsville Dam is in any way dependent upon the remaining 17 dams.

Mr. ADAMS. Not at all. The other 17 dams are upon tributary streams, with the view of making the tributaries available for navigation. They are navigation dams upon tributaries. There are three larger dams which are under consideration.

Mr. President, I have concluded what I had to say. I am very much concerned in the attitude of the Senate. I think the Senate has here an opportunity to indicate its concurrence with the effort which the House is making toward economy. I think here is a chance for economy without cost to the project, without cost to any individual. There is no humanitarian aspect involved. It is a proposal merely that we do not in this instance engage ourselves upon a program of spending $38,000,000 upon a project which, in my opinion, can just as well be postponed.

Mr. McKELLAR and Mr. NORRIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. McKELLAR. Does the Senator from Nebraska desire to proceed now?

Mr. NORRIS. Have I been recognized?

The PRESIDING OFFICER. Both Senators addressed the Chair at the same time.

Mr. NORRIS. I yield to the Senator from Tennessee.

Mr. McKELLAR. I was recognized, but the Senator from Nebraska may proceed with his remarks.

Mr. NORRIS. Mr. President, as I view this question, and as I have always viewed it, it is entirely a national problem. No local phase of it appeals to me as being predominant, although localities will be benefited by any program carried out. I wish to discuss the question from a national point of view. I should like to provide for the damming of every interstate stream in the United States, first and primarily to control floodwaters and, as a constitutional peg, to improve navigation, and then to develop all the power that can be developed consistent with flood control and navigation. Power is a secondary consideration. As I see it, it comes into the picture entirely because in constructing a project to control navigation we necessarily make it possible in many cases—not in all, but in many cases—to generate and produce electric power, and it seems to me it would be an economic sin if we did not avail ourselves of that part of the program which would bring in revenue but, more than that, would reduce the cost of electricity used in the homes of our people anywhere within transmission distance of the generating plant.

Mr. President, it happens in this particular case, and it has been true ever since the depression while we have been trying to help solve the problem of unemployment, that, as I see it, one of the greatest means of providing employment for our people has been provided by the Tennessee Valley Authority. We have all agreed that we wanted to employ our unemployed to produce something that would be of lasting benefit. In that way we would prevent the putting of the unemployed on the dole.

I asked the Senator from Colorado whether, if his amendment prevailed and Watts bar dam were stricken out of the pending measure, it would not result in throwing out of employment several hundred thousand persons who would otherwise be employed and would be producing something of value. On that question I wish to read a telegram which comes from Mr. Green, president of the American Federation of Labor, sent from Miami, Fla., February 10, 1939:

> Executive council, American Federation of Labor, is of the opinion that any restriction of public construction projects such as dams will serve to aggravate the serious unemployment situation now prevailing throughout the Nation. For that reason the executive council, now meeting in Miami, directs me to appeal to you to restore amount of appropriation approved in Budget—

That is just what is in this amendment—

> restore the amount of appropriation approved in Budget estimates for construction of dams in independent office bill. I urge you to do this in order to promote employment opportunities.
>
> WILLIAM GREEN,
> *President, American Federation of Labor.*

Anticipating this debate, and preparatory to what I am going to say, I asked for a map of the Tennessee Valley showing all these dams. It is in preparation, but it is not ready for me, and I shall have to call upon Senators' imagination to enable them to understand the picture of what is before us, what is involved, and I think when I get through it will be demonstrated that the telegram sent by President Green, of the American Federation of Labor, shows what is needed to be done.

The law provides—and we passed the law—for making the Tennessee River navigable from its mouth to Knoxville, a distance of over 600 miles, with a depth of 9 feet. That is the object of the law so far as navigation is concerned.

We start in with the first dam, the largest of all, which has been discussed.

Then we come up to the next one, which, in round figures, is about 200 miles up the river. Then we come to the third one, Wilson Dam, and then to the fourth one, Wheeler Dam. Then we come to Guntersville Dam, then to a private dam, Hales bar dam, built and owned by private individuals. We come next to Chickamauga Dam, then to Watts bar dam, and then one more dam, Coulter Shoals Dam, after Watts bar. When those dams are completed the work contemplated by the law we passed will have been completed. That makes seven or eight dams. Norris Dam was built on a tributary. Hiwassee Dam is being constructed on a tributary. The primary object of those dams is to control the floods of the tributaries, and any competent engineer will say that in order to control floods on a tributary it is necessary to go to the tributary to do it. Very often it is true that the only place where suitable reservoirs can be provided is where those tributaries come down through the mountains, and the floods cannot be controlled unless some reservoirs are provided in which to hold back the water. Of course, it is necessary to build dams in front of the reservoirs.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. I yield.

Mr. ADAMS. I simply want to refer to the telegram sent by President Green. I think Mr. Green labored under the misapprehension that the amendment would stop some construction work. The amendment which is now under consideration would not result in the laying off of a single man. All of the men at work would be continued at work. It is merely a question whether or not additional people would be put to work on the Watts bar dam. I think President Green had the idea that the amendment involved the cessation of work.

Mr. NORRIS. I think Mr. Green had a correct idea of what it means, and I think I shall be able to demonstrate that if the construction of Watts bar dam is prevented it will result in the discharging of thousands of men from employment.

Mr. TAFT. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. TAFT. Was I correct in understanding the Senator from Nebraska to say that, by eliminating an item of $17,000,000, 200,000 men would be thrown out of work?

Mr. NORRIS. No. Did I say that?

Mr. TAFT. That is what I understood the Senator to say.

Mr. NORRIS. I did not mean that.

Mr. TAFT. I understood the Senator to say several hundred thousand.

Mr. NORRIS. I meant several thousand men. No; it would not put 200,000 men out of work, and I thank the Senator from Ohio for calling my attention to the error I made, if I said that.

That reminds me that at the time Norris Dam was in the peak of construction the T. V. A. had on the pay roll, in round numbers, 20,000 men. The T. V. A. officials, with this law before them, laid out a plan by which they could consecutively build these dams and carry out the law. They put the engineers and the machinery to work on the Norris Dam, with the idea that when that dam was finished they could move the men and machinery to another dam of a similar kind. They cannot always do that in the construction of these dams. They did it, as I said, in the case of the Norris Dam. Some of the same machinery that was operating on Norris Dam is now operating on Hiwassee Dam. Conditions at both dams were alike, only that Hiwassee was much smaller than Norris. The dam at Guntersville is like the dam that is going to be built at Watts bar. It is a dam over the main stream.

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

Mr. NORRIS. I yield.

Mr. McKELLAR. I call the Senator's attention to the fact that a very large number of those employed at Pickwick Landing Dam have now been moved to Gilbertsville Dam.

Mr. NORRIS. Exactly.

Mr. McKELLAR. Thus keeping them in employment.

Mr. NORRIS. Exactly. And still it is said that the Pickwick Landing Dam is not finished because it is provided for in this appropriation. Technically that is true. But the men and machinery which were there in large numbers have all disappeared from Pickwick Landing Dam. The same thing is true with respect to Guntersville Dam. There are merely a few little odds and ends of work that have to be carried on to complete that dam. To a great extent the same thing is true of the dam at Chickamauga. If this provision stays in the bill, as I hope it will, and if the amendment of the Senator from Colorado is defeated, it will result in men being moved from Guntersville to Watts bar, and machinery worth hundreds of thousands of dollars being moved to Watts bar, and continuing to work, in order to economize the cost of this great improvement on the Tennessee River. The Tennessee River is the only river in the United States where Congress has ever undertaken in a systematic manner to develop an entire stream with the view of getting the maximum amount of navigation, the maximum amount of flood control, and the maximum amount of power consistent with flood control and navigation. I think it is perfectly clear that a great many men would be discharged and a great amount of machinery would be taken out of use if the Senator's amendment should prevail.

That is not all. In addition, the organization which the T. V. A. has set up would be disrupted. Engineers would be hunting other jobs. It would mean their discharge. It would mean breaking up the organization which is now so effective. The superintendent of one of the great dams told me he thought he had the best organization he had ever worked with in his life. He said they were better men, and they did better work, and the employees were better satisfied, than those on any dam on which he had ever worked under private control. When estimates are made by private corporations they are made on the basis of erecting shacks to house the men. The idea is to complete the work with just as little expense as possible. Private corporations do not provide for their employees any such facilities as the T. V. A. has provided in connection with all its dams. The T. V. A. has provided modern facilities to give the men the best there is while they are working. As the engineer to whom I have referred said to me, such a policy pays financially. He said, "I now have a better organization than any other over which I ever presided. Even under the wages and hours which the T. V. A. has put into effect, I get better work and more of it than with any private concern for which I ever worked." I think there is no question about that.

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

Mr. NORRIS. I yield.

Mr. DAVIS. The Senator stated a moment ago that the project to which he referred would provide employment for some 3,000 unemployed men. Can the Senator tell me, when the dam is erected and power is furnished, how many men producing coal will be displaced, how many men working on the railroads hauling the coal will be displaced, and how many others in other industries will be displaced?

Mr. NORRIS. No; I do not know how many men are involved, but I state it as my judgment that employment will be increased instead of being reduced. According to my view, the man who says, "We want to stop water-power production because its product takes the place of coal" has not analyzed the question at all. There will be more use for coal when the country is developed by hydroelectric power than there was before it was developed. That condition has been true in all the history of the world. When new things spring up, and new enterprises are started, instead of men being discharged from the coal fields, more men will be employed.

I had the matter put to me in connection with a project in my own State. A number of years ago the Reclamation

Service put in an improvement on a river in the northwestern part of the State. That beautiful valley, of course, had been there for years, and had been inhabited for years. Water power was introduced. The Reclamation Service put in a reclamation project, and got water on to the land. I obtained figures from the railroad which had always served that territory. The figures showed that the railroad had hauled hundreds of cars annually since the improvement, whereas they had hauled only a few cars before the improvement. Hardware men and furniture men sent in more than 11 times as much as they did before. All kinds of industries came with the improvement.

The Tennessee Valley will blossom as the rose when we develop the power which God put in the streams for the people. The man who stands back and says "I am opposed to the self-binder on the farm because it put out of business the men who formerly made cradles" does not realize that he is living in a world of progress. That condition is true of everything in life. We ought not to put our foot down on an improvement which will develop the natural resources of the country.

The Senator from Illinois has left the Chamber. I wish he were present. He made inquiry as to the flood-control value of these projects. The flood-control value of Watts bar dam is 340,000 acre-feet of water. It will hold back that much water from the Ohio and from the Mississippi. That much water on the peak of a flood might mean the destruction of a city. That much water on the peak of a flood at New Orleans might mean the destruction of valuable property there. Every town on the Ohio River below the mouth of the Tennessee, and every city, every farm, and every industry on the Mississippi River below the mouth of the Ohio River, is interested in the improvement of the Tennessee valley according to the law which we have enacted. The Watts bar dam will hold 340,000 acre-feet. Every one of the dams built before the act was passed, with the exception of the Wilson Dam, in which no flood-control provision was made, has a very great flood-control value.

As has been said, the greatest of all is the Gilbertsville Dam. Before the construction of Gilbertsville Dam was begun, engineers estimated that if it had not been for the storage of water behind Norris Dam, away up on the Clinch River, a tributary of the Tennessee, Cairo, Ill., more than 600 miles below, would have been destroyed as a result of the great rains of 1937. Only a few inches more would have been necessary to cover the top of the levee and destroy one of the cities of the United States.

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

Mr. NORRIS. I yield to the Senator from Washington.

Mr. BONE. I am very curious about the potential storage for flood-control purposes at the Gilbertsville Dam. If the river were permitted to remain at the normal river flow, and a flood were threatened, how much water, in acre-feet, could be stored behind the Gilbertsville Dam?

Mr. NORRIS. Something over 4,000,000 acre-feet. I refer to the usable capacity. The Gilbertsville Reservoir will hold about 7,000,000 acre-feet of water. However, that is not all usable capacity.

Mr. BONE. I mean above the normal river flow.

Mr. NORRIS. Something over 4,000,000 acre-feet.

Mr. BONE. Of course, anyone familiar with the problem of floods knows that that is an enormous quantity of water.

Mr. NORRIS. Of course.

Mr. BONE. It would be sufficient to take off the crest of a flood below.

Mr. NORRIS. Absolutely so. However, the amendment under consideration applies only to Watts bar dam. The flood-control value is 340,000 acre-feet. That means 340,000 acres of land covered with water 1 foot deep. As the Senator said, that protection would take off the crest of almost any flood. Considering all 11 of the dams on this one river together, their flood-control value to a very great extent will control the floods of the Mississippi River. They will control the floods on the Ohio River from the mouth of the Tennessee down.

I think I ought to say something about the navigation facilities and values of this dam. The law provides that we shall make the Tennessee River navigable to a depth of 9 feet from its mouth to Knoxville. The Watts bar dam alone will add 72 miles to the navigability of the Tennessee River. As a power facility, as I remember, it will generate about 150,000 kilowatts of power. As I said awhile ago, a plan has been laid out by the T. V. A. If we take this block out of the plan, we may frustrate the whole thing. The Tennessee Valley Authority has estimates, which are as accurate as anybody can make, as to the use of power in the Tennessee Valley, what the demand will be, and how it will increase. If the Watts bar dam is not started in the next fiscal year, the danger is that there will be a shortage of power. If the T. V. A. should contract all the power it now has with the idea of taking on the increase as it comes, it would be unable to fulfill those contracts in many instances. The T. V. A. has estimated the power which would be produced at the Watts bar dam and the power which would be produced at the next dam and has made its calculations in connection with the sale of power accordingly. We shall frustrate that program if we knock the Watts bar dam out of the bill, just as surely as the sun rises. Not only will men be discharged, not only will the organization be disrupted, not only will it be made impossible to use the machinery, which will go to waste and decay, but there will be much more damage in money than the delay would indicate.

Mr. President, if this program shall be interfered with, if it shall be torn asunder—and this amendment would do that, to a great extent—then the whole T. V. A. plan will be more expensive; the cost of carrying out the T. V. A. program will be increased by several million dollars. There is no economy in that kind of proceeding; it is the worst kind of economy to get half way across a stream and then stop and go back or try to stay there and stem the tide. This amendment would prevent human progress; it would cost the Federal Government several million dollars in damages and delay.

Who is behind it? Who wants it? The power interests are the ones who want it. They are the ones who do not want this development carried on. They fought the T. V. A. from its very birth; they are fighting now to destroy it. The adoption of this amendment will be a step in bringing about its destruction and would be hailed throughout the United States as a great victory for the private power interests of America. I do not believe that we want to do that; I do not believe the Government of the United States wants to countenance a bad business practice of that kind by destroying the T. V. A. It seems to me that good business judgment demands that we should go ahead. If we do not go ahead, we have got to provide by some other means for the unemployment that will be caused. In my judgment, if when we started to deal with the unemployment problem we had devised a national plan of developing our natural streams for navigation, for flood control, and for power on a grand scale, we would have done more to bring benefit to the people and employment to the unemployed, than we have done in the slipshod way that we have gone about it. It would be simply suicidal, having started on this plan, now to stop and now discharge the men who have been working on the project and say to those in charge, "Put the machinery in sheds; take it away; let it rust and decay; we are not going to exercise good business judgment." That would be ruinous, in great degree, to the whole program.

Mr. President, we have already—and I refer to this because the Senator from Colorado, who, I am sorry is not in the Chamber at the moment, referred to it in his statement—commenced this dam. I understood the Senator from Colorado to say that it had not been commenced. Authorization for this dam, however, was contained in the last appropriation bill. We provided in that bill for all the necessary engineering work to be done in order to get ready to start this dam and it has all been done. It has been done with the money Congress appropriated. That phase of the work has been finished; the exact location of the dam has been fixed

and the borings for the foundations have been made. Everything is ready to start on the dam, because we authorized it a year ago in the appropriation bill then passed, and we provided the money with which to do it. So it is not correct to say that this dam has not been authorized; it is not correct to say that we have appropriated no money to carry on the work on this dam. The authorization has been made and money has been appropriated. We are in the midst of the construction of the dam now. I confess, of course, that we could stop this work right in the midst of it all; it is physically possible to do so; but do not get the idea, Senators, that we have done nothing about Watts bar dam. We have already appropriated money for it; we have already spent some money, and the necessary preparations have all been made. All the provision proposes is to carry on in a businesslike, systematic way the work which has already been commenced.

Therefore, it seems to me, Mr. President, as I look at it, that eliminating the provisions for Watts bar would be a blow at the very object which we want to attain through the T. V. A. We wish to make this river navigable; we want to get all the flood control out of its navigability that we can. This is one of the steps that will carry out the intent of the law, one of the steps that will carry out the object of Congress. To keep men employed, to keep the organization together, to keep going the machinery that has been bought to construct one dam, move it on down to another dam, is the economical way by which to construct these dams; it is the businesslike way; it is the patriotic way. There is no reason under heaven, Mr. President, why we should not now keep the Watts bar appropriation in this bill. I hope, therefore, that the amendment of the Senator from Colorado will be defeated.

Mr. McKELLAR. Mr. President, I think the Senate knows I have uniformly been in favor of building dams in aid of navigation and flood control all over the country.

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

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Indiana?

Mr. McKELLAR. I yield.

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

The PRESIDING OFFICER. The Senator from Indiana suggests the absence of a quorum. The clerk will call the roll.

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

Adams	Donahey	King	Russell
Andrews	Downey	La Follette	Schwartz
Ashurst	Ellender	Lee	Schwellenbach
Austin	Frazier	Lewis	Sheppard
Bailey	George	Logan	Shipstead
Bankhead	Gerry	Lucas	Smathers
Barbour	Gibson	Lundeen	Smith
Barkley	Gillette	McKellar	Stewart
Bone	Glass	McNary	Taft
Borah	Green	Maloney	Thomas, Okla.
Bridges	Guffey	Mead	Thomas, Utah
Brown	Gurney	Miller	Tobey
Burke	Harrison	Minton	Townsend
Byrd	Hatch	Murray	Truman
Byrnes	Hayden	Neely	Tydings
Capper	Herring	Norris	Vandenberg
Caraway	Hill	Nye	Van Nuys
Chavez	Holman	Overton	Wagner
Clark, Idaho	Holt	Pittman	Walsh
Connally	Hughes	Radcliffe	Wheeler
Danaher	Johnson, Calif.	Reed	White
Davis	Johnson, Colo.	Reynolds	Wiley

The PRESIDING OFFICER. Eighty-eight Senators have answered to their names. A quorum is present.

Mr. McKELLAR. Mr. President, as I was saying when I was interrupted by the roll call, I have felt as the Senator from Nebraska [Mr. NORRIS] stated he felt about these dams, that the question is a national one. I followed out that view and belief by voting for Boulder Dam on the Colorado River in the West. I voted for several dams in the State of Colorado itself. I voted for similar measures in Oregon and Washington, or on the river between those States. I voted for other projects of a similar kind in the West and in all parts of the country, in the same way that I am now proposing to vote on these dams in the Tennessee River.

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

Mr. McKELLAR. I yield.

Mr. LEE. I understood the Senator from Colorado [Mr. ADAMS] to suggest, if not to say, that a vote against his amendment would be in effect a vote for Chattanooga, so to speak.

I do not see the matter in that way. As I understand this question, there is a comprehensive plan for flood control. We have undertaken to make the Tennessee Valley a model, so to speak. If we leave out one link in the chain, we cannot point to it as a comprehensive and complete project for flood control of the whole valley.

It so happens, as I understand, that Chattanooga would benefit perhaps more than any other one city; but that is not the point, as I see the matter, and that is not the reason why I am going to vote for this dam as against the amendment. The reason is that it is intended as part of a comprehensive and complete flood-control and navigation project, with power incidental to it, as much as can be developed and at the same time leave it a flood-control project.

The Senator from Tennessee was speaking on that particular point, and I feel that anyone whose vote is determined by the idea that this dam would simply give to Chattanooga a special advantage does not see the picture as a whole as I see it.

Mr. ADAMS. Mr. President——

Mr. McKELLAR. I thank the Senator from Oklahoma. I think his statement is exactly correct. It is not a question of Senators voting for or against Chattanooga. It is a question of their voting for the plan as a whole, just as the Senator has stated.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Colorado?

Mr. McKELLAR. I yield.

Mr. ADAMS. The statement made by the Senator from Oklahoma is very much of a misrepresentation of the position I took. I said nothing of the kind, and no such inference could be drawn from my remarks.

I am not concerned for or against Chattanooga. I am interested in Chattanooga. My objection to this proposal is on the ground that the United States Government finances have reached the point where we must give some consideration to expenditures; that the construction of the Watts bar dam at this time is not essential to carrying on the T. V. A. program; that it can wait; that the navigation facilities above Chattanooga are open to debate, and that a year's discussion would be worth while.

The statement that I am for or against this dam because of its effect on Chattanooga is not the fact.

Mr. LEE. Mr. President, if the Senator from Tennessee will further yield, I understood the Senator from Colorado to say that we should not favor Chattanooga over any other city. I certainly did not mean to misrepresent the Senator's position on that subject; but I understood that he said we should not favor Chattanooga over any other city, which would tend to make this a question of whether we are voting for Chattanooga or against Chattanooga. I did not want my vote to be construed as simply a vote to favor Chattanooga above other cities.

Mr. McKELLAR. Mr. President, I thank the Senator from Oklahoma for his statement, and I thank the Senator from Colorado for saying that he had nothing especially against Chattanooga in offering his amendment. The truth of the matter is that both the Senate and the House of Representatives in 1935 adopted a plan for the development of the Tennessee River. Here is the plan in three lines:

> That the Tennessee Valley Authority * * * shall have power to construct such dams, and reservoirs in the Tennessee River and its tributaries as in conjunction with Wilson Dam, and Norris, Wheeler, and Pickwick Landing Dams, now under construction, will provide a 9-foot channel in the said river and maintain a water supply for the same, from Knoxville to its mouth.

It is perfectly simple. Under that plan the engineers have adopted sites for building these dams—one at Gilbertsville,

one at Pickwick, one at Wilson, one at Wheeler, one at Guntersville, one at Chickamauga, and now one at Watts bar on the main river. The plan has been carefully prepared. It has been authorized by Congress. It is necessary to navigation; it is necessary to flood control as well; and, incidentally, it will produce enough power to pay the entire cost of the improvement in a period of years.

I do not believe another project like this has ever been offered in the Congress of the United States—one that will bring about the navigation of 600 miles of a navigable river, bring about flood control on the great Ohio and Mississippi Rivers below, and then, in addition, by the power generated, will pay for itself over a series of years. So it is, that with these views, I wish to address the Senate for just a few moments on the amendment of the Senator from Colorado, which would emasculate this plan and result virtually in stopping work on the Tennessee Valley improvements.

My reason for saying that it would result in stopping work is that as one of these dams is completed, or partly completed, those in charge move the machinery, the material, and the personnel, to another dam. They moved a large part of the material and personnel from the Pickwick Landing Dam to the Gilbertsville Dam, and so from Chickamauga and Guntersville, Ala., the material and the personnel will be moved to the Watts bar dam.

Mr. ADAMS. The Senator knows that if we let them alone, they will never stop moving it to a new dam.

Mr. McKELLAR. There is nothing in the evidence that suggests that statement of the Senator from Colorado. The Senator became very much exasperated at some of the witnesses and what they had to say. He doubted the sincerity of some; but I am sure it was on the spur of the moment.

Mr. ADAMS. Mr. President——

Mr. McKELLAR. I yield.

Mr. ADAMS. I did not get out of patience with the witnesses. I did think that the chief engineer should have been frank with us, and not evasive. The committee had a great deal of difficulty in getting a plain answer from the chief engineer of the T. V. A., and had to persist in its endeavor to get information for the record.

Mr. McKELLAR. I shall come to that testimony in a moment. I differ entirely with the Senator from Colorado.

Mr. ADAMS. It is not the first time.

Mr. McKELLAR. No; it is not the first time, but I hope it will be the last. I hope the Senator will concur in my view as we proceed with this great project. I think he ought to do so. I have supported the Senator in all those things which pertain to the Colorado River and to Colorado. I helped him secure appropriations to bore the Rocky Mountains so as to get water from one side of the mountains to the other. But the Senator does not feel that way about Tennessee. Tennessee is a little different.

Mr. ADAMS. Mr. President I want the Senator to give me credit for having voted for the expenditure of some $300,000,000 for improvements along the Tennessee.

Mr. McKELLAR. No; $220,000,000.

Mr. ADAMS. Two hundred and twenty million dollars has already been spent.

Mr. McKELLAR. That is what the Senator voted for.

Mr. ADAMS. I voted for $95,000,000 for a project at Gilbertsville, and I voted for others.

Mr. McKELLAR. I shall not fall out with the Senator about it. I merely call attention to the fact that on the same committee, whenever the proposal is to develop projects of this kind for the benefit of the people of the West, giving them cheaper water, giving them water to drink, giving them water with which to make crops, even if it involves taking it from one side of the mountains to the other, I have uniformly stood with the Senator, because I think it is right, and I am sorry that the Senator does not think it is right now for us to continue this project as recommended by the engineers.

Mr. President, I shall now take the liberty of reading a small portion of the testimony. I shall not depend on my own memory, but I shall quote the reasons given by those who testified in favor of beginning the building of the Watts Bar Dam at this time. I shall read what Colonel Parker said. I pause long enough to say that, though I may be mistaken about it, in my judgment there never was a more intelligent witness, or a fairer witness, or a witness who knew more about what he was discussing, than Mr. Parker, an able, splendid man. This is what he said about this matter:

> The original request for appropriations approved by the Bureau of the Budget did not contemplate any departure from the plans previously presented to and approved by the Congress. The items eliminated by the amendment adopted in the House provided for the completion of the dams already under construction, including the Gilbertsville Dam located near the mouth of the river, the beginning of construction of the Watts Bar Dam located on the main river above Chattanooga, and the continuation of investigations of the Coulter Shoals site—all in accordance with the provisions of the statute, and as clearly contemplated by each of the appropriation acts enacted during the past 3 years.
>
> The question, therefore, is not whether new projects shall be authorized, but rather whether authorizations previously given, upon the faith of which large sums have been expended, shall now be nullified.

Mr. President, that excerpt from the testimony of Mr. Parker, the engineer, gives ample reason why this dam should be constructed. He then proceeds:

> The original T. V. A. Act, enacted in 1933, while in general terms authorizing the construction of other dams upon the Tennessee River and its tributaries, dealt specifically only with the transfer to the Authority of the existing Wilson Dam and appurtenant facilities, and the construction of the Norris Dam.
>
> In 1935 the Congress adopted certain amendments for the express purpose of clarifying the construction program contemplated by the statute. By those amendments it was definitely specified that the Authority should construct such dams on the Tennessee River and its tributaries as would provide a 9-foot navigable channel throughout its entire length from its mouth to Knoxville, Tenn., and at the same time would provide an efficient system of flood-control reservoirs to assist in the control of destructive floodwaters in the Tennessee and Mississippi River Valleys. In the same amendments it was provided that the Authority should submit to the Congress a comprehensive report showing in detail just what dams would be necessary to accomplish those purposes.

As to the Watts Bar project, Colonel Parker said:

> Even if the necessary link with the Mississippi River system is supplied by the construction of the Gilbertsville Dam, the channel contemplated by the 1935 amendments will not be complete. In order to tap the rich trade area surrounding the city of Knoxville, and thus make it possible for the traffic originating and terminating in that area to move throughout the whole system, it is essential to canalize the river between Chattanooga and Knoxville. That can be done only by the construction of dams in that stretch of the river. After years of investigation repeatedly authorized by Congress, it has been determined that such canalization can be accomplished by the construction of two additional dams. It has now been definitely determined that the best site for one of those dams is the Watts bar site, and the Authority is ready to proceed with construction there. In addition it is desirable to proceed with the investigations of the Coulter Shoals site, in order to make a final determination as to whether that is the place at which the final dam on the main stream connecting Knoxville and its trade area with the system should be constructed. If these dams are discontinued, the whole area of east Tennessee remains isolated from the system.

Again Colonel Parker stated:

> The Authority will have expended through this fiscal year $678,000 on the Watts bar project, all of which has been authorized by previous appropriations by the Congress. It has been planned to begin construction in July 1939, as this starting date is in accordance with the most economical planning of the construction program. The completion of work at other projects of the Authority permits the transfer of construction equipment and trained personnel to the Watts bar project. To delay construction now would disrupt this entire plan and necessitate the disbanding of extremely efficient organizations.

As to the need of establishing the Watts Bar Dam, I quote the following from the hearings before the House committee:

> Mr. PARKER. It is most important that authorization for starting construction of the Watts bar project be given at this time. This dam is the next logical step in the development of the program from the standpoint of navigation, because it will extend the 9-foot channel upstream from Chickamauga Dam; from the standpoint of flood control, because it will provide 347,000 acre-feet of controlled storage urgently needed for flood-control protection at Chattanooga; and from the standpoint of power, because it will provide in the initial stage for the installation of 90,000 kilowatts, which will be available to produce a revenue for our projects and for which there is a definite market. Of the utmost importance is the ability to stabilize and utilize our trained and experienced personnel and to gain the advantage of the reuse of our heavy equipment.

Now, that is a very real item. Our present plans are to combine the development of this site with the development of the Chickamauga site immediately downstream. As fast as the Chickamauga project is completed the personnel and equipment from that site will be transferred upstream to Watts bar, and the beginning of Watts bar has been scheduled with that particular thing in mind. If the Watts bar project should be postponed, it would mean the disruption of a large proportion of our construction force that has been assembled right there ready to start work.

Mr. CASE. Colonel Parker, it occurs to me that, judging from the history of the legislation last year, that the question that the House will probably ask as much as anything is, Why should we start another dam? Last year the conflict was over the starting of the Gilbertsville Dam and the reasons for it, and the House will ask for justification for starting the Watts Bar Dam. They will not be so much interested in the handling of the personnel, important as that is to you, but they will be interested in specific answers to the question of the necessity or value of this from the standpoint of flood control, navigation, or power. You mentioned that this is very important from the standpoint of Chattanooga. I think that point should be developed; and I think, if you can, you should justify it from the standpoint of navigation. Then there should be something on the need for additional power. I think there is a feeling at the present time that there is no market for all of the power produced.

Mr. PARKER. I should be glad to take those things up one at a time. First, from the standpoint of navigation, Congress instructed us to provide navigation to Knoxville. We have already spent a very considerable amount of money developing navigation. With the completion of the Chickamauga Dam it will be effective to somewhere half way between Chattanooga and Knoxville. That is no logical terminus. It is not a complete program. We have not yet done what Congress asked us to do. Watts bar and Coulter Shoals are needed to complete that entire program, and all of this money which we have spent so far on it will be only partially effective. If we do not complete it at the present time with our present resources, it will be very much more expensive to complete it at some future date if we have to reassemble those same resources again.

Now, from the point of view of flood control, the same thing is true in efficiency and cost. We are recommending that a levee be constructed at Chattanooga. If it is constructed, it will, in turn, be only partly effective. It will not only be partly effective, it will be decidedly dangerous, because if a flood occurs large enough to top that levee, it will endanger the community. The picture is incomplete without the completion of the Watts bar and Coulter Shoals projects, and this 340,000 acre-feet on the main river directly above Chickamauga is a very effective means of supplementing the proposed local protection.

From the standpoint of power I would rather have Mr. Krug explain to you just what the markets are, but I think I can safely say that our present power load, which I think exceeds 260,000 kilowatts, practically coincides with the estimates made a year and a half or 2 years ago, upon which this whole schedule has been based. There is no other source of so-called prime energy available. It will take 3 years, if we start the job now, to get this prime energy. If it is deferred, it means there will be a considerable period during which the power capacity of the system cannot grow.

I have here the report on the Watts bar project of which we have several copies available, and we would be glad to supply them to the committee if you wish to have them. This is a description of the entire project with the cost estimates, and all of the details.

I should say that the dam site is a very favorable one, and presents very few difficulties. It is probably the most favorable dam site we have discovered in that valley. We have had considerable difficulty there with foundations of limestone. You understand that we have to locate these dams where navigation requires that they be located; that is, they have to overlap to provide continuous depth, and we have run into considerable difficulties. This dam is located on sandstone and shale and is entirely free from any foundation difficulties.

Mr. President, that shows the necessity of beginning this dam the coming July. There is no evidence to the contrary. The distinguished Senator from Colorado says, it is true, that in his opinion it ought not to be begun until some later period. There is no proof in the record, not a line, that the work should be postponed. Not a witness testified that it ought to be postponed, but every witness whose testimony appears in the record stated that it ought to be begun on the first of next July.

Mr. President, that is not the only reason why the Government should proceed with this project. There is a stronger reason for beginning the dam. It will be remembered that last year when we were discussing T. V. A. a great deal was said about taking advantage of the private power companies, that the Government was trying to put them out of business, that the Government was going to confiscate their property, and all that kind of nonsense. What has happened? The power companies fought the T. V. A. every moment of the time from the day the T. V. A. act was passed until recently, when the Supreme Court declared that the last act and every act relating to that subject was valid and binding, when it decided every issue in favor of the T. V. A. By that time the utilities interests had gotten through this body and the House of Representatives a provision for an investigation of the T. V. A., thinking there was something corrupt about it. What was the result of that investigation? The result was a clean bill of health for the T. V. A. Not a dollar was wrongfully used.

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

Mr. McKELLAR. I yield.

Mr. MILLER. I have understood it to be said in debate here that the Congress had authorized the Watts Bar Dam as a part of the general project. That is not true, is it?

Mr. McKELLAR. It is.

Mr. MILLER. Literally speaking?

Mr. McKELLAR. I will read the language of the act.

Mr. MILLER. I am familiar with the language of the act; but I am referring to this particular dam.

Mr. McKELLAR. Does the Senator mean a definite fixing of Watts bar in the act?

Mr. MILLER. Yes.

Mr. McKELLAR. No, that was not done, for the very good reason that before any of these dams can be built the engineers must go to the sites and make investigations. They have to make borings, they have to examine in every way known to engineering skill, in order to find the particular place where they should build. I will give the Senator an illustration.

Mr. MILLER. I understand the mechanics of the procedure.

Mr. McKELLAR. Take the one at Gilbertsville.

Mr. MILLER. I understand it.

Mr. McKELLAR. For several years we wanted the dam built at Aurora, but the engineers of the T. V. A. finally fixed the site a few miles away, 15 miles away from Aurora, and the place near which it was decided to build the dam was Gilbertsville, so it was put at Gilbertsville.

The statute is perfectly plain. It provides:

> The T. V. A. shall have the power to construct such dams and reservoirs, in the Tennessee River and its tributaries, as in conjunction with Wilson Dam and Norris, Wheeler, and Pickwick Landing Dams, now under construction—

Those dams had already been arranged for by the T. V. A.

> will provide a 9-foot channel in the said river and maintain a water supply for the same, from Knoxville to its mouth.

They were specifically authorized to build any dam between Knoxville and the mouth that would carry out that purpose. Therefore, I say that is a specific authorization.

Mr. MILLER. Mr. President, will the Senator yield further?

Mr. McKELLAR. I yield.

Mr. MILLER. I think the Senator knows that I am in sympathy with the Tennessee Valley Authority program.

Mr. McKELLAR. I do.

Mr. MILLER. But I believe the Senate ought to have the actual facts about this matter, and I know the Senator is anxious for the Congress to have the facts.

Mr. McKELLAR. Yes; I am.

Mr. MILLER. In 1936 the Congress passed the act of which the Senator spoke.

Mr. McKELLAR. It was the 1935 act. The 1933 act was not sufficiently specific.

Mr. MILLER. Then the Congress called for a report by the T. V. A.

Mr. McKELLAR. Yes.

Mr. MILLER. And that report was filed with the Congress on or before April 4, 1936, and in the report they set out this Watts Bar Dam. That report has never been acted upon by the Congress, and no other report has ever been adopted by the Congress in respect to that matter. So we do not have any adopted project except as——

Mr. McKELLAR. Except as stated in the act.

Mr. MILLER. Six hundred and seventy-eight thousand dollars has been spent in investigation work in connection with the Watts Bar Dam.

Mr. McKELLAR. That is correct.

Mr. MILLER. That was not the result of any specific appropriation by the Congress.

Mr. McKELLAR. It resulted from a specific appropriation made for the purpose of examining and determining the appropriate place to put the dam. That appropriation was made last year. I think there was a smaller appropriation made the year preceding. I happened to be on the committee considering the matter, and keep up with the subject very closely; and, as I recall, those appropriations were made for the specific purpose of finding a suitable place for the location of the dam. Watts bar is not the place where it was originally intended to locate the dam.

Mr. MILLER. The appropriation was made for the purpose of exploratory work.

Mr. McKELLAR. That is correct.

Mr. MILLER. But the point that the Senator from Colorado, and other Senators who think along the same line, have made, is that they doubt the advisability of putting all our eggs in one basket. That is the situation in a nutshell. While $678,000 have been spent in exploratory work in connection with the Watts Bar Dam, the actual construction work can well wait. Nothing will be destroyed.

Mr. McKELLAR. I will come to that point in a moment, if the Senator will bear with me, and show why the work cannot wait. I will discuss that question now. I am glad to take it up at this time.

I refer the Senator to page 64 of the Senate committee hearing. On that page the Senator will find the statement of Mr. J. A. Krug, chief power engineer, Tennessee Valley Authority. He will find in that statement a full answer to the question as to why the work cannot be postponed.

Before reading that statement, which is short, I will say to the Senator that since the 1st of January more than 200 cities and towns in the State of Tennessee have made contracts by which they have bought the properties of the power companies which are now in existence in that State. Having bought those properties it is absolutely necessary to obtain the power at the earliest possible moment in order to carry out the obligations they have made to furnish power and light to the people in their communities. I shall now read from Mr. Krug's statement.

Mr. MILLER. I am familiar with that statement.

Mr. McKELLAR. I wish to read it anyway for the benefit of the Senate:

STATEMENT OF J. A. KRUG, CHIEF POWER ENGINEER, TENNESSEE VALLEY AUTHORITY

MARKETING OF SURPLUS POWER

From an economic point of view it is desirable to generate and market as much electric power as possible from the Authority's water-control projects, as in that manner the Authority can best achieve those provisions of the act which contemplate liquidation of project costs through the sale of power and the distribution of power for the benefit of the area as a whole. The Authority now has in operation four multipurpose water-control projects with a combined installed capacity of 420,000 kilowatts—

Think of it. If the Senator from Arkansas will give me his attention, I will read that sentence again:

The Authority now has in operation four multipurpose water-control projects with a combined installed capacity of 420,000 kilowatts. All of this power—

Not some of it, not a portion of it, but—

All of this power has been sold and a market has been developed for the sale of substantially all of the additional power which will be available on the completion of Guntersville, Chickamauga, and Hiwassee Dams.

That will take in all of those that are about to be completed.

This market will have an aggregate demand of over 600,000 kilowatts in 1942, and additional capacity must be installed not later than 1943 to adequately provide for the expanding power requirements in this market.

The projects required in the Authority's integrated program must be carefully planned and a period of from 3 to 6 years is necessary for their construction. Likewise, the turbines and generators involve design and construction problems so complex that about 2 years is required between ordering the equipment and placing the unit in operation in the system. Plans must be made now to provide the capacity needed in 1942 and 1943 and the requirements for the following years must also be considered. It is no longer a problem of finding a market for the power but the reverse problem of making certain that capacity will be available to provide for the increasing power requirements of the existing market.

ADJUSTMENT OF COMPETITIVE SITUATION

This market for the Authority's surplus power has been developed without duplication of the existing power facilities and without unreasonable losses to legitimate private interests. With the basis of agreement reached for acquisition of existing facilities of the Tennessee Electric Power Co. and the Memphis Power & Light Co. by T. V. A. and local public agencies, competition between distributors of the Authority's surplus power and private utilities has been practically eliminated. With the acquisition of certain small electric systems in northern Mississippi and northern Alabama, the adjustment between the Authority and private utilities will be completed in an area sufficient to absorb substantially all of the surplus power from the Authority's present and proposed dams.

It is of paramount importance—

This is the engineer speaking.

It is of paramount importance that the Gilbertsville, Watts bar, and Coulter Shoals projects are completed as scheduled. Otherwise, it may be necessary for local public agencies, distributing T. V. A. power, to construct local generating plants to serve their increasing power requirements. Small scale local developments would fall far short of the economies which are inherent in the multipurpose projects proposed by the Authority.

Mr. MILLER. Is the Senator advised as to what other dams are being contemplated by the T. V. A. outside of the Coulter Shoals Dam?

Mr. McKELLAR. Outside of that there are no others.

Mr. MILLER. Except, possibly, some storage dams.

Mr. McKELLAR. Possibly, but they are outside of this program. The program that is at issue here is the program of development from Knoxville, Tenn., to the mouth of the Tennessee River, where it runs into the Ohio, at Paducah, Ky. There are no other dams on that river that are projected.

Mr. MILLER. Is the Senator advised as to what the plans of the T. V. A. are with reference to the operation of the steam plants acquired as the result of the purchase of the various utilities a few days ago?

Mr. McKELLAR. No. They are to be used where they have to be used, when the power cannot be generated at the dam.

Mr. MILLER. To be used as stand-by plants?

Mr. McKELLAR. To be used as standby plants where there is necessity for it. Of course, the Senator realizes that when water is used power can be produced at two-fifths of a cent or less, and it cannot be produced that cheaply by the use of coal.

Mr. MILLER. I thank the Senator.

Mr. McKELLAR. I wish to read a little further from this statement:

NO POWER SURPLUS

It is now generally understood that there will be no surplus of power in the Tennessee Valley region by virtue of the installation of power facilities in the proposed projects. On the contrary, the most conservative estimates indicate that even with the installation of the full capacity proposed in the Authority's projects an additional 850,000 kilowatts of generating capacity must be installed in the area before 1946 to serve the expanding electric market. This assumes that the existing generating capacity in the area, much of which is already obsolete, will continue in existence.

At this point, Mr. President, I ask that the remainder of Mr. Krug's statement be printed in the RECORD as part of my remarks.

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

The remainder of the statement is as follows:

If a reasonable amount of this obsolete capacity is replaced during the same period, it is probable that the additional installations required will exceed 2,000,000 kilowatts. These requirements for power capacity are in excess of the 1,400,000 kilowatts presently installed or proposed for installation in the Authority's 10-dam system. The construction of additional flood-control dams on the headwaters of the Tennessee River would provide economic power capacity to assist in offsetting the power requirements developing in the southeastern area.

EXISTING RATES COVER ALL COSTS

Not only has a market been developed for the existing and proposed power capacity in the Authority's projects including Watts bar and Coulter Shoals, but this market has been developed at rates which will adequately cover all of the cost incurred in producing the power with a substantial margin as a contribution to the common cost of these multipurpose projects. A comprehensive study of this problem was presented to the Tennessee Valley Authority congressional investigating committee and a copy was filed with the House Committee on Appropriations.

This study shows that the power revenues from the proposed 10-dam system will approximate $20,250,000, which will cover all of the direct power costs and the common cost fairly apportionable to power, including 3-percent interest, depreciation, and all other items of operating cost, and leave a margin of more than $3,000,000 which will be available for flood control and navigation costs. If speculative costs are eliminated from consideration such as interest and workmen's compensation, power revenues from the 10-dam system will return over $15,000,000 annually to the Federal Government to apply as liquidation of the investment.

This study of operating results is premised on the Authority's experience with the four completed projects and its 5 years of marketing experience in the Tennessee Valley area. The results show clearly that the Authority's power operations will fulfill the expectations of Congress as expressed in the T. V. A. Act, namely, that the power projects should be self-supporting and assist in liquidating the cost of the projects.

NO CURTAILMENT OF STEAM GENERATION

It is contended by the private utility interests that the Authority's projects bring about the substitution of hydroelectric power for steam-generated power and thereby reduce the market for coal with adverse effects on employment in the coal industry. This is clearly inconsistent with the facts. The Authority's power activities coupled with its low-rate policy have greatly stimulated the demand for electric energy not only in the Tennessee Valley but throughout the country. The records show that even in the Tennessee Valley area, where the Authority now has in operation 420,000 kilowatts of hydroelectric capacity, the stimulation of electric-power sales has been so great that more coal is being used at the present time for generating electric power in that area than at any time in the past.

This situation is generally true throughout the country. Rather than the hydroelectric projects curtailing the use of coal, construction and operation of these projects in competition with steam is actually increasing the use of coal as a result of the great increase in power consumption which has resulted from the greatly reduced rates. The contention that the hydroelectric program is curtailing the market for coal is merely propaganda of representatives of private utility interests attempting to obtain the support of labor in their campaign against public power activities and low power rates.

REVENUE ESTIMATES

The estimates of power revenues and expenses submitted to this committee are conservative. It is probable that the actual revenues will exceed the $6,500,000 estimated. However, even on the basis of the conservative estimates submitted, the Authority's power operations for the fiscal year 1940 will produce revenues adequate to cover all reasonable power costs including a substantial contribution to the common cost of the projects. The Authority's power business has reached the status of a going concern. Free from litigation for the first time, the Authority will obtain power revenues adequate to provide substantial liquidation of the project cost. The success of negotiations for the acquisition of existing electric properties in the Authority's market area by the Authority and local public agencies is assurance that competition will no longer invite further delays and litigation.

TRANSMISSION REQUIREMENTS

The Authority is requesting $6,964,460 for the construction of transmission lines and substations for the fiscal year 1940. This amount is at least $1,000,000 short of the estimated transmission requirements for the period and several desirable projects must be deferred.

By virtue of the acquisition agreements reached with the private utilities, the Authority is in a position to acquire almost at once a marketing area which otherwise would have required many years to develop. If this is achieved, the funds requested for the fiscal year 1940 for construction of transmission lines and substations will be insufficient for the integration of the acquired systems as it will be necessary to carry out almost at once a construction program that otherwise would be spread over a considerable period of years as required in developing a market under competitive conditions.

To summarize, the Authority has developed a market for all of the power from the present and proposed projects and, should any change be required in the projected construction schedule, it will be necessary for local agencies to construct independent generating plants to serve a part of the increasing power requirements in the Tennessee Valley area. The increase in power demands from present contractors and municipalities, which have been assured power when it becomes available, would utilize all of the power which can be generated economically at the projects now under construction and those which have been proposed, including Watts Bar and Coulter Shoals and the tributary projects which will be desirable to afford complete flood-control protection to the Tennessee Valley and the expected protection to the Mississippi River Valley. This market has been developed under a rate level which will permit substantial liquidation of project costs so that power may carry out its functions as the "paying partner" in the Authority's program.

Mr. McKELLAR. Mr. President, let me state the situation with which we are confronted today. The power is needed; it is necessary to plan the building of the dams beforehand. They cannot be built in a year; they cannot be built in 6 months. We must plan years before the actual building begins. If the project is to be completed as Congress has directed the T. V. A. to complete it, it ought to be completed as early as possible. When the engineers tell us that Watts Bar Dam should be constructed and can most economically be constructed by beginning it next July, the item for that dam ought not to be stricken from the pending bill, and I certainly hope that the Senate will not do so.

Mr. President, I wish to speak with reference to one or two other matters, and then I shall conclude. I wish to refer to the question of money. The Senator from Colorado said that the total cost of the T. V. A. was $489,000,000. I quote from the record that the cost will be $419,000,000. That is what the engineers testified. That is not a statement by a member of the committee. That is the testimony of the engineers. The testimony is that when that $419,000,000 is expended there will be a return to the Government of upward of $20,000,000 a year. That will be the first instance in our history of an adequate return being made on the money invested by the Government in any project.

I do not care what project it is. I challenge any Senator to show any other project from which there is a return to the Government in full measure of the amount put into the project.

Much is made of the fact that this project is in Tennessee. What difference does that make? I have voted for many projects everywhere. I do not know whether the Senator from New Hampshire [Mr. BRIDGES] has had any projects, but all the Senators except him have had projects before us, and I voted for all of them. If the Senator should bring forward a good project on the Connecticut River, I might vote for it, notwithstanding his opposition to the T. V. A.

Of course, what I have said to the Senator from New Hampshire is a pleasantry.

Here we have a great project for navigation of over 600 miles in one of the most fertile valleys of this country. We have a greater project of flood control. When these 10 dams are put into operation the crest of floodwaters at Cairo or points south will be lowered from 3 to 4 feet, sufficient to save those towns.

Chattanooga is only an incident. The project is for the safety of all the great cities south of the point where the Tennessee River runs into the Ohio River. It is for the safety and benefit of those cities from the standpoint of flood control. I believe the Gilbertsville Dam will be the largest floodwater dam in the country, and perhaps in the world. It ought to be continued. It is economy for the Government to continue it. The Watts Bar Dam ought to be begun and completed as early as possible, not only to take care of navigation and flood control, but to take care of the necessity for properly utilizing the great power plant which now exists in Tennessee, and which will be dependent upon this body for operation and control.

I should like to say a word about the returns from four of these great dams—Wilson Dam, Wheeler Dam, Norris Dam, and Pickwick Landing Dam. As a matter of fact, there are very few returns as yet from Pickwick Landing Dam. The returns from these four dams this year will amount to six and a half million dollars. I again ask the question, What other projects in the United States have ever brought such a return in money to the Government? Talk about the Government contributing to these projects or furnishing the money to build them. The Government will get every dollar of it back. Does any Senator know of any other project which will provide such a return?

My smiling friend the Senator from Delaware [Mr. TOWNSEND], one of the most delightful gentlemen in this or any other body, said in committee the other day that he did

not know where we are going to sell the power after it is generated. I call the Senator's attention to the testimony of Mr. Krug and other engineers. They say the power is already sold up to the very hilt, and that the dams cannot be built fast enough to take care of the demand which the Government will have for power after the plan has been carried through.

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

Mr. McKELLAR. I yield.

Mr. TOWNSEND. I based my observation on the fact that privately owned power plants are being purchased.

Mr. McKELLAR. Yes; they are. All kinds of plants are being purchased, including run-down plants, plants which do not have the machinery to run, and shells of plants, such as the one which was sold in Memphis. It probably sold for more than it was worth. It sold for more than I thought it was worth. I am taking the position taken by my friend the Senator from Colorado [Mr. ADAMS]. It is my opinion that the plant was sold for more than it was worth.

However, every kilowatt of power that can be produced will be required to meet the demand. That is the evidence of electrical experts.

Mr. TOWNSEND. If the Senator will yield further, have not the private companies been taking care of the demand for power in the past?

Mr. McKELLAR. In a way, and at about three times the price which should have been charged. The first thing that will happen to us in Tennessee upon the carrying out of this proposal will be a reduction of rates to a little more than one-third what they were before. The program will be a boon to the people in the entire area, not alone to my town or to my State, but to all the States within transmitting distance of these plants. The price to the consumer has been reduced nearly two-thirds.

Mr. TOWNSEND. Is the Senator familiar with the question of taxes?

Mr. McKELLAR. Oh, yes. That matter is provided for under the arrangements made. The cities and towns will pay the same taxes to the State and to the county which have been paid heretofore by the power companies.

Mr. TOWNSEND. Do the Government-owned power companies pay taxes?

Mr. McKELLAR. The power companies have agreed to pay the same taxes which were paid by the old private companies, so there will be no loss on that score.

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

Mr. McKELLAR. I yield.

Mr. TAFT. If there is all this demand for power, why was the cost of power facilities left out of the estimated cost of the Gilbertsville Dam? Are we not being fooled when it is said that the cost of the dam will be $95,000,000?

Mr. McKELLAR. No; I will say to the Senator that nobody is trying to fool him. The T. V. A. does not want to fool him. I certainly do not want to fool the Senator from Ohio.

Mr. TAFT. Then why are power facilities omitted in estimating the cost?

Mr. McKELLAR. It must be remembered that the purchase of the private plants has been made in the past 4 weeks. The plans for putting in machinery to develop power at Gilbertsville have not yet been made. They will be made. Ninety-one thousand kilowatts will be generated at Gilbertsville, and it will be absolutely necessary to generate that power. The plans of the T. V. A. will have to be changed in order to generate that power to supply the demand.

Mr. TAFT. Then the Senator would say that the cost of the project will be at least $105,000,000, instead of $95,000,000?

Mr. McKELLAR. I do not know. I presume the cost will be around $100,000,000. I think that question is immaterial, for this reason——

Mr. TAFT. The cost of power facilities has been estimated at from $12,000,000 to $16,000,000.

Mr. McKELLAR. I think that point is immaterial, for the reason that when the power plants are built, the Government will get a full return of every dollar of the money. Every dollar will be provided for in the sinking fund with which to pay it all off. Are there any projects in the Senator's State which make such a return?

Mr. TAFT. Is it contemplated that the flood-control cost and the navigation cost will be paid off, or only the power cost?

Mr. McKELLAR. The power cost.

Mr. TAFT. Only the power cost?

Mr. McKELLAR. The power cost will be paid off first. The return will be a continuing one. There will be available to the Government $15,000,000 a year to pay off these amounts. I do not know any other project in the country into which the Government has gone which pays such a return. Not even Boulder Dam, in which the Senator from California [Mr. JOHNSON] and I were so much interested a few years ago, and which is one of the great projects of the country, will pay the Government a return comparable with the return from the Gilbertsville Dam.

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

Mr. McKELLAR. I yield.

Mr. BARKLEY. In connection with the question of the Senator from Ohio [Mr. TAFT], it seems to me there is no greater obligation for the recapture of the amount of money involved in the Gilbertsville Dam, or any other dam which is useful for flood control and navigation, than there would be for the recapture of the cost of any other flood-control dam on any river anywhere in the United States.

Mr. TAFT. Not at all. I just thought the Senator from Tennessee was claiming the whole world, and I wanted to be sure whether he meant to claim that all the cost would be paid back.

Mr. McKELLAR. I am not claiming the whole world. However, after 22 years of fighting in the Senate I do claim to know something about the subject, and I believe I know more about it than does the distinguished junior Senator from Ohio.

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

Mr. McKELLAR. I yield.

Mr. BARKLEY. In connection with the suggestion the Senator made about trying to fool somebody, I desire to say that no effort is being made to fool anybody. A year ago it was stated on the floor of the Senate and in the committee that the completion of the Gilbertsville Dam would involve about $112,000,000, which would include not only flood-control and navigation facilities, but installation of such incidental power as might grow out of the project.

There has been no secrecy about the cost. The cost of the dam originally was estimated at around $75,000,000. At that time it was thought that there would be two dams in the lower Tennessee River. However, when the engineers decided to move the dam down the river about 20 miles, and build one large dam instead of two, it was then estimated that the cost of the dam, complete for all purposes, would be about $112,000,000. That information is in the public hearings, so no effort is being made to deceive anybody.

Mr. TAFT. Would the Senator undertake to allocate the cost among the three uses of the Gilbertsville Dam, and give us some kind of a rough estimate?

Mr. BARKLEY. I would not undertake to hazard an opinion on that question. However, if the $95,000,000 which is now being talked about does not include the installation of power facilities, and if the cost of completion of the dam with those facilities is $112,000,000, it is a simple matter to subtract $95,000,000 from $112,000,000. The result is $17,000,000.

Mr. JOHNSON of California. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. JOHNSON of California. Mr. President, I am not expressing any opinion as to the discussion here today, but I desire to correct one statement in the matter of the construction of the Boulder Dam.

Mr. McKELLAR. If I have made a mistake I will be very happy to have it corrected.

Mr. JOHNSON of California. The Government would not permit a shovelful of earth to be turned in the construction of the Boulder Dam until we had made firm contracts by which the entire cost of the work should be paid.

Mr. McKELLAR. Out of the returns from power and water?

Mr. JOHNSON of California. Yes; out of returns from power and water; that is quite true.

Mr. McKELLAR. I am glad the Senator has stated that, because I did not know that there was such a contract. I remember that six or seven States made an agreement with the Government about it. It has been quite a time since the Boulder Dam Act was passed, and my memory may not be accurate.

Mr. JOHNSON of California. They did not make an agreement——

Mr. McKELLAR. There was certainly an agreement as to the distribution of water.

Mr. JOHNSON of California. They did not make an agreement with the Government except so far as the distribution of water might be concerned; but for the payment of every single, solitary penny of cost of the dam we had to arrange before the Government would turn a shovelful of earth. It shows the difference between the construction of Boulder Dam and the works succeeding it. I do not say that it was a just thing to us, but we were compelled to meet the Government's requirements at that time.

Mr. McKELLAR. I am very happy to have the Senator's statement about Boulder Dam. It makes me all the more pleased with my vote for that great project. I voted for it because I thought it would help build up the section of the country where it is located and make it a better and safer and more agreeable place in which to live. That is why I am for all these projects which will help our country.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. I yield.

Mr. VANDENBERG. If I may peacefully inquire——

Mr. McKELLAR. If the Senator belligerently or peacefully inquires, I shall be very glad to try to answer his questions.

Mr. VANDENBERG. I should like to obtain a little general information about T. V. A., which I am sure the Senator can give me.

Mr. McKELLAR. If I can, I will be delighted.

Mr. VANDENBERG. How much has been spent on T. V. A. all told?

Mr. McKELLAR. Two hundred and twenty million dollars.

Mr. VANDENBERG. How much more will be required to complete the T. V. A. so far as already projected?

Mr. McKELLAR. About $199,000,000, after we obtain the $40,000,000 now proposed to be provided.

Mr. VANDENBERG. How much does that make the total cost?

Mr. McKELLAR. About $459,000,000; $40,000,000 of which is to be used for various other purposes, such as the production of fertilizer and other things in which the T. V. A. is interested.

Mr. VANDENBERG. Does that include all the 17 dams about which the Senator from Colorado [Mr. ADAMS] was talking?

Mr. McKELLAR. I do not know to which 17 dams the Senator from Colorado referred. The law gives the T. V. A. the right to build dams on tributary streams. I will ask the Senator from Colorado how many dams he has found may be constructed?

Mr. ADAMS. Mr. President, I have simply the official record of the T. V. A. I happened to have counted them this morning. The number includes 17 dams on tributaries. They are not in the cost items given, for they are prospective rather than definitely determined upon.

Mr. McKELLAR. I had not counted proposed dams on tributaries, and I doubt if anyone could tell accurately at this time how many would be needed or constructed on tributaries. There are a number of tributaries to the Tennessee River in east Tennessee, North Carolina, and, I believe, in Virginia.

Mr. VANDENBERG. Does the Senator from Colorado know what the estimate is of the cost of the other 17 dams?

Mr. ADAMS. It is $80,000,000.

Mr. McKELLAR. Will the Senator give us information as to where the estimate comes from?

Mr. ADAMS. The estimate comes from the volume we have here of the House hearings.

Mr. McKELLAR. I had overlooked the House hearings. Those figures are not in the Senate hearings. As a matter of fact, the engineer who appeared before the Senate committee, Mr. Parker, who has this matter in charge, says that there is but one more dam in this project, and that dam is at Coulter Shoals, at Knoxville, and there is a provision in the pending bill, which as I understand, is uncontested, for a further examination of that dam.

Mr. VANDENBERG. The Senator can understand my perplexity, for he must realize that each time we come back there seems to be a new dam. The T. V. A. seems to be "just one damn thing after another." [Laughter.]

Mr. McKELLAR. The Senator is mistaken about that, because all the authorities have held against the Senator. The district courts, the circuit courts of appeal, and the Supreme Court of the United States have all held against the Senator. In addition to that, the joint committee which was constituted at the last session, for which both the Senator and I voted, and which was approved by the House of Representatives, has reported on T. V. A. and has not found that it is "just one damn thing after another." It has found that T. V. A. is a very useful activity of the Government; the committee has upheld it and found nothing wrong with it, and has discovered no dishonesty or corruption in it, as many people thought would be the case.

Mr. VANDENBERG. The Senator does not attribute to me any suggestion that there is dishonesty in it? I have not said anything of that kind.

Mr. McKELLAR. Oh, no.

Mr. VANDENBERG. What I want to know is when will we get through building dams?

Mr. McKELLAR. I do not know when.

Mr. VANDENBERG. If the Senator does not know, I am sure nobody will be able to enlighten us.

Mr. McKELLAR. Are there any dams in Michigan? Does the Senator know how many there are there?

Mr. VANDENBERG. No; they never let us build dams with Federal money in Michigan.

Mr. McKELLAR. Then there must not be any in Michigan.

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

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

Mr. HILL. Is it not true that the Congress, in the 1935 T. V. A. amendatory act, adopted a unified plan for the development of the Tennessee River?

Mr. McKELLAR. Of course, that is so.

Mr. HILL. And the dams that we are now talking about, the Gilbertsville Dam and the Watts bar dam, are necessary to carry out that plan. Neither the Senator from Tennessee nor I nor any other Senator is asking for the construction of any dam other than a dam within the plan which the Congress has already adopted.

Mr. McKELLAR. I have tried to make it plain that Watts bar dam and Coulter Shoals Dam are the last two dams to be built on the Tennessee River under this project from Knoxville to the mouth of the river at Paducah, Ky.

Mr. VANDENBERG. Do I correctly understand the Senator from Tennessee and the Senator from Alabama to say that when we are through with the Watts bar dam no more dams are going to be asked for by either Senator?

Mr. McKELLAR. The Watts bar dam and the Coulter Shoals Dam.

Mr. HILL. Mr. President, will the Senator from Tennessee permit me to interrupt him further?

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

Mr. McKELLAR. I yield.

Mr. HILL. The only other dam that will be necessary to carry out the plan adopted by the Congress in 1935 will be the Coulter Shoals Dam. As to what the future may bring, whether we should go into the development of the tributaries and matters of that kind, of course, we cannot tell; the future will have to take care of itself; but the Coulter Shoals Dam is the only other one, besides the Gilbertsville and Watts Bar Dams, which is necessary to carry out the program adopted by the Congress.

Mr. ADAMS. Mr. President, will the Senator from Tennessee yield to me?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Colorado?

Mr. McKELLAR. I yield.

Mr. ADAMS. I think the Senator from Alabama is assuming something that I do not believe to be accurate. There was in 1935 a statute adopted with relation to the T. V. A. providing a unified plan that was to be filed in 1936. The plan was filed but it was never adopted by the Congress.

Mr. McKELLAR. Yes; it was adopted. Let me refer to that right here. It was adopted in language so plain that anybody on earth could understand it. I should like to read it. The act provided that the T. V. A.—

> Shall have power to construct such dams and reservoirs in the Tennessee River and its tributaries as, in conjunction with Wilson Dam and Norris, Wheeler, and Pickwick Landing Dams now under construction will provide a 9-foot channel in the said river and maintain a water supply for the same from Knoxville to its mouth.

Mr. ADAMS. Mr. President, will the Senator permit me to interrupt him there?

Mr. McKELLAR. I yield.

Mr. ADAMS. The 1935 act, from which the Senator has read, contains a direction to the T. V. A. to have a unified plan prepared and filed by a certain date in 1936, which was the next year. That plan was, doubtless, prepared but it was filed after the adoption of the statute from which the Senator has read. The plan of 1936 has not been adopted by Congress, so far as I know.

Mr. McKELLAR. Congress is the highest authority in the matter of these dams. The Congress has spoken in language that is unmistakable. There cannot be any doubt about that. Even with his brilliant legal mind, I do not believe the Senator from Colorado can find that the Congress has not specifically provided for the dams between Knoxville and the mouth of the river in words so plain that—

> The wayfaring men, though fools, shall not err therein.

Mr. President, I have taken more time than I intended to take and I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Donahey	King	Russell
Andrews	Downey	La Follette	Schwartz
Ashurst	Ellender	Lee	Schwellenbach
Austin	Frazier	Lewis	Sheppard
Bailey	George	Logan	Shipstead
Bankhead	Gerry	Lucas	Smathers
Barbour	Gibson	Lundeen	Smith
Barkley	Gillette	McKellar	Stewart
Bone	Glass	McNary	Taft
Borah	Green	Maloney	Thomas, Okla.
Bridges	Guffey	Mead	Thomas, Utah
Brown	Gurney	Miller	Tobey
Burke	Harrison	Minton	Townsend
Byrd	Hatch	Murray	Truman
Byrnes	Hayden	Neely	Tydings
Capper	Herring	Norris	Vandenberg
Caraway	Hill	Nye	Van Nuys
Chavez	Holman	Overton	Wagner
Clark, Idaho	Holt	Pittman	Walsh
Connally	Hughes	Radcliffe	Wheeler
Danaher	Johnson, Calif.	Reed	White
Davis	Johnson, Colo.	Reynolds	Wiley

The PRESIDING OFFICER. Eighty-eight Senators have answered to their names. There is a quorum present.

Mr. TAFT. Mr. President, I understand that after considerable debate in the House of Representatives, the House voted to eliminate from the pending appropriation bill ten or eleven million dollars for the Gilbertsville Dam and about $5,000,000 for the Watts bar dam. The Appropriations Committee of the Senate has restored both of those items; and in order that he may raise the question separately, the Senator from Colorado [Mr. ADAMS] has moved to strike out of the committee amendment the provision for the Watts bar dam. That involves an expenditure of about $5,000,000, as I understand, and will involve, before we get through, a further expenditure of approximately sixty or seventy million dollars for the two dams, which must go together.

Certainly I am strongly in favor of the amendment of the Senator from Colorado. There seems to be no tremendous demand for navigation on the Tennessee River above Chattanooga. The question of navigation is presented only on the theory that in some way this body has authorized and required the construction of a 9-foot channel to Knoxville. I do not understand that that is the fact, and it seems to me that it does not make very much difference whether it is or not.

On the question of an appropriation the argument is frequently urged that authority to make the appropriation has already been granted. If that argument is effective, we never are going to stop spending. We have had enough authorizations up to this time to involve us in billions of dollars of additional expenditure. The only way we are going to stop spending is to stop paying out money, and the surest way of preventing the paying out of money is not to appropriate the money to be paid out. I do not think the theory that this particular appropriation has been authorized is any argument in favor of it.

The question of navigation above Chattanooga certainly is something which should be carefully examined. It is very doubtful whether it really is an essential thing, except to make constitutional the authorization of the power dams above; and I see no particular reason why that argument is of any strength.

It is urged that this dam in some way will produce 340,000 acre-feet of flood control. That flood control can be provided a good deal cheaper with smaller dams on the tributaries.

It is suggested that we need this dam in order to put men to work, because there now is a wonderful organization there, and we must continue it indefinitely. That certainly is no argument for a continuation of building dams. If that is a good argument, we might as well admit that we are going to build dams for the rest of our lives. Sooner or later we are going to have to dismiss that organization, and we might as well begin to dismiss it now.

As far as the Watts bar dam is concerned, I think it cannot involve more than about 4,000 men. It is contemplated to spend $5,000,000 during the year; and if the authorities can get more than one man to $1,200 in construction of this kind, they are doing better than the P. W. A. is doing. That means that the dam might involve the possible employment of 4,000 men. When we are trying to support 3,000,000 men on W. P. A., it seems to me that is not a material factor in a decision of the important question whether we now shall commit ourselves to another expenditure of $70,000,000.

So I see no real justification for the Watts bar dam at the present time.

I want to go somewhat further, however, and discuss the whole question of the Gilbertsville Dam.

I was not in the Senate when the question was discussed last year. I have not spent 22 years in learning of the subject, as has the Senator from Tennessee [Mr. McKELLAR]; and yet in the House of Representatives, after a considered judgment, men, all of whom have come directly from the people of the United States, have decided that they do not wish to proceed with the Gilbertsville Dam. That certainly requires in the Senate a reconsideration of the question whether or not we are going ahead with a project which is going to cost $112,000,000.

It is said that we have spent four or five million dollars on this dam. Four or five million dollars is a mere drop in the bucket when the total expenditure is considered, and a considerable amount of it can be salvaged on a very much less expensive system of dams.

I asked the Senator whether he could divide this cost. This is a three-purpose dam. It is supposed to provide power; it is supposed to provide flood control; it is supposed to provide navigation. No one is able to say what proportion ought to be allotted to any one of those purposes. As a matter of fact, the dam will not be effective for any one of the purposes, at least to the extent of the expenditure which must be allotted to it. So far as I have been able to discover from the record, it is necessary to allot about $27,000,000 to navigation, anywhere from twenty-five to thirty-five million dollars to power, and anywhere from sixty to seventy million dollars to flood control. That gives us something of a picture of the situation.

I do not know whether or not Senators know the situation of this dam. It is at the mouth of the Tennessee River, within a few miles of the Ohio River. The base of the dam, as I understand, is only about 7 feet above the level of the Ohio at pool stage, where it remains part of the year. For a considerable part of the year the backwater from the Ohio River runs up on the dam.

The top of the dam is about 375 feet above sea level. The water behind the dam is going to be perpetually maintained at least 350 feet above sea level. In the 1937 flood the Ohio River reached a level of about 347 feet above sea level, which is some 40 feet above the base of the dam; so the Ohio River will back right up against the Gilbertsville Dam, and almost reach the level at which water is to be maintained in that dam.

This dam is going to backwater back 186 miles. It is going to destroy, for all useful purposes, about 400,000 acres of the best farm land in Kentucky, permanently. If we are to try to prevent floods, and then create a permanent flood over 400,000 acres of land, certainly we should give the matter serious consideration.

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

Mr. TAFT. Certainly.

Mr. BARKLEY. The engineers who testified before the Committee on Appropriations only a week ago stated that the acreage which would be permanently affected by this dam would be about 157,000. The Senator must be quoting from a speech made on the floor of the House of Representatives, not by an engineer but by one of the opponents of the whole Tennessee Valley improvement.

Mr. TAFT. As I understand, the figure I have given is the number of acres they figure they are going to have to appropriate for the purpose, and that is the basis on which the cost is figured.

Mr. BARKLEY. No; the engineers testified that on rare occasions, perhaps once every 20 or 25 years, there might be sufficient water in the Tennessee River to flood that much land, but that the permanent acreage involved in the lake which is to be created by the construction of the dam was only about 157,000. My recollection is that only about 60,000 of that 157,000 is suitable for cultivation.

Mr. TAFT. I yield to the Senator's knowledge; yet I should like to check the information because my information is from the gentleman who spoke in the House, in whose district this dam is located, as I understand it, among others——

Mr. BARKLEY. It not only is not in the gentleman's district, but it is at the far end of the State from the district represented by the particular Member who spoke in the House against the construction of this dam. I doubt very much if he has ever seen the location of the Tennessee River at that point. It is 500 miles from where he lives.

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

Mr. TAFT. Certainly.

Mr. McKELLAR. The Senator spoke of all this land being in the State of Kentucky. My recollection is that about 160 or 165 miles of it is in Tennessee, and only about 25 miles in the State of Kentucky. So it would take several Representatives from Tennessee to talk about that from personal knowledge, and I do not think any of those in Tennessee are on that side of the question.

Mr. TAFT. I yield to the Senator. I knew the water backed up into Tennessee; but it does not make very much difference to most of us whether the land is in Tennessee or in Kentucky, much as it might make a difference to the Senator.

Mr. McKELLAR. I merely wanted to get the Senator right in his geographical location of the land. Most of these lands are in Tennessee.

Mr. TAFT. At any rate, this dam creates a lake about 160 miles long, which goes back into Tennessee, and has an average width somewhere around 2 miles, possibly 1 mile and six-tenths in width, on the average.

Of course, the main justification for river improvement in the past has been navigation. This dam is supposed to provide navigation, and for that purpose there is allotted to it $27,000,000. My interest in this matter was first excited over a year ago when talking to an Army engineer, who definitely was of the opinion that it was an utterly indefensible proposition. The report of the Army engineers shows that for approximately eleven to fifteen million dollars a series of four dams could be built that would provide all the navigation anybody would require, with a 9-foot channel.

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

Mr. TAFT. So this is a peculiarly expensive way of building a dam for navigation purposes. I yield to the Senator from Tennessee.

Mr. McKELLAR. The Army engineers in a report recommended the building of a dam at Aurora, which is about 16 miles from Gilbertsville, and they themselves recommended a dam from Aurora back to the Tennessee line.

Mr. TAFT. Yes; and they also recommended an alternative plan of four lower dams, which would leave the water in the channel of the river throughout, as the Ohio River is canalized.

Mr. McKELLAR. The Senator did not state the alternative proposition in his remarks.

Mr. TAFT. No; I was talking about a particular gentleman, and I merely repeated his views on a proposal which would cost only eleven to fifteen million dollars instead of $27,000,000.

Mr. BARKLEY. My information is that originally the Army engineers recommended the construction of seven dams in the lower Tennessee, between the mouth, at Paducah, on the Ohio River, and Muscle Shoals, or the Pickwick Landing Dam. They not only recommended four but recommended seven originally. Of course, the seven, being lock dams of the ordinary river type, would cost less than this one dam at Gilbertsville. But at that time the Army engineers were only considering the question of navigation through locks and dams similar to those in the Ohio and other rivers which have been canalized, or where an attempt has been made to canalize them.

Mr. TAFT. I understand that.

Mr. BARKLEY. So that when we consider the construction of one great dam to take the place of these the testimony of the engineers, I think, conduces to show that it is much safer and easier to navigate a river where there is a large body of water covering miles in width than merely attempting it in the narrow channel within the banks of the river itself.

Mr. TAFT. I do not admit that. As a matter of fact, I think that navigation is very much more dangerous on a large lake than it would be if this river were in fact canalized by a series of dams.

Mr. BARKLEY. The engineers who have testified about this, as I recall, do not agree to that statement.

Mr. TAFT. A great many of the engineers do agree to that statement. There was one man who testified the other day. Any riverman will state—and the Senator has seen many of them—that they prefer a canalized river to any tremendous lake, subject to storms and all sorts of hazards.

Mr. BARKLEY. There may be difference of opinion about the preference of rivermen, just as there is a difference of opinion about the preferences of Senators. But I am speaking of the testimony of the engineers who have testified on this subject. The point I am coming to is that the

original seven dams, or whatever the number was, were only for navigation. The proposed dam combines navigation and flood control, and I think the Senator would agree that the type of low dams contemplated by the Army engineers originally would be of very little value in flood control.

Mr. TAFT. I think they would be of about as much value as the large one.

Mr. BARKLEY. That is a difference between the engineers and the opinion of the layman.

Mr. TAFT. No; they would be of no value in flood control, any more than the large dams, which I wish to discuss.

Mr. BARKLEY. I do not think the Senator is an expert on either large or small dams. But be that as it may, the increased cost of the large dam as compared with the four or seven small ones, whichever it is, is made necessary because this dam is to serve a triple purpose, flood control, navigation, and incidental power.

Mr. TAFT. I so stated when I started my remarks.

Mr. BARKLEY. I am frank to say that the power facilities of this dam are incidental, not primary.

Mr. TAFT. My point is that if the only purpose of this dam is navigation we can get navigation about ten or eleven million dollars cheaper than this dam is giving it.

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

Mr. TAFT. I yield.

Mr. GLASS. I have experienced so much trouble in learning when I am right and when I am wrong on this question that for the first time in my senatorial career I have voted on both sides. But I have a notation here that it was stated in the House debates on the subject that to make the Gilbertsville Dam of any practical value additional water must be brought to the dam from the Ohio River through a canal the constructon of which will cost $150,000,000 additional. Is that true?

Mr. TAFT. I would think it not true.

Mr. GLASS. I ask the Senator from Kentucky.

Mr. BARKLEY. Who made that statement?

Mr. GLASS. It was made in the debates in the House.

Mr. BARKLEY. By whom?

Mr. GLASS. That I do not know. The information is sent to me by a Representative from Virginia.

Mr. BARKLEY. The statement is so ludicrous that really it seems utterly impossible to imagine anyone who knew anything about the flow of water making a statement like that, that in order for the Gilbertsville Dam to be effective in flood control, it would be necessary to pump water from the Ohio River from above the dam so that it would run back into the river so that it would protect the people from the floods on the Ohio River and the Tennessee.

Mr. GLASS. With respect to the adversaries in this discussion, they regard each other's statements as ridiculous, and I do not know which is ridiculous. [Laughter.]

Mr. BARKLEY. No one has suggested that a canal be built from the Ohio River to the Tennessee River, or to any other river, in order to get water into the Tennessee River through the back yard so that it might flow out of the dam down into the Ohio River, from which it was taken.

Mr. GLASS. I do not know whether the man who made that statement in the House was from Kentucky or from Tennessee.

Mr. BARKLEY. I would not want to think that anyone in the House from either of those States would have little enough sense to make such a statement.

Mr. McKELLAR. I am sure no one from Tennessee made the statement.

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

Mr. TAFT. Certainly.

Mr. NORRIS. The point the Senator is discussing, as to flood control and navigation, and the type of dams to be built, was one of the issues in court in the so-called Eighteen Company case, which was passed on by the Supreme Court recently. Is the Senator aware that the finding made by the trial court stands undisputed on that issue, where evidence was adduced on both sides to the effect that the only kind of dam that will afford navigation facilities and flood control is the high dam, and that the several dams proposed in lieu of the Gilbertsville Dam would have no flood-control value whatever?

Mr. TAFT. I am absolutely aware of that statement, and I have not said anything to the contrary. The point I am trying to make in regard to navigation is that if all we want is navigation we can get it about ten or twelve million dollars cheaper, and it is not fair to allocate to navigation $27,000,000 when we can get better navigation for $12,000,000.

Mr. NORRIS. If the Senator will permit, the court made a finding on that very point contrary to the statement the Senator has just made. Their finding was that navigation from high dams was much superior, took less time, and was better in every way than navigation which came from low dams.

Mr. TAFT. I did not understand the decision to be that, merely that there was evidence to that effect, upon which they would necessarily have to rely in deciding the question of the constitutionality. As a matter of fact, the ordinary type of river transportation, in the opinion, I think, of nearly every expert on river transportation is very much safer on a canalized river such as the Ohio is today. There have been practically no accidents in many many years on the Ohio River. There has been one serious accident on Lake Pepin on the Mississippi River, where a boat was sunk and a hundred people drowned many years ago, simply because of high waves such as frequently rise on a lake of that character.

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

Mr. TAFT. I yield.

Mr. McKELLAR. How much does the Senator estimate it would cost to construct seven low dams instead of the proposed dam?

Mr. TAFT. As I understand it, four would take the place of this particular dam.

Mr. McKELLAR. And at what cost?

Mr. TAFT. My understanding is $11,000,000, but I have allowed up to $15,000,000 just to play safe.

Mr. McKELLAR. The Senator does not know what the four dams he speaks of will cost?

Mr. TAFT. The estimate which I have read in one of these reports is $11,200,000; something of that sort.

Mr. McKELLAR. Is that all it will cost for four dams?

Mr. TAFT. For four low dams.

Mr. McKELLAR. Four low dams will cost $11,000,000.

Mr. TAFT. Mr. President, the second question is one of power. Of course, there seems to be a little question as to whether or not this dam is really intended to provide power. It is not included in the ultimate estimate. They say it is ultimately going to cost $95,000,000. As a matter of fact, it appears from the Senator's statement that the real cost will be $112,000,000, and they propose to produce, according to various estimates, anywhere from 100,000 kilowatts up to 150,000 kilowatts of power. I do not know on what that estimate is based. There is only this to be said about the dam as a power dam. In the first place, if we allot $35,000,000 to power, or even if we allot $30,000,000 or $25,000,000, it is more expensive than any other dam for producing power in the Tennessee Valley system. I do not think there is any question about that. There is some question about what it is going to cost. However, a reasonable estimate made by Mr. WIGGLESWORTH in the House, and not contradicted except in general terms, is that it is going to cost $277 a unit instead of $80 or $90 per unit cost on the dams higher up.

The one reason why power at this dam is peculiarly inappropriate is because the Ohio River does back up against the dam, and constantly reduces the head. The summer that I talked to the engineer to whom I previously referred, was that summer in which we had high water all through the summer, during which time the head at the Gilbertsville Dam would have been reduced 20 feet by the Ohio River backing up against the dam. The base of the dam is only 309 feet above sea level. They propose to keep the water in the dam, according to the testimony of the engineers, anywhere from

354 to 359 feet above sea level. Fifty feet is the greatest possible head they can get under any circumstances, and a large part of the time it will only be 30 feet. I do not know how the estimates are made. I only say that when the head is being cut down constantly by a constant rise in the Ohio River, the power cannot be reliable, and you cannot contract for the full amount of your power because half of the time you may not have it.

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

Mr. TAFT. I yield.

Mr. BARKLEY. As a matter of fact, the Ohio River could not back up into the Tennessee River unless the Tennessee River were empty. Of course, if the dam were built and all the water that was impounded above the dam was held there, and no water permitted to be in the Tennessee River between the dam and the mouth of the river 23 miles below, the Ohio River might back up into it.

Mr. TAFT. The fall is only 7 feet, is it not?

Mr. BARKLEY. I do not recall. I cannot state whether it is or not.

Mr. TAFT. The fall is 7 feet. Seven feet above pool stage in the Ohio.

Mr. BARKLEY. I have lived all my life at the mouth of the Tennessee River, and I know as a matter of physical fact that the Ohio River does not back up into the Tennessee River.

Mr. TAFT. It does not have to back up into the Tennessee River if it holds the Tennessee back. It raises the level of the Tennessee River. I do not care whether it backs up into the Tennessee River or whether it holds the Tennessee River back, so long as it raises the level of the Tennessee River you cut off the head at the Gilbertsville Dam.

Mr. BARKLEY. When the Ohio River is fuller than the Tennessee River, of course, the tendency would be to hold back the free flow of the Tennessee into the Ohio River, but when the Senator talks about the Ohio River backing up to this dam he is visualizing a situation where the water in the Tennessee would be held back above the dam to such a point that there would be practically no water in the mouth of the Tennessee River, between the dam and the Ohio, so that if a flood came down the Ohio River it could back up into the Tennessee River.

Mr. TAFT. No, but the base of the dam is approximately 309 feet above sea level. The Ohio River in pool stage is 302 feet above sea level. When it is 20 feet above pool stage it is 322 feet above sea level. The Senator is not going to say that the base of the dam is going to be lower than the Ohio River, 322 feet? Then my point is that you cut down the head at the Gilbertsville Dam; instead of 50 feet, you have only 30 feet of head.

Mr. BARKLEY. The Senator is reading somebody else's speech that this water will back up as far as the dam.

Mr. TAFT. I am not reading anybody's speech. I got all the figures I could get on this question. It is purely a matter of mathematics, if the Senator can understand mathematics.

Mr. BARKLEY. Water will run down hill, and the only way by which the waters of the Ohio could run into the Tennessee would be that at flood stage, or any stage, the Ohio would be higher than the contiguous part of the Tennessee River.

Mr. TAFT. I do not care whether the water at the base of the Gilbertsville Dam is Ohio River water or Tennessee River water. Whatever water it is going to be, when the Ohio River is at 322 feet, it is going to be at least 322 feet at the base of the dam, and it is going to cut down the head on the Gilbertsville Dam 30 feet, and any engineer will tell you that that condition exists. I say it is an unreliable source of power, and that is perhaps the reason that they have omitted the provision for power machinery or anything else for the Gilbertsville Dam.

The ground on which this dam is most strongly urged is that of flood control. Frankly I think except for the problem of flood control, the dam would be so completely unjustifiable that I do not believe the Senator from Kentucky [Mr. BARKLEY] or the Senator from Tennessee [Mr. MCKELLAR] would be proposing it here today.

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

Mr. TAFT. I yield.

Mr. McKELLAR. I recall 2 or 3 years ago that one of the power companies, I do not remember which—I remember the agent's name very well—made every effort in the world to acquire this dam site from the T. V. A., and surely a power company would not want to build a dam there unless it was a paying proposition.

Mr. TAFT. The Senator has asked me to provide a record where some of my statements may be found. I should like to ask the Senator from Tennessee to provide a record where his statement is to be found. If any power company wishes to acquire this dam, I think by all means the T. V. A. ought to sell it to them, because it certainly has no value for power.

Mr. McKELLAR. I will give the Senator the name of the man. He was an engineer representing one of the power companies, a man by the name of W. G. Waldo, and his testimony is of record in the House hearings of 4 or 5 years ago. I shall be very glad to have a copy of the hearings sent to the Senator so he may know what Waldo thought about it.

Mr. TAFT. I understood the Senator to say that he wished to acquire it for his company?

Mr. McKELLAR. He did.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. TAFT. I yield.

Mr. BARKLEY. The original site of this dam was surveyed, and the location fixed for the construction of a private power dam. What happened was that instead of the T. V. A. selling a power site to private interests, the T. V. A. bought it from this man and from his company, or paid them an amount agreed upon as compensation, a reimbursement for the expenses they had gone to in the construction work, or the survey and the preliminary work looking toward the construction of a power dam at that point.

Mr. TAFT. Was that at Aurora Landing?

Mr. BARKLEY. At Aurora Landing.

Mr. TAFT. That is 20 miles above, and where the question of power that I have discussed does not arise.

Mr. BARKLEY. The flow of the Tennessee River at Gilbertsville and at Aurora is practically the same. There would be no advantage as far as power is concerned at Gilbertsville over Aurora, because both are practically the same.

Mr. TAFT. How far above Gilbertsville is Aurora Landing?

Mr. BARKLEY. Twenty miles.

Mr. TAFT. And there is an additional fall of the river between Aurora Landing and the Ohio River.

Mr. BARKLEY. Yes. Of course, the farther you go up the river the more fall you get, because there being so much fall per mile, the more miles you travel the more fall you get. But practically the site which had been surveyed and on which a dam was to be constructed by private interests for power purposes was the same as the Gilbertsville site.

Mr. TAFT. And a good deal farther from the Ohio River, so that the problem that I have discussed here does not arise when you get up to Aurora Landing.

Mr. BARKLEY. Twenty miles would not make a great deal of difference.

Mr. TAFT. At least 10 feet more, which is a very material thing in the head of power.

Mr. BARKLEY. Of course, the fall of the river as it may affect the machinery of a dam would not be any greater at Aurora Landing than it would be at Gilbertsville.

Mr. TAFT. I do not think the Senator gets my point.

Mr. BARKLEY. I am frank to say I do not.

Mr. TAFT. That the level of the Ohio River is so high that at Gilbertsville a large part of the time they have water well up from the base of the Gilbertsville Dam. At Aurora Landing that is not true. When you make power it depends on the difference between the level of the lake and the level at the base of the dam. That is what power depends on.

Mr. BARKLEY. That would only be true during the short time that the river is at flood stage.

Mr. TAFT. It does not have to be at flood stage. It may be 20 feet above pool stage, and it was almost continuously through most of the summer before last, and we did have the condition arising which I discussed, and you have it every winter. Sometimes for a month or two.

Mr. BARKLEY. For a month or two.

Mr. SMATHERS. Mr. President, will the Senator yield for a question?

Mr. TAFT. I yield.

Mr. SMATHERS. Am I to understand that the Senator from Ohio is against the T. V. A. development?

Mr. TAFT. I am discussing only Gilbertsville. The T. V. A. development has already taken place, and I believe the Government should certainly make the best and most profitable use of it, and conduct the enterprise as it is now being conducted. I am not in favor of spending any more money on the development of dams as a general thing. Today I am interested in not spending it on this particularly inefficient and useless dam.

Mr. SMATHERS. The Senator's contention today, that two of these dams should be cut out, would indicate to me that the Senator wants to stop the progress of the T. V. A. practically at its middle. Is that correct?

Mr. TAFT. I think I would be willing to stop the progress of the T. V. A. with about four or five dams completed, and the additional power installed that can be installed. I think I would be willing to do that.

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

Mr. TAFT. I yield.

Mr. TYDINGS. I should like to ask the Senator if it is not a fact that for flood-control purposes the water behind the dam is constantly eliminated whenever opportunity offers, when it can be eliminated without unduly raising the level of the river below.

Mr. TAFT. Yes.

Mr. TYDINGS. But for power purposes the water is kept as high as possible behind the dam, so that there will be sufficient water to generate power through dry spells.

Mr. TAFT. Yes.

Mr. TYDINGS. Obviously the proposal before us is either a power project or a flood-control project. It cannot be both. In my judgment, it is only a power project camouflaged as a flood-control project.

Mr. TAFT. I agree with the Senator; and I should like to discuss the question of flood control, because I think in that way we can better understand how the two purposes may be combined to some extent.

With regard to flood control, if we know when a flood is coming—which we do not—the water behind the dam would be at a height above sea level of 350 feet. For power purposes ordinarily it would be kept at between 354 and 359 feet. However, the dam is built high enough so that the level of the water could go up to about 375 feet above sea level. The claim is that when you see a flood coming you can somehow reduce it to 350 feet, although you want 359 feet for power use.

Then there is 25 feet of storage, in which there is 4,600,000 acre-feet.

Mr. TYDINGS. In that case a flood-control project is superimposed upon a power project.

Mr. TAFT. That is correct.

Mr. TYDINGS. Without the power project, such superimposition would not be necessary.

Mr. TAFT. That is correct. The dam is built at least 15 feet higher than it would have been built if there had been no power.

Mr. TYDINGS. If we were building a flood-control project at this time with the idea of impounding the water during the flood and releasing it as soon as the flood was over, we could do the job for much less than is called for by the proposal under consideration. The point I wish to make is that this project is primarily a power project, to put the Government into the power business in competition with private industry. That has been the whole object. May I suggest to the Senator that when flood control was first mentioned in Congress in 1927 the purpose was to make fertilizer. At that time cheap fertilizer was going to save agriculture. We have built any number of dams since that time, and cheap fertilizer has not yet come. What is before us is only another piece of camouflage in order to obtain a power company under the guise of a flood-control project.

Mr. TAFT. I cannot analyze the motives behind the plan. What the Senator says may be true. However, so far as I am concerned, it seems to me obvious that the plan is not of any value for power, and I do not understand its proponents are even claiming it to be of any value so far as power is concerned. The whole force of the thing is flood control.

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

Mr. TAFT. I yield.

Mr. NORRIS. Then, as I understand the Senator's statement, he does not agree with the Senator from Maryland, who says it is entirely a power project. The Senator from Ohio says it is no good as a power project.

Mr. TAFT. I say that there may be a motive or desire to obtain more power. I have heard it suggested that there is a desire to bring power close enough to St. Louis so that the power can be brought into the city of St. Louis from the T. V. A. through a booster station. I think that suggestion is not warranted, in view of the President's recent statement that governmental activity is not to be extended in any way. However, those motives have been suggested.

Mr. TYDINGS. I should like to invite the attention of the Senator to the fact that many communities in America need flood-control facilities. At Cumberland, in my own State, there is great need for a check on the Potomac River. There is need for flood control on many streams of America. If we were to confine the appropriation to flood control we would have enough money left over to take care of several other projects, but combining power with flood control results in other places in the country in need of some measure of flood protection being left with no funds whatsoever. In other words, we are taking flood-control money and developing power instead of using flood-control money for flood control to protect cities and towns and other property already in existence.

Mr. TAFT. However, if this were a flood-control project, I think I should be in favor of it, if it really could be shown to be a flood-control project. I have explained the theory on which it is claimed to be a flood-control project. It is claimed that through control of the water the level can be reduced to 350 feet and then raised to 375 feet, a difference of 25 feet, which, in a lake of the size contemplated, would be about 4,600,000 acre-feet. As a matter of fact, that storage apparently is no greater than already exists in the Tennessee River in that 186 miles. Reading from the original report of the Secretary of War and the Army engineers on the Tennessee River, House Document 328, it says:

> The river flood channel has a large capacity for storage which it utilizes in its natural condition to regulate its stream flow and reduce flood discharges. The natural flood storage of the river channel of the main stream from Knoxville to Paducah, including backwater on the lower part of the tributaries, is estimated to be approximately 14,600,000 acre-feet. The section in which the Aurora Landing Dam pool alone is located has 4,800,000 acre-feet.

In other words, there is today a greater natural storage than the artificial storage which it is proposed to put on top of the lake behind the dam. No increase whatsoever in storage of water is made possible by the Gilbertsville Dam over what already exists in the valley. The only difference is that there is a control or regulation to a certain extent by opening the dam or closing it. The 4,600,000 acre-feet behind the dam can be controlled, whereas the 4,800,000 acre-feet of natural storage cannot be controlled. Yet when a flood starts, the water that comes down the Tennessee River goes into the Ohio, except for the 4,600,000 acre-feet which is stored behind the dam, or, if there is no dam, the 4,800,000 acre-feet which is stored in natural storage. So there is no real flood control involved.

So far as the matter of control is concerned, it is largely a fictional thing, particularly when we link power with it, because we cannot tell when a flood is coming. Floods have come at all times of the year. I think the records show

that in the past 50 years there is no month in the year in which there has not been some flood in the Ohio River. If we keep the water at 359 feet, we shall not have 4,600,000 acre-feet. We shall have about two and a half million acre-feet, compared with the 4,800,000 which we can obtain today without touching the Tennessee River.

There is also this additional fact: When the river is at the level at which it was during the winter of 1937, the highest point it has reached, 347 feet above sea level at the mouth of the Tennessee River, that would mean 347 feet against the Gilbertsville Dam. Of course, if the Gilbertsville Dam were not there, it would have extended back for miles, not quite as far as the Gilbertsville Dam Lake itself, but in many respects almost as far.

So, as a matter of fact, we do not obtain any additional storage. We obtain only a certain amount of control. The control is a very doubtful thing. If we let the water out at the wrong time, or if we guess wrong as to whether or not it will rain 3 days from now, we will find that the actual control may do more harm than if we had no control at all. When Dr. Morgan built the dams in the Miami Valley, he put on the dams the statement that "These dams are flood-control dams, and they never shall be used for power." We have the constant incentive of people to obtain power, and to keep the water just as high as it is possible to keep it so that the power may be produced. Probably the control operates too late to bring the level down to the point where the dam will take care of a flood from the upper Tennessee River. Floods do not all come from the upper Tennessee River. The flood of 1937 in Cincinnati was created largely by rain within 50 miles on both sides of the river, up to 100 miles above Cincinnati, coinciding with the flood coming down the river.

The whole idea of a controlled reservoir is one which is extremely uncertain, and on which we cannot rely. So, I say the proposed dam is no good. It is twice as expensive as necessary for navigation alone. For power it is uncertain, and it is not even proposed to install power. For flood control it does not give one more acre-foot of flood control than we have today with the free Tennessee River. We are proposing to commit ourselves to the expenditure of $105,000,000. That is not money which we have, but money which we must borrow, money which we must add to a deficit of $4,000,000,000 which we shall have in the coming year.

If there ever was a toy, if there ever was anything which was developed merely as a beautiful picture, something to attract people's interest and look like a great public improvement, it is Gilbertsville Dam. If there ever was a toy which had no other use except to amuse those who are playing with it, Gilbertsville Dam is that toy.

Mr. HILL. Mr. President, the Washington Sunday Star a week ago yesterday, February 12, carried the large headline:

Peace comes to power valley. T. V. A. utility feud dies with sale agreement.

Some of us who read those headlines felt that they correctly portrayed the situation, and that, after many years of warfare, peace had at last come to the Tennessee Valley. We, of course, knew that for years the power companies in the State courts, the Federal district courts, and in the Supreme Court of the United States had fought the T. V. A. They had waged war in every manner known to them in an effort to defeat the policies declared in the T. V. A. Act, in an effort to thwart the will and the purpose of the Congress of the United States as expressed in that act. Yet a few weeks ago the Supreme Court of the United States handed down the notable decision against the power companies and enjoined them to keep the peace.

A few days after the decision of the Supreme Court the T. V. A. bought at a fair and reasonable price the properties of the Tennessee Electric Power Co. in the State of Tennessee. In view of the decision of the Supreme Court and the purchase by the T. V. A. of the properties of the Tennessee Power Co., there were those of us who felt that at last, after all these years, peace had come to the Tennessee Valley.

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

Mr. HILL. I yield.

Mr. KING. I inquire where the money is coming from. I understand that an appropriation of $80,000,000 will be necessary to enable the T. V. A. to acquire the properties owned by private individuals.

Mr. HILL. If the Senator will excuse me, I will get to that in a few moments. I will show exactly where the money will come from.

Mr. President, although there were those of us who hoped and believed that peace had come, we find a surprise attack made in the House of Representatives against the appropriations for the construction of the Gilbertsville and Watts Bar Dams by the T. V. A. The attack came in Committee of the Whole House, and was successful, and the parliamentary situation was such that it was not possible to get a vote in the House on the amendment which struck out the appropriations for the dams. I wish to advise the Senate that the House of Representatives as a House has not as yet passed on this proposition. The parliamentary situation was such that neither the full membership of the House nor the House, speaking as a House, could pass on the question.

On reflection it is not surprising, Mr. President, to find the war still going on over the development of the Tennessee Valley. Since 1916 when Woodrow Wilson as President of the United States, proposed the construction of the great dam on the river now known as the Wilson Dam until this good hour the war has gone on, with the power companies waging incessant warfare against the development of that great valley.

After the armistice when the Wilson Dam was between one-fourth and one-third completed the power companies and their allies in the House of Representatives cried "scrap it" and defeated the appropriation to continue the work looking to the completion of the dam.

Yesterday's Washington Post carried a story from Mr. Wendell L. Willkie, president of the Commonwealth & Southern Corporation, under the date line of New York, February 18. I quote from that newspaper story:

WILLKIE DEMANDS WRITTEN PLEDGE OF T. V. A. "LIMITATION"

Wendell L. Willkie, president of Commonwealth & Southern Corporation, challenged the Roosevelt administration to day to "put in writing" the President's press conference promise that the Government was limiting its power program.

The private utility executive, who recently emerged victorious from a long and bitter fight to obtain a "fair price" from the Tennessee Valley Authority for the Tennessee properties of Commonwealth & Southern, said that not until definite boundaries are established can industry be assured of freedom from Federal competition.

Mr. Willkie says that the President of the United States and the Congress of the United States must put in writing that there is a limitation on the power program. Mr. Willkie evidently does not trust the President and the Congress. He says that the President and the Congress must "sign on the dotted line." We have a statement here signed "on the dotted line." It is a statement from Mr. Willkie's power companies, made in 1921. General Beach, then Chief of Engineers of the United States Army, wrote a letter to all the power companies in which he extended them an invitation to come in and help the Government make some disposition of the Wilson Dam on the Tennessee River. General Beach said to the power companies:

From a strictly business, commercial standpoint, could private capital afford to undertake the Muscle Shoals development or make investment to use its output?

In answer to that query these same power companies of Mr. Willkie made this reply:

From a strictly business, commercial standpoint, and considering the comparable cost of production of power at existing water-power plants and proposed water-power plants in the southeastern territory, private capital could not afford to undertake the Muscle Shoals water-power development, nor make investments to use its output on the basis of present plans.

And the power companies went on to say further to General Beach:

Nor can the United States afford to invest additional public money to complete the dam and hydroelectric power plant at Muscle Shoals, Tennessee River.

Yet within a few months after this statement from these power companies that continue to wage war today, Henry Ford came to the Congress of the United States and said, "I will pay you 4 percent interest on $30,000,000 of the cost of the construction of the Wilson Dam; I will pay you $35,000 a year for the operation of the locks at that dam, and I will pay a sum of money into a sinking fund which at the end of 100 years will amortize and return to the Government every dollar the Government has put into Wilson Dam."

When Henry Ford made that offer, what did the power companies do? In spite of their declaration that they could not take over the Wilson Dam and that the Government could not successfully develop and operate it, they came rushing in to outbid Mr. Ford; and, in a monetary way, they did outbid Mr. Ford, because they said, "We will pay you, not 4 percent on $30,000,000 expended at the Wilson Dam, but we will pay you 4 percent on the full $50,000,000 expended there, and then, in addition thereunto, we will pay you $20 per horsepower for the increase of primary power at Wilson Dam due to the construction of the Norris Dam"—a sum of money amounting to some $1,200,000 every year. When they saw that the Government was determined to do something with this great project and that Henry Ford would take it, they rushed in to grab it. When they thought no one would make an offer, and they could keep the Government from doing anything with it, they wanted to say it was scrap, hoping that they might buy it as so much scrap, just as so many other great war projects were sold, as scrap.

In 1925 what did the power companies do? When Colonel Fiske, district engineer in the valley, invited anyone who desired to make a bid to come in and bid, the power companies came in and filed an application to secure a temporary license on every dam in the Tennessee River. They had said, "You cannot go down there and develop that power." Then they came in and asked for licenses on all of these dams. Why? They knew that if they got licenses on the dams the Government could not go forward and build the dams; that they could then do just as they pleased so far as building or not building the dams, or any of them.

Again, in 1930, the power companies pursued the same tactics with General Brown, the then Chief of Engineers.

So from the day this project was first suggested down to this good hour, in the committees of the Congress, on the floors of both Houses of Congress, in the courts of the land, the power companies have been waging war against the development of the Tennessee Valley. The Supreme Court has said to them, "We enjoin you to make peace." I want to see the Senate and the House of Representatives of the United States say the same thing to them. Let us finish this job. Let us put an end to this warfare. Let us have peace. The way to do it is to go forward and provide the appropriations for these dams. When they are built by the Government, and only then, will there be peace with the power companies.

It has been suggested here that we ought not to appropriate money for the construction of the Watts bar dam because it is not economy to do so. I say to you deliberately that, on the contrary, if we do not provide this money, we shall be remiss in our duty to the taxpayers of the country. We shall fail to practice economy if we do not provide the appropriation for the Watts bar dam.

Why do I say that? I say it because we have already built the Norris Dam. We have some $35,000,000 invested in that great dam. By the construction of the Watts bar dam we shall add to the benefits to be derived from the Norris Dam in the sum of a million dollars a year that will go into the pockets of the taxpayers of the country. When we build the Watts power dam, power at the Watts bar dam will be stepped up to firm or primary power in the amount of 50,000 horsepower, because of the investment we already have at the Norris Dam. The power companies have said that that power is worth $20 per horsepower, and that is approximately what the T. V. A. is getting for its power at the other dams today. So if we multiply 50,000 horsepower by $20, we get $1,000,000 that we cannot afford to lose, but that we shall lose each year unless we go forward and build the Watts bar dam. The Norris Dam is there. It is waiting for us to construct the Watts bar dam to provide the benefit which will come from its construction.

If we fail to provide for the Watts bar dam, we let the water run from the Norris Dam, not in economy, but in wastefulness, because that water ought to be stepping up power at the Watts bar dam, and the proceeds of that power ought to be going into the treasury of the T. V. A., which means into the treasury of the taxpayers of the country.

The Senator from Utah [Mr. KING] wanted to know how we are going to pay for the properties we have bought from the Tennessee Power Co. Over a period of some 50 years the Watts bar dam itself will bring into the Treasury some $68,000,000. We have agreed to pay only $78,000,000 for the Tennessee Power Co.'s properties; so the Watts bar dam alone, not including the income we are to derive from all the other dams that we have built and that are now under construction, will practically pay the bill for the properties we have bought from the Tennessee Power Co. As has been brought out here time and again, we cannot have 9-foot navigation on the river without the Watts bar dam. If we are to go forward with the navigation of the Tennessee River, we must have this dam; and if we are going to provide the proper kind of flood control for the Tennessee, the lower Ohio, and Mississippi Rivers that is envisioned in this great unified system on the Tennessee River, and that is so necessary, we must have the Watts bar dam.

The only difference between this project and the great project on the Ohio River, in the State of the distinguished Senator from Ohio [Mr. TAFT], who has just spoken, is that in the case of this project the Government of the United States will get back its investment dollar for dollar, whereas on the Ohio River we have expended some $150,000,000, and will get back practically none of this great sum of money.

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

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

Mr. HILL. I do.

Mr. BRIDGES. Do I correctly understand the Senator from Alabama to state that the Government of the United States will get back every dollar it puts into this project?

Mr. HILL. To be sure it will get it back. Certainly it will get it back.

Mr. BRIDGES. I wish the Senator would explain how.

Mr. HILL. It will get back every dollar of money that goes into these great projects.

Mr. BRIDGES. Will the Senator explain that statement?

Mr. HILL. Certainly.

Take the case of the Watts bar dam alone, a dam which will cost about $35,000,000. That dam altogether will generate some 68,000 horsepower. At $20 per horsepower, that is an income each year of $1,360,000. That means that over a period of 50 years we shall get back not merely the $35,000,000 that we put into the dam, but over a period of 50 years—and I use the 50-year period because that is the period used in the Federal Water Power Act for private dam construction—we shall get back $68,000,000.

Mr. BRIDGES. Mr. President, will the Senator further yield?

Mr. HILL. I yield.

Mr. BRIDGES. The Senator, then, is going on the assumption that there will be no reduction in electric-power rates over a period of 50 years?

Mr. HILL. No; these figures are based on the way we are operating today. I will say to the Senator that even if there were a reduction in the rates, while it might take a little longer period of time, in the end every dollar would come back into the Treasury of the United States. With the exception perhaps of the Boulder Dam project, of all the millions, hundreds of millions and billions of dollars the Government of the United States has expended through the years on rivers and harbors and internal improvements of all kinds, where is there to be found another such project, where

the entire investment of the Government will come back to the taxpayers of the country?

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

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

Mr. HILL. Yes; I yield.

Mr. ADAMS. I understood the Senator to inquire whether or not there was any other project which would repay the Government's investment. I call the Senator's attention to the fact that every reclamation project is constructed under the obligation that its cost shall be fully repaid to the Government. In fact, reclamation projects may not be undertaken until a certificate goes forth to the effect that the project is feasible, and that the property under the project is capable of repaying its cost.

I say that merely in answer to the Senator's question.

Mr. HILL. In answer to that statement I will say that I understood that had been the policy, but that in most instances the Government has not gotten back its money.

Mr. ADAMS. We have not always been able to meet the drought and the grasshopper.

Mr. HILL. In most cases I understand that it has not been possible to meet the payments.

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

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

Mr. HILL. I do.

Mr. McKELLAR. I should like to ask the Senator from Colorado whether he knows any reclamation project the cost of which has ever been paid back?

Mr. ADAMS. I do—the Carlsbad project in the State of the Senators from New Mexico.

Mr. McKELLAR. I congratulate New Mexico and the Senators from that State, because there are exceedingly few projects of that kind. In fact, I do not know any other except the one in New Mexico.

Mr. HILL. So, Mr. President, instead of the elimination of the appropriation for the Watts bar dam being a step toward economy it is a step which would deny the taxpayers of this country a return on their investment to which they are entitled. Fifty thousand horsepower at Watts bar dam made into prime power by the Norris Dam, which we already have, at $20 a horsepower, amounts to a million dollars a year that we would lose if we did not build this dam.

We hear much these days about national defense, and within a few days this body will be considering a great program for the construction of some 5,500 airplanes. One of the most important materials that goes into airplanes today is aluminum, and on the Tennessee River in the Tennessee Valley 46 percent of all the aluminum made in this country is produced at the Alcoa plant. Seventy-two percent of all the aluminum made in this country is made at the Alcoa plant on the Tennessee River and at Badin, N. C. If anything were to happen to the power plants on the Little Tennessee River, from which the Alcoa plant is today getting its power, where would the Alcoa plant turn for power, where could it turn? To the Watts bar dam and the Coulter Shoals Dam.

We recall a report which the War Department made on the power situation as it existed during the World War. In that report the War Department stated that if the war had lasted 1 more year there would have been a shortage of some 250,000 kilowatts of power in the Pittsburgh district. That is almost as much power as is being generated today on the American side of the Niagara River. The Federal Power Commission tells us that we are threatened at present with a shortage of power. The last issue of Fortune magazine says that today "the Army of the United States must get its gear in the industrial Northeast." When we develop great projects like the Tennessee Valley project, like the Fort Peck, the Grand Coulee, and the Boulder Dam projects no longer will we have the unfortunate and dangerous situation of having the Army gear located in one little section of this broad country.

Every reason would seem to dictate the construction of the Watts bar dam at this time. It is in the estimates of the Budget Bureau, it has not yet been stricken out by the House of Representatives. I prophesy that when we insert the provision today, as I believe we will, and the bill goes back to the House of Representatives, the House will retain the provision in the bill.

Navigation, flood control, economy, return of dollars to the taxpayers of the country, and even the national defense of the country dictate that we go forward and make the necessary appropriation and construct the dam.

Mr. HATCH. Mr. President, the Senator from Tennessee asked about reclamation a moment ago, and the Senator from Colorado [Mr. ADAMS] referred to the Carlsbad project in my State. I think I may say without boasting that the Carlsbad reclamation district was more prompt in making its payments than the water users on any other project in the United States. It met every dollar of obligation as it accrued, and, so far as I know, it never asked for a moratorium, remission of interest, or anything like that.

In connection with that project, and in connection with the discussion here today, I am prompted to add another thought. Recently, under the present administration, it was necessary to build for the Carlsbad project another dam and another reservoir, some 150 miles above the Carlsbad project itself, costing a little over $2,000,000. The water for that reservoir flows down the Pecos River, acting as a canal carrying water to Carlsbad. Without any thought of a flood-control feature the farmers of the Carlsbad irrigation district pledged the repayment of the entire sum of money that went into the construction of the Alamogordo Dam and Reservoir. During the progress of construction, before the dam was completed, one of the worst and most disastrous floods our State has ever experienced occurred, and, due to the construction which had already gone on in the building of the Alamogordo Dam, great flood damage was averted. I think, and the people of New Mexico think, that that dam and reservoir prevented a disastrous flood, which would undoubtedly have destroyed much property and perhaps many lives in Carlsbad, 150 miles away.

I have asked engineers to compile data and supply me with information as to what proportion of the cost of that dam and reservoir could properly be charged to flood control and flood protection. I think the farmers of the Carlsbad irrigation district are entitled to have a credit on the sum which they now owe the Government for the construction of that dam and reservoir, of whatever portion rightly should be charged to flood control, and at the proper time, when the information shall be fully assembled, I expect to offer a bill to that effect.

Mr. McKELLAR. What was the cost of the dam?

Mr. HATCH. A little over $2,000,000.

Mr. BRIDGES obtained the floor.

Mr. ADAMS. Mr. President, will the Senator allow me to interrupt him for just a moment?

Mr. BRIDGES. Certainly.

Mr. ADAMS. Earlier in the day an inquiry was made as to certain cost figures, and I stated that I would endeavor to locate the figures. I find they are somewhat conflicting but they appear in the House hearings, pages 1636 and 1687. The first thing to which I wish to call attention is an interrogatory in which Mr. WIGGLESWORTH asked this question of Mr. Parker, the chief engineer:

> Mr. WIGGLESWORTH. I just want the total figure for the present.
> Mr. PARKER. If they are all filled, the plants alone, that is, without additional or subsidiary transmission facilities, the total cost would be $481,000,000.
> Mr. WIGGLESWORTH. In addition to the transmission facilities?
> Mr. PARKER. That is exclusive of the step-up and transmission facilities.

Then Mr. Ager, one of the T. V. A. authorities, said:

> If you added another $80,000,000 for the transmission and substations I think you would have the ultimate development.

Mr. Blandford, another official of the T. V. A., then stated:

> Subject to some checking on our part, for the installation of all of the units which would be problematical, and the building of any tributary projects that we have in prospect, plus the transmission, it might be around $550,000. That would be the aggregate.

In the Printing Office it was printed "$550,000," instead of "$550,000,000." I interrupted the Senator merely to make the figures available.

Mr. BRIDGES. Mr. President, I have listened with a good deal of interest today to the discussions and the debates upon the amendment offered by the distinguished Senator from Colorado [Mr. ADAMS]. The amendment has been very ably discussed by the Senator from Colorado and the junior Senator from Ohio [Mr. TAFT]. In my opinion they have presented in a very admirable way the basic arguments against the appropriation for the three dams referred to as recommended by the Appropriations Committee. In a very effective manner they have presented reasons for the adoption of the amendment offered by the Senator from Colorado.

I think the impression has been gained, certainly I have gathered it as a Member of this body from certain distinguished Members of the Senate, that people in the Tennessee Valley, people in Kentucky, and in the States in the particular sections represented by the distinguished Senator from Kentucky [Mr. BARKLEY], and the distinguished Senator from Tennessee [Mr. MCKELLAR], probably are unanimously for an appropriation along this line. So for the purposes of the RECORD, and to show the complete picture to the country, I should like first to introduce as part of my remarks, and ask the clerk to read a letter from the mayor of Paducah, the home city of the Senator from Kentucky.

The PRESIDING OFFICER. Without objection, the letter will be read.

The legislative clerk read as follows:

EXECUTIVE DEPARTMENT,
City of Paducah, Ky., February 11, 1939.

Hon. JACK MAY,
Congressman from Kentucky, Washington, D. C.

FRIEND MAY: Inclosed find copy of telegram to Maj. Bernard Smith, Nashville, Tenn., sent to him at his request.

On February 4, 1939, Senator MINTON, from Indiana, addressed a letter to Mr. Perry Pace, of the Perry Pace Button Works, Loogootee, Ind., in regard to the Gilbertsville Dam, and enclosed a letter dated January 25, 1939, from the Tennessee Valley Authority to the Senator written by John B. Blandford, Jr., general manager. This letter contained some very interesting data. Item 3 of the letter sets forth that the Gilbertsville Dam will be 150 feet high, its reservoir 184 miles long, estimated width of 2 miles when the pool is at its navigation level.

I have been advised that insurance companies classified Paducah for earthquake insurance on the same basis as California, due to the fact that in this area there are constant earth tremors. You are in a position to ascertain the correctness of this condition, and if it is shown to be correct, certainly the safety of the thousands of people that will dwell below the wall of the dam should be considered, for if there should be a reoccurrence of the thing that happened in the region of Realfoot Lake with this wall of water above us, it would simply mean the elimination of Paducah, everybody and everything in it. It is not my intention to spread alarm, but a desire to get at the facts, and I sincerely hope that you will be able to assemble the necessary information as to the true facts.

This morning I received information that can be easily checked for its correctness, that the foundation of the proposed site of the dam is a type of shelly rock; that is, that there is a strata of rock with openings or sand between the strata that will have to be filled with concrete in an effort to establish a solid base. I am not an engineer but it strikes me as a layman that such a type of foundation would be extremely hazardous.

I will be glad to furnish you any information that I can gather from time to time, and will appreciate your advising me as to what positive evidence you can obtain along the lines suggested.

With kindest personal regards, and hoping that I will have an opportunity to see you in person sometime during the month of March, I am,

Your friend,

EDGAR T. WASHBURN, *Mayor.*

Mr. BARKLEY. Mr. President, may I ask the Senator from New Hampshire to whom that letter is addressed?

Mr. BRIDGES. The letter is addressed to Representative MAY. I thought, inasmuch as it raised the question as to the safety of the distinguished floor leader's home city, and pointed out that it might be washed away, and everything in it destroyed, that he would have particular concern.

Mr. BARKLEY. Yes; I have particular concern; and in spite of the letter of the mayor I am willing to take chances. I will say that I received a communication from the mayor since that letter was written, in which he states that his letter was based upon a total misapprehension and that there was likewise an incorrect interpretation placed upon it by the recipient of the letter who apparently used it in the debate on the floor of the House. I may say that I have also received telegrams from local organizations, clubs, and chambers of commerce and other organizations in the city of Paducah, contradicting any suggestion or implication contained in the letter just read.

Mr. BRIDGES. I am very glad of the confidence displayed by the distinguished floor leader of the Democratic Party, but if anything should happen in his home city to his friends and to other residents of that city, I want him to remember particularly that I have given due warning here, and I am thinking of their safety.

Mr. BARKLEY. I wish to say to the Senator that I appreciate his solicitude about protecting Paducah from earthquakes. I have lived in Paducah, or within 18 miles of the city, all my life. What we are afraid of down there is not earthquakes but floods, and we had a very disastrous flood experience 2 years ago against a recurrence of which we are trying now to protect ourselves. So far as concerns the suggestion that the construction of a dam at Gilbertsville will produce earth tremors which will put Paducah on the same level with San Francisco, it would take a very fantastic engineering mind to conceive such a situation.

Mr. BRIDGES. I can appreciate that having survived a very vigorous campaign in Kentucky last year, the Senator probably has courage to feel that he and his friends can survive almost anything in that section, but I merely raised it as a point for consideration.

I have before me a letter from a Mr. William Heath, of the Birmingham Milling Co., of Birmingham, Ky., which I ask to have read at the desk.

The PRESIDING OFFICER. Without objection, the letter will be read.

The legislative clerk read as follows:

BIRMINGHAM MILLING CO.,
Birmingham, Ky., February 16, 1939.

Hon. H. STYLES BRIDGES,
United States Senator, Washington, D. C.

DEAR SIR: As a resident of Tennessee Valley, there are 75 to 80 percent of the people whose homes and business will be destroyed are opposed to the construction of this Gilbertsville Dam.

I notice from newspaper an organization called the Lower Tennessee Valley Association, whose members are composed of citizens outside the dam area whose business and homes will not be destroyed if this dam should be built, have sent resolutions to Members of Senate asking them to restore the Gilbertsville cut. The sentiment of the people who will have to be relocated if this dam should be built, is that this wasteful project should be voted out and not be restored, as the T. V. A. is putting under permanent flood thousands of homes and thousands of acres of good bottom farm land that is never damaged by the natural floods of the Tennessee River. In fact, the natural floods are more of a benefit to the farm land than damaging. This dam for navigation purposes, as proposed by T. V. A., will destroy what navigation there is on the Tennessee River, as the type of boats now operating on this river and other inland rivers could not operate on this lake without great danger to the boats from windstorms and other hazards created by building this great lake of water. The people of the valley understand that recommendations have been made to Congress for the construction of low-type dams that cost very much less than the Gilbertsville Dam and from navigation standpoint from Pickwick to the mouth of the river would be more practical and could be built with much less expense and save the relocation of thousands of families and the destruction of thousands of acres of land that would produce income for future generations.

Hoping this boondoggling project is killed for all time to come.

Yours respectfully,

WILLIAM S. HEATH.

Mr. BRIDGES. I have a telegram from one of the business firms of Paducah, Ky., which I ask to have read.

The PRESIDING OFFICER. Without objection the letter will be read.

The legislative clerk read as follows:

PADUCAH, KY., *February 19, 1939.*

Senator H. STYLES BRIDGES,
Senate Office Building, Washington, D. C.:

Understand that United States engineers have already made survey and prepared estimate of cost of a system of navigation locks and dams on Tennessee River from Pickwick to Paducah if found necessary for navigation, at a cost of $13,000,000. This

figure can be verified from United States engineers' office. Paducah will be safe and secure with its flood wall when completed without Gilbertsville Dam. Since discussion in local newspaper of proposed 100- to 150-foot dam at Gilbertsville the growing opposition to this project is alarming because earthquake frequency here is only exceeded by that of California coast. The *Titanic* was a sink-proof boat but it didn't get back home. Gilbertsville Dam full of water and for any reason breaks would wash Paducah into the Mississippi.

IGERT TOWING CO.,
CAPT. LOUIS IGERT.

Mr. BARKLEY. Mr. President, the telegrams and letters are really very amusing. There has never been an earthquake in Paducah of sufficient strength and volume to shake a tumbler on the slickest table that could be fabricated by the great furniture manufacturers of this country. It is rather strange to me that a few of my constituents, some of whom live close to me, should be corresponding with the Senator from New Hampshire and discussing engineering and seismic questions relating to the dam which it is proposed to construct at Gilbertsville.

I will say that in spite of the earthquakes and the thunder that is now coming to the Senator from my home town, I am still for Gilbertsville Dam, and I expect to put in the RECORD tomorrow, if it is deemed necessary, telegrams, letters, and communications which I have received from the same city, showing the overwhelming desire of the people that this dam should be constructed. There are certain situations connected with these correspondents which I could divulge to the Senate, which might show the motive behind their letters, but I have no desire to do so, because I do not think it will in any event have any effect on the vote.

Mr. BRIDGES. I know the Senator desires to be very fair, and not give the impression that everybody in his section of the State, particularly in his home city, including the mayor, is in favor of this project, and has not real concern as to the danger that might come to his neighbors, and his friends, and their property, and so forth, should this dam be constructed.

Mr. BARKLEY. The Senator sent me a copy of a letter and asked me if I objected to him putting it in the RECORD. The letter is addressed to me, dated the 17th day of February. I have not received the original of the letter, but if the Senator desires to put the copy in the RECORD, I have no objection. I congratulate the Senator on being able to receive copies of my mail before I get it, so that he knows what is in it in advance of my receipt of it.

Mr. BRIDGES. I wanted to be perfectly fair. Inasmuch as the distinguished Senator has no objection to my placing in the RECORD the letter that is addressed to him, and I merely have a copy——

Mr. BARKLEY. Has the Senator any more of my mail which he desires to put in the RECORD? If so, I should like to see it before he does so.

Mr. BRIDGES. I will identify any communications which are addressed to the Senator. I should like to have the letter to which I referred read at the desk.

The PRESIDING OFFICER. Without objection, the letter will be read.

The legislative clerk read as follows:

PADUCAH, KY., *February 17, 1939.*

Hon. ALBEN W. BARKLEY,
Senator, Washington, D. C.

MY DEAR MR. BARKLEY: I am a Democrat and am interested in the best welfare of all the citizens in our large, fine country, but I want to take exception to you in your stand in favor of the Gilbertsville Dam, and the object of this letter is to point out why I think you should oppose it.

The reasons given for the construction of dam, as I understand it, are as follows:

Cheap power: I am of the opinion that if one figures the interest on the amount of money the Government is investing in this dam (for the power part of it), and adds to this the reduction of tax receipts from the present utilities companies, and adds the reduction in taxes from the valuable farming lands that will be covered up, the maintenance of the dam and the power equipment and the cost of distribution of this power that you will find out the power will not be any cheaper to the consumer (meaning the people of the United States as a whole).

Then, too, I understand that even the T. V. A. are not planning on any installation of the power units in the present program, and that they admit these power units will only be added later, if and when the demand for the power presents itself.

So I can't see why cheap power is any argument for it.

Navigation: I have worked for the Ayer & Lord Tie Co. at the marine ways here in Paducah for some 8 or 9 years, and have been associated with river navigation for the past several years. I want to say to you that I am sure this dam, if ever completed, will destroy navigation on the Tennessee River. Our flat bottom, low-deck boats and barges are not built to withstand such wind and swells we will have on such a large body of water. It is true that boats can be built that will navigate this pool, but such craft will not be practical to operate in the rivers below and above this pool. To transfer the freight from one type boat and barge at each end of the pool will make the cost of transportation too high. Not only this, but the investment in the two classes of boats and barges, one kind for the lake and the other kind at each end of the lake, would make the investment for the transportation too high.

Then there is no reason for it for navigation, because if the present dams are properly handled they can maintain a 9-foot channel in the Tennessee River clear to its mouth at all times of the year. There is already enough water impounded above for this purpose.

Therefore it is a settled fact that we do not need this dam for navigation. Then, why spend $95,000,000 on the present size of our Nation's debt, when we don't need it?

Flood control: I am opposed to it for flood control. I am of the opinion that we do not need it and I cannot see how impounding that much water above us will help us in a flood. Right now we have a stage of river at Paducah of about 48 feet which is 5 feet above flood stage here, and already some of our citizens are having to move out of their homes. In last night's Sun-Democrat there was a statement by Mr. Barron of Cairo, who is the Government river forecaster, which stated that the increased release from the Pickwick Dam would put our crest up 1 foot more. If they can do this to us with the Pickwick Dam, which is only very small in comparison with the proposed Gilbertsville Dam, I am saying to you that if we impound as much water above us as the Gilbertsville Dam will hold, which will be some 30 to 50 feet higher than our disastrous flood of 1937, if for any reason the Gilbertsville Dam would break, or if an earthquake would come along like there was one in 1812 when the Reelfoot Lake was formed and this dam was broken, the people of Paducah would be washed into the Mississippi River before they could cry for help.

If the pool is held with water in it, which it would have to have for power, then it is of no use in case of a flood. Right now the Pickwick Pool is full. It has been practically full all summer and they are not using it for power. They filled it up in the summer time and made the Tennessee River go down so low that I know of some boats that were caught out and one could walk all around them on dry land. So, it has already been demonstrated that the dams will not help us during a flood.

Then, why do we need this dam?

Yours very truly,

E. EARL CURTIS.

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

Mr. BRIDGES. Certainly.

Mr. McKELLAR. To what school of engineering does Mr. Curtis belong?

Mr. BRIDGES. I do not know. Evidently he is a friend and constituent of our distinguished majority leader [Mr. BARKLEY], because the letter was addressed to him, and I received only a copy.

Mr. McKELLAR. I was just wondering to what school of engineering he belongs.

Mr. BARKLEY. He probably belongs to the "earthquake" school.

If the Senator will yield, I should like to ask the Senator from Tennessee whether or not there have been any unusual tremors or earthquakes at Norris Dam, Pickwick Landing Dam, Wheeler Dam, or at any other dam since the T. V. A. project was begun.

Mr. McKELLAR. I have lived in Tennessee for only 45 years. There has not been any in those 45 years. Mr. Curtis says there was one in 1812. I do not go back quite that far. [Laughter.]

Mr. BARKLEY. There was an earthquake about 140 years ago which created Reelfoot Lake. I was wondering whether there had been any increase in the frequency or the force of earthquakes at Norris Dam, for example, Pickwick Landing Dam, Wheeler Dam, Hiwassee Dam, of any of the other dams.

Mr. McKELLAR. I have never heard of it. This is the first time I have ever known the earthquake equation to be introduced into the debates.

Mr. BRIDGES. Mr. President, I have before me a resolution adopted at a mass meeting of the citizens of Union, Webster, Hopkins, and Muhlenberg Counties, in western Kentucky, four counties in the sovereign State of Kentucky, so ably represented by the distinguished majority leader from Kentucky. I ask to have the resolution read.

The PRESIDING OFFICER. Without objection, the resolution will be read.

The legislative clerk read as follows:

RESOLUTION

At a general mass meeting of citizens of Union, Webster, Hopkins, and Muhlenberg Counties, in western Kentucky, attended by the mayors and city officials of Sturgis, Ky., Providence, Madisonville, Mortons Gap, and Earlington, and other towns, working miners, mine owners, farmers, business and professional men, held under the auspices of West Kentucky Mining Institute, at Earlington, Ky., on the evening of Tuesday, January 31, 1939, to discuss, consider, and take action concerning the present crisis which brings face to face with extinction the only major industry of western Kentucky—the production of bituminous coal—the meeting was addressed by Lander Chisholm, mayor of Earlington; Dr. Harper Gatton, past president of Kiwanis International; John Daniel, chief of the Department of Mines and Minerals of Kentucky; Ruby Laffoon, late Governor of Kentucky; and John D. Battle, secretary of National Coal Association.

Ray Cobb, chairman (West Kentucky Mining Institute), presiding.

R. M. Nance, president of Progressive Miners' Union, moved the adoption of the following resolution, which was seconded by M. K. Gordon:

Resolved, That it is the deliberate sense of this meeting that it go on record as opposcd to existing and suggested governmental action threatening the destruction of our homes, our jobs, and our businesses.

We oppose the Tennessee Valley Authority and its projects as not being national in scope; it pretends to flood control, with ulterior objects; it is intended to subsidize the production of hydroelectric energy for a local area at the expense of the Nation; it operates to subsidize, with tax money, a substitute for the bituminous coal of western Kentucky as employed in the generation of power and other purposes; and will displace such coal and take away the source of subsistence of additional thousands of miners and their families and people dependent on the mining industry.

Especially we oppose further appropriations for the support of the Gilbertsville Dam project, not only unnecessary and unprofitable to any but a few localities, while injurious to many, but as promoting prospectively the further destruction of the western Kentucky coal field and its people.

A true copy.

Attest: RAY COBB, *Chairman.*

Mr. BRIDGES. I have also a resolution adopted by the Kiwanis Club of Madisonville, Ky., another community in the sovereign State of Kentucky, represented by the senior Senator from Kentucky, disapproving of the Gilbertsville Dam. I ask that it be read.

The PRESIDING OFFICER. Without objection, the resolution will be read.

The legislative clerk read as follows:

RESOLUTION

Resolved by the Kiwanis Club of Madisonville, Ky., in regular meeting assembled, That we approve the action of the House of Representatives of the United States in refusing to appropriate money for the construction of the needless Gilbertsville Dam project, which we consider as worse than useless in that its construction would work the destruction of the coal industry of western Kentucky, from which the counties of western Kentucky coal field draw their life's blood; and also we approve it because such action shows a tendency on the part of our Representatives to conserve the taxpayers' money; further

Resolved, That a copy of this resolution be furnished by the secretary to each of our Senators and to the Representatives in the House of Representatives, and also to the subcommittee of the Senate Appropriations Committee of the United States Senate, whose chairman is Senator CARTER GLASS.

W. W. CRICK, *President.*

Attest:

WM. R. PERRY, *Secretary.*

Mr. BRIDGES. Mr. President, I now have a letter from Harold J. Weeks, of Chattanooga, Tenn., enclosing an editorial from the Chattanooga Free Press, both of which I ask to have read. I will say that Mr. Weeks is the only man from whom I have introduced any communication who specifies that he is a Republican. I know Senators will not for that reason alone discount what he says, because evidently he is a gentleman of very high standing.

The PRESIDING OFFICER. Without objection, the letter and editorial will be read.

The legislative clerk read as follows:

CHATTANOOGA, TENN., *February 18, 1939.*

The Honorable H. STYLES BRIDGES,
Washington, D. C.

MY DEAR SENATOR: I hope you will pardon the presumption on the part of a Tennessee Republican in addressing you, but as I feel that our representation in the upper House is not in harmony with my views, I am sure you will lend me your ear.

I, like other Republicans in Tennessee, appeal to you to stop the inroads of Government in business. The program of the Tennessee Valley Authority is the beginning of the end of the American form of government. Regardless of the desire of the gentleman from the Second District of Tennessee to expend Government funds in his district, the great majority of Republicans of Tennessee and the decent Democrats of the State would be glad to see the activities of this great socialistic Government experiment curtailed.

The recent tentative agreement of the Tennessee Valley Authority to purchase the properties of the Tennessee Electric Power Co. will virtually bankrupt the counties of middle Tennessee and, worse than that, will establish Government in business as a constitutional right. Unless this program is halted at once by the action of Congress, there will grow up within this State a vast machine of political patronage and a budding dominion of Russian influence. Private initiative will be killed and permanent Government subsidy of indolence and graft will develop.

The policy of the Government in the disposal of "incidental power" as exemplified in the building of Boulder Dam has been ruthlessly cast aside, and the people of Tennessee are to be saddled with a socialistic experiment un-American in conception and un-American in conclusion.

I enclose the editorial page of the Chattanooga Free Press for Friday, February 17. It tells the story. You may desire to show it to some of your Democratic colleagues.

Very truly yours,

H. J. WEEKS.

[Enclosure]

[From the Chattanooga Free Press]

PUBLIC POWER FALLACY REVEALED

Commissioner Leon Jourolmon, in a single comment on his opposition to the proposal to tax public power enterprises revealed the crass insincerity of the whole program. Said Mr. Jourolmon, in effect: "If we tax public power, we defeat the cheap power aim of the movement."

One could hardly have expected such a frank statement of the real aims of public power, even from the bold and blasting commissioner.

Public power, the commissioner admits by his position, is in reality no cheaper than private power; it merely reduces the bills of the consumer and makes the taxpayer pay them instead.

President Jo Conn Guild said some time ago that if the power company were not taxed and were relieved from the burden of interest on a large part of its investment, like the T. V. A., he could sell power to the public at rates lower than the T. V. A. and its affiliated municipalities promised.

History, past and current, lends conviction to this statement. Governmental enterprises are always operated at a larger production cost than private enterprises.

Now comes Mr. Jourolmon and admits that the premise set up by Mr. Guild was sound—that if public power pays taxes it will not be able to give cheap power to the consumer.

And if public power doesn't pay taxes as the power companies have been doing, somebody is going to foot the cost.

Who can it be but other taxpayers?

Mr. BRIDGES. Mr. President, I understand from the majority leader that he would like to close the session at 5 o'clock. Inasmuch as I have more to say, I am perfectly willing to conclude my remarks today at this time and finish them tomorrow if that is agreeable.

EXECUTIVE SESSION

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

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

EXECUTIVE REPORTS OF COMMITTEES

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

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of Shackelford Miller, Jr., of Kentucky, to be United States district judge for the western district of Kentucky, vice Elwood Hamilton.

Mr. HUGHES, from the Committee on the Judiciary, reported favorably the nomination of Edmund J. Brandon, of Massachusetts, to be United States attorney for the district of Massachusetts, vice Francis J. W. Ford.

Mr. CONNALLY, from the Committee on the Judiciary, reported favorably the nomination of John T. Cahill, of New York, to be United States attorney for the southern district of New York, vice Lamar Hardy, resigned.

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the following nominations:

Herschel W. Arant, of Ohio, to be judge of the United States Circuit Court of Appeals for the Sixth Circuit, to fill a position created by the act of Congress of May 31, 1938; and

Horace Frierson, Jr., of Tennessee, to be United States attorney for the middle district of Tennessee.

The PRESIDING OFFICER (Mr. NEELY in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state in their order the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

This concludes the Executive Calendar.

UNITED STATES DISTRICT JUDGE—SHACKELFORD MILLER, JR.

Mr. BARKLEY. Mr. President, the Committee on the Judiciary today has reported the nomination of Shackelford Miller, Jr., to be judge for the western district of Kentucky. Inasmuch as that judgeship has been vacant for several months, and it is necessary to have the judge take charge, and inasmuch as a new term of court begins at Louisville in a few days, I ask unanimous consent for the present consideration of the nomination.

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

Mr. McNARY. Mr. President, ordinarily I object to requests of that nature. I think, however, that the Senator's statement sets forth an emergency situation, so I have no objection.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination? [Putting the question.] The ayes have it, and the nomination is confirmed.

Mr. BARKLEY. I ask unanimous consent that the President be notified of the confirmation of the nomination.

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

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, February 21, 1939, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 20, 1939

UNITED STATES DISTRICT JUDGE

Shackelford Miller, Jr., to be United States district judge for the western district of Kentucky.

POSTMASTERS

FLORIDA

Sarah F. Pryor, Fort Walton.
Frederick S. Archer, Howey in the Hills.
Coy L. Brock, Vernon.

GEORGIA

Robert W. Knight, Cartersville.
Lollie L. Ward, Commerce.
Theo. B. Little, Cornelia.
Kirby A. Kemp, Cumming.
John F. Carter, Gainesville.
Cora W. Rogers, Jasper.
Lida Simpson, Norcross.
Sarah K. Scovill, Oglethorpe.
Herman C. Titshaw, Pitts.

MICHIGAN

William V. Clegg, Eaton Rapids.
John D. Mershon, Saginaw.

OREGON

George B. Holmes, Eagle Point.

PUERTO RICO

Mario Perez Grau, Mercedita.

TEXAS

Edward F. Gaston, Dayton.
Effie P. Minnock, Galena Park.
Fred Boothe, Gonzales.
Joe C. Martin, Itasca.
Pauline L. Bogatto, Lamarque.
Maud Collier, Pelly.
Daniel J. Quill, San Antonio.

VERMONT

Wayland N. Hamel, Plainfield.

VIRGINIA

Mrs. Johnnie Wilson, Fieldale.

HOUSE OF REPRESENTATIVES

MONDAY, FEBRUARY 20, 1939

The House met at 12 o'clock noon.

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

We wait, dear Lord, with quiet thought, with quiet prayer, and with a sense of Thy fatherhood. For all Thy mercies we praise Thy holy name. Draw nigh unto us and give vision, tenderness, freshness, and power richly to enjoy. How blessed are those tides of emotion when Thou art near; the horizon widens and the soul feels the higher state of assurance. Thou, the giver of peace, guard us against discord and enmities. Gird us with patience, bounding hope, and with strength to live nobly. Raise up those in our country who with singleness of purpose and clear understanding will help our people to the knowledge of Thy ways and will. May the glorious day soon dawn when the nations shall awaken to the rich privileges of the kingdom of God on earth, in which wisdom is more precious than gold, yea, than much fine gold. In our Redeemer's name. Amen.

The Journal of the proceedings of Friday, February 17, 1939, was read and approved.

FIRST DEFICIENCY APPROPRIATION BILL

Mr. WOODRUM of Virginia submitted a conference report and statement on the bill (H. R. 2868) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide supplemental appropriations for the fiscal year ending June 30, 1939, and for other purposes.

EXTENSION OF REMARKS

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief editorial on Oil As Farm Relief.

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

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on three topics—the R. F. C., His Holiness Pope Pius, and the Library of Congress.

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

There was no objection.

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

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a memorial adopted by the Oregon Legislature asking Congress to call a constitutional convention to amend the Constitution by adopting the Townsend plan.

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

There was no objection.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by incorporating therein letters which I have recently addressed to leaders of old-age pension organizations in this Nation.

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

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to print in the Appendix a letter I received, together with my reply.

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

There was no objection.

PUBLIC-BUILDING CONSTRUCTION

Mr. JARMAN. Mr. Speaker, from the Committee on Printing I report back favorably a resolution and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 99

Resolved, That a letter from the Postmaster General and the Acting Secretary of the Treasury transmitting to the chairman of the Committee on Appropriations of the House of Representatives a report showing by States all construction projects selected under acts for public-building construction, and projects remaining eligible for consideration under the acts approved August 25, 1937, and June 21, 1938, and future authorizations be printed as a House document.

With the following committee amendment:

Line 1, strike out the word "a" and insert in lieu thereof the word "the."

The committee amendment was agreed to.

The resolution, as amended, was agreed to, and a motion to reconsider was laid on the table.

CONSENT CALENDAR

The SPEAKER. Today is Consent Calendar day. The Clerk will call the first bill on the calendar.

REPEAL OF CERTAIN ACTS OF CONGRESS

The Clerk called the first bill on the calendar, H. R. 3233, to repeal certain acts of Congress (pocket vetoed).

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

OIL WORLD EXPOSITION

The Clerk called House Joint Resolution 79, authorizing the President to invite the States of the Union and foreign countries to participate in the Oil World Exposition at Houston, Tex., to be held April 24 to 29, 1939, inclusive.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. Is this the usual resolution?

Mr. LUTHER A. JOHNSON. Yes; except that it is unusual in that it will not cost the Government of the United States a penny.

Mr. MARTIN of Massachusetts. That is mighty unusual.

The SPEAKER. Is there objection to the present consideration of the joint resolution.

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the President of the United States is authorized to invite by proclamation, or in such other manner as he may deem proper, the States of the Union and all foreign countries to participate in the proposed Oil World Exposition, to be held at Houston, Tex., from April 24 to 29, 1939, inclusive, for the purpose of exhibiting samples of fabricated and raw products of all countries produced by the petroleum industry; and the exhibiting of the tools and equipment used by the industry; and bringing together buyers and sellers for promotion of trade and commerce in such products.

SEC. 2. That all articles which shall be imported from foreign countries for the purpose of exhibition at the Oil World Exposition, to be held at Houston, Tex., from April 24 to 29, 1939, inclusive, by the Oil World Exposition, or for use in constructing, installing, or maintaining foreign buildings or exhibits at the said exposition, upon which articles there shall be a tariff or customs duty, shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within 3 months after the close of the said exposition to sell within the area of the exposition any articles provided for herein, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided*, That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles which shall have suffered diminution or deterioration from incidental handling or exposure the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: *Provided further*, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further*, That at any time during or within 3 months after the close of the exposition any article entered hereunder may be abandoned to the Government or destroyed under customs supervision, whereupon any duties on such article shall be remitted: *Provided further*, That articles which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond and imported articles in bonded warehouse under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said exposition under such regulations as the Secretary of the Treasury shall prescribe: *And provided further*, That the Oil World Exposition shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for articles imported under the provisions of this act, shall be reimbursed by the Oil World Exposition to the Government of the United States under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid, in the manner provided for in section 524 of the Tariff Act of 1930.

SEC. 3. That the Government of the United States is not by this resolution obligated to any expense in connection with the holding of such exposition.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

REAPPORTIONMENT OF COTTON ACREAGE ALLOTMENTS

The Clerk called the bill (S. 660) to amend the Agricultural Adjustment Act of 1938, as amended, to provide for the reapportionment of cotton acreage allotments not planted by farmers entitled thereto.

The SPEAKER. Is there objection to the present consideration of the Senate bill?

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

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

Mr. JONES of Texas. Mr. Speaker, I reserve the right to object. Does the gentleman think that he will be inclined eventually to object to the bill?

Mr. CHURCH. No; I do not believe that I am inclined to object to the bill.

Mr. JONES of Texas. The only reason that I am in a hurry about it is that the planting season begins rather early in the southern section of the country. This simply continues what is already in the act and has been for the past year, reallotting any unused acreage in the county. It does not affect the allotment. I do not think there will be any objection to it at all.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice for the time being.

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

There was no objection.

AMENDMENT OF SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

The Clerk called the bill (H. R. 3800) to amend section 8 (e) of the Soil Conservation and Domestic Allotment Act, as amended.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HOPE. Mr. Speaker, I reserve the right to object. This is a rather important bill, and I know there are some Members who expect to offer amendments to it. I think the matter ought to come up at an early date, but I think there ought to be more discussion and consideration given to it than can be given on the Consent Calendar. For that reason I ask unanimous consent that the bill go over without prejudice.

Mr. JONES of Texas. Mr. Speaker, I reserve the right to object. The gentleman understands that even on the Consent Calendar there is full opportunity for amendment. Amendments may be offered and discussed.

Mr. HOPE. That is true, but only under the 5-minute rule; and there are Members who think the matter ought to be discussed more at length. This is rather important, and for that reason I think it should go over.

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

There was no objection.

AUTHORIZING CERTAIN OFFICERS, ETC., TO ADMINISTER OATHS TO EXPENSE ACCOUNTS

The Clerk called the bill (H. R. 3646) to authorize certain officers and employees to administer oaths to expense accounts.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, I reserve the right to object. I understand that this bill extends the law respecting the administering of oaths to travel accounts and other expenses, designating certain ones who may do that. Those mentioned in the bill may take the oaths when designated by some authority. Is that right?

Mr. COCHRAN. Yes.

Mr. WOLCOTT. With that understanding, I have no objection.

Mr. COCHRAN. The bill is recommended by the Bureau of the Budget and also by the Comptroller, and I assure the gentleman the Comptroller will not recommend any legislation to this House if he thinks it is not to the interest of the country.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 8 of the Sundry Civil Appropriation Act for the fiscal year ending June 30, 1913, approved August 24, 1912 (37 Stat. 487), be, and it is hereby, amended to read as follows:

"SEC. 8. Postmasters, assistant postmasters, collectors of customs, collectors of internal revenue, chief clerks of the various executive departments, independent establishments, and other Government agencies, or of bureaus thereof, the superintendent, the acting superintendent, custodian, and principal clerks of the various national parks and other Government reservations, superintendent, acting superintendent, and principal clerks of the different Indian superintendencies or Indian agencies, chiefs of field parties, and any officer or employee of any executive department, independent establishment, or other Government agency, in the District of Columbia or elsewhere, who shall have been designated in writing for such purpose by the head of the department, establishment, or agency concerned, are required, empowered, and authorized, when requested, to administer oaths, required by law or otherwise, to accounts for travel or other expenses against the United States, with like force and effect as officers having a seal; for such services when so rendered, or when rendered on demand by notaries public, who at the time are also salaried officers or employees of the United States, no charge shall be made; and no fee or money paid for the services herein described shall be paid or reimbursed by the United States."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

EXEMPTION OF AMERICAN VESSELS UNDER 200 TONS

The Clerk called the bill (H. R. 950) to exempt from the provisions of Draft Convention No. 53 of the International Labor Conference Treaty of 1936 all American vessels under 200 tons.

There being no objection the Clerk read the bill as follows:

Be it enacted, etc., That in accordance with the authority granted in the second clause of article 1 of the International Labor Conference Treaty Draft Convention No. 53 adopted by the International Labor Conference at Geneva in 1936 and ratified by the United States Senate in 1938 during the third session of the Seventy-fifth Congress, that all vessels of less than 200 gross registered tonnage owned by citizens of the United States of America shall be excepted or exempted from the provisions of the said treaty.

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That pursuant to the authority granted in the second clause of article 1 of the Officers' Competency Certificates Convention, 1936, ratified by the President of the United States on September 1, 1938, by and with the advice and consent of the Senate of the United States, given June 13, 1938 (being International Labor Conference Treaty Draft Convention No. 53, adopted by the International Labor Conference at Geneva in 1936), vessels of the United States of less than 200 tons gross registered tonnage are hereby exempted from the provisions of such convention: *Provided, however*, That neither the ratification of the said convention by the President of the United States, nor the advice and consent of the United States Senate given thereto, nor any provision of the said convention as ratified, nor any provision of this act shall be deemed to alter, amend, or repeal any statute of the United States existing at the time of said ratification, or thereafter enacted, with regard to any such vessel of less than 200 tons gross registered tonnage."

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

The title was amended so as to read: "A bill to exempt all vessels of the United States of less than 200 tons gross registered tonnage from the provisions of the Officers' Competency Certificates Convention, 1936 (being International Labor Conference Treaty, Convention No. 53, adopted by the International Labor Conference at Geneva in 1936)."

Mr. COSTELLO. Mr. Speaker, I move to dispense with further proceedings under the call of the Consent Calendar.

The SPEAKER. The Chair will state that all bills eligible for call under the rule have been called.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2868) entitled "An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide supplemental appropriations for the fiscal year ending June 30, 1939, and for other purposes."

The message also announced that the Senate further insists upon its amendments Nos. 10, 13, 16, 17, 18, and 23 to the foregoing bill disagreed to by the House, asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ADAMS, Mr. GLASS, Mr. MCKELLAR, Mr. HAYDEN, Mr. BYRNES, Mr. HALE, and Mr. TOWNSEND to be the conferees on the part of the Senate.

CONTINUATION OF RECONSTRUCTION FINANCE CORPORATION

Mr. SABATH. Mr. Speaker, I call up House Resolution 97.

The Clerk read as follows:

House Resolution 97

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 4012, a bill to continue the functions of the Reconstruction Finance Corporation, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage, without intervening motion, except one motion to recommit, with or without instructions.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to amend the resolution by striking out, in line 7, the last word, "three," and inserting therein the word "one."

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

Mr. WOLCOTT. Mr. Speaker, do I understand this is in anticipation of a similar request to amend Resolution 96, to provide for 3 hours of general debate?

Mr. SABATH. That is correct. When we reach the other resolution I will ask unanimous consent to amend that from 1 hour to 3 hours.

Mr. MAPES. Reserving the right to object, Mr. Speaker, I wonder if the gentleman would not follow the present request with a request to amend the resolution, House Resolution 96, so that that will be done?

Mr. SABATH. Mr. Speaker, I make another unanimous-consent request, to amend the resolution, House Resolution 96, which I will call up later, by striking out the word "one" and substituting the word "three"; so that there will be 3 hours of general debate instead of 1 hour.

The SPEAKER. The gentleman from Illinois asks unanimous consent that in the resolution, House Resolution 97, in the seventh line, the word "three" be stricken out and the word "one" incorporated in lieu thereof; that in the resolution, House Resolution 96, line 8, the word "one" be stricken out and the word "three' incorporated. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Does the gentleman desire some time on the rule?

Mr. MAPES. Yes.

Mr. SABATH. I yield the gentleman 30 minutes.

The SPEAKER. The gentleman from Illinois [Mr. SABATH] is recognized.

EXTENSION OF REMARKS

Mr. GUYER of Kansas. Mr. Speaker, will the gentleman from Illinois yield that I may prefer a unanimous-consent request?

Mr. SABATH. I yield.

Mr. GUYER of Kansas. Mr. Speaker, I ask unanimous consent to extend my own remarks by including a speech delivered yesterday in Statuary Hall.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Speaker, will the gentleman from Illinois yield for me to prefer a unanimous-consent request?

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

Mr. PATMAN. I ask unanimous consent, Mr. Speaker, to include in the RECORD my own radio speech.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CONTINUATION OF RECONSTRUCTION FINANCE CORPORATION

Mr. SABATH. Mr. Speaker, this resolution makes in order the bill (H. R. 4012) to authorize the Reconstruction Finance Corporation and the Electrical Home and Farm Authority, which is operated in connection with the Reconstruction Finance Corporation, to continue to perform their respective functions until January 15, 1941. Furthermore, the bill increases the capital stock of the Disaster Loan Corporation, also operated in connection with the Reconstruction Finance Corporation, to $40,000,000; and it authorizes it to make additional loans which may be necessary, or to appropriate, as the result of possible disaster in 1939 or 1940.

It also amends section 9. It is a statutory affirmation. The question has been raised as to the validity of the jurisdiction, by certain owners and groups, owning some of the bonds. Consequently, that section has been inserted.

From what I understand, there is really no opposition to the bill. The only thing I have heard is that it should be extended for a longer period. It shows that the gentlemen on the other side have the utmost confidence in the Reconstruction Finance Corporation and its activities. In view of that fact, I shall not detain the House.

I will reserve the balance of my time. I yield now to the gentleman from Michigan.

Mr. MAPES. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, my remarks on this measure will be primarily directed to the new Republican Members of the Congress.

We are about to extend the Reconstruction Finance Corporation Act for another year or more. The Reconstruction Finance Corporation proposal was a Republican baby. It was conceived by Herbert Hoover. It is his child. It was recommended by him and was adopted during his administration. It is the one Republican vehicle that the Democrats, when they came into power, maintained and used, and used very extensively and effectively, because it was based on sound principles.

It provided for loans on sound collateral that would be returned to the Government. It has done more to stabilize industry, to preserve credit, than all the panaceas of the New Deal combined. This proposal was about the only proposal of President Hoover the Democratic Party did not sabotage back in 1931 and 1932. All of the sound recommendations made by Herbert Hoover after the crisis of 1929 were deliberately sabotaged by the Democratic majority in the House, for political and partisan reasons, except this particular vehicle, which they took over and used. They have loaned almost $10,000,000,000 under the provisions of the act. Had it not been for the Reconstruction Finance Corporation Act, it is my opinion that not only would the banks have closed, but all credit would have been paralyzed. The railroads would have gone and the insurance companies would have followed them, with a total collapse of credit in the United States. It was this Republican measure, used afterward as a vehicle by the Democrats, that to a large degree stabilized industry and preserved our institutions. Unfortunately, however, after 6 years of the New Deal, we find a very deplorable condition in our country. The Democratic Party, after running up a deficit of an average of over $3,000,000,000 a year, or a total of $20,000,000,000 in 6 years, to bring about recovery, now faces a situation in which there are 12,000,000 people unemployed and four or five million more on part time.

The main objection to the New Deal is simply that it has not worked, it has not functioned, it has not done what the people wanted it to do, it has not done what its backers promised to do: To bring about recovery, to restore employment, and to put American people back to work. When we are discussing this question of the Reconstruction Finance Corporation and its continuance, it is only right to ask ourselves: "Why has not the New Deal worked? Why has it failed? Why has practically all of its policies broken down and collapsed, whether it be the farm policies, the industrial policies, or business policies? Why is it that today 12,000,000 people are unemployed and other millions on part-time employment? Why is business at a standstill? The answer is that this administration has deliberately—the first administration in history so to do—has deliberately attacked, vilified, hampered, harassed, and abused business, thereby destroying confidence; and fear pervades the land.

Mr. THOMAS F. FORD. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. THOMAS F. FORD. The gentleman states that this is the first administration that has vilified business. I ask him how about the administration of Theodore Roosevelt and its attacks on business?

Mr. FISH. The difference between this administration and the Theodore Roosevelt administration is that the latter sought to regulate business, not to strangle it, not to socialize it, not to use unconstitutional and unsound radical methods to destroy confidence in America.

Mr. THOMAS F. FORD. Mr. Speaker, will the gentleman yield right there?

Mr. FISH. I would like to proceed, if the gentleman does not mind.

Mr. THOMAS F. FORD. I would like to ask the gentleman one question at that particular point.

Mr. FISH. Very well, I yield.

Mr. THOMAS F. FORD. Was the threat of the Theodore Roosevelt administration to take over the coal mines a step in the socialistic direction?

Mr. FISH. When he threatened, as the gentleman says, to take over the coal mines it was to bring these groups to-

gether; and he brought them together, brought about peace in the coal industry, and the owners and the employees cooperated for many years. It worked to promote employment and for the benefit of labor. The charge that we on the Republican side make is that the Democratic Party has taken over the Socialist Party, has taken over not only the Socialist program but has taken over the Socialists and elected former Socialists to the House or put them in charge of important posts in the Government service.

I do not for a minute say that the New Deal did not start off in a blaze of glory. I am not criticizing the American people for having elected Franklin Delano Roosevelt in 1933. In a depression that is the usual procedure.

Mr. THOMAS F. FORD. How about 1936?

Mr. FISH. I admit that he made a wonderful start toward balancing the Budget in 1933, that he restored confidence and that he put people back to work. Perhaps I can express it more clearly in football terms: The New Deal started off as a championship football team with a great quarterback in the person of Franklin Delano Roosevelt. Their plays clicked, they ran the ends, they smashed the line, and they marched down toward the goal post of recovery and employment. Every Republican and every Democrat desired it but before they reached that objective they changed their team, they brought in a whole host of substitutes, young rascals, half-baked theorists never identified with the Democratic Party in their lives, never elected to any office. Naturally their signals became confused and confidence was destroyed.

That former championship football team has been driven back yard by yard, yard by yard except temporarily in October and November of 1936 when conditions improved for a few months and the President said: "We planned it that way"—yard by yard that former championship team has been driven back until now it is on the 1-yard line in the coffin corner without a single program, without a single play, without a single policy to get it back on the highway to recovery, to restore confidence, and to put the American people back to work. Why? Simply because the Democratic Party has tried to socialize industry and has destroyed the private investment markets. There is no more Socialist Party; it hardly exists, except in high places under the New Deal.

The President in his speech complained of there being so much money idle in the banks, and idle manpower; and he wondered why this idle money was not used to put idle manpower to work. There is only one thing stopping it, and that is the deliberate destruction of confidence by this administration and its economic fallacies. Fear pervades the land from one end to the other; and I say to you younger Republicans: Until confidence is restored there will be no permanent employment in our country. [Applause.]

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield 15 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Speaker, we are, I expect, going to cover quite a broad field today in these two bills, for many questions are involved in the continuance of the Reconstruction Finance Corporation.

The two bills which we shall consider today deal with the continuation of the Reconstruction Finance Corporation, the Electric Farm Home Authority, the R. F. C. Mortgage Corporation, the Commodity Credit Corporation, and the Export-Import Bank. During the discussion of these questions other incidental subjects undoubtedly will be discussed, and I think we should start today in crystallizing certain policies concerning credit and our foreign relations. The credit policies of the Reconstruction Finance Corporation are so interrelated to the credit policies of the Government that we cannot discuss the one without discussing the other. We all know that many extraordinary powers have been given to the President during the past 5 years. At proper times periodic reports will be made by a committee which has been designated by the Republican leadership to make a study of these extraordinary powers. This committee was organized last week and there has not been an opportunity for it to meet and make recommendations as a committee concerning these proposals today. Whatever I have to say concerning them, therefore, is said on my own responsibility and is not necessarily a reflection of the will or wishes of the committee as a whole.

The first problem to which we must give consideration is whether we want to continue the activities of the Reconstruction Finance Corporation to January 15, 1941, or let us say to June 30, 1941.

The Senate in taking action on a similar bill last week extended the date to June 30, 1941. This seems to be in keeping with common sense.

The date, January 15, 1941, would be somewhat embarrassing to a new administration, whether that administration be Republican or Democratic. It would not allow the Congress an opportunity to study the activities of the Reconstruction Finance Corporation and its subsidiary agencies in time to make an intelligent report to the Congress previous to the time these agencies would go out of existence if we did not extend them. It would authorize us to do nothing more than quickly organize for the purpose of passing a simple resolution, as we are doing today, continuing the activities of these agencies. Of course, this would not be fair to the Reconstruction Finance Corporation, or any of its agencies, any more than it would be fair to the Congress or an incoming President. The incoming President will not take office until 5 days after the date set in this bill for expiration of these agencies. At the proper time, in a series of amendments to be offered, we will seek to extend the date of the Reconstruction Finance Corporation, and if provisions concerning some of the subsidiaries are not stricken from the bill, then we will seek to advance the date of their termination until June 30, 1941, instead of January 15, 1941.

Mr. Speaker, these questions of credit policy to which I refer have to do not only with the Reconstruction Finance Corporation but have to do with the extraordinary powers of the President to dominate and influence the domestic and foreign policies. It has to do with the silver purchase plan. It has to do with the gold purchase plan and the continuation of the power granted to the President to devalue and further devalue the gold content of the dollar. It has to do with whether title III of the Agricultural Adjustment Act, which authorized the President to issue $3,000,000,000 of unredeemable currency, shall be continued.

We are confronted today in another bill following the present one with the effect of the activities of the Export-Import Bank on our neutrality. The activities of the Export-Import Bank have been negligible up to the last year, the outstanding loan made by this bank being to China in the sum of $25,000,000.

Mr. THOMAS F. FORD. Will the gentleman yield?

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

Mr. THOMAS F. FORD. Was that loan made to the Republic of China?

Mr. WOLCOTT. It does not make any difference.

Mr. THOMAS F. FORD. It makes a lot of difference.

Mr. WOLCOTT. It makes no difference under the terms of this bill.

Mr. THOMAS F. FORD. It was made to a Chinese importing company.

Mr. WOLCOTT. Whether it was made to the Republic of China or to any of the nationals of China makes no difference. You should destroy the neutrality of the United States Government with respect to foreign situations in that manner.

Mr. SABATH. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Illinois.

Mr. SABATH. The Export-Import Bank is not covered by the bill now before us.

Mr. WOLCOTT. I understand that. I am merely stating what we may expect in the discussion today concerning both of these bills which will be considered, and I am taking the time now to cover them briefly, citing what is the genesis of the subject which we are going to debate here today.

Mr. Speaker, we have passed a Neutrality Act. I believe the people of the United States do not want the Congress to authorize any agency over which it has no control to destroy in

any manner the neutral position which the United States should assume in its foreign relationships, whether it be a controversy between Japan and China, a civil war in Spain, or a potential conflict among the nations of Europe. The people of the United States do not want the Government of the United States or any of its agencies to take sides in any of these conflicts. Although their sympathies might be with one side, they do not want the United States Government by any overt act to precipitate our entrance into European or Asiatic conflicts by loans or by direct grants, and I think the loan to China by the Export-Import Bank presents a fundamental question which must be given consideration at this particular time.

Is the Export-Import Bank going to be allowed to continue to embarrass the people of the United States, who have firmly declared a neutral policy with respect to foreign conflicts? Because the Export-Import Bank has been practically nonexistent until recent months, and because the major part of its activity has been in respect to loans to belligerent countries, I contend there should be more supervision over the activities of that bank than is now incorporated in the Executive order setting up this bank.

I do not believe it is a healthy or safe condition when we without restraint give to the President of the United States or to any other individual the untrammeled right to perform an act which might be interpreted by other nations of the world as an act of unfriendliness on the part of the United States.

The President of the United States has the power under these extraordinary provisions which I have mentioned, and others to be sure, to so involve us in European and Asiatic conflicts as to make our active participation almost necessary. Under these conditions, the present bill must be considered in a different light than the mere continuance of an agency of the Federal Government for the purpose of aiding our industrialists and farmers to export their products.

Mr. THOMAS F. FORD. Will the gentleman yield in fairness?

Mr. WOLCOTT. I would prefer not to, because I have other matters which I desire to cover at this time.

Mr. THOMAS F. FORD. The gentleman keeps reiterating there was a loan to China. There has been no loan made to China.

Mr. WOLCOTT. I refuse to yield, and I wish to make the assertion in that respect that I understand the gentleman's side of the House does not expect to take all the time allowed under this rule, so I wish the gentleman would not ask me to yield, but, rather, go to his leader and ask for time either under this rule or under the bill when we reach it, and wait for me to discuss these questions and then answer me.

Mr. THOMAS F. FORD. I did not like to let that point go.

Mr. WOLCOTT. One very important question arises. An amendment will be offered to this bill extending the life of the Reconstruction Finance Corporation. The President of the United States can stop any of the activities of the Reconstruction Finance Corporation when he finds that credit is available through private sources. We have written into the act a provision that upon the report of the board of directors or otherwise he may stop the activities of the Reconstruction Finance Corporation. An amendment will be offered to strike out the phrase "or otherwise," because we do not believe the President should be given the authority and power to stop any activities set up by the Congress without the advice of at least the department vitally interested.

In October of 1937 the President exercised his authority to stop the activities of the R. F. C. He said, in almost defiance of the mandates of this Congress, that loans to small industries should be stopped, and they were stopped. He said the R. F. C. would make no more loans, and that it should liquidate loans which it had. This condition existed until the spring of 1938. Because of other extraordinary powers given to the President and to the politicalized Federal Reserve Board, the rediscount rates were raised and reserve requirements were raised and the Commodity Credit Corporation stopped the pegging of the price of cotton and other commodities, and as a consequence the United States was precipitated into one of the most serious depressions we have experienced.

Mr. SABATH. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. THOMAS F. FORD].

Mr. THOMAS F. FORD. Mr. Speaker, it is always embarrassing to take issue with a member of one's own committee, and particularly the genial and distinguished gentleman from Michigan [Mr. WOLCOTT]. However the gentleman from Michigan has made repeatedly within the last few minutes the statement that the Export-Import Bank had made a $25,000,000 loan to China, intimating or attempting to convey to the Members of the House that a $25,000,000 loan had been made to the Government of China. This is as far from the facts as one pole is from the other.

As a matter of fact, this is what happened: The Chinese-owned American Trading Co. of New York secured a credit commitment from the Reconstruction Finance Corporation in the sum of $25,000,000. The gentleman from New York [Mr. BARRY], a member of our committee, asked Mr. Jones, Chairman of the Reconstruction Finance Corporation, if this credit could be used in connection with the export of war material to China. I do not believe anyone in this House would question the truthfulness of Mr. Jones in any answers he might give before a committee. This particular testimony is as follows:

Mr. BARRY. What was the purpose of that $25,000,000 loan to China? What products was that designed to facilitate the export of?

Mr. JONES. I do not know exactly what they were going to buy. It must not be in violation of the Neutrality Act.

The CHAIRMAN. You did extend a credit of $25,000,000 to the Chinese Government?

Mr. JONES. No; not to the Chinese Government. It is to a Chinese-owned American Trading Co. in New York; the credits as they are extended will be guaranteed by the Bank of China, but not by the Government of China.

Mr. BARRY. Could that credit be used in connection with the export of war material to China?

Mr. JONES. No. The understanding is that it will not be.

Mr. BARRY. Did I understand you to say that the Chinese Government is not liable, but a privately owned Chinese corporation?

Mr. JONES. I do not know whether the corporation is owned by the Chinese Government or not. It is owned in China, and it is domiciled in New York, and the credits are guaranteed by the Bank of China; and the Bank of China, I understand, is owned half by the Government of China and half by private interests. The commitment was intended to cover private transactions.

We have the word of Jesse Jones for this. If the Members of the House wish to take his word, all right. If they do not, they can take the word of the gentleman from Michigan [Mr. WOLCOTT].

Mr. SABATH. Mr. Speaker, I yield to the gentleman from New York [Mr. CELLER] such time as he may desire.

Mr. CELLER. Mr. Speaker, I wish to take some time to state to the Members of the House that in my opinion no corporation of the Government has rendered a more constructive service than the Reconstruction Finance Corporation. The R. F. C. was conceived and set up at a time when business and agriculture were in the deepest doldrums. It renewed confidence and instilled hope in the minds of merchants, farmers, manufacturers, businessmen, and industrialists all over this country, and has continued to reinforce that confidence and that hope.

The managers of the Reconstruction Finance Corporation have rendered yeoman service. Mr. Jones, as Chairman, has been constructive, wise, prudent, patient, and most painstaking, working night and day to aid industrial and farm communities throughout the land. Wherever and whenever existing loaning facilities were unavailable, the R. F. C., under his wise guidance, came to the fore to aid, succor, and rescue. His colleagues on the Board have rendered similar service.

Just think for one moment what would happen if we should not continue the work of this Corporation. During the past year it loaned $983,000,000 to 5,234 persons and entities; of these, 4,634 were industrial loans; in other words, the banks of the country generally were unable, wittingly or unwittingly, to make, or refused to make, these many loans. At the suggestion of the Reconstruction Finance Corporation, however, they did participate in a number of them. The banks in many instances have cooperated, due to the patient and intelligent endeavor of Chairman Jones and his codirectors.

Never has the R. F. C. given the impression that it was or is competing with banks. It wants and strives with might and main to make the banks loan instead of itself.

Beyond peradventure of a doubt, a large number of loans will be made by the Reconstruction Finance Corporation during the ensuing year, and there will be need therefor, because banks cannot or still will not make them. I shudder to think what would have happened last year if these 5,234 persons and firms had been refused the shelter of the Reconstruction Finance Corporation and could not get money wherewith to continue their activities. It seems to me idle to argue any further. There is absolute need for the continuation of this Corporation until 1941.

I have had numerous contacts with R. F. C. directors, lawyers, and aids. They have been uniformly courteous and fair. I have come away empty handed. My requests have not always been granted. But I always came away satisfied that the R. F. C. was on firm ground in denying me my request. They satisfied me they were not unreasonable or arbitrary, but on the contrary they were fair and equitable.

I want to give credit where credit is due.

We readily condemn. We grudgingly praise.

Besides Mr. Jones, his assistant, William C. Costello, the directors, Charles B. Henderson, Carroll B. Merriam, Emil Schram, and Howard J. Klossner have been uniformly helpful and constructive with their advice and counsel and concrete aid, not only as to loan applications I placed before them but to those of many of my colleagues.

I cannot refrain from a word of praise to the R. F. C. general counsel, Claude E. Hamilton, and his staff of excellent attorneys. Mr. Hamilton is rendering splendid aid and assistance and is worthy of highest commendation.

I cannot call out of the entire staff all names; my tribute goes forth to the entire staff.

SUMMARY OF LOANS BY RECONSTRUCTION FINANCE CORPORATION

I give you a summary of R. F. C. activities since its organization February 2, 1932, 7 years ago. I make copious use of the report submitted by Chairman Jones and sent to the President as of February 2, 1939. I quote frequently from that report, making the words of Mr. Jones my own.

In addition to the original purposes of the Corporation and the many amendments to the act from time to time which have expanded the scope of its direct operations, R. F. C. activities have also been carried on through Commodity Credit Corporation, organized October 17, 1933; The RFC Mortgage Co., organized March 14, 1935; Electric Home and Farm Authority, organized August 1, 1935; Disaster Loan Corporation, created February 15, 1937; Federal National Mortgage Association, organized February 10, 1938.

Total R. F. C. authorizations have been $13,206,639,807. Of this amount $2,900,601,066 was by direction of Congress in which R. F. C. directors had no discretion.

Authorizations for which R. F. C. directors have responsibility aggregate $10,306,038,741. Of this amount $2,293,568,866 was withdrawn or canceled; either the purposes for which the authorizations were made were not carried into effect or the applicants found they did not need the money; $7,243,873,197 has been disbursed and $5,372,565,029, or 74 percent, repaid; $768,596,678 remains available to the borrowers or for the purposes for which the authorizations were made.

Of the amount authorized and disbursed by direction of Congress, $1,799,984,009 was for direct relief, and $1,001,112,169 to other governmental agencies. Of the former amount $17,158,858 was repaid by counties and municipalities, and of the latter amount $37,000,000 was repaid from capital stock of regional agricultural credit corporations. From October 1932 to May 1933 R. F. C. invested $44,500,000 in the capital stock of 12 regional agricultural credit corporations to make loans principally on livestcok. In addition to this investment in their capital stock, R. F. C. advanced them $173,243,641 to enable them to make loans principally on livestock. All of these loans have been repaid, and the companies have sufficient money on hand to retire the balance of the capital stock. These agencies were transferred to the Farm Credit Administration by Executive order in May 1933.

Since their transfer to the Farm Credit Administration they have made additional loans of approximately $100,000,000. All the loans made by them have been repaid except approximately $12,000,000.

In February 1938 R. F. C. asked Congress to authorize and direct the Secretary of the Treasury to cancel its notes given to the Treasury for disbursements made by direction of Congress for which R. F. C. received no benefit. The act authorizing such cancelations was approved February 24, 1938. Pursuant to this act, notes aggregating $2,699,236,946 have been canceled. As stated, much of this money was used for direct relief, but approximately $850,000,000 is carried by the Treasury and other agencies in the form of capital stock of governmental corporations or other obligations or has been converted into cash.

CLASSES OF LOANS

Classes of loans made are loans and other aid to agriculture; loans to banks; preferred stock, capital notes, and debentures; closed-bank loans; drainage, levee, and irrigation loans; self-liquidating loans; railroad loans; loans to business and industry; mortgage loans; loans to insurance companies; loans to building and loan associations; loans to public-school authorities; loans to State funds created to insure deposits of public moneys; mining loans; rural electrification loans; Commodity Credit Corporation; the RFC Mortgage Co.; Federal National Mortgage Association; the Electric Home and Farm Authority; and disaster loans.

This gives us a bird's-eye view of the magnitude of the tasks of the R. F. C. It has been a boon to millions of our people. It has relieved much of suffering and misfortune in many parts of the land. All classes, all sections have been aided. The benefits and benefactions of the R. F. C. have been incalculable.

LOANS AND OTHER AID TO AGRICULTURE

Agriculture in one way or another has been accorded loan authorizations and allocations of $3,101,673,840. Such vast aid to farmers cannot be lightly considered.

Of this, $399,636,000 was to Federal land banks, $29,035,359 to joint-stock land banks, $9,250,000 to Federal intermediate credit banks, and $199,072,648 to livestock and agricultural credit corporations to provide funds to meet the needs of farmers and stockmen.

One billion eight hundred and forty million seven hundred and seventy-four thousand one hundred and seventy-eight dollars was for loans through Commodity Credit Corporation and other agricultural agencies to producers of cotton, corn, wheat, tobacco, turpentine, resin, wool, mohair, hops, figs, dates, raisins, prunes, peanuts, butter, and pecans in 39 States.

Cotton loans were made in Alabama, Arizona, Arkansas, California, Florida, Georgia, Louisiana, Mississippi, Missouri, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia.

Corn loans were made in Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Minnesota, Missouri, Nebraska, Ohio, Pennsylvania, South Dakota, and Wisconsin.

Wheat loans were made in Arkansas, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, New York, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming.

Tobacco loans were made in Kentucky, Tennessee, and Virginia.

Turpentine and resin loans were made in Alabama, Georgia, Florida, Louisiana, Mississippi, and South Carolina.

Wool and mohair loans were made in California, Colorado, Idaho, Indiana, Iowa, Kentucky, Massachusetts, Minnesota, Missouri, New Mexico, North Dakota, Oregon, Pennsylvania, Texas, Utah, Wisconsin, and Wyoming.

Loans on figs, dates, raisins, and prunes were made in California; on hops in Washington; and on pecans in Georgia.

Peanut loans were made in Alabama, Florida, Georgia, North Carolina, South Carolina, Texas, and Virginia.

Loans to associations were made on butter produced in California, Illinois, Michigan, Minnesota, Missouri, Nebraska,

New Jersey, New York, Ohio, Oregon, Pennsylvania, and Washington.

Think of the vast number of commodities whose growers have been aided.

Eighty-three million three hundred and seventy thousand nine hundred and fifty-five dollars went to finance the exportation of some of these commodities.

One hundred and fifteen million dollars was allocated to the Secretary of Agriculture for crop loans. Of this, $44,500,000 was reallocated and, with $40,500,000 allocated by R. F. C. to the Governor of the Farm Credit Administration, used to provide $45,000,000 capital of the Production Credit Corporations and $40,000,000 capital and surplus of the Federal Intermediate Credit Banks.

Sixty-one million nine hundred and thirty-four thousand seven hundred dollars was allocated for the capital and expenses of the Regional Agricultural Credit Corporations, and $97,000,000 for the capital of the Commodity Credit Corporation.

Of $202,600,000 originally allocated to the Farm Credit Administration for loans to farmers and to joint stock land banks, $200,000,000 was reallocated and used to provide capital of the Federal Farm Mortgage Corporation.

These items were by direction of Congress and their outstanding balances were included in the items for which our notes were canceled in accordance with the act of Congress approved February 24, 1938.

Farmers and stockmen in every section of the country have been the recipients of these loans. They should bless the R. F. C. and its overseers.

RAILROAD LOANS

Of the $1,248,348,560 loan commitments to railroads, $200,460,500 representing securities purchased from P. W. A., $307,561,724 was not used, the purposes for which the authorizations were made not being carried into effect, or the roads having an R. F. C. commitment were able to get the money from private sources. Eight hundred and twenty-six million seven hundred and seventy-three thousand one hundred and sixty-one dollars has been disbursed to 82 roads. Three hundred and forty-six million five hundred and nine thousand three hundred and sixteen dollars of this has been paid, leaving a balance outstanding of $430,263,845 due from 50 railroads. Thirty-two roads have paid their loans in full. Nineteen were placed in receivership or trusteeship after receiving loans. Three of these are no longer indebted to the Corporation. The balance due from the remaining 16 roads in the custody of the courts aggregates $168,565,837. Interest is being paid currently on 2 of these, the loans of which aggregate $25,825,227.

R. F. C. will have some individual losses on railroad loans, as in other classes of borrowers, but, treated as a class, there should be little net loss on railroad loans.

To be more specific in the railroad situation, R. F. C. has collected $86,335,352 interest from railroad loans, and, in addition to this, has approximately $15,000,000 interest accrued that it believes to be good. The margin in this interest over the cost of money to the Government will cover losses on individual railroad loans.

LOANS TO BUSINESS AND INDUSTRY

Seven thousand three hundred and seventy-one loans have been authorized to business enterprises, aggregating $447,324,578. Banks have agreed to take participations in 1,661 of these loans in the amount of $61,492,756, their participations ranging from 10 percent to 60 percent. The banks and R. F. C. share proportionately in security and repayments. Of the R. F. C. part of these loans $86,027,903 was not used, and $144,192,699 remains available to the borrowers; 2,720 of these loans, or 37 percent of the total number, have been for $5,000 or less. During the past 12 months 49 percent have been for $5,000 or less. Fifty-three percent of the loans have been for $10,000 or less, 83 percent for $50,000 or less.

In addition to the participations taken for their own account, banks hold $57,552,558 of these loans with a take-out agreement from the R. F. C. For the take-out agreements the R. F. C. gets a part of the interest paid by the borrower. This is 2 percent per annum where the bank's participation is 25 percent of the loan or less; 1½ percent where the bank's participation is from 25 percent to 50 percent; 1 percent where the bank's participation is 50 percent or more.

Participation agreements and take-out commitments are executed when the loan is made, and the take-out commitment is equivalent to insuring the bank to the extent of the agreed take-out. It is necessary to exercise the same care in insuring part of a loan as when the Corporation makes the entire loan. The same investigation is required and the same expenses incurred.

In April and May 1938, the R. F. C. made commitments to lend apple growers in the State of Washington up to $2,000,000. Under these commitments it authorized 960 loans to 716 applicants in the amount of $1,025,120, of which $991,506 was disbursed.

In addition to the foregoing loans to business, the Electric Home and Farm Authority has bought installment contracts from 2,573 dealers in electrical appliances. These are loans to business. They furnish the dealer with capital for his credit sales. The contracts carry the unconditional endorsement of the dealer.

R. F. C. will probably have a substantially larger percentage of loss from industrial loans than from any other class. Forty-six of these, representing loans in the aggregate amount of $3,009,092, have already been foreclosed and the security reduced to possession. Properties securing three of these loans, which amounted to $234,905, have been sold at a net loss to the Corporation of $31,003. Five hundred and forty-three loans to business are in default and 60 are in process of foreclosure. In addition to these, 507 of the loans to apple growers in the State of Washington are in default.

R. F. C. has authorized 2 loans at the request of the Maritime Commission, 1 to the American President Lines, Ltd., $2,500,000, secured by a first mortgage on 13 ships, and another for building ships at Tampa, Fla., $300,000. Local banks took an additional $200,000 participation in this loan.

It has loaned the Tennessee Valley Authority $3,000,000.

It has authorized loans to the Lower Colorado River Authority of $5,000,000 for purchase of operating units in the vicinity of this project. The Authority expects to sell some of the units to the cities and towns in which they operate.

In cooperation with T. V. A. the R. F. C. authorized a $6,000,000 loan to the city of Knoxville to buy its power plant from the Tennessee Public Service Co., but with the R. F. C. commitment it was able to get the money from private sources.

MORTGAGE LOANS

This item—$608,597,899—includes the capital stock of the RFC Mortgage Co., $25,000,000, and loan authorizations to the RFC Mortgage Co. of $160,021,276. It also includes the capital stock of the Federal National Mortgage Association, $11,000,000, and loans to it of $50,000,000. It includes $362,576,623 loans to privately owned mortgage-loan companies made principally in 1932, 1933, and 1934 to prevent the companies from failing and to enable them to grant extensions to their borrowers. Four hundred and eighteen million six hundred and sixty-two thousand nine hundred and sixty-four dollars has been disbursed and $298,016,329 repaid.

November 1933 the R. F. C. aided the savings banks of New York State by authorizing the investment of $50,000,000 in the capital notes or debentures of the Savings Banks Trust Co., which company the saving banks of New York organized to assist any that might need to realize on their mortgages. None of this money was used.

R. F. C. also authorized $86,000,000 to the Institutional Securities Corporation, organized by the savings banks for the same purpose. Only $14,312,567 of the amount was used and it has all been repaid.

Publication of this procedure by the R. F. C. and the banks was so reassuring to depositors that the banks were able to remove the restriction on withdrawals allowed under the law in a very short time.

The act authorizing the investment in the preferred stock, capital notes, and debentures of banks made no specific provision for aiding mutual savings banks, of which there are a great many in New York and the New England States.

R. F. C. aided the New England banks and some of those in New York State through buying their notes, with provisions of subordination in favor of depositors, in this manner bringing to the savings banks the same assistance provided for National and State commercial banks.

THE RFC MORTGAGE CO.

Because there was practically no mortgage money available to deserving borrowers to protect their properties from foreclosure, and to aid in the reorganization of properties covered by excessive mortgages and mortgage bond issues, Congress, at Mr. Jones' request, authorized the R. F. C. in January 1935 to invest in the capital stock of mortgage companies up to $100,000,000 when any such investment was approved by the President. Following the approval of this act, the R. F. C. endeavored to interest private capital to organize mortgage companies, offering to take preferred stock with them.

Meeting with no success in this effort, the R. F. C., with the approval of the President, organized the RFC Mortgage Co. March 14, 1935, with a capital of $10,000,000, later increased to $25,000,000. The stock is all owned by the R. F. C. The company has authorized $137,969,839 loans on income-producing business properties, borrowing its requirements from the R. F. C. The company has been a lifesaver to many communities when real-estate loans were at a standstill.

F. H. A. INSURED MORTGAGES

Because banks, insurance companies, and other private investors were reluctant to buy F. H. A. insured mortgages, the R. F. C. announced August 17, 1935, that it would buy these mortgages at a discount of one-half of 1 percent and sell them at a premium sufficient to cover the cost of operation. The R. F. C. has authorized the purchase of $96,955,222 F. H. A. insured mortgages and has completed the purchase of $73,083,604 of these. The R. F. C. has sold $16,604,899 to private investors at a modest premium; $34,108,848 has been transferred to the Federal National Mortgage Association.

Of the total number of F. H. A. insured mortgages bought, 102 loans, aggregating $400,845, have been foreclosed, for which the R. F. C. holds or will receive the equivalent amount, less cost of forecloseures, in F. H. A. 2¾-percent and 3-percent debentures carrying Government guaranty. The loss on the loans foreclosed will be less than 10 percent.

DISASTER LOANS

By special direction of Congress through amendments to our act, the R. F. C. from 1933 to 1936 made loans for rehabilitation of property damaged by floods, earthquakes, or other catastrophes; $16,784,521 was authorized for this purpose; $12,003,055 disbursed; $4,278,027 of this has been repaid.

Following the Ohio River flood in January 1937, Congress directed R. F. C. to organize the Disaster Loan Corporation and provide it with capital up to $20,000,000 to make loans to those who suffered losses from the flood or other catastrophes in the year 1937. This act was later amended to include catastrophe losses that occurred in the years 1936 and 1938.

Immediately following creation of this Corporation, R. F. C. established offices for making loans at Ashland, Ky.; Cincinnati, Ohio; Huntington, W. Va.; Ironton, Ohio; Portsmouth, Ohio; Cleveland, Ohio; Paducah, Ky.; Memphis, Tenn.; Dyersburg, Tenn.; Louisville, Ky.; Cairo, Ill.; Evansville, Ind.; Harrisburg, Ill.; Galena, Ill.; and New Orleans, La. Loan committees composed of local citizens were set up to recommend loans. These committees served on a voluntary basis and were of great assistance to the Corporation in meeting the emergency.

Seven thousand five hundred and fifty-five loans, aggregating $8,805,051, were authorized as a result of the Ohio River flood; $1,574,504 was not used; $6,785,729 of this has been disbursed and $1,752,542 repaid. It is significant of the character and integrity of the American people that 80 percent of these loans are current in their payments.

The Board of R. F. C. is now making disaster loans as a result of the hurricane in September 1938, principally in the New England States. Immediately after the hurricane we established offices at Charleston, S. C.; Gardner, Mass.; Hartford, Conn.; Lowell, Mass.; New Bedford, Mass.; New London, Conn.; Providence, R. I.; Springfield, Mass.; Worcester, Mass.; Keene, N. H.; Concord, N. H.; New Haven, Conn.; Montauk, Long Island, N. Y.; Quogue, Long Island, N. Y.; with loan committees composed of local citizens to recommend loans. These committee members also serve on a voluntary basis.

Loans aggregating $3,764,625 have been authorized to 1,526 applicants who suffered losses from the hurricane. We are lending to salvage the very large amount of blown-down timber. Probably 25,000 farmers and landowners lost their timber. It is estimated that 3,000,000,000 feet of timber is down as a result of the hurricane, and effort is being made to salvage as much of it as possible. The facilities of the Forestry Service and the Federal Surplus Commodities Corporation are being used to salvage the timber.

Disaster and catastrophe loans have been made in 34 States—Arkansas, California, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Washington, and West Virginia.

Imagine the closing up of the R. F. C. and the inability of the vast populations of the States visited with disaster, unable to procure the relief granted by the R. F. C. That would be disaster upon disaster.

Whenever the R. F. C. or its directors and personnel are ever criticized just point to their splendid work in the disaster zones.

CONCLUSION

In addition to the foregoing, vast loans to banks have been arranged to meet the abnormal demands of the depositors during the Nation-wide depression. Also capital loans were made to these banks by way of purchase of their preferred stock and debentures.

There have been drainage, levee, and irrigation loans. In many States loans have been made to insurance companies, building and loan associations, and public-school authorities. There have been loans to State funds created to issue deposits of public moneys. There have been mining loans, loans for rural electrification. There has been set up the Commodity Credit Corporation which has made loans on cotton, corn, wheat, tobacco, and so forth.

Let us not forget also that the R. F. C. has accumulated an operating reserve sufficient to cover any and all probable losses. Thanks to the wit, ingenuity, resourcefulness, and wisdom of Chairman Jones and his Board and counsel and aids, despite the vast services it has rendered throughout the country, despite the vast amount of credit available, there has been no net loss to the Government and there doubtless will be none.

Mr. MAPES. Mr. Speaker, I yield the balance of my time to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Speaker, I will use some of the time of the gentleman from Illinois [Mr. SABATH] if he wants to yield it to me. Would the gentleman care to yield to me any of his time under the rule?

Mr. SABATH. I yielded the usual 30 minutes, half of the time, to the gentleman from Michigan.

The SPEAKER. The gentleman from Illinois declines to yield further time. The gentleman from Massachusetts is recognized for 5 minutes.

Mr. GIFFORD. Mr. Speaker, I may say I did not expect to take this particular time, but we need all the time possible today in order to comment on the long era of experimentation on borrowed money. We wish to review the many and various activities of the R. F. C. and to show how the R. F. C. has been used as a vehicle to mop up losses and direct gifts, although obliged to pay interest to the Treasury, which carried its notes as assets, to the evident misleading of the public as to the condition of the Treasury. We shall show that the Government and the R. F. C. have stood back of a very great variety of undertakings. A little later I will enumerate a large number of these activities. I imagine that on the other side of the House you are not anxious to take

much time. You are merely desirous of seeing these bills pass with as little criticism as possible. It is probably not a matter of affection you have for many of these activities competing with private business. If your wife sees you off on the train it may not be from affection—she may merely wish to be sure you are out of the way. I am sure that many of these activities are not pleasing to real Democrats, but you are now saddled with them and do not dare to shake them off.

The Export-Import Bank, about which there has been so much comment in the newspapers recently, is a dangerous weapon to put in the hands of a President; who already has in his hands so many dangerous weapons, the possible use of which might bring us into economic war with other nations, possibly with dire results. I remind you of his power of devaluation of gold and silver and the power even to use the printing press.

Mr. SABATH. Mr. Speaker, will the gentleman yield so that I may give him the information that the Export-Import Bank is dealt with in a bill that is not before the House?

Mr. GIFFORD. It will be, just a little later.

Mr. SABATH. And on that bill the committee will have 3 hours of general debate.

Mr. GIFFORD. I may not be able to get further time, so I wish to comment on that bill now and refer to other instrumentalities just to arouse your interest. For instance, Mr. Jones stated that the local private banks would rather lend at 1 percent to the Electric Home and Farm Authority than take 9 percent from the purchasers. This is highly significant. Private banks now look only for safety and absolute security, relying on the Government's guaranty back of all of these subsidized experiments. It is time that these dangerous economic weapons were taken away from the Great Spender. He has not proved to be the "Great Emancipator" of our economic troubles.

Conditions have not greatly improved. The index of the New York Times yesterday shows business going straight down again, and this despite the protest that times are getting better. However, we believe in the Honorable Jesse Jones, and no manner of man could have been selected to have guided the R. F. C. as well as he has done. We have no criticism of him. The criticism is that this administration has given him so many questionable schemes to administer. He himself has tried to protect his R. F. C. from the staggering grants and losses caused by the Commodity Credit Corporation, the W. P. A., the P. W. A., and the capital which he was forced to furnish for many other corporate devices. When he came before us a year ago and requested that we mark off about two and a half billion dollars worth of these grants and losses, on which he was paying interest to the Treasury, which was calling them assets, we were pleased to order the Treasury to cancel his notes. He will always answer truthfully if we are able to present the question properly to him. But there are too many activities concerning which we are sadly uninformed. The gentleman from California [Mr. THOMAS F. FORD] smiles. He seems to know all about these things, but half of the membership of the Banking and Currency Committee are new members, and there are many new Members of the House who may wish to obtain full and accurate information about many of these recent experimentations of the Government. Seemingly, all business is affected in some phase or other by this Government competition.

[Here the gavel fell.]

Mr. SABATH and Mr. RANDOLPH rose.

The SPEAKER. Does the gentleman from Illinois yield to the gentleman from West Virginia?

Mr. SABATH. I yield.

EXTENSION OF REMARKS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include in the Appendix an address delivered by myself this morning at the National Aviation Forum.

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

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a letter I received from a Mr. Scullen with reference to the freight-rate situation, together with a copy of my reply.

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

There was no objection.

CONTINUATION OF RECONSTRUCTION FINANCE CORPORATION

Mr. SABATH. Mr. Speaker, I am not going to answer the gentleman from Massachusetts and his usual tirade, except to correct him. I believe that after a thorough investigation of the items in the New York Times and in other trade journals he will find steel and other businesses on the incline and improving. Commercial and industrial activity has surpassed the level of 1937 and is far in excess of the mark set in 1929.

As to the gentleman from Michigan [Mr. WOLCOTT], I very much regret to have to refer to his remarks concerning the administration's responsibility for the recession in 1937 and 1938. Would the gentleman have carefully read and studied conditions, he would most certainly be obliged to concur that the recession was not due to any acts of President Roosevelt, but to the management of big business and industrialists under the leadership of republicanism. In their attempt to block the wage and hour bill they started their crusade by ceasing operations. They dismissed thousands of employees and created a critical condition of unemployment for the purpose of scaring Congress and the President in their efforts to proceed with the wage and hour bill.

With reference to the remarks of the gentleman from New York [Mr. FISH], the older Members of the House remember and the younger ones should know of the organized attempt by big business to repeal and amend the capital-gains and surplus taxes. Special attention should be given, and I again emphasize the general Nation-wide campaign by a strategically organized lobby for passage of amendments to the capital-gains and surplus taxes. The "big boys" never like to pay taxes and are always scheming how best to unload them on those less able to pay.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Yes.

Mr. AUGUST H. ANDRESEN. Does the gentleman recollect that in March 1937 the President made a speech in which he said that the price level of commodities was too high, and that from that day on we started to have the so-called Roosevelt recession?

Mr. SABATH. I correct the gentleman again. From March on and until September 1937, more people were employed and the country was in as prosperous condition as ever. However, in the month of October 1937 the conspiracy was hatched—operations ceased, plants closed, and then the recession set in.

Mr. AUGUST H. ANDRESEN rose.

Mr. SABATH. I cannot yield now. The gentleman from New York [Mr. FISH] apparently gives much credit to the Republican President, Mr. Hoover, for the R. F. C. Again, he is mistaken, and I am indeed surprised that he should make such statements. Unfortunately, he does make many statements that are not based on facts, and I regret that I am obliged to set him right. The first Reconstruction Finance Corporation bill was introduced by me in 1931, and the chairman of the Banking and Currency Committee, sitting right here knows that to be a fact.

Many of you have received a telegram from President Hoover setting forth a proposal in connection with the legislation which was then being formulated. To enlighten the new Members and to remind some of the older Members with short memories, especially the gentleman from New York [Mr. FISH], I insert the telegram received by me from President Hoover:

THE WHITE HOUSE,
Washington, D. C., June 23, 1931.

HON. ADOLPH J. SABATH,
Chicago, Ill.:

You no doubt have seen my statement in Sunday's press of the proposal of the American Government in respect to postponement

for 1 year of all intergovernmental debts. Inasmuch as the proposal is, of course, contingent upon action by Congress, and as the matter is one of national interest having no partisan character in that light, I consulted before action the Senators and Representatives of both parties present in Washington and as many as possible who were accessible in the country. This list of generous support from Members was shown in the public statement referred to above. I regret that difficulties of communication rendered it impossible to contact with all Members of the Senate and House. I do not wish to press any Member for reply as to his views if he prefers not to give them at this time, yet if you are favorable to the proposal in the first paragraph of the statement above mentioned, it would undoubtedly aid in the negotiation now in progress if you could inform me thereof.

HERBERT HOOVER.

In reply to this message I sent President Hoover the following telegram:

JUNE 23, 1931.

His Excellency HERBERT HOOVER,
President of the United States, Washington, D. C.:
I am satisfied that your proposal will be helpful and beneficial, and I will gladly support it, but I still feel that immediate steps should be taken to relieve conditions in our own country, as they are much more alarming than you may be aware of or the press dares to publish.

A. J. SABATH, M. C.

From that time on I pleaded with President Hoover to save the country from complete collapse, and I proposed and introduced on December 9, 1931, a bill—H. R. 5116—to create a National Relief Finance Corporation and urged hearings thereon. However, the committee, in its desire to obtain approval from President Hoover, merged my strong bill with that of Representative Strong and gave it a title which bore the words "Reconstruction Finance Corporation." I did not designate by bill as a "reconstruction" bill, as I did not desire to leave the implication that the Republican administration had destroyed and that the Democratic House was going to reconstruct. Of course, the gentleman from New York [Mr. FISH] may recollect my efforts since December 1929 to suspend activity on the stock exchange and to prohibit short selling. Stock manipulations were made, fearing that if no action were taken by the Government that it would affect—yes; that it would destroy—not only the banks but the insurance companies as well and bring about a panic. Unfortunately, due to their failure to act, the Hoover administration and the Republican Party did engulf the Nation.

I do not wish to encumber the RECORD, but I refer the gentleman to H. R. 5116 and other bills of the Seventy-first and Seventy-second Congresses which I introduced on the subject, and particularly to my speech of January 15, 1932, which will refresh his memory and be informative to the new Members.

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

Mr. SABATH. I cannot yield now. The chairman of the Banking and Currency Committee knows how I endeavored untiringly to obtain a hearing on the bill in 1931, and knows further that its consideration and passage was delayed by Republican members of the committee upon the advice of President Hoover and his advisers. They believed it would be politically wise to postpone action until shortly prior to the Republican convention in 1932, so that the ensuing benefits from that legislation could be utilized in the 1932 fall campaign. The gentleman from New York [Mr. FISH] should also remember that, when the bill did pass the House, President Hoover, for the purpose of further delay, vetoed it. In his veto message he recommended that the provision tending to be beneficial and to aid commerce be eliminated, and that the provision granting loans to municipalities and States be made only upon self-liquidating projects. Consequently, we were obliged to pass a bill from which the beneficial provisions had been eliminated and which restricted loans to municipalities and States only on self-liquidating projects. Had even this legislation been enacted in 1930 or 1931, as I had advocated, I am satisfied that the crash, if not prevented, would have been greatly minimized.

In my effort to create confidence in the institution, I provided in my bill for the appointment of four outstanding men, namely, former President Coolidge; and, if I am not mistaken, the defeated candidate for President, Alfred E. Smith; the former chairman of the War Finance Board, Mr. McAdoo; and Mr. Stevens—two Democrats and two Republicans. Unfortunately, the provision naming these gentlemen as directors, proposed on the floor as an amendment, was defeated on the pretense that it was unconstitutional to specifically name gentlemen in the bill. I assure the gentleman from New York [Mr. FISH] I was not playing politics as he was in those alarming days. I saw the storm brewing with great force and was trying to save the situation as much as possible, and what I feared came to pass in 1932 and 1933. I feel that the gentleman from New York owes it to himself and to the country to correct his statements and not to claim credit where credit is not due.

It should also be recalled that Mr. Ogden Mills, Assistant Secretary of the Treasury, opposed the billion-dollar capitalization of the Reconstruction Finance Corporation and the four billion reserve and suggested a $250,000,000 capitalization as being sufficient to restore confidence. This statement is merely to clear the record.

Mr. HOFFMAN. Mr. Speaker, will not the gentleman please yield?

Mr. SABATH. As soon as I get through explaining to my friend Mr. FISH. Confidence was restored only after Mr. Roosevelt was elected, and the Democratic Party in Congress began to function. I suggest to the gentleman from New York that he familiarize himself with the record and with the proceedings of the committee. As I stated before, the first Reconstruction Finance Corporation bill was vetoed by Mr. Hoover, who insisted that loans should be made only to self-liquidating projects. In the last hours of the Congress, however, in the desire to pass some legislation, we agreed to the suggested amendment, which, nevertheless, precluded the making of loans to business as was originally contemplated. Therefore, only those who derived any benefit under the first act were the railroads, the banks, and the insurance companies. Yes; the banks, but not all of them. The small bankers were forgotten. Only the more powerful ones were able to obtain money, including my fellow townsman, former Vice President Dawes. He obtained $95,000,000 only a few days before resigning as the Chairman of the R. F. C. The small banks were permitted to be closed. In my own city in June 1932, during the Republican Convention, notwithstanding my appeals, 42 of the outlying banks were closed. All of them could have been saved from closing with great losses to the thousands of their depositors with only one-third of the amount of money which was loaned to Vice President Dawes' bank.

However, under Mr. Hoover's administration there was no sympathy or desire to help the smaller man or the smaller bank. Unfortunately, we still have about $40,000,000 coming from Mr. Dawes, who unloaded his responsibility onto others.

Mr. Speaker, though my memory is not as good as in years gone by, yet time has not so long passed that I cannot vividly recollect those trying days and my humble efforts to impress President Hoover and others then in power of the seriousness of conditions. When I recall that those who were then employed worked only 2 or 3 days a week at a salary or wage far below that needed on which to exist I dislike to think of those unfortunate conditions, but I am happy, though we still have unemployment, that today we have employed from eight to nine million of the wage earners who were in such dire want.

If it had not been for the Republican conspiracy, today nearly everyone capable of working would have been at work. Conditions are improving. They will improve if you gentlemen will not harass and try to embarrass the administration, but will try to cooperate as I believe you should and is your duty. You will see that we will again enjoy that prosperity to which the American people and our Nation is entitled.

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

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

Mr. HOFFMAN. In view of the fact that a magazine carried the statement that a poll of the correspondents who report our debates, designated the gentleman who is speaking as well as myself, as one of the least useful Members of the House, does not the gentleman think he is wasting his time this morning?

Mr. SABATH. Mr. Speaker, in the past few weeks I have seen many articles criticizing and condemning writers who recklessly and unjustly have assailed many men in public life in their good names and records. However, the statement of Miss Dorothy Thompson, appearing in this morning's Washington Post, is perhaps more direct and seems to express the views of many of the fair and to-the-point writers. It is entitled to some thought on the part of those who are guilty. I should like to include her entire article, but take the liberty to insert two excerpts, as follows:

SLANDERING PRESS IS ON WAY OUT

When free speech and a free press allow themselves to license to slander, libel, malign, distort, and vilify, they are on the way out.

There also is no possibility in journalism of avoiding misjudgments and even misstatements of purported fact, for the most conscientious are fallible. But it ought to be possible to frame a code whereby slander is earnestly discouraged.

Personally, I have paid no attention to the ridiculous article referring to the gentlemen from New York, Michigan, and myself, because before it came to my attention I was informed by a gentleman in the press gallery that when the article came to their notice the members were questioned and replied that the article was untrue and that no poll had been taken.

While the gentlemen from New York and Michigan differ with me politically, I cannot advise them what to do, but would suggest that they ignore such printed untruths and falsehoods.

However, there are some polls taken that are correct. For instance, one that I saw in today's papers, showing the popularity of President Roosevelt is greater today than ever before. The percentage is 58 as against 54 only a few months ago. [Applause.]

May I suggest to the new Republican Members that the sooner they realize their responsibility to the people at home to vote for progressive legislation, as they have promised, and which made their election possible, the better it will be for them and for the country. President Roosevelt is still as popular as ever. He will continue in the love and affection of the American people, and you might as well know right now that it will be to your advantage to stand by him and cooperate to help advance the conditions of all the people of America. [Applause.]

In conclusion, as referred to above, I hereby insert remarks made by me on this floor on January 15, 1932:

RECONSTRUCTION FINANCE CORPORATION

(Speech of Hon. ADOLPH J. SABATH, of Illinois, in the House of Representatives, Friday, January 15, 1932)

The House in Committee of the Whole House on the state of the Union had under consideration the bill H. R. 7360, the Reconstruction Finance Corporation bill.

Mr. SABATH. Mr. Chairman, due to the unrestrained and unrestricted frenzied financing on the part of our international bankers; due to the greed of big business and investment bankers who are responsible for overcapitalization, overextension, and overproduction; due to the criminal stock inflation and manipulation, this greatest and richest of countries, possessing more gold, wheat, and foodstuffs than it knows what to do with, is now enduring the hardest times in its history.

The Republican Party not only permitted, but sanctioned, approved, and even aided in this debauchery, in this orgy of high financing and manipulation. It aided in draining the legitimate business; yes, 95 percent of the population of its available cash. And when in 1929 I appealed to the President and you Republicans to stop the destruction, the President and you were deaf to my appeals and warnings. I was told that I must not interfere with business. And big business was not interfered with.

Yes; the efficient big-business propaganda worked overtime serving notice on Congress not to interfere. Big business had its full sway, and what are the results? Two thousand three hundred bank failures in the United States in the year of 1931 alone—this notwithstanding that not a single bank closed in Canada—and those banks still open in great distress; railroads, insurance companies, States, and municipalities unable to meet their pay rolls and obligations; plants, factories, shops, and merchandise establishments closed; one-half of the apartment buildings, homes, and farms in the hands of bond committees and receivers and being sold for taxes; 8,000,000 people unemployed and pleading for work; over 20,000,000 people obliged to live and actually existing on charity. These are the accomplishments of Hoover's administration, and these are the achievements of our great financiers and industrial leaders who for years resented congressional interference. But now, when these great pillars of society realize that they themselves are in danger of being engulfed in the catastrophe which they brought about, they turn in desperation to the Congress which they despised. Their predominant thought is, "To hell with the suffering masses; save us first, and do it quickly." That is the reason for this haste.

Mr. Chairman, ladies, and gentlemen, for over 2 years, I and untold thousands of thinking men of this Nation, scenting the fast-approaching crisis, appealed to President Hoover and the Republicans in control of Congress for some relief legislation, but we were ignored. Therefore, I am disgusted listening now to some of you and to your President for speedy action on this bill, when you and the very greedy interests that you represent insisted last session that Congress adjourn so as not to interfere with the round-the-corner approaching prosperity.

Gentlemen, do you not know that the same interests that have brought about and are responsible for the existing conditions have cunningly and cleverly endeavored to place the blame upon Congress for their misdeeds, and that they now clamor for haste so that Congress may swallow this big banker and railroad reconstruction bill? I designated my bill the national relief finance corporation and drafted it to comply with the title. However, the title you gave it, reconstruction, is proper, and is a candid admission that you have destroyed and at this late date are using us to rebuild what you have wrecked.

Mr. Chairman, in the hope of reestablishing confidence, saving the banks from closing their doors, and preventing the pauperizing of millions of depositors and widespread unemployment, I have for over a year advocated and demanded the restriction of short selling, particularly that called "bear raiding." I have advocated with all the force that I possess the establishment of a $5,000,000,000 national relief finance corporation, which would aid not only banks, industries, and municipalities, but also the farmers and the wage earners of this Nation. And ever since December 1930 I have argued with, implored, yes, pleaded with, the President and the Governor of the Federal Reserve Board to accept for rediscount finance corporation securities and to sanction legislation to make possible the rediscounting of muncipal short-term securities, as well as to make loans or to purchase for investment purposes mortgages on homes; but the President and the Federal Reserve Board have ignored my recommendations, advice, and pleas, and have refused to take notice of the distressing conditions and the appeals of small banks and bank depositors and the petitions of millions who demand work rather than charity or dole.

In the last session of Congress, Mr. Chairman, ladies, and gentlemen, I made repeated efforts to secure such legislation, but, again, no consideration was given to my urgent appeals. Therefore, shortly after the adjournment of Congress last March, when bank failures, unemployment, and want and misery still continued to increase, I again addressed urgent appeals to the President, and was instrumental in causing thousands of businessmen to petition him to call a special session of Congress for the purpose of enacting legislation which I had recommended, or any other legislation which would relieve the distressing conditions. Yet, Mr. Chairman, all that the President saw fit to do was to issue new assurances of the coming business revival, and notwithstanding that during the entire summer months the press and the businessmen of the Nation implored him for some action, he remained indifferent and devoted himself to international-banker and stock exchange-financier conferences.

And when I read that the President had at last called a White House conference, I hoped that some constructive program would be agreed upon. But my hope was short-lived, for on the following day I secured the names of the men with whom he had conferred and immediately concluded that no possible good could accrue to the Nation from that conference. The press reports disclosed the fact that the present Speaker of this House, Hon. JOHN N. GARNER, then the Democratic leader of the House, was leaving Texas by airplane to comply with the President's request for a conference, and though I have confidence in our Speaker, yet I felt it my duty to forewarn him, and I sent him the following telegram:

CHICAGO, ILL., *October 6, 1931.*

Hon. JOHN N. GARNER,
Washington, D. C.:

I read in today's papers that after a secret conference with the Wall Street bankers the President is calling a conference of some Democrats for the purpose of binding them to the Wall Street formulated program. As you know, the Federal Reserve Board, under the domineering influence of Wall Street, has miserably failed and was in a great measure responsible for the complete demoralization of our industries and banking institutions. I therefore suggest that you do not bind the liberal and progressive Democrats to any Wall Street formulated program.

Demand that a special session of Congress be immediately called for the purpose of relieving conditions and to reestablish confidence. People have lost faith in President Hoover and his administration and are clamoring for action to save millions of people out of employment and out of food. Will demand the establishment of a $5,000,000,000 prosperity finance corporation to be managed by financiers uncontrolled by Wall Street destructive forces. Will also demand increase in large income and inheritance taxes and immediate liberalization of the Volstead Act.

ADOLPH J. SABATH.

And received the following answer:

WASHINGTON, D. C., *October 6, 1931.*

Hon. A. J. SABATH,
Chicago, Ill.:

Telegram received. Greatly appreciate your clear-cut analysis of situation. Have no intention of binding myself nor of attempting to bind Democratic Members of House. Concur fully in your view that situation justifies calling special session.

JNO. N. GARNER.

Mr. Chairman, on the succeeding day my conclusions were confirmed, for the press devoted much space to the plan evolved by these financiers.

As soon as the details of the conference were made known, the press seriously questioned the benefits that might be derived from this $500,000,000 private bankers' pool and charged that the international bankers consented to the formation of such a pool on the condition that President Hoover would agree to the European moratorium and, above all, charged that it was a plan to relieve the railroads and the financial institutions that owned a large amount of these securities. Mr. Chairman, being asked for my view of this Wall Street-White House plan, I issued the following statement:

"The publicity given to the recent Hooverian proposal with regard to the creation of a private bankers' pool has tended to encircle the plan in the minds of the people with a halo it does not rightfully deserve. For the entire plan has been exposed by the press as a rather naive scheme to relieve the large holders of railroad securities.

"I doubt very seriously whether this scheme—evolved by Wall Street financiers primarily for their benefit—will ever materialize. But whether it materializes or not, I will persist in my demands for the creation of a Federal agency to deal with the serious situation practically and efficiently. I have often suggested that there be created a Federal finance corporation, capitalized for $1,000,000,000, with the power to issue bonds to the extent of five times its capital structure. Such an institution would not be difficult to create, if the oversubscription of the Federal bond issues be a criterion.

"Unlike the Wall Street-Hooverian pool, my proposal would not strain to a greater extent the banks of the country, nor would it cost the Government anything; in fact, it would probably result in a profit. A Federal institution of this kind would bring liquid money into every business, emancipate banking from its troubles, and particularly bring aid to the small bank, where it is most needed. I am satisfied that this plan, coupled with a broader rediscount power on the part of the Federal Reserve Board, would relieve not only the banks and make for a clearer perspective but would be a positive blessing to all of the insurance companies and municipalities and to the business of the Nation in general.

"It is because of these and other reasons that I have appealed to the President to call a special session of Congress. My appeals, however, go unheeded. What possible excuse can there be for the President's refusal to call a special session? Conditions require it. If it be politics, then something should be done so that political differences do not retard the Nation's attainment of happiness and prosperity. If it be collusion between the party in power and Wall Street—and it is more than idle rumor which states that the Hooverian pool is a reciprocation for the extension of the moratorium and the cancelation of the European war debts—then it is a candid admission by the administration that it is solely concerned with giving aid to foreign nations and is indifferent to the best interests and welfare of our country.

"Therefore, instead of groping around like the administration and accomplished nothing, the Nation's only salvation at this trying crisis is to call immediately a special session of Congress.

"A. J. SABATH."

Four months have elapsed since the country was assured that this $500,000,000 private bankers' pool was pregnant with possibilities. Therefore, am I not justified in asking the President or you Republican prosperity makers what became of it and where it was lost? Did it die a prenatal death, or was it only Wall Street "hot air" combustion, or, perchance, just plain Republican buncombe?

In view of all of these delays and empty promises, I cannot help become suspicious of the suddenly acquired haste which the President now displays by his messages to Congress, and I cannot help resent the attitude of his spokesmen on the floor of the House for criticizing our efforts to safeguard properly the provisions of this tremendously important bill.

The outcries from some of you Republicans for a vote will not fool anyone, for the simple reason that the people must, and do, realize that if we had a Roosevelt or a Wilson in the White House this or other relief legislation, properly safeguarded so that direct benefits would accrue to many instead of a few, would have been enacted long ago. Mr. Chairman, I will vote for the bill, but only because it is patterned after the bill I have advocated for 2 years, and though its provisions are not as liberal as those in mine, I hope it will in a measure relieve the existing conditions. However, I never dreamed that Republican ingenuity would be so great as to succeed in eliminating nearly every safeguard which my bill provided.

The bill that I introduced on the first day of this session provided for a capital of $1,000,000,000 and the power to issue bonds to the extent of five times the capital. This would have made it possible to utilize $5,000,000,000 for the purpose of relieving the distress current throughout the country, and not, as you maintain, for the purpose of reestablishing confidence. Confidence, I agree, is important, but even more important are those provisions which will make for confidence. If, as you say, the creation of a corporation with a capital of $500,000,000 and resources of $2,000,000,000 will result in confidence, therefore it is logical to believe that a corporation with a capital of $1,000,000,000 and resources of $5,000,000,000 will be bound to be doubly effective in creating confidence. But in the last analysis what is needed is the ready cash and the liberal credits; these will turn the tide.

But I fear that under this bill, which should be designated a big banker, railroad, and agriculture relief bill, the small banks, the small-business men, and the small industries will secure only indirect benefits, if any, and the municipalities, which are in dire need the country over because of Republican misrule, are foreclosed from receiving any aid whatever. And this, to my way of thinking, is the most important omission and fault of the bill.

Mr. Chairman, the need to aid our municipalities is great, and relief given to them would have a more beneficial effect than any loans made to New York banks or to their railroads. Several of our large cities are in danger unless immediate relief is given to them, for they find it impossible to borrow money to pay employees, including policemen, firemen, and teachers. I reiterate, the conditions in our municipalities are alarming. In the city of Chicago we find ourselves, due to Republican misrule, 2 years behind in collecting our taxes and unable to borrow funds to operate. What is true of Chicago is true also of most of the large municipalities—New York, Boston, Philadelphia, Cleveland, Detroit—but it is not necessary to go further. The municipalities constitute an important part in the functioning of this Nation, and it should be recognized that aid given to them will enable them to start needed but delayed improvements which can result in work for thousands of unemployed, thereby making it unnecessary for the unemployed to be objects of charity or to accept doles.

Mr. Chairman, ladies, and gentlemen, without trying in any way to mitigate the hard lot of the farmers, I want to say that this great economic upheaval has not been called an "industrial depression" for nothing. It is an "industrial depression," and being that, it has affected the cities particularly, because they are the seats of industry. The 8,000,000 or more unemployed people in the United States are the unemployed of industry, and, consequently, of the cities. I repeat, the lot of the farmer is distressing, but at least he has a roof over his head and enough to eat, and to that extent he is not in as serious a plight as the city dweller.

I appreciate the assurances which many of you have given me to vote for my amendment to secure relief for the municipalities; but, unfortunately, due to the ruling of the Chairman, this is impossible. Therefore, I will introduce a bill to that effect and will endeavor to secure favorable action from the committee, so that I can obtain a vote on it in the House; and if I succeed, I hope that you will demonstrate by your votes that you do believe in reciprocity and do recognize the fact that the unemployed people of the cities, unable to secure food, grow as hungry as those on farms. Remember, I ask for no appropriation, only a loan which will be repaid with interest within 1 year. That is all I ask for, gentlemen.

Mr. Chairman, ladies and gentlemen, before I conclude, permit me to make this observation and suggestion: Having lost confidence in our banking institutions, many people have withdrawn their savings, which is to be deplored, inasmuch as this retards the resumption of business and employment. But had the President acted in time, Nation-wide committees to unloosen hoarded money would have been unnecessary. Like Nero, who fiddled while Rome burned, the President "fiddled around" while this economic and social destruction was being wrought. I doubt whether there is $1,400,000,000 of hoarded money, unless it be in the coffers of the extremely rich, and he should realize that we cannot unloosen it from them by an appeal or a law. But I will suggest what could and should be done without delay to put more money into circulation.

We have today in the Treasury over four and a half billion dollars' worth of gold; therefore instead of selling bonds and increasing taxes to obtain sufficient revenue to meet the deficit, why not issue the amount of currency against the gold reserve in the vaults of the Government that is permitted under the law? Is there anyone who will deny that the issuance and the putting into circulation of approximately $5,000,000,000 in currency would not relieve immediately the terrible conditions?

Oh, I realize that the propagandists of financiers, big business, and big hoarders of money will immediately create alarm by saying that this is inflation. But the Lord only knows that the deflation has gone far enough, and if ever there was a need for some inflation, this is the time.

Why should people be obliged to repay their obligations with a dollar that has two or three times its 1929 value? As I have stated several times, Mr. President, if you had acted on my recommendations 2 years ago, yes even a year ago, there would have been no need for your extraordinary appeal to unloosen hoarded money, and if you will act on my suggestions in this respect, the country can be saved from complete ruin and demoralization. But I doubt that you will, and this notwithstanding that during your campaign and after your election you encouraged and urged the people to invest their savings in inflated stocks and bonds.

You sanctioned—yes, it is charged, aided in—the unloading on the small banks and people of over $8,000,000,000 worth of foreign bonds that are now worth less than 50 cents on the dollar. Against my protests, you have permitted the avaricious Wall Street racketeers, the "bears" and short sellers, to hammer down the prices of the securities which you advised the people to buy to a small fraction of their real value.

You have remained mute to all appeals and warnings. Your last play to unloosen hoarded money is another gesture; you know—and if you do not know, you should know—where the money of the country is; it is in the coffers of the international bankers and stock manipulators.

You have frequently assured the country that you are opposed to wage reductions, but your indifference, your refusal to call Congress to pass needed relief legislation, has brought about reductions in wages, salaries, and earnings of all breadwinners. Is it possible that your deliberate inaction was due to a plan, as it is often charged, to force wage reductions for those still employed?

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4012) to continue the functions of the Reconstruction Finance Corporation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4012) to continue the functions of the Reconstruction Finance Corporation, and for other purposes, with Mr. CELLER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Alabama is recognized for 30 minutes and the gentleman from Michigan is recognized for 30 minutes.

Mr. STEAGALL. Mr. Chairman, I think my friends on the minority side of the aisle will acquit me of the habit of indulging in partisan discussions on the floor of the House. As a rule, I avoid that kind of discussion when important measures are under consideration. But I want to depart from that custom today, in order that I may briefly bring the record down to date and keep it in harmony with the facts.

Reference has been made to the Reconstruction Finance Corporation Act as a partisan measure. That bill was first passed in this House in January 1932. The bill was sponsored by the present chairman of the Committee on Banking and Currency, now addressing you. Mr. GARNER was Speaker of the House and Mr. Hoover was President of the United States. We were approaching the end of 12 years of rule under the party represented by the Hoover administration at that time. There had been, during that period, 10,000 bank failures in the United States. We had witnessed a sweeping decline in our trade and commerce, both foreign and domestic. Agriculture was paralyzed. Bankruptcies in every type of business extended throughout the land. The people were suffering from Nation-wide mortgage foreclosures upon farms and urban homes. Confidence was completely destroyed. Bank runs were the order of the day, and many solvent institutions were closing frequently as a result of the lack of confidence on the part of the public.

Some of us, and I speak authoritatively, had for years proposed and urged the passage of legislation to restore confidence in banks by insuring bank deposits, and to put an end to the suffering and distress experienced by the people of the country as the result of bank failures. It is not unfair to say that the occupant of the White House at that time was sought out by the chairman of the Committee on Banking and Currency of the House, and other Members, and urged to cooperate in passing legislation to insure bank deposits and restore confidence. We were unable to secure his approval or his cooperation. But this House in 1932 passed a bill insuring bank deposits, along with another measure providing for the liberalization of the policies of the Treasury, and the Federal Reserve System, with a view to raising commodity prices and preventing the further spread of insolvency extending over the Nation.

The Senate of the United States was under the control of the opposing political party, and both of those measures failed of consideration in the Senate. We were told over and over by those in high places, by leading men in the financial world, and those high in official circles that the collapse of community banking institutions throughout the United States was a wholesome development that should be welcomed. That was the answer to those of us who were fighting to arrest the downward trend that had become the source of serious alarm to all in positions of responsibility and to thoughtful citizens everywhere.

On Friday morning, after the Christmas recess of the Congress had been arranged to begin on Saturday night following, the President summoned to the White House the Speaker of the House, the majority leader, Mr. Rainey, the chairman of the Committee on Banking and Currency of the House, and other Government officials for a conference at breakfast.

At that conference the President suggested the passage of the Reconstruction Finance Corporation Act. Let me relate the difficulties that were outlined to us around the breakfast table that morning. I cannot go into full details but we were told that 800 banks in the New York Federal Reserve district—not Dallas, Tex., not Atlanta, Ga., not Kansas City—but 800 banks in the New York district with a capital and surplus of $600,000,000 were impaired in the amount of $475,000,000. We were told that we faced a spread of bankruptcies and failures that would involve not only the banks of the Nation, but the railroads and the insurance companies in which the hard earnings of citizens had been placed through the years for the protection of their families. Those were the conditions confronting us; such was the picture presented that morning; and it was presented again that afternoon in a conference with certain Members of the Senate attended by leading bankers and businessmen from New York, and officials of the administration. At that time we were urged to call off the Christmas recess to consider such legislation. The suggestion was abandoned, however, and the legislation was taken up when we came back in January.

The bill that was introduced by the administration provided for the establishment of the Reconstruction Finance Corporation. Under the administration bill offered the only institutions to be made eligible for relief by the Reconstruction Finance Corporation were the banks, the railroads, and the insurance companies of the United States. The gentleman from Massachusetts [Mr. LUCE], who labored ably and constructively in the passage of that legislation knows that I am stating its history correctly.

A subcommittee of the Committee on Banking and Currency was appointed to rewrite the bill, and the subcommittee for the first time brought within the benefits of the legislation the plan for direct relief to depositors who had suffered as the result of the bank failures, and the first provision for benefits to agriculture under that legislation. Those of you who will get the original bill will find that I am stating the facts.

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

Mr. STEAGALL. Let me continue, please.

I wrote with my own hand an amendment to the bill which provided for loans for the relief of depositors in the 10,000 banks throughout the United States that had collapsed during the years 1920–31. That provision was fought by the administration and Treasury and Federal Reserve officials. I will not go further into detail unless I am called on to do so. The amendment was incorporated in the bill passed by the House. It was not included in the Senate bill but was agreed to in conference. I was followed into the conference committee in the Senate Office Building by those high in the administration at that time and urged to drop that provision from the bill. Not only that, we put in that bill the first provision for loans to agriculture and agricultural marketing associations, for the benefit of the farmers of the United States. Later under a change of administration the policy to which I have referred was extended by further legislation. Under legislation, for relief of depositors in closed banks, more than $1,000,000,000 was lent throughout the United States for the relief of people in communities where banking institutions had gone down in wreck and ruin.

Since that time other measures not necessary to enumerate here, have been adopted, amending and extending the benefits of the Reconstruction Finance Corporation Act. Before Mr. GARNER left the Speaker's office he spon-

sored a bill on this floor that passed the House under which the benefits of the Reconstruction Finance Corporation funds supplied from the people's Treasury, were to be used for the benefit of all classes of business, large and small, in the United States. That bill failed of passage in the Senate, that body being at that time under the control of the opposing political party.

I was glad to cooperate with President Hoover. I sympathized with him. No man on this side can say that I ever allowed politics or any consideration of a partisan nature to interfere with my efforts to assist him—and the same is true of the other members of the Committee on Banking and Currency of this House. Mr. Chairman, I thought it was proper for the sake of the RECORD to refer to the history of this legislation. If this were the time and the occasion I should like to proceed further in tracing what has been done since then for the protection of citizens who trust their funds in the banks of the land; and to make the benefits of the Reconstruction Finance Corporation available to every business enterprise in the United States in the effort to enable business and industry, big and little, resume normal operations.

Mr. Chairman, we still have our difficulties. All has not been accomplished that we should like to see, but it is only fair for the truth of history to state these facts in justice to the membership of this House and to the present occupant of the White House whose leadership made these accomplishments possible, and which were impossible before he took office in 1933. [Applause.]

I now wish to refer briefly to this bill under consideration.

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

Mr. STEAGALL. I yield to my colleague, and am glad to do so.

Mr. CRAWFORD. I should like to ask the chairman of the committee—and this by reason of his intimate knowledge of the whole picture—whether in his opinion the failure of banks during the 10-year period from 1920 to 1930 was largely due to the fact that they had loans that could not be liquidated quickly or because the loans were unsound? Would the gentleman give us his opinion on that?

Mr. STEAGALL. I think a large part of unsound loans were held by the big banks that did not fail. When the fire spread from the back alley to the front street and involved those high in the banking world who had sneeringly answered our insistence that something should be done to save the community banks of the country, they came here and demanded that we open the Treasury of the United States for their protection; and under conditions that existed at that time we were afraid not to do it.

Mr. CRAWFORD. Does the gentleman feel that those banks which are now making loans on an amortized basis are pursuing a much sounder policy from the standpoint of soundness and liquidity than did the banks in prior decades which made loans that were annually amortized?

Mr. STEAGALL. That involves a discussion of banking details. I think it is a fortunate development that we have come to stress the matter of soundness of loans rather than mere liquidity. As will be remembered, some of us labored industriously to liberalize the test for loans, and permitting loans made upon a basis of soundness to be accepted by Federal Reserve banks for accommodation to banks needing funds. We have accomplished some progress in this regard; officials of community banks were told by those in high places in the banking world, and in the official circles as well, that they should cease making loans to the people of their communities, to whom they had been accustomed to make loans, the soundness of which had been demonstrated by experience, but that they should seek investments elsewhere in what they were told were liquid securities. The country was flooded with billions of dollars of such securities, which later proved worthless. It was under that kind of leadership more than anything else that the smaller community banks of the country got into trouble. They were urged to cease making loans on character. They were told to standardize and automatize their loaning methods instead of continuing to do business in the light of their experience and in light of their knowledge of the character, the history, and the background of the people of their communities with whom they did business.

Mr. Chairman, I want to discuss the bill before us and I shall not yield further. The bill we are now considering provides for the extension of general activities of the Reconstruction Finance Corporation until January 15, 1941. The Senate has passed a similar bill, making the expiration date June 30, 1941—the end of the fiscal year—which many of us believe is an improvement.

An amendment will be offered to conform to the Senate provision.

The Reconstruction Finance Corporation was approved January 22, 1932. The measure provided a capital fund of $500,000,000 for the Corporation and authorized the expansion of capital to three times the original amount, making the resources of the Corporation $2,000,000,000. By a later enactment the resources of the Corporation were increased to $3,800,000,000. Later the resources of the Corporation were reduced to $3,400,000,000. The resources of the Corporation were again increased to $4,250,000,000. Measures were passed from time to time authorizing the Corporation to expand its capital for the purpose of supplying funds for different relief agencies and activities of the Government, the operations of which were conducted outside of the Reconstruction Finance Corporation and not as a part of the regular activities of the Corporation. I attach hereto a summary of the activities of the Corporation.

Summary of activities of Reconstruction Finance Corporation from Feb. 2. 1932, through Feb. 1, 1939

	Authorizations	Cancelations	Disbursements	Repayments and other credits [1]	Balance outstanding
For benefit of agriculture	$2,584,639,140	$982,459,540	$1,446,284,760	$1,414,958,458	$31,326,302
To open banks to meet demands of depositors	1,334,744,454	196,378,317	1,138,217,337	1,060,626,324	77,591,013
For distribution to depositors in closed banks	1,331,814,759	327,511,981	983,701,788	920,580,062	63,121,726
For bank capital (including Export-Import Banks)	1,349,234,714	169,593,552	1,146,590,662	562,558,630	584,032,032
For self-liquidating projects (including P. W. A. municipal securities)	954,058,325	44,719,243	741,744,404	457,826,219	283,918,185
To business enterprises	[2] 390,816,097	86,027,903	160,595,495	49,697,449	110,898,046
To drainage, levee, and irrigation districts	142,845,995	20,480,759	85,600,433	3,204,792	82,395,641
To railroads (including receivers and trustees)	1,248,348,560	307,561,724	826,773,161	346,509,316	480,263,845
For loans to and capital of mortgage loan companies (including $25,000,000 capital the RFC Mortgage Co. and $11,000,000 capital Federal National Mortgage Association)	608,597,899	103,599,895	418,662,964	298,016,329	120,646,635
For loans to and capital of insurance companies	138,914,750	13,331,442	125,168,210	95,374,562	29,793,648
To building and loan associations (including receivers)	154,240,454	29,028,416	118,221,783	116,255,022	1,966,761
To public school authorities	24,586,800	1,267,300	22,450,000	22,301,000	149,000
Catastrophe rehabilitation loans	16,784,521	4,139,466	12,003,055	9,546,494	2,456,561
To State funds for insurance of deposits of public moneys	13,087,716	23,085	13,064,631	13,064,631	
For mining, milling, and smelting businesses	12,655,500	7,392,000	4,179,700	1,531,252	2,648,448
For other purposes	669,057	54,243	614,814	514,489	100,325
Total, by directors of the Corporation	10,306,038,741	2,293,568,866	7,243,873,197	5,372,565,029	1,871,308,168
Allocations and loans to other governmental agencies and for relief by direction of Congress	2,900,601,066	15,001	2,801,096,178	[3] 2,753,398,603	47,697,575
Grand total	13,206,639,807	2,293,583,867	10,044,969,375	8,125,963,632	1,919,005,743

[1] Includes $25,111,268 credited on indebtedness for property taken over.

[2] Total loans to business of Reconstruction Finance Corporation and participating banks, $447,324,578. Bank participations $61,492,756, including $4,984,275 Reconstruction Finance Corporation loans taken up by banks.

[3] Includes $2,699,236,946 cancelation of Corporation's notes pursuant to act of Congress approved Feb. 24, 1938.

I attach also a statement showing the income, expense, and surplus of the Corporation.

Reconstruction Finance Corporation, analysis of surplus (income and expense from Feb. 2, 1932, to Feb. 1, 1939, inclusive)

Income:	
Interest and dividends earned	$491,441,259.75
Premium on loans and investments sold	7,889,337.41
Premium on Corporation's notes sold	700,309.69
Participation and commitment charges, etc	1,394,905.72
	501,425,812.57
Expense:	
Interest on notes sold—	
To Secretary of the Treasury	194,801,846.54
To others	24,507,636.90
Other interest	1,694,332.80
Administrative expense	60,893,556.30
Other	9,676.99
	281,907,049.53
Balance, surplus and reserves	219,518,763.04

This statement is highly creditable to the management of the Reconstruction Finance Corporation. It discloses a high degree of efficiency that amply meets the highest expectations of those responsible for the enactment of the law. Great credit is due Jesse Jones and his associates for the splendid manner in which they have conducted the business of the Corporation.

The bill under consideration provides for the continuance of the Electric Home and Farm Authority. The Electric Home and Farm Authority is a corporation set up under the laws of the District of Columbia out of relief funds for the purpose of making loans upon electrical appliances in connection with rural electrification and to extend the use of electrical appliances in rural and in urban homes at reduced cost. The Authority has a capital of $850,000 provided from N. I. R. A. funds and held by its trustees for the United States. It borrows its requirements at low rates with R. F. C. backing.

It has purchased from 2,573 dealers in 32 States 101,953 installment contracts covering installment sales for home electrical appliances aggregating $15,573,318, of which $7,239,106 has been paid. These contracts usually run from a few months to 3 years, the average being about 2 years.

Electric Home and Farm Authority operates in cooperation with utility companies and with dealers who sell the equipment. The dealers guarantee the notes and the utility company makes collections with its monthly bills. It is helpful to householders who find it necessary to buy on installment.

Buying these contracts is making loans to business enterprises, to dealers, upon the security of the equipment sold, and the obligation of the purchaser of the equipment. Payments are made promptly, and there are no losses to speak of.

If we did not have the Electric Home and Farm Authority, the R. F. C. would extend the same service in small loans to business. It is much more convenient and economical to handle these particular loans through the Electric Home and Farm Authority as they are now being handled. It is simply the businesslike way to conduct these operations.

The Authority is not losing money and there has been a substantial reduction in the interest rates paid by consumers. That Authority has served over 100,000 families in the United States, aiding them in securing these modern conveniences for home life at a reduced cost. The Authority is saving money for consumers, promoting the distribution of modern appliances for the convenience and comfort of the public, and involving no loss to the Government.

Another provision of the bill under consideration makes the assistance of the Disaster Loan Corporation, established under a previous act, available for loans for relief from disasters occurring during the years 1939 and 1940. Under the present law the Disaster Loan Corporation is limited to demands resulting from disasters occurring in 1936, 1937, and 1938. The act was approved February 11, 1937, to meet the conditions arising from floods in Kentucky, Ohio, and elsewhere, and later amended to take care of floods in 1936 and also in 1938. The Corporation has loaned $9,661,733. It has collected $1,808,199, leaving now outstanding loans in the amount of $7,853,534. The bill under consideration would increase the capital of the Disaster Loan Corporation from $20,000,000 to $40,000,000. It is hoped that the additional amount authorized by the pending bill will not be needed, but it is felt that the Corporation should be supplied with sufficient funds to care for disasters that may occur during 1939 and 1940.

Mr. Chairman, I reserve the balance of my time.

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, the Committee on Banking and Currency through the years I have been a member thereof has rarely been a partisan committee. It has been my boast that behind closed doors I have never seen there a vote cast from partisan motives. The interjection of partisanship this morning is not to my own taste.

The gentleman from Alabama, chairman of the Committee on Banking and Currency, has, as best my memory goes, correctly given the early history of the Reconstruction Finance Corporation, with the exception that there was before the meeting at the White House to which he made reference a meeting in October attended by the older members of the committee from both sides, together with the Secretary of the Treasury, Assistant Secretary, and others concerned with the situation. It was the most solemn meeting I ever attended. About 30 men were present, equally divided between the parties. The President told us that unless we committed ourselves to a program that would hearten the people every bank in the United States would close its doors within 2 weeks.

Partisanship was forgotten. No man spoke there with any desire to advance his own fortunes or that of any party. We left the meeting on that evening with an agreement by every man there that he would stand by four proposals and secure their enactment at the earliest possible moment. The news was given to the country by telegram and for the second time President Hoover saved the day. He had saved it when he secured the moratorium on foreign debts and he saved it again that evening.

Mr. Chairman, I refer to this with no desire to claim any credit for any party or for any man. I say that the 30 men who were there, by the action that was then taken, staved off what came on the following 5th of March. There followed other conferences, no doubt, and perhaps advantage came from them. I do not repeat this with the desire to claim any credit for any man or for any group. One of those measures developed into the Reconstruction Finance Corporation, started by a Republican, developed by a Democrat, the most efficient and useful public service that was rendered in the course of those trying years.

I am not here to ask that you refuse to continue the life of this Corporation. If you please, extend it for 2 years. I would vote for it as long as the Corporation is headed by Jesse Jones, who has been the outstanding man in the present administration for his efficiency, for his judgment, for his prudence, and for his usefulness. [Applause.]

I greatly regret that the gentleman from Chicago should have seen fit to renew the slur at Mr. Jones for the loan to the Dawes bank. Mr. Jones told us the other day that he thought we would in the end get out of that loan without loss. If it should all be lost, nevertheless it saved the complete wreckage of tens and twenties and hundreds of banks in the Northwest.

Leaving that aside, however, let me tell you why I take the floor this morning. It is to raise the question whether we have reached the point when we may begin to stop any of the work that has been done. In phrasing it in that way I imply no slur upon what has been done. That is a question of itself. I am asking you to confront the question of whether it is time to begin to curtail. We were told that all these measures in the mass were meant for depression measures and were temporary expedients to be abandoned whenever the time came. It is true we are not out of depression. It

is true that somehow, for some reason no man explains satisfactorily, a year and a half ago we entered upon a new and secondary depression, and some of these measures may be continued wisely by reason thereof. But whether or not we shall start at once strikes me as a question we ought to face on both sides of the aisle dispassionately and without prejudice for the public welfare.

It so happens that tied up with the general extension of the life of the Reconstruction Finance Corporation is that of one of the smaller corporations, the Electric Home and Farm Authority. I ask your consideration of that with no hostility to its purpose and with no criticism of its conduct, but simply on the ground that this furnishes an excellent example of the sort of thing in my judgment we ought now to face.

The Electric Home and Farm Authority was created for the purpose of advancing the sales of electrical equipment, of all appliances that go into the home and are operated by electricity. This was perhaps one of the desirable things in the whole program through which we have passed. It was perhaps important that we should encourage the sale of electrical appliances. If I remember aright, the first suggestion came in connection with T. V. A. It was said we should encourage and help T. V. A. to make disposal of its power by having the Nation finance conditional sales. When the camel put his nose under the tent he kept right on. This camel has been going under the tent until he is almost out of sight behind the canvas. This activity has expanded until now it is found in 32 States, with every indication that it will presently get into the other 16.

In short, we have established here a system which furnishes Federal Government backing for an industry. We have picked out one industry and are putting the Government behind it. This is perhaps a good thing, and I am not going to argue that at all, because I do not know much about it. I do argue, however, that if you finance the conditional sales of vacuum cleaners you have exactly the same duty, if it be a duty, to advance the conditional sales of automobiles.

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

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

Mr. COX. I have the impression that the Electric Home and Farm Authority is an activity that is maintained because of its beneficial influence upon interest charges in installment buying. If I am correctly informed, this agency is not endeavoring to build up volume. As I understand, it has spread out into several States because of the necessity of influencing interest charges in installment buying in such States, and the agency has served to bring about a form of schedules maintained heretofore by all interests selling on the installment plan, for instance, the sellers of automobiles and other articles that are sold on credit, and has served to hold down interest charges to the extent that installment buyers are now saved hundreds of millions of dollars on their credit transactions. This is my understanding of the purpose of the activity and of the influence it has had upon interest charges.

Mr. LUCE. The point I am bringing out is not the desirability of the ends the gentleman has in mind. I am raising the question of whether we shall embark upon or continue and spread our Federal Government activities until we give every sick and feeble activity Federal subsidy.

Some years ago I told the House one afternoon I was the only Democrat left in Congress. Two other Members rose to their feet and demanded admission to my quota. One of them is no longer with us. I do not know how the other two men would feel on this particular matter, but I do think that Thomas Jefferson would never have dreamed of extending the activities of the Federal Government to the financing of any one industry in this country as is done here. So I rather think I may claim still to be the only Democrat left in the House.

I cannot conceive it to be a wise function of a democratic government to undertake perpetually the practice of financing individual industries by putting behind them Government credit. This may be a good industry, and I am not arguing that point. It may have helped and doubtless has helped a hundred thousand people to get into debt. I am not arguing that point. It may be a desirable thing that any sick industry should be helped by the Government, one that is so feeble it cannot stand on its own feet. I am not arguing that point. I am arguing against the wisdom of the Government's perpetuating such a program after the need has passed and after no more emergency exists in that particular field.

It may be added that this is an industry peculiarly free from any questions of depression-produced suffering. It is a luxury industry. Of the 14 appliances and equipment concerned, only 4 are in my own home, and I have thought my home comfortable. I had not supposed myself to be among that third of the people alleged to be ill-housed. My forebears had none of the four and they did not know they were ill-housed. It did not occur to them to ask the Congress of the United States to finance their purchase of attic-ventilating fans or any of the other 13 conveniences listed.

I leave a parting thought with you. Observe that the bill as it is printed, although the chairman of the committee has explained that he intends to amend it, will make this authority expire about a week before a new President is inaugurated. The newspapers have been greatly concerned with the question of who will be the next Democratic candidate for the Presidency. In the hearings we were told that the present occupant of that chair, according to the memory of the witness, desires his authority to expire January 15, a week or so before the next inaugural. The gentlemen above me in the gallery may infer from that some answer to their question of who will not be the next Democratic candidate for President. [Applause.]

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 14 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, although there is considerable time for discussion of these matters, it has to be taken in turns because of the division of time on the rules and on the bills. I tried to say something during the first 5 minutes that might cause you to be interested to know a little more about these measures.

The gentleman who preceded me talked about the Electric Home and Farm Authority, which is under the control of the R. F. C. I have here the report of the Rural Electrification Administration, which seems to be a close relative. In this report there is no statement of assets and liabilities or of its financial conditions. It simply tells us how much money they have given to each State, and I can find but little financial information that is worth while. It is full of stories to prove how wonderful it is that the farmers can have electricity. It is full of matters like this—how the housewife likes her new equipment, "I do not know how I ever got along without it; I would almost rather give up my husband than give that up." It is replete with that sort of thing. I have several such statements marked, but I have not the time to read them. I tried to explain to you in my previous remarks that the banks of the country will lend at 1 percent to this Authority, backed by the Government, when they could get 9 percent from the borrower himself; but they do not want to take any chances, and the banks have heard probably the stories of high-pressure salesmanship indulged in to sell them these things. The stories have been plentiful. The best one I have heard I will give you only to illustrate, perhaps, what has caused the feelings the banks have about the proposition and explain why they are unwilling to loan even at 9 percent. He had one cow. The agent sold him two milking machines—and took the cow for security. [Laughter.] If that needs further explanation, he was probably told that he needed the two machines because one might be out of order sometime.

High pressure salesmanship! That was to be expected. But this highly colored report dwells only on the great blessing it has brought to the farmers. When, oh, when, will we recover from the "blessings of the New Deal"? It will tell you how the two babies, born too early, were saved because the farmer had electricity in his house, and you can believe it if you wish to. Such are the tear-compelling arguments.

Of course, it is a good thing. I am not saying it is not, but I am trying to bring out the thought that there are many such good things upon which our Government might embark. I know and you know quite well that the "road back" is the only "safe road" and we must take that road mighty soon. Huge debts do not seem to frighten you, but we have gone through with a tremendous amount of money. A $50,000,000,000 debt is facing us. I suspect you will be saying, "Well, we went through with an awful lot with that last President of ours." A lady said, "I went through a lot with that husband of mine," and the other said, "How much—$100,000 worth?" [Laughter.]

I must read to you rather hastily of the many activities the Government has indulged in and in respect to most of which it has used the R. F. C. as the dumping ground to furnish the capital stock and start them on their way. The R. F. C. gave Harry Hopkins $1,800,000,000, and the Treasury took R. F. C. notes for it, made them pay interest and carried it as an asset on the Treasury books, so you could read that the Government had assets to that amount. P. W. A. would take its securities to the R. F. C. and it would market them and again use the money. By using the R. F. C. to furnish the capital stock of these many devices which we set up, we could temporarily hide the losses and the Treasury could report the face value as assets. A year ago we ordered cancellation of about $2,600,000,000 of these so-called assets then appearing on the books of the Treasury.

The President, as I have told you before, during the campaign of 1936 on the stump—we have his speeches—stated that we had $6,000,000,000 of assets. Did not he know that two and a half billion dollars were worthless assets, notes of the R. F. C., based on money that had been given away? If you do not believe it, in May 1937 they had $3,625,000,000 of the notes of the R. F. C. In May 1938 only about seven hundred and sixty-three millions were reported. Was that honesty in bookkeeping? I was interested in Mr. Jones' recent testimony. "We control the Commodity Credit Corporation." I then asked how many bales of cotton they owned. Well the answer was, in effect, "the Government is supposed to own 11,000,000 bales of cotton." Then I asked, "Have you taken over any of that cotton?" "No." "We still hold the farmers' notes, and have not foreclosed on any of that cotton?" "No; these assets of the Corporation are notes of the farmers" and there was cotton on which money was loaned at 12 cents a pound. I had thought the Government owned 11,000,000 bales of cotton. That it would not dump except at favorable intervals so as not to hurt trade. I fear that they are like the seed-loan notes. I have told of this before. We have a large amount of farmers' seed-loan notes dated from 1921, amounting to about 152 millions of dollars carried at their face value as assets in the Treasury. Contemplate that. This statement goes out to the public, and I have complained often, but what is the use of complaining? I have offered a resolution "that these securities be audited." It was summarily dismissed by the majority. We have complained about money misspent in various activities and the Comptroller General has ruled that the money has been improperly spent. But what can we do about it? The water has already gone over the dam. We cannot recover.

I here desire to put into the RECORD a list of the various corporate devices and spending agencies backed by the Government. Can you not think of something favorable to your district that may be set up as a corporation, to loan money at a very low rate, with the Government guaranty, or has everything already been provided for? There are the H. O. L. C. mortgages, the farm land-bank mortgages, the Land Bank Commissioner mortgages, the R. F. C. mortgage companies, savings and loans securities, the Regional Agricultural Credit Corporation, the Federal Home Loan Bank, the United States Housing Authority—which now wishes to double its activity. This is the proper hour to consider these things, because we are to be asked during this session to renew many dangerous powers granted to this administration, which is bringing about a debt of $50,000,000,000. There is the Export-Import Bank, and you will be told about that this afternoon. The papers are full of comments the last few days relating to it. Will you loan to Brazil or rather loan to dump wheat in Brazil and arouse the Argentine to demand reprisals? Is that the good-neighbor policy? Are you sabotaging the work that was done in South America lately? Of course, the banks did not loan any money to the Chinese Government for war material, but we loaned it to her for something else, that she might use other moneys that she may have for armament. You do not have to loan money direct for war purposes. This merely releases other funds for that purpose. Oh, the ways by which definite purposes can be attained by indirection. And the helplessness of those who try to learn the truth. Committees of the Congress are often unable to arrive at the whole truth.

To resume, there is the Disaster Loan Corporation and the A. A. A., with about a billion yearly; the Electric Home and Farm Authority, the R. E. A., with about seventy-five million; and the F. D. I. C. and the T. V. A. and the C. C. C. and the Federal Subsistence Homestead Corporation and the intermediate credit banks. All have been subsidized by the Government. The Central Bank for Cooperatives and banks for cooperatives, and the Maritime Commission, with loans of $61,000,000 already. Then there is the agency for seed loans, and the Farm Security Administration; a new thing to take over Tugwell's Resettlement Administration vagaries. Now it is the Farm Security Administration, thinking you would not recognize it. There are loans to Indians, and now we are soon going to be asked to loan for socialized medicine and many other things not yet thought of. There are about 27 of these corporate devices carrying merrily on, because their transactions are guaranteed by the Government.

Am I saying anything that you care to refute? I yield if I am. Does anyone challenge any of these statements? Does anybody care to suggest a misstatement? Well, I trust the recital will be interesting to the new Members of this House who will wish to know what has happened to their Government during the last 6 years. I have the Treasury statements here, if anybody wants to challenge my statements. When we declare it to be dishonest bookkeeping, why do you sit there and take it?

Mr. PIERCE of Oregon. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Gladly.

Mr. PIERCE of Oregon. Is it not true that the Farm Security Administration shows that over 85 percent of their funds which they have loaned will be paid back?

Mr. GIFFORD. No. The F. S. A. has under its control those resettlement schemes like Tugwelltown, which already is a 50-percent loss.

Mr. PIERCE of Oregon. No. I am talking about the loans that are being made to the farmers.

Mr. GIFFORD. I am talking about the Farm Security Administration. I am not talking about the farm mortgages and the farm land banks. These F. S. A. schemes are enterprises that Tugwell started, and the Government owns them lock, stock, and barrel, where they expect to resettle people, build manufacturing plants in competition with private industry, which the Comptroller said they could not do.

Mr. PIERCE of Oregon. I am not defending those. I am defending the loans that are being made by the Farm Security Administration.

Mr. GIFFORD. I think the gentleman is referring to the Farm Credit Administration. [Applause.]

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. THOMAS F. FORD].

Mr. THOMAS F. FORD. Mr. Chairman, many million voters have become "annoyed" with the New Deal and "are in the market for something better."

So states that brilliant publicist and distinguished Representative from New York [Mr. BARTON], who in a clever article in Collier's entitled "After Roosevelt, What?" endeavors to show that the Republican Party is prepared to

give the people what they want without "annoying" farmers, business, the unemployed, or any other sizable group of voters.

Our distinguished political analyist discovers that the Republican Party realizes at last that this is the twentieth century and that the task of this century is to raise the consuming capacity of the people. This must be done because "the masses of the American people have been thoroughly convinced that they should and can have a better life."

The enlightenment of the Republican Party has gone further than this.

Both parties—

We are told—

are agreed on adequate relief, collective bargaining, the regulation of exchanges, social security, and low-priced housing; these, in principle, have ceased to be matters of political controversy.

This is certainly some concession. Thumbing through the CONGRESSIONAL RECORD for the past 6 years, the curious reader discovers that every one of these five major New Deal policies was bitterly attacked by the discredited and futile Republican minority in Congress, who prophesied ruin to follow in their wake.

The guaranty of bank deposits, the H. O. L. C., the N. R. A., the T. V. A., the A. A. A., the removal of gold from the control of the banks, the S. E. C., and even the C. C. C. met with an opposition that was appalled by such direct efforts to restore confidence, protect investors, save mortgaged homes, to use our public power resources for the benefit of the people, and to take drastic and bold measures to save the farmer. Hardest of all for the paralyzed opposition to accept was the Government's recognition of its direct responsibility for the welfare of the people, which extended to the unemployed, resulting first in the Civil Works Administration and then in the Works Progress Administration.

In 1934 the two parties lined up in the congressional campaign in direct and deadly opposition. The Democrats defended the New Deal and advocated its development. The Republicans, almost without exception, attacked the New Deal as socialistic, impractical, wasteful, unconstitutional, and, above all, as an "infringement upon the liberties of the American people."

The people's answer was to greatly increase the majority membership in both Houses, an unprecedented result in midterm elections.

A strengthened Democratic administration proceeded to develop and expand the New Deal. The majority supported measures intended to give security and decent living conditions to farmers and to workingmen and women everywhere, to promote collective bargaining, and even to work out a system of fair labor standards with the abolition of child labor. Along with this came the Social Security Act, which represented the first attempt of any administration to provide for the aged and the unfortunate. It is as yet inadequate, but it is a great beginning of a new and better era.

In 1936 the two parties went before the people in a Presidential campaign. The candidate of the Republican Party showed his acumen and political sense by attacking a minimum of the New Deal measures. For the most part his argument was something like this: "Restore the Republican Party to power and we will do the things the Democrats have done, but will do them better, without burden to the taxpayer and without strain on the Constitution."

However, in most congressional campaigns of 1936 the New Deal was roundly attacked as subversive, socialistic, extravagant, and as being opposed to business.

The result of the 1936 election was decisive. Once more and unmistakably the people approved the New Deal and asked for its rapid development.

Then began an unprecedented attack in Congress, in the conservative press, over the radio, in forums all over the land, against President Roosevelt and the Democratic program. Losing at the polls, the opponents of the New Deal took other and subtler measures to stop it.

These attacks, combined with adverse decisions of the Supreme Court, prevented the rapid development of the Democratic program to restore business prosperity and employment. Frankly, the Seventy-fifth Congress failed to accomplish the objectives of the administration. Nevertheless, every poll clearly revealed that the great majority of the voters were with the administration.

In the congressional campaigns of 1938 the Republicans, instead of attacking, took a different tack, based, perhaps, on Landon's technique 2 years earlier. In many districts they refrained from attack on the President. In district after district the Republican candidate cried: "Elect me and I will do the things the Democrats have done, but will do them better, without burdening the taxpayer and without strain on the Constitution." This gentle wooing by ardent candidates, combined with their dramatic readiness to espouse all sorts of panaceas presented by minority groups, turned the trick in many a congressional district.

Instead of the normal mid-term pick-up of 40 or 50 seats by the minority, the Republicans gained 70 seats. This is clever work. No wonder the old party is heartened, that it hopes to return to power through the adoption of a program that will "annoy" the fewest possible voters; that it advocates "adequate" relief without "unbalancing the Budget," a clever utopian idea calculated to "annoy" no one.

Mr. BARTON has the program ready. In the first place, the Republican Party must reaffirm the old-fashioned faith that there is no substitute for work, that the way to have more is to produce more. He emphasizes the obvious fact that abundance is obtained through mass production. Adroitly skipping the fact that abundance in warehouses and elevators and factories and on the shelves of great mercantile establishments does not necessarily mean abundance in the homes of the people, he tells us that he sees in the fact that about one-third of the families in the United States have an annual income of only $471, "the greatest challenge and opportunity ever offered in American industry."

Only, of course, under Republican leadership, when $471 can be given the purchasing power of $800. How? The implication is through further application of science to industrial production. But the real answer is by keeping wages low and, if this cannot be done, by keeping the relative cost of labor so low that prices can be lowered. There is no suggestion for lowering of prices through the abandonment of the cunning and crooked and destructive practices which made enormous unearned profits for the inside groups, who cut such melons as that notorious million dollars handed to Grace by Bethlehem Steel while the stockholders got no dividends and labor was underpaid.

So here we are, with precisely the same old sophistry, the same philosophy of reducing labor costs and thus attaining "normalcy," with low prices which will convert the lowest income groups into valued customers. Of course we all know that under no price level ever yet devised can a $471 family have anything but the barest hovel in which to live and the barest minimum of food, with rags and tags for clothing. The scientific investigators in the cost of living have given us data on this. Whatever the income, one-fourth normally goes for rent. If more, there is lack of balance in the family budget. Does the gentleman from New York think that under his system of low prices rents will go down so that the family with an income of $471 can rent a decent house for less than $10 a month? In fact, that figure will have to be nearly doubled. So we have our $471 American family unbalancing its budget in the beginning by paying nearly if not quite half its income for rent. What about food? First come milk, bread, eggs, cereals, meat, fruit, vegetables. By expert buying and cooking the normal family of four can get these food necessities for from $5 to $6 a week. Happy situation! The $471 family, unless it lives in a cave, will be just able to pay the grocer and the milkman and will have precisely nothing left for clothing, heat, light, carfare, dentist and doctor bills, church, and recreation, not to mention funeral expenses for those members of the family who kindly give up the struggle and pass to their eternal reward in what it is hoped will be a land of plenty.

The impossibility of the prices of the basic necessities being reduced sufficiently to enable the $471 budget to cover

necessities is evident to all except the lyric writer who gives hope to the minority side of the House.

We Democrats think and know that the only way to bring back that lowest one-third of our population is by raising their income. Lowering the price of overstuffed furniture, office desks, sewing machines, automobiles, even clothes and silk hats, will not help these destitute Americans. Science applied to industry will not lower their rentals or make the hovels in which they live fit for human habitation; science applied to industry will not reduce appreciably the cost of essential foods. It may reduce the cost of clothing, but the lower-income Americans simply cannot buy new clothing. It may reduce the cost of furniture and furnishings, of costume jewelry and silk hosiery, but it will not enable the poor to buy these.

And it must be realized that the core and center of the opposition plan is the reduction of the relative cost of labor. Whether this is done by reducing wages or by reducing the number of the employed, it simply reduces the purchasing power of labor, regardless of lower prices of goods beyond their income.

Hence, the heavenly heyday envisioned in this much-discussed clever article becomes merely a pipe dream, consoling to Republicans who still dream of the good old days when industrial melons were juicy and plentiful, when laborers in the steel and automobile and other large-scale industries had to deal individually with some foreman or boss, and when given the pay of peons had to like it or leave it.

With collective bargaining, with the shorter workweek, with better working and living conditions, the lot of labor has been vastly improved under the Roosevelt regime. Much has been accomplished. And much remains to be done.

First is a better understanding between Government and business. The signs are favorable for this. Many business leaders realize that a prosperity beyond any ever experienced is possible in the United States if production, employment, wages, and purchasing power are simultaneously increased.

All the Democratic Party asks is that the great majority of financial and industrial leaders accept the new order. That they abandon exploitation and all the old rottenness and help to bring about increased production for a vastly increased consuming power. In general, businessmen seem to be ready for this. Many have also accepted collective bargaining and the principle of good wages and shorter hours. For businessmen, always shrewd and alert, are coming to realize that the greatest market in the world lies all around them, right here in the United States. They are figuring now on increasing sales in this State or that, where employment and wages are improving, where the luxury field has been enlarged, where better housing brings demand for new furniture with all the fixings, and they are hopefully noting the trend to reduce the number of families in the $471 group and thus to convert destitute groups into customers. This will mean larger production and steady profits. That it may mean a higher rate of taxation on profits is not so important, so long as there are profits to be taxed.

The writer used to be deeply interested in foreign trade as a means of raising our national income and our standard of living. The undeveloped countries on this continent offered, at that time, what seemed to be the best opportunities for new outlets for manufactures. Right now, he recognizes the fact that while foreign trade is good, a vastly increased home consumption due to increased and widely distributed purchasing power, is the real solution. Here is the golden key to balanced prosperity. [Applause.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, this bill provides for a continuation of the Reconstruction Finance Corporation and the Electric Home and Farm Authority until January 15, 1941. It also provides for a continuation of loans by the Disaster Loan Corporation through the years 1939 and 1940.

The Reconstruction Finance Corporation was organized on February 2, 1932. It was organized to give relief to the banks, the insurance companies, and the railroads. Since that time the activities of that Corporation have been greatly enlarged. Whether or not the original organization of the Reconstruction Finance Corporation and the purposes to be subserved demonstrated a fundamental difference between the Republican and Democratic Parties I leave for you to decide. It is beside the question here. Whether or not it is a fundamental conception of the Republican Party that if you give relief to the large industries and they prosper, the average man will prosper also, I think is beside the question, because the other activities of the Reconstruction Finance Corporation, the enlargement of its powers, have been voted for, irrespective of party alinement, by Republicans and Democrats.

Since the organization of the Reconstruction Finance Corporation, its powers have been enlarged as follows:

It has been authorized to make loans to States and municipalities for relief and work relief; to finance the sale of agricultural products in foreign markets; to finance and carry on the marketing of agricultural products and livestock; creating the regional Agricultural Credit Corporations, who make loans to farmers and stockmen; loans to railroads; purchase of preferred stock in insurance companies; loans for repair or damage caused by floods or other catastrophes—to carry out the purposes of the last-mentioned authorization, the Disaster Loan Corporation was formed—loans to purchase the assets of closed financial institutions; loans to States and public agencies and business enterprises; to aid in financing projects authorized under Federal, State, and municipal laws; loans for organizing farmers' mineral rights pools; loans to aid the mining, milling, and smelting industry; loans to aid the fishing industry; loans to school authorities for payment of teachers' salaries; loans to public-school districts and other public-school authorities.

Those were not just gratuities given at the whim of Congress. They were given to the people of America because they came before the committee telling it that they needed this help and imploring that it be given to them.

The Reconstruction Finance Corporation was organized on February 2, 1932, and it has continued to function to this time. From February 2, 1932, to February 1, 1939, it disbursed $10,044,969,373, and it has received repayments and other credits amounting to $8,125,963,632, leaving a balance outstanding of $1,919,005,743. I think that is a splendid record. It is a great tribute to that plain, homespun, sensible man who administers this great organization. I am in accord with the views that have been expressed by our able colleague, the gentleman from Massachusetts [Mr. LUCE]. Jesse Jones has done a splendid work. He does not affect the phraseology of the professor or the assurance of the professional economists but he is a man of sound judgment and great ability. He has accomplished much good, not only for part of the country but for all sections. It is true some of the people who have been benefited by these activities do not seem to think he has been as liberal as he should have been but, after all, he was administering a trust. It was Government money that he has been spending. He has handled it conscientiously and faithfully. I think this report is one of the finest reports of any agency in the history of this or any other Government.

Mr. PIERCE of Oregon. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. PIERCE of Oregon. Of this $1,900,000,000, how much is still good or collectible?

Mr. SPENCE. Practically all of it. We have heard talk about the loan that was made to the great bank in Chicago. I believe it is generally recognized that that loan prevented a major catastrophe. [Applause.]

Coming from the Ohio Valley, a section that has been periodically devastated by recurring floods, I am deeply interested in extending the authority of the Disaster Loan Corporation to make loans to those affected by disasters during the years 1939 and 1940.

This corporation was originally organized in 1937 to aid those who had been the victims of the flood in the Ohio and Mississippi Valleys.

It was subsequently amended to include loans to the victims of the disasters of 1936, including the floods in New England, and subsequently amended to include loans because of the disasters of 1938.

It now has the power to continue lending to those who were the victims of the disasters occurring in the years 1936, 1937, and 1938, including the New England hurricane, but not to those affected by disasters in subsequent years.

The Disaster Loan Corporation was incorporated originally for $20,000,000 nonassessable stock.

Loans disbursed for the Ohio Valley flood was $6,785,000.

There has been repaid $1,750,000.

Five million dollars approximately still outstanding and unpaid.

Hence the entire capital, to which its lending capacity is limited, will be exhausted.

The present amendment increases the capital to $40,000,000 nonassessable stock, making available $20,000,000 for loans for the years 1939 and 1940.

The principle of equal justice under law is involved because all those who are similarly situated should have substantially the same relief, and those who are the victims of disasters in 1939 and 1940 should be able to obtain the same assistance as those who were affected by disasters in previous years.

The purpose of the law is to furnish relief to those who by no care, prudence, or foresight on their part could have protected themselves.

It may not have been administered with the liberality with which we would have liked to see it, but there is a provision in the law that there should be reasonable assurance of the repayment of the loan.

I hope in the future the law will be administered in a spirit of helpfulness and liberality and the powers of this corporation will be extended as provided in the bill.

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Kentucky has expired; all time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That (a) section 1 of the act approved January 26, 1937 (50 Stat. 5), is hereby amended by striking therefrom "June 30, 1939" and inserting in lieu thereof "January 15, 1941"; (b) section 1 of the act approved March 31, 1936 (49 Stat. 1186), as amended, is hereby further amended by striking from the first sentence thereof "June 30, 1939" and inserting in lieu thereof "January 15, 1941"; (c) section 9 of the Reconstruction Finance Corporation Act (47 Stat. 9), as amended, is hereby further amended by inserting after the second sentence thereof the following sentence: "Such obligations may mature subsequent to the period of succession of the Corporation as provided by section 4 hereof."; and (d) the act approved February 11, 1937 (50 Stat. 19), as amended, is amended by striking from the first sentence "$20,000,000" and inserting in lieu thereof "$40,000,000"; and by striking from the second paragraph "or 1938" and inserting in lieu thereof "1938, 1939, or 1940."

Mr. STEAGALL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. STEAGALL: Page 1, line 5, after the word "thereof", strike out "January 15" and insert "June 30."

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

Mr. STEAGALL. I yield.

Mr. SIROVICH. The distinguished gentleman on the other side of the House, in making an address earlier today, stated that $2,500,000,000 was lost in the operations of the Reconstruction Finance Corporation. In view of the splendid work all Members of Congress feel this organization has done, will the gentleman from Alabama kindly enlighten the membership of the House whether this statement is true or not?

Mr. STEAGALL. I may say to the gentleman from New York that I purpose to incorporate in my remarks statements that will show the various transactions and tell the entire story of the operations of the Reconstruction Finance Corporation and the various corporations dealt with in the pending bill.

Mr. SIROVICH. Is the statement as to the losses true?

Mr. STEAGALL. Answering specifically the question raised by the gentleman from New York, there has been no net loss in the operations of the Reconstruction Finance Corporation up to this time in any year resulting from the operations of the corporation itself.

Mr. SIROVICH. Have they made a profit?

Mr. STEAGALL. I infer that the gentleman's question is predicated upon statements which may have been made upon the floor in my absence referring to losses by the Reconstruction Finance Corporation. The Reconstruction Finance Corporation supplied funds for relief measures on various occasions and under various acts of Congress in lump sums, which was simply a method employed to raise the funds for those activities of the Government.

The Reconstruction Finance Corporation in its own operations has had individual losses in some instances, but the net account shows a profit of $219,000,000.

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

Mr. STEAGALL. I yield.

Mr. RANKIN. Does the amendment the gentleman has offered have any reference to the Electric Home and Farm Authority?

Mr. STEAGALL. No; this is simply an amendment changing the expiration date from January 15, 1941, to the end of the fiscal year June 30, 1941.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The amendment was agreed to.

Mr. STEAGALL. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. STEAGALL: Page 1, line 9, after the word "thereof", strike out "January 15, 1941" and insert "June 30, 1941."

The amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 2, after line 9, insert a new paragraph, as follows:

"Section 1 of the act approved January 26, 1937 (50 Stat. 5), is hereby amended by striking out the words 'or otherwise' where the same appears in the proviso of said section, so that the said proviso shall read as follows:

" '*Provided*, That in order to facilitate the withdrawal of the credit activities of the Corporation from time to time during such period, the President finds, upon a report of the board of directors of the Corporation, that credit for any class of borrowers to which the Corporation is authorized to lend is sufficiently available from private sources to meet legitimate demands upon fair terms and rates, the President may authorize the directors to suspend the exercise by the Corporation of any such lending authority for such time or times as he may deem advisable.' "

Mr. WOLCOTT. Mr. Chairman, the amendment speaks for itself. When this act was passed we were in a sort of cloud concerning what our fiscal and credit policies should be. As a consequence we gave extraordinary powers to the President, particularly with respect to credit policies. The power contained in this act is one of them.

I believe it is the duty of the Congress to write the credit policies of the United States. I believe that the President should not be imbued with such authority that he can create a situation wherein we virtually operate under a managed economy. Today the United States Government and all of its people are operating under a managed economy as severe as prevails in any European or Asiatic country. The President by Executive order can plunge this country into a depression any time he wants to, and he has done so. The President may expand the currency, may accelerate the velocity of credit so that he can inflate our credit and currency to the prejudice of all our business dealings. No democracy in the world has delegated to even a group of individuals such extraordinary power as he has with respect to credit.

Under this bill as it is written the President can find upon his own responsibility and without seeking the advice of anyone that there are available adequate private credit facilities and may withdraw R. F. C. credits.

He does not have to seek or follow the advice of the Board of Directors of the Corporation. The most important thing about this is that we may today pass an act authorizing the Reconstruction Finance Corporation to lend to private industry, as we did, and the President within 24 hours may completely nullify the act of Congress by finding that, in his opinion, there is sufficient private capital available to meet the demands of those whom we seek to help. That is an extraordinary power which I do not believe we want to continue, now that we know something of the credit situation. Therefore I have asked that this bill be amended to strike out the phrase "or otherwise," so that the President cannot manipulate our credit except through the advice of the Board of Directors of the Corporation. I think it is very plain this Congress should recoup to itself control over our credit and currency. It is going to be my program, and I believe the program of a large number of the minority in this House, to prevent the extension of these extraordinary powers which have been given to the President. I affirm that this is the place to start.

If we are going to continue to give these powers to the President, the country should know it now. I do not believe this House wants to continue the policy which it has followed for the last 5 years of granting these extraordinary powers to an individual; therefore I ask that the members of the Committee not only give serious consideration to this as a fundamental question but that it adopt the amendment which I have sent to the Clerk's desk.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is a little difficult to tell just how far the gentleman's amendment goes. However, there is one organization covered by the pending bill that I desire to discuss for just a moment. I refer to the Electric Home and Farm Authority, which was created in 1935 for the purpose of financing loans to people in every section of the country in order to enable them to buy electrical appliances. The Authority has now been broadened so that they may also secure loans with which to wire their homes.

This Authority is not losing money. On the contrary, it is making a profit. At the same time it enables the people who desire it to secure credit with which to supply these appliances for their homes. It is not going into the loan business. The Electric Home and Farm Authority does not buy or sell appliances; it does not lend money directly to the purchasers of these appliances. It is done through the various dealers throughout the entire country. The Electric Home and Farm Authority buys up the securities or notes or installment contracts, and as a result, instead of losing money it has really made a profit.

It has purchased from 2,573 dealers in 32 States 102,953 installment contracts covering installment sales for electrical appliances aggregating $15,573,318, of which $7,239,106 has been repaid. These contracts usually run for from a few months to 3 years, the average being 2 years. The Electric Home and Farm Authority operates in cooperation with the utility companies and with the dealers who sell the equipment. It is not confined to the Tennessee Valley area, the Columbia River, or the Colorado River areas. It is not confined to those municipalities that own their own distribution system. It operates anywhere that these dealers want this convenience to help them supply credit to those people who want to buy electrical appliances for their homes.

Mr. KEEFE. Will the gentleman yield?

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

Mr. KEEFE. Do I understand that the Electric Home and Farm Authority specifies the character of the contract under which the dealer sells this equipment to the householder or the farmer, or do they buy the contracts from the dealers that the dealers themselves have written?

Mr. RANKIN. That is right.

Mr. KEEFE. Do they not specify the interest rate on those installment contracts?

Mr. RANKIN. Yes. The interest rate, I believe, is 5 percent.

Mr. KEEFE. Then they are just taking the place of finance companies?

Mr. RANKIN. They are taking the place, as it were, of a finance company and doing something no finance company would do, financing small loans at low costs.

Mr. KEEFE. And beating down the interest rate so the purchaser gets the commodity at a lower charge?

Mr. RANKIN. Exactly; bringing down the interest rate so the poor fellow who wants to buy a few dollars or a few hundred dollars worth of these supplies may be enabled to get them at a reasonable rate of interest and pay for them in installments running over 2 or 3 or 4 or even 5 years.

Mr. KEEFE. Does the record show that the interest rates on these contracts taken over by this Authority are lower than the interest rates on contracts taken over by finance companies, many of which finance such contracts as the gentleman has just described?

Mr. RANKIN. They certainly are in some sections of the country. If a man borrows through some of these finance companies, invariably he has to get some one to look up the title to make his contract, or secure his loan for him, and by the time he gets the money it will invariably cost him from 50 percent to 100 percent extra for all these incidentals. This Electric Home and Farm Authority is a great organization and one that ought to be perpetuated.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is difficult to follow the reasoning of the gentleman from Michigan in connection with this amendment. If it is desired at any time to terminate the activities of this Corporation, the better method would seem to be to permit the President of the United States to act upon his own initiative or secure any advice which he may desire to seek.

The position taken by the gentleman from Michigan would place the President without authority to terminate the activities of the Corporation in the absence of the approval and advice of the officers of the Corporation itself. In other words, the gentleman's amendment would leave it up to the board of officers to decide for themselves whether or not their activities should be dispensed with, rather than clothing the President of the United States with that authority. That is certainly what is involved in the gentleman's amendment.

Mr. Chairman, the reason for this provision is that we have various emergency acts which we hope may be terminated by order of the President without waiting for a session of the Congress in the event developments make it desirable to do so. The power was placed in the President to terminate any of these various activities in order that any action he may take in one case may be made to harmonize with others.

Whatever action is taken would necessarily deal with the whole situation. It would be a confusing thing to have the President clothed with the power to terminate an emergency activity in one instance and not in others. That is all there is to the amendment. It simply would take away from the President the power to terminate the activities of the Corporation, unless with the advice and recommendation of the officers themselves.

Mr. Chairman, I ask that the amendment be voted down.

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

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

Mr. WOLCOTT. I wish to clarify what the gentleman has just stated. This amendment ties the hands of the President in no particular except that he cannot act unless the Board of Directors makes a report.

Mr. STEAGALL. I so stated.

Mr. WOLCOTT. The amendment does not bind the President to follow the recommendations of the Board of Directors, it requires only that a report be made; but it does prohibit him from acting on his own volition without receiving the advice of the Board of Directors of the agency he wishes to terminate.

Mr. STEAGALL. What the gentleman is seeking to do by his amendment if followed and applied is to tie the hands of the President so that if he decides to abolish any agency of the Government he must first get the consent of the officials to be abolished. That is all there is to the amendment.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe this matter can be clarified very simply. The law now provides—

That in order to facilitate the withdrawal of the credit activities of the Corporation when from time to time during such period the President finds, upon a report of the Board of Directors of the Corporation or otherwise, that credit for any class of borrowers to which the Corporation is authorized to lend is sufficiently available from private sources to meet legitimate demands upon fair terms and rates, the President may authorize the directors to suspend the exercise by the Corporation of any such lending authority for such time or times as he may deem advisable.

The only question presented by this amendment is whether the President is going to have the sole authority to do this without any advice from anyone else, from any other agency of the Government, or whether he must seek the advice and at least have before him the benefit of the study and research of the Board of Directors of the Reconstruction Finance Corporation. What does this mean otherwise? Why did we write into this bill the provision that upon the report of the Board of Directors of the Corporation he could find that private credit was available? This bill contemplates that the Board of Directors shall find that credit is available otherwise and so advise the President, and then he may or may not, just as he sees fit, curtail the governmental credit facilities. There is no obligation in this bill at the present time on the President to seek the advice of anyone. He may take action now on the recommendation of the Board of Directors or otherwise. Under this bill the President can sit at his desk 5 minutes from now and destroy the very intent and purpose of the legislative enactment of this Congress with respect to the Reconstruction Finance Corporation.

As a Member of Congress I do not wish to assume the responsibility for giving the President such power, and I do not believe if you understood this provision—and I am sorry there are not more Members on the floor today to discuss this all-important and fundamental question—in the face of the explicit instructions given you by the people of this country on November 8 you would want to continue giving this President or any other President extraordinary powers to control the credit of this country; credit is the very lifeblood of this Nation.

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

Mr. WOLCOTT. I yield to the gentleman from Kentucky.

Mr. SPENCE. Is the gentleman in favor of the elimination of sundry boards or the curtailment of their powers?

Mr. WOLCOTT. Yes.

Mr. SPENCE. Does the gentleman, then, wish to leave it to the bureaucrats and to those who now have charge of these functions to say whether or not they shall be abolished?

Mr. WOLCOTT. I would prefer that the bureaucrats, as the gentleman calls them and as we all call them, at least make a recommendation. This Congress seldom acts unless some of the bureaucrats do make recommendations. I would prefer that the bureaucrats make these recommendations rather than the "communicrats," or whatever one may call them.

Mr. SPENCE. Would they make a recommendation to abolish their own offices and abolish the power they have?

Mr. WOLCOTT. I may say to the gentleman the President is not bound to follow their recommendations in any particular, but the President has a right to assume that if the Board of Directors of the Reconstruction Finance Corporation, which the gentleman concedes and I concede has done a splendid job, recognizes that credit is available from private sources, then, although the President is not bound to follow that recommendation, he should follow it to some extent; at least, he should have that information before him. This does not go to the life of the Corporation. I believe Jesse Jones or any of the other members of the Board of Directors of the Reconstruction Finance Corporation is worth ever so much more to himself in a private capacity than he is in a governmental capacity. We are proud to have such men as Jesse Jones and the other members of this Board in this particular capacity. I believe the President should not only seek the advice of the Board of Directors but in many cases follow it. In the case before us now, the President can act on his own initiative without seeking the advice of his own Cabinet, or any member of his Cabinet, or any agency which is set up to advise him on these matters. I do not believe the President should ever take the initiative or should ever be given the authority to take the initiative to dry up the very lifeblood of this Nation without some strings being tied to it. I think this Congress should have some assurance that he has at least sought the advice of someone before he takes such action. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 89, noes 110.

So the amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: On page 1, line 6, strike out subsection (b).

Mr. LUCE. Mr. Chairman, this amendment will bring a test vote as to whether the House is or is not ready to begin curtailing the activities of the Government.

I have in my hand a page from the Harvard Business Review of last summer, showing a diagram whereby it appears that there are 57 varieties of alphabetical agencies created under the New Deal—57 varieties—you may have heard that phrase somewhere. It seems not to be confined to the consumption of beans, but to include also the activities of the New Deal. The next page has another table showing that there are inside of these 57 varieties 13 subsidiaries. So, if I rightly interpret it, there are 70 agencies that we now have to face. Shall they not or shall they be made permanent?

This motion authorizes the beginning of exterminating some of these 70 varieties. This particular one concerns the Electric Farm and Home Authority now operating in 32 States and employing 120 people. You will vote whether you will continue employing 120 public servants to interfere with private industry and to continue the process of shackling those who are ambitious to make a success for themselves.

Sir, I submit the question without further argument in its favor. It is a question of whether there shall be or shall not be a continuance of this particular subsidized industry.

Mr. THOMAS F. FORD. Mr. Chairman, I am only going to take a minute to answer my distinguished and beloved friend from Massachusetts, who is attempting to strike out one of the most important features and one of the most important activities of the Reconstruction Finance Corporation.

In the first place, prior to the inauguration of the Electric Home and Farm Authority, a person wanting to put a range in his home or some other electrical appliance, had to do so, if he did so, on time payments, with an interest penalty of from 22 percent to as high as 40 percent. The Electric Home and Farm Authority comes along and by taking a 5-percent discount enables the ordinary home owner to equip his home with all electrical appliances necessary at a very low cost.

Mr. LUCE. May I interpolate that that is increased to 9 percent in the process?

Mr. THOMAS F. FORD. Well, admitting that, although I do not admit it, but admitting that is true, the difference between 9 percent and 22 percent is considerable and the difference is in favor of the home owner who is attempting to bring into his home the results of modern science in making the work in the home easier. Therefore I say that for us to undertake to curtail the activities of this particular corporation at this time would mean that we are doing two things. We are depriving the home owner of an opportunity

to get electrical appliances cheap while at the same time we are providing a market for electrical power for both private and publicly owned institutions where the rates are fair and reasonable.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. THOMAS F. FORD. I yield.

Mr. BROWN of Georgia. Is it not a fact that this agency has operated at a profit?

Mr. THOMAS F. FORD. That is true.

Mr. BROWN of Georgia. And a big saving to its customers.

Mr. THOMAS F. FORD. With a big saving to the user and a profit to the corporation.

I think, Mr. Chairman, to adopt this amendment would be the most foolhardy step this Congress could possibly take at this time.

Mr. GIFFORD. Mr. Chairman, I think it ought to be made clear, if possible, that this Electric Home and Farm Authority operates after the R. E. A. has completed its part. The R. E. A. builds the lines to the farms. The people then get together and form a cooperative at a fee of $5 each, and when they have enough members they can apply to the R. E. A., which lends them the money to carry the line and the poles to the farmers. When it was found that the farmers could not buy electric gadgets they had to think of something. So they organized the Electric Home and Farm Authority, which will lend money to these people at 9 percent to buy these appliances. It is a wonderful scheme. A high-pressure salesman sells these appliances for the dealer to these people, taking a so-called "grab" on the goods sold. The dealer can get his money from the Authority, which says it will not lose money. Well, at 9-percent interest and good profits perhaps it would not. The dealer is relied upon by the Authority to meet these obligations. But if the dealer loses too much money through these high-pressure salesmen, then the Authority will have to take over these appliances, which may be called "cats and dogs." As a result we will go into the pawn-shop business to a certain degree. It is very fine for the Government to back up all of these things, but the gentleman from Massachusetts [Mr. LUCE] simply asked the question, Do you want to cut down a little on these activities? Have they not already gotten such a start that they may not now finance themselves? If it has been proved a good investment, the private banks ought to carry on and the Government withdraw from this field.

Is it not a reasonable request to desist from this little activity and let the Nation know that we can begin to cut out some of these so-called emergency measures? We ought to think of some really ridiculous activity in order to bring this problem to your attention. I cannot think of anything ridiculous enough at the moment, but there are a tremendous number of activities whereby comforts could be brought to our homes if the Government will guarantee business against losses. I spoke of the movement for socialized medicine. When this is brought to your attention the appeal will be so great that you will vote many more millions if such a scheme as this is so persuasive.

Mr. RANKIN. Mr. Chairman, I move to strike out the last word to reply to the two distinguished gentlemen from Massachusetts [Mr. LUCE and Mr. GIFFORD], these two new apostles of economy. I remember when the R. F. C. was created under the Hoover administration and they loaned the Dawes bank $90,000,000 and lost probably fifty million of it, that these two gentlemen sat silent. I wonder where Mr. LUCE, the author of this amendment, was in those days.

> Where, where was Roderick then!
> One blast upon his bugle horn,
> Were worth a thousand men!

But now, when we are making money by helping the little man to buy a refrigerator, or a water pump, or an electric stove, or a washing machine, he becomes very much excited and calls it socialism.

The gentleman from Massachusetts [Mr. GIFFORD], who just spoke—and we have heard often—I have often wondered how and why he talked so much and gave the facts all the time. I know now; he does not give the facts all of the time. He guesses at them. He says that this was organized for the farmer. If it would do the farmers any good, you would not hear of the two distinguished gentlemen from Massachusetts supporting it, even though it came from a rank Republican.

But this is not for the farmers alone. It was not organized in connection with the R. E. A. It was organized before the R. E. A., if I remember correctly, and it aids people everywhere in buying these appliances, whether in the city or in the country.

But when we talk about the tariff, when you talk about taking the tariff off refrigerators, the two gentlemen from Massachusetts will hit the ceiling, because they say their people are employed in manufacturing refrigerators.

When we try to work out a plan to enable the American people to buy those refrigerators, to buy those water pumps, to buy those electric ranges, to buy electric washing machines, to buy cream separators, to buy electrical dish washers, and sundry other electrical appliances, to make their homes more comfortable and more attractive, and to lift the burdens from the farmers and relieve their wives of the drudgeries under which they have struggled throughout the centuries, even though it does not cost the Government a dollar, but, according to this report, makes the Government a profit of $79,000, even though it furnishes a market for goods manufactured in Massachusetts, why then the two gentlemen from Massachusetts, who slept all the way past the Dawes loans, rise and manifest their indignation that this Government should participate in anything so socialistic.

They complain that their money changers in Massachusetts do not get their rake-off, that this is in competition with them. As a matter of fact, these small loans to these small people would not be made by those money lenders in whose behalf they complain, because they do not deign to touch the little fellows. If they do, they do not pile 9 percent on them, but they begin with 22 percent and work up.

I will place some data in the RECORD some time to show you how sales of electrical appliances have increased since this organization has been operating in 32 of the States.

O Mr. Chairman, this is doing more for the small householders of this country, upon whom the destiny of this Nation depends than almost any other organization, for the amount of money it uses, and it is making money instead of losing it. The small home owner is the man upon whom we must depend to save this country, and not on the money changer on the fifteenth floor. [Applause.]

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

Mr. HULL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, whatever sympathy there may be with the motive of the able gentleman from Massachusetts to curtail Government activities in various lines, I cannot agree with him as to curtailing this particular activity at this time.

There are some other activities I would be willing to endeavor to curtail, were it possible. Through one Government agency $45,000,000 was loaned to China in order to enable China to buy some of the things they could not buy in this country without that loan. Very recently the Export-Import Bank loaned some other countries $21,000,000 to enable their citizens to buy things they could not buy without a loan from this country.

Even now there is a gentleman in this country from Brazil, apparently seeking further loans from our people, notwithstanding the fact that at this time Brazil owes our people more than $350,000,000 in bonds and securities on which there is default of both interest and principal. I would like to see some of those activities curtailed.

But I would like to call attention to the fact that the R. E. A. is rapidly expanding its lines in all sections of the country. All of its lines are going into the homes of farmers. Anybody who knows anything at all about the farm situation must recognize that the buying power of the farmer

is at a very low ebb. Furthermore, that the credit facilities of the farmers are at just about an equally low ebb.

It is true that under ordinary circumstances some of these customers, not only of the R. E. A. lines but also the public utilities, might go to their local banks and obtain the loans necessary to buy such equipment, but under the present system of running our country banks whereby some bank examiner sits on the desk and dictates how every transaction should be made, it is impossible for many country banks to make such loans. So it does seem to me this plan is working out satisfactorily. There has been no loss. If we curtail the buying power of the people who resort to such loans at this time, we will not only cripple the services of the R. E. A. projects but we will also cripple the buying power of the people who may patronize the public-utility lines in a similar manner.

Under the circumstances I hope this amendment will not be adopted. I believe this agency should be continued at least another 2 years, and that the people who, for the first time, are receiving the benefit of electrical facilities, may continue to buy, in a moderate way, the things which they absolutely need, not only for their comfort and convenience but the equipment which is absolutely necessary for the farm home, just as it is necessary for the home in the city. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, on two occasions today reference has been made to the so-called Dawes loan, and I think that again, as happens every year, that matter must be explained in the language of Mr. Jones, Chairman of the Board of the Reconstruction Finance Corporation.

One speaker said that the loan was $95,000,000. Mr. Jones says that the actual amount of the loan is $90,000,000. The next to the last speaker said that the losses aggregated at the present time $40,000,000. Mr. Jones, in his testimony on pages 18 and 19 of the hearings, says that $69,741,000 of the $90,000,000 loaned have already been recovered. On being questioned by my masterful friend from California, Mr. THOMAS F. FORD, Mr. Jones goes on to say in reply to this question by Mr. FORD:

> Mr. Chairman, you have some securities in addition to that, do you not, that will ultimately pay out?
> Mr. JONES. You mean of that bank?
> Mr. FORD. Yes.
> Mr. JONES. Oh, yes. There are a lot of them, a tremendous aggregate face amount.
> Mr. FORD. And much of that will pay out in time?
> Mr. JONES. Yes.

Mr. Jones had previously testified in committee in response to a question which I asked as to what was the total amount of the loan, as follows:

> Mr. JONES. Ninety million dollars. In addition to the collections there is on deposit with the court, I suppose, $7,300,000 paid in on judgments against stockholders on their assessments. That would make a total of $69,000,000, assuming that the court confirms the judgments. That would be $69,741,000. That includes both interest and principal payments. We have applied $16,363,000 of that as interest. I think I said, the last time I was up here, that probably we might lose as much as $10,000,000.

Now, Mr. Chairman, if the Reconstruction Finance Corporation had not charged $16,000,000 of that against that loan as interest, that loan would be paid to within $5,000,000 of its face value at the present time.

Mr. Jones said last year before the Committee on Banking and Currency, in answer to criticism of the so-called Dawes loan, that although he was not Chairman of the Board at the time it was made, he was a member of the Board and voted to make that loan.

He did not want to shirk any responsibility at all. He said in substance: "Were I to be asked to do it again I would do it under those circumstances." The circumstances were that there were about $120,000,000 of deposit liabilities. The result of that loan sanctioned by Mr. Jones, then a member of the Board and now chairman of the Board was to save perhaps billions of dollars in the assets of the people of the Midwest and the far West whose life savings were involved. It saved, throughout that seventh Federal Reserve district, calamities similar to that which attended the unwarranted closing of the Detroit banks but a short time before. Mr. Jones was right when he said that even were we to lose every cent of the $90,000,000, it would probably be as good an investment as the United States ever made. I merely take this opportunity to clear up, I hope once and for all—at least as far as this session is concerned—any question about the so-called Dawes loans.

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

Mr. WOLCOTT. I yield.

Mr. GIFFORD. Will the gentleman or some Member advise us who was chairman of the Reconstruction Finance Corporation at the time the loan was made?

Mr. SHAFER of Michigan. Was it not Pomerene, the Democrat?

Mr. RANKIN. This is the first analysis of the loan I have heard for some time. At the time Mr. Jones went in as head of the Reconstruction Finance Corporation the loss on the Dawes loan showed to be around $50,000,000. Prosperity increased, of course, when the Democrats came into power and we recovered some of those losses. [Laughter.]

Mr. WOLCOTT. I know the gentleman wants to be fair and will correct his remarks in accordance with the record.

[Here the gavel fell.]

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CELLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 4012) to continue the functions of the Reconstruction Finance Corporation, and for other purposes, pursuant to House Resolution 97, he reported the bill back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? [After a pause.] If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and to include therein certain excerpts from the report of the Reconstruction Finance Corporation.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CONSTRUCTION OF CERTAIN PUBLIC WORKS FOR THE NAVY

Mr. COX, from the Committee on Rules, submitted the following resolution (Rept. No. 79), which was referred to the House Calendar and ordered to be printed.

House Resolution 98

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 4278, a bill to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. MAPES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein

a Lincoln Day address delivered by my colleague, Mr. DONDERO, at the Northwestern Republican Club banquet in Detroit on February 16.

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

There was no objection.

Mr. HAWKS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio talk given by my colleague, the gentleman from Michigan, Mr. WOLCOTT, in connection with the American Forum of the Air last night.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the organization of the government of the District of Columbia.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address delivered by me at Philadelphia.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech delivered by Hon. Elmer Anderson before the South Dakota Historical Society.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD at this point and to include therein a letter which I have just received regarding the Surplus Commodities Corporation.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FEDERAL OPERATION OF RELIEF OF THE SURPLUS COMMODITIES CORPORATION

Mr. ALEXANDER. Mr. Speaker, I have called attention on several occasions to the wastefulness, impracticability, and wanton destruction of all values, which exists in this Government, and which is growing daily by reason of the operation and control of relief activities by the Federal Government centralized here in Washington, in contradistinction to the traditional and democratic way in which we have heretofore successfully handled such problems through local governmental agencies, and to which system we should return. A good illustration of such destruction, not only of economic and material values, but also of democracy and respect for our Government, as well as of those deeper personal and individual moral and spiritual values, is contained in the following letter which I have just received from Minneapolis:

FEBRUARY 15, 1939.

Hon. JOHN G. ALEXANDER,
House of Representatives, Washington, D. C.

DEAR JOHN: I wish to give you some information in regard to the operations in this territory of the Surplus Commodity Corporation and the disastrous effect their distribution is having on both the retail and wholesale business in the territory on the commodities distributed.

As you probably know, what little I have is mostly invested in a wholesale company distributing fruits, vegetables, and groceries in Minnesota and the Dakotas, which business is injured, as well as the business of our customers, the retail groceries, by the unethical delivery of increasing and unnecessary quantities of commodities entirely unnecessary for relief. It is reported that many items are being used in trade or barter for other commodities and that much of the items delivered to reliefers cannot be used and is a loss or is resold. It simply is not possible to dump such quantities in a territory without demoralizing the trade. For instance, the delivery in Minnesota in 1938, in some commodities in which I am interested, are reported as follows: 7,000,000 oranges, 100,000 boxes, or over 200 carloads; 1,775,000 grapefruit, 25,280 boxes, or over 60 carloads; 1,250,000 fresh peaches, 62,500 boxes, or over 60 carloads; 1,000,000 fresh tomatoes, 50,000 crates, or over 50 carloads; 4,500,000 fresh apples, 100,000 boxes, or over 133 carloads; 13,250,000 potatoes, 220,000 boxes; besides many cars of dried peaches, prunes, raisins, apples, rice, and many other quantities, apparently enough to feed many times the number of people on relief.

In North Dakota, from January 1 to August 1, 1938, 13,000 tons of food staples were distributed by the division of S. C. C. from the State public welfare at Bismarck, N. Dak., amounting to 742 carloads, including 280 cars of potatoes—in a potato-growing State—and other similar commodities, including 25 cars of fresh tomatoes.

It should be easy to see, with such quantities delivered miscellaneously, the effect it would have on the trade of the taxpayers who have to foot the bills for the losses.

The Detroit Lakes, Minn., paper carried a news item recently of the receipt there of a carload of clothing which was stored in the courthouse and that quantity on hand was so far above the needs that solicitors were sent out to urge people to come and get clothing so that the courtroom could be used for other than storage.

I would appreciate it if you will take a personal interest in this situation and if you wish further information will try and secure it for you.

Thanking you in advance, I remain,

Yours truly,

FRANK R. THOMPSON,
Minneapolis, Minn.

It is easy to understand the national trends and to visualize the future of a Nation which operates its public affairs, and especially anything as serious and important as our relief and unemployment problems, on such a basis as that described in the above letter. Sooner or later the day of reckoning will come, and then it will not be well either for the poor and needy of for those still untouched by the economic depression, and the great need of the day is for all of us to listen now to this cry which reaches to high heaven demanding that this situation be stopped and stopped at once and in its place that a sound, sensible, democratic, and constructive program be substituted before it is too late.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made earlier in the day.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF EXPORT-IMPORT BANK AND COMMODITY CREDIT CORPORATION

Mr. SABATH. Mr. Speaker, I call up House Resolution No. 96 for immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 96

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 4011, a bill to continue the functions of the Commodity Credit Corporation and the Export-Import Bank of Washington, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. SABATH. Mr. Speaker, does the gentleman from Michigan [Mr. MAPES] desire time?

Mr. MAPES. Yes. Will the gentleman yield the time to which this side is entitled to the gentleman from New York [Mr. FISH]?

Mr. SABATH. That is satisfactory. I yield the gentleman from New York [Mr. FISH] 30 minutes.

Mr. Speaker, this resolution makes in order H. R. 4011 and provides for 3 hours' general debate, after which the bill will be taken up under the 5-minute rule.

The bill, H. R. 4011, extends the life of the Commodity Credit Corporation and the Export-Import Bank to January 15, 1941. It limits to $100,000,000 the aggregate amount of loans the Export-Import Bank may have outstanding at any one time, and this is the maximum amount of capital which the R. F. C. is authorized to supply the Export-Import Bank. The bill also provides that the Commodity Credit Corporation may have outstanding at any one time notes, debentures, and other obligations in the amount of $900,000,000 instead of $500,000,000, as provided under existing law.

I am not going to take a great deal of time because 3 hours has been granted for general debate on the bill, and the members of the Banking and Currency Committee, I am satisfied, will explain every provision and the need for this exten-

sion. I desire to call attention to one thing, however, in view of the remark that has been made that this aims to help only one section of the country. May I call attention to the fact that under this law we have aided every section of the country? Money has been advanced for butter, corn, cotton, raisins, tobacco, wheat, wool, mohair, and many other commodities. I think it has rendered a great service and has been a very great aid to our Nation. Personally I feel there should be no opposition to the bill or any of its provisions. It is legislation in the right direction, and, I repeat, it is legislation that has been of great benefit to every section of the country.

Mr. WHITE of Idaho. Will the gentleman yield?

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

Mr. WHITE of Idaho. Does the Export-Import Bank render to Congress a statement of its financial condition; a statement of its profits and losses? Do we know anything about what it is doing?

Mr. SABATH. Oh, yes; it has made reports, and they are extremely satisfactory. I know the members of the Committee on Banking and Currency, who have all the facts and all the information, will explain to the gentleman and thoroughly satisfy him or any other Member of the House on that point.

Mr. Speaker, I reserve the balance of my time.

Mr. FISH. Mr. Speaker, I yield myself 15 minutes.

Mr. MAY. Will the gentleman yield for the purpose of propounding a unanimous-consent request?

Mr. FISH. I yield to the gentleman from Kentucky.

COMMITTEE ON MILITARY AFFAIRS

Mr. MAY. Mr. Speaker, I ask unanimous consent that the Committee on Military Affairs of the House may sit during the session of the House tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky [Mr. MAY]?

There was no objection.

EXTENSION OF EXPORT-IMPORT BANK AND COMMODITY CREDIT CORPORATION

Mr. FISH. Mr. Speaker, in order that there may not be any misunderstanding, I stated a little while ago that President Hoover recommended the Reconstruction Finance Corporation bill, that it was finally passed by a Democratic Congress, and that was one of the best things the Congress did. Not only is that a correct statement of fact but President Hoover also appointed the Board. I believe he appointed Senator Pomerene as Chairman of the R. F. C. and put other Democrats on the Board, such as Jesse Jones. I cannot see how there can be any controversy about those facts.

The bill pending before us, having to do with the continuation of the Export-Import Bank and the Commodity Credit Corporation raises several important issues. Although I am in favor of the continuation of both of these agencies, I believe their activities ought to be discussed freely. The Rules Committee has provided ample time in the 3 hours' general debate for such discussion.

As I stated, the bill raises new and important issues in this House. The Members, whether they be Democrats or Republicans, are largely familiar with the R. F. C.; however, they are not so familiar with the Export-Import Bank or its origin, and they are not familiar with the operation of the Commodity Credit Corporation, except the Democratic Members from the Southland and the cotton States.

Let me start first to discuss the Export-Import Bank. The original Export-Import Bank was designed to take care of our trade with Soviet Russia. That was the main purpose of enacting the law at that time. Now let us look at the facts. What do they disclose? Members of Congress will remember, when the question of recognition of Soviet Russia was before the House, it was stated if we would recognize Soviet Russia we would do a billion dollars worth of trade with her, including $200,000,000 worth of cotton.

Prior to the recognition of Soviet Russia and under Republican administrations we did over a hundred million dollars worth of business with Soviet Russia yearly. In order to obtain recognition of Soviet Russia, juicy and rich plums were dangled before the eyes of the big bankers and industrialists of New York City and before the eyes of the Baptists and Methodists of the South, who were against recognizing Soviet Russia on religious grounds. This tempting bait in the form of $200,000,000 worth of cotton trade annually caused the southern Democrats to jump on the band wagon to recognize Soviet Russia. Their Senators and Representatives did likewise, and so did other Members of Congress, who swallowed the $1,000,000,000 trade bait and propaganda.

Now, what are the facts? Instead of doing a hundred million dollars' worth of business, which we did previously, we do about $25,000,000 of business with Soviet Russia. Instead of buying $200,000,000 worth of cotton from the South, Soviet Russia has brought three and a half million dollars worth of cotton and they borrowed the money from the Reconstruction Finance Corporation to put over the deal.

This brings me back to the reason for the existence of the Export-Import Bank. Not doing any trade with Soviet Russia, of course, the bank went out of existence, but has since been revived. I have no criticism of the Export-Import Bank today and its operations, except in connection with one particular item. I believe it can be made very useful at the present time to promote and hold our trade with Latin America.

Mr. Speaker, we have a situation that is confronting this country and one about which we have heard a great deal from the President and from the Secretary of State during the last few months. I refer to our South American trade which the President and the Secretary of State are saying is being jeopardized by competition from the totalitarian states. The fact is, our trade is being jeopardized in South America and in Latin America, not so much by the totalitarian states as by Germany primarily through the use of blocked marks on a barter basis. That is the only way Germany can trade, because we have most of the gold in the world. They have no gold with which to trade, so they barter goods with blocked marks, and they are making very serious inroads on our trade in Brazil, the Argentine, and Chile.

Shall we continue to lose a large part of the trade we have been doing with these countries and which we picked up during the World War? We secured these markets during the World War when Germany could not ship goods to South America, and have largely held this trade. Under Hitler, Germany, through the use of blocked marks—and Germany has a perfect right to use the barter system of trading—is undermining our export business with the Argentine, Brazil, Chile, Mexico, and other South American countries. Germany, Italy, and Japan have as much right to trade in South America as we have. They have as much right to trade there as we have to export our goods to Poland or Czechoslovakia or Hungary, in close proximity to the German Reich. The only way to keep our trade in South America is to do what these other nations are doing, that is, to subsidize either our ships or our exports to meet the competition in the price of goods or in service. The Government should help in providing better facilities and transportation and with short-time credits.

Mr. SIROVICH. How about long-term credits?

Mr. FISH. And long-term credits also.

I am for this bill. I believe it is a sound proposal, particularly if we apply it to South America. I should like to see it confined to the American hemisphere or the American continent. I am a little suspicious, as I shall explain later, when loans are made in the amount of $25,000,000 to China through a Chinese bank.

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

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

Mr. SIROVICH. Has the president or the board of directors of the Export-Import Bank the right to extend long-term credits to South America the same as European countries do?

Mr. FISH. This bank has the right to lend money to our American producers to ship their goods to any country in the world, not only to South America. I want to encourage our export trade with South America. I have to confess I

am a pan-American. I also believe in the Monroe Doctrine. I believe Latin America is the logical market for the United States, and that everything should be done within our power to encourage trade with these countries. I believe this particular plan, the Export-Import Bank, is one of the ways to encourage such exports, and this trade should be extended. I may say, furthermore, that if we do not do something of this kind immediately, not next year, our failure to do so will be the kiss of death to the trade we have in South America at the present time. If we do not provide some governmental loan facilities now, we might as well be prepared to kiss the trade good-bye.

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

Mr. FISH. I yield to the gentleman from Alabama.

Mr. PATRICK. Does the gentleman refer to this bill as now drawn, without amendment? Is the gentleman speaking of the policy in applying this measure if the life of the Export-Import Bank is extended?

Mr. FISH. That is right.

Mr. PATRICK. The gentleman is referring to the application of this measure as it now stands? Does the gentleman believe the bill as now drawn will take care of the South American trade to which the gentleman refers?

Mr. FISH. As the bill is drawn, extending the authorization to $100,000,000, it would take care very largely of the South American trade. I should like to limit loans to any country outside of South America or the American Continent to $5,000,000, so if loans in excess of that amount were sought to be made, the consent and approval of the Congress would have to be obtained.

I have to confess I am suspicious of this administration and its secret diplomacy. I am suspicious that this administration may use this weapon, Export and Import Bank, to lend money to nations abroad that are involved in war, and may drag us into war against the will of the American people.

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

Mr. FISH. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Does not the gentleman believe the bill should be safeguarded so it will provide that no money may be loaned to foreign governments for the purpose of buying our airplanes or other elements of our national defense which are secret?

Mr. FISH. I will have to divide that question. I may say to the gentlewoman I do not object to any foreign nation's buying our airplanes. I do not care what nation buys our airplanes, whether it be England, France, Italy, Germany, or any other nation. However, I am absolutely opposed to giving away our military secrets. I think that is a shameful performance.

Mrs. ROGERS of Massachusetts. But the gentleman does not want to sell our Army or Navy planes?

Mr. FISH. Certainly not. Why should Members of Congress vote money to hunt down foreign spies or to offset what we call the foreign spy system in America? We are told in the midst of this war hysteria that this country is covered with spies who have come here from foreign countries to try to find some of our military secrets or some of our airplane secrets. We appropriate money for protection against these spies and chase around after them, yet the President of the United States gives away the most important secret of all. Of course, I am against such procedure. If foreign nations wish to go into the open market and bid on our airplanes, I have no objection whatever.

Mrs. ROGERS of Massachusetts. I did not refer to bidding in the open market. I referred to selling our Army and Navy planes.

Mr. FISH. Of course, I believe anyone who has followed the Senate Military Affairs Committee hearings knows the position of the Chief of Staff, General Craig, and General Arnold, the Chief of the Air Corps, who protested against permitting a French officer to inspect one of our new types of airplanes.

Mrs. ROGERS of Massachusetts. Would the gentleman then like to place in this bill a safeguard against such action?

Mr. FISH. The President did not do it through this bill but as Commander in Chief of the Army. I want a safeguard against lending money for war purposes to any country. I am not worried about South America, because in accordance with the Monroe Doctrine we have a moral obligation to defend South America.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Illinois.

Mr. SABATH. The gentleman stated he does not object to our selling to foreign countries anything we manufacture, but objects only to secrecy in such transactions. Does not the gentleman believe that when people go to invest $25,000,000 or $50,000,000 they are entitled to know what they are buying?

Mr. FISH. Let them go to our factories.

Mr. SABATH. That is what they do.

Mr. FISH. But not to our Army and Navy, and get an airplane which is our newest and best airplane, one that has never been used before. Even the Chief of Staff and the Chief of the Air Corps have agreed this was one of our greatest secrets. I do not believe in selling American secrets. I believe in selling American goods.

Mr. SABATH. These were not secrets.

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

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

Mr. CRAWFORD. I wish to ask the gentleman to clear up in my mind what he means with reference to the $5,000,000 loan. Does the gentleman refer to authorizing the Export-Import Bank to make $5,000,000 loans to foreign countries as such, or to companies owned and controlled by foreign countries?

Mr. FISH. No; to lend to people over here to export our goods to foreign lands. For instance, this particular Export-Import Bank has made commitments totaling about $50,000,000, of which $25,000,000 is a commitment to the Chinese Bank or to a company backed by the Chinese Bank, 50 percent of which is owned by the Chinese Government. One thousand war trucks are being supplied by American money taken out of the Treasury of the United States to help the Chinese. All of us on both sides of the aisle may be for the Chinese, but when you get to financing foreign wars or when you begin to furnish war material for one party in a war, then you are dragging the United States directly into that war.

Mr. SACKS. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. SACKS. I would like to call the gentleman's attention to the testimony of Mr. Jones, where he directly said that this is not a loan to the Chinese Government but a loan to a Chinese-owned American trading company in New York and credits are extended not to China but to this company, which is partly owned by American interests.

Mr. FISH. If the gentleman will follow through, he will find that the loan is made to some Chinese interests in America.

Mr. SACKS. No; to Americans.

Mr. FISH. An American-Chinese company which is backed by the Bank of China.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield myself 15 additional minutes.

That company is backed by the Bank of China and 50 percent of that is owned by the Chinese Government. So, indirectly, our Government is financing this war. We are supplying 1,000 war trucks and when you go to supplying war trucks the next thing will be supplying airplanes, machine guns, and war material. There ought to be a direct prohibition against it.

Mr. SACKS. Mr. Speaker, will the gentleman yield further?

Mr. FISH. I yield for a brief question.

Mr. SACKS. I also want to refer the gentleman to a short statement made by Mr. Jones in which he said that no

war materials are being purchased with the money and that this money is lent in New York to an American firm and only backed up by the Bank of China to these American investors.

Mr. FISH. That is exactly why I propose that this bill should be amended so that none of this money should be used for war materials.

I am pointing out to the House, and this must be self-evident to any thinking man regardless of partisanship, of the $50,000,000 of total commitments, $25,000,000 has been made through the Bank of China and so far they have used it to send trucks to China. I want to stop that kind of financing. I do not care whether it is war trucks or something else used for war purposes, I want to stop it by an amendment prohibiting the use of any of this money for war material.

Mr. STEAGALL. Mr. Speaker, will the gentleman yield?

Mr. FISH. Certainly.

Mr. STEAGALL. As a matter of fact, there has not been one dollar of money loaned to the Universal Trading Co., with whom the negotiations respecting the $25,000,000 loan have been made. No money has been furnished them and none will be, except as each transaction is approved by the Export-Import Bank officials and by the State Department.

Mr. FISH. That is correct. This is a $25,000,000 commitment, which is one-half of the total commitments of the Export-Import Bank, and out of that they have already ordered 1,000 trucks that are to be paid for out of the $25,000,000.

Mr. GEYER of California. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes; briefly.

Mr. GEYER of California. I do not know whether the gentleman has been inconsistent or not. Probably the gentleman has not been inconsistent, but it seems to me the gentleman said he would be perfectly willing to sell airplanes abroad, but not trucks. Am I mistaken about that?

Mr. FISH. I am willing to sell both trucks and airplanes, but not with Government funds. I do not object to other people coming over here and buying them. The Government of the United States is financing this transaction. I do not care if foreign nations spend their own money over here, but I do not want the United States to be a Santa Claus for the entire world in their eternal wars. We have been that once, and I do not want that to happen again.

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

Mr. FISH. I yield.

Mrs. ROGERS of Massachusetts. Is it not also an amazing foreign policy when we have a neutrality act on our statute books? I voted against the so-called neutrality act because I thought then that this very thing might happen.

Mr. FISH. The gentlewoman from Massachusetts is absolutely right, she voted against the neutrality act, but this is an unneutral transaction. If we finance foreign wars, of course, that is being unneutral. That is the reason I want to see an amendment adopted in this bill and I want to limit the amount, because I have no confidence unless it is done that the President will not endeavor to finance a war on some unneutral basis in China or elsewhere.

Now, just because the totalitarian states trade in South America, we are practically told that we must meet that trade with battleships and 16-inch guns, with submarines and torpedoes, and with airplanes and air bombs.

This is not the way to meet foreign trade or even foreign propaganda, and there is a great deal of totalitarian propaganda in South America. The way to meet such trade is either to have better goods, better prices, and better service, or subsidies and the way to meet the propaganda, of course, is to meet propaganda with propaganda, and I have never known the New Deal to be a shrinking violet when it came to the use of propaganda. Yet we are supposed to go to war because these foreign countries are trading in South America. We are supposed to go to war to meet this propaganda. We are expected to go to war to stop them from trading in Latin America. That is evidently a part of the whole scheme of war hysteria and appeal to emotionalism. I am in favor of this bill because it helps us meet that trade and that competition from totalitarian states, primarily Germany and Japan, in Latin America.

I think we ought to hold our Latin-American trade, but if we lose it we are to blame, then we will have something to explain because after all that is our logical market. The reason I do not like all this secrecy, the reason why the gentlewoman from Massachusetts [Mrs. ROGERS] does not like the secrecy about these airplanes sales is because this is not the first of such transactions by the Government. A lot of us would like to know something about the stabilization fund, how that stabilization fund is being operated, and we would like to know whether $1 of that gold fund has been used to finance any war material for foreign nations, directly or indirectly, by devious financial and exchange manipulations. We would like to know all about the secrecy involved in buying silver from Mexico, Spain, and China, which was all done in secrecy. That is why we seek to limit the powers of the President.

I do not know, and I do not know that anybody else in the Congress knows, anything about our secret stabilization fund, or how these deals were put over to buy silver from Mexico and Spain. We found out about the airplane deal only because there was an accident and a French officer was injured. The American people otherwise would not have known a word about it.

In the balance of my time I propose to discuss the Commodity Credit Corporation.

The New Deal farm program has collapsed, and farm prices have fallen to the lowest level outside of 1932 and 1933 that they have fallen in this country, for 50 years. I hold in my hand a statement of the Associated Press, taken from the Washington Evening Star, which is headed "United States Cotton Exports Slump to 1880's Level."

UNITED STATES EXPORTS SLUMP TO 1880'S LEVEL

Commerce Department reports showed yesterday exports of American cotton slumped to the level of the 1880's during the first 6 months of the current marketing season.

Shipments to foreign countries between August 1 and February 1 totaled 2,192,285 bales, compared with 3,832,247 during the corresponding period last season.

Authorities on foreign trade estimated that unless there was a change in the Government's policies, exports for the full season would amount to about 4,000,000 bales. With the exception of the World War year of 1917, exports have not been less than 4,175,000 bales since 1885.

Nobody questions the good intentions of the New Deal farm program. Nobody on our side questions the good intentions of the New Deal to raise farm prices. I certainly never question the intentions of the New Deal to help the farmer, and I imagine that I voted for some of those bills. Their intentions were right, and the only test is whether they have succeeded or failed, and I say to you that the farm-control program of the administration is the most colossal failure in American history.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. MARTIN of Massachusetts. The gentleman says that he does not question the good intentions of the New Deal. I presume he knows that hell is paved with good intentions.

Mr. FISH. Yes. And the failure of the New Deal farm program is the most tragic and disastrous of all New Deal failures.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. SCHAFER of Wisconsin. I question their good intentions to help the farmer. They sent their New Deal prophet, Ezekiel, to destroy 5,000,000 hogs, and then imported hundreds of millions of pounds of processed pork from foreign countries, and when they did that I say they were not looking after the interest of the American farmer or the American packing-house employee, who are out of jobs today.

Mr. FISH. That is the way it worked out but I do not question their intentions. I question, naturally, the working

out of their program. In the main it was fallacious and unsound from the beginning. Their program was one of scarcity, of plowing under crops, of destroying crops, and of birth control of pigs. Under the Republican administrations, from 1922 to 1930, agricultural prices were generally 100 percent higher. The Commodity Credit Corporation, which a lot of Republicans know little about because they do not come from the cotton States, and under the Commodity Credit bill, which we are talking about, 75 percent of all of the credit has gone for cotton loans. The Commodity Credit Corporation now holds loans on $560,000,000 worth of cotton.

Under the Republican administrations between 1920 and 1930, under these wicked Republican administrations, under the wicked and vicious Republican tariff, cotton in the Southland averaged 17½ cents a pound and today, after 6 years of the New Deal, and I suppose you still want to blame it on the Republican tariff and Herbert Hoover and probably George Washington—in the Southland today, after this program of scarcity and plowing under of crops and the expenditure of half a billion dollars a year for the alleged benefit of the farmers, the great cotton crop of the South is now selling for 8½ cents a pound. That is why we say the New Deal farm program has failed. It has failed because it was wrong in the beginning. It was unsound and destructive, it could not work out. It is a program of scarcity, a program of the destruction of wealth, and that is only half the story when we speak of this cotton program.

You people of the South have followed the Tugwells, the Ezekiels, the Corcorans, and the Cohens, and you have followed them to economic suicide. They have given the kiss of death to you cotton producers of the South, and today you find cotton selling at 8 cents a pound, and as I say, that is only half the story.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. FISH. No; I cannot yield. You have also lost one-half of your world markets on cotton. Under a Republican administration you exported over 8,000,000 bales of cotton and this year you will not export 4,000,000 bales. As we reduced cotton crops under the New Deal farm program, Brazil, Egypt, Abyssinia, India, Soviet Russia, and China produced more and more cotton until they have produced 4,000,000 bales more for the world markets. They have taken away the wealth which under a Republican administration went abroad in the form of cotton and came back to the farmers of the South in the form of gold and buying power.

Naturally, when we discuss this particular bill, which has financed the surplus cotton, the American people are entitled to the facts. The Commodity Credit Corporation has spent 75 percent of its funds on cotton loans, averaging 10 cents a pound. It has already loaned $560,000,000 on cotton. What do you propose to do with this cotton? I just called up Mr. Jones and asked him, and he said, "There is nothing that can be done with it."

I submit there is nothing you can do except burn it. If you give it away you destroy the value of the cotton that is left; you reduce prices still further. We have not only had this economic loss, but we hold this cotton that is valueless—$560,000,000 worth of it—after appropriating year after year hundreds of millions of dollars to plough under cotton and create a program of scarcity. The net result is that we have lost both. The price has gone to 8 cents a pound here and we have lost the world markets for our surplus cotton.

The answer is: If you had cotton at 17 cents, the parity price; if you had wheat at $1.50, instead of 67 cents; if you had corn at 80 or 90 cents or $1, instead of 47 cents, then we could not say "your farm program has failed." There is only one test, and that test is the prices of these farm commodities. I say to you Democrats: Before I am a Republican I am an American. I want to see prosperity among all the farmers of our country in the South, West, East, and North. [Applause.]

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I do not yield. I do not care whether it is the Southland or the North. We know that cotton growers in the South with 8-cent cotton cannot buy goods produced in the North and the East. We know that your cotton men have no buying power and you cannot have any buying power unless you produce at a reasonable profit and use that profit for yourselves. Naturally, it is not a partisan issue. It is far above party. We cannot have a prosperous North, we cannot have a prosperous New York State, if the farmers of the West and the South are not making a reasonable profit beyond cost of production and have a buying power and are prosperous themselves. [Applause.]

The SPEAKER. The gentleman has consumed 30 minutes.

Mr. SABATH. Mr. Speaker, it is gratifying, indeed, to find the gentleman from New York [Mr. FISH] showing such a great interest in the South and in the growers of cotton. The gentleman is trying to point out that there may be a probable loss of $500,000,000. I do not know and no one can determine what the losses might be, but I do know that it will not be even one-tenth of the amount that the American people lost due to Republican administration on the $11,000,000,000 loaned to foreign countries. These bonds and debentures were unloaded on the American people, very little of which will be recovered.

The gentleman calls attention to the present-day prices. I remember that under the Republican administration of 1931–32 hogs and cattle were selling for 2 cents and 2½ cents. Today they are 8 cents. Wheat was selling from 27 to 29 cents. It is selling for about 60 to 75 cents now. What applies to these commodities applies to everything else.

So, although the gentleman shows an interest in the South, he is not showing a great deal of interest in the veracity and truth about conditions.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield for a question?

Mr. SABATH. I yield.

Mr. O'CONNOR. Is it not a fact that in the fall of 1932 beef cattle were selling over the scales in the Western States for as low as 2 cents a pound and that they are now selling for as high as 8 and 9 cents?

Mr. SABATH. That is what I was trying to convey.

Mr. O'CONNOR. And is it not further a fact that the total farm income for the year 1938 is nearly 100 percent higher than the total farm income for the year 1932?

Mr. SABATH. Nearly every intelligent man knows, but, unfortunately, for political reasons, some of the gentlemen on the other side do not wish the truth to be known and are trying to mislead the country with false figures and with untrue statements.

Mr. O'CONNOR. Is it not a fact that in 1932 the total farm income was only approximately $4,000,000,000 and in 1938 it was a little in excess of $7,000,000,000?

Mr. SABATH. The gentleman is correct.

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

Mr. SABATH. I yield.

Mr. SIROVICH. I want to call to the attention of the distinguished chairman of the Rules Committee that when the McNary-Haugen bill, with the principle of debentures, was before the House 10 or 12 years ago, Democrats and Republicans united to pass the bill. This would have put agriculture, including cotton, upon a parity with industry; but the Republican President vetoed the bill, and my distinguished friend [Mr. FISH], who is now so interested in the welfare of the cotton farmer of the South, voted against the McNary-Haugen bill in those days. That bill would have helped the farmer to secure the justice that he is entitled to receive. [Applause.]

Mr. SABATH. Mr. Speaker, I am going to conclude, but before doing so I must call the attention of the gentleman to the statement wherein he said that great secrets have been disclosed to French representatives who were here to purchase airplanes. I have it on good authority that all secret instruments on that airplane were removed before same was shown to the Frenchmen. I hope that in the interest of fair play these misstatements will not be made in the future. There were no secrets imparted to the French representatives. This is all I wish to state; and now, Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4411) to continue the functions of the Commodity Credit Corporation and the Export-Import Bank of Washington, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4411) to continue the functions of the Commodity Credit Corporation and the Export-Import Bank of Washington, with Mr. CELLER in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from Alabama [Mr. STEAGALL] is recognized for one hour and a half, and the gentleman from Michigan [Mr. WOLCOTT] is recognized for one hour and a half.

Mr. STEAGALL. Mr. Chairman, this bill provides for the continuance of the Commodity Credit Corporation to January 15, 1941. An amendment will be offered to change the expiration date to the end of the fiscal year, June 30, 1941.

The Commodity Credit Corporation was organized in 1932 by Executive order with a capital stock of $3,000,000. Additional funds were supplied to the corporation through the medium of loans from the Reconstruction Finance Corporation. In 1936 the Reconstruction Finance Corporation, under the authority contained in an act of Congress, purchased $97,000,000 of the capital of the Commodity Credit Corporation, making the total capital $100,000,000. In 1938 the capital stock of the Commodity Credit Corporation was transferred to the Treasury of the United States, and the Treasury, under the provisions of the act, is required to maintain unimpaired the capital of the Corporation at $100,000,000. The Treasury is required to have an annual accounting on the 31st of March of each year and supplement the capital stock of the Corporation in case of its impairment and authorized necessary appropriations to carry out this purpose. In case of a surplus it is to be covered into the general funds of the Treasury of the United States.

The purpose of the Commodity Credit Corporation is to make loans to producers or to finance the marketing of farm products or other commodities for the protection of producers against loss due to forced seasonal sales.

The Reconstruction Finance Corporation made commitments to the Commodity Credit Corporation in the sum of $1,754,712,665, and made disbursements in the sum of $767,716,962. All of such sums have been repaid to the Reconstruction Finance Corporation. The Commodity Credit Corporation disbursed money to the extent of $897,779,520. Of this amount $522,983,139 have been repaid to the Commodity Credit Corporation.

Loans now outstanding, including loans that are being carried by banks which the Commodity Credit Corporation is obligated to purchase, amount to $747,448,203.

Loans are made at the rate of 4 percent per annum; and when made by banks or lending agencies, the bank or lending agency retains 2½ percent, and 1½ percent is paid for the benefit of the Commodity Credit Corporation.

The Commodity Credit Corporation is officered by men from the Reconstruction Finance Corporation, the Treasury Department, and the Department of Agriculture. The directors come from the same agencies.

The Commodity Credit Corporation is managed by a board of directors consisting of Representatives of the Reconstruction Finance Corporation, the Department of Agriculture, the Farm Credit Administration, and the Export-Import Bank.

I will insert in the RECORD a statement covering the transactions of the Commodity Credit Corporation and giving a complete account of its transactions:

Commodity Credit Corporation since its organization, pursuant to Executive Order No. 6340, dated October 16, 1933, has made loans on agricultural commodities in connection with programs of the Department of Agriculture. Such loans are functioned through the facilities of the Reconstruction Finance Corporation under an agreement providing for reimbursement of expenses incident to the loans. Prior to May 2, 1938, Commodity Credit Corporation borrowed funds required in addition to its capital, from Reconstruction Finance Corporation and through issue of collateral trust notes, on the security of the commodity loans. Since that date necessary funds have been borrowed through issuance of notes guaranteed by the United States, such notes being issued pursuant to the act of March 8, 1938 (Public, No. 442, 75th Cong.). From the date of organization through February 1, 1939, loans disbursed by Commodity Credit Corporation and by lending agencies, under a purchase agreement, have aggregated $1,284,931,553.12. Repayments have aggregated $537,483,350.17, leaving outstanding loans as of February 1, 1939, of $747,448,202.95. A statement of disbursements, repayments, and outstanding loans for each commodity, together with the collateral remaining pledged, is given below:

Commodity	Disbursements [1]	Repayments [2]	Outstanding [3]	Collateral pledged [3]
Butter	$30,210,810.62	$10,490,926.04	$19,719,884.58	[4] 80,292,146
Corn	245,528,329.25	155,062,131.09	90,466,198.16	[5] 159,475,336
Cotton	908,536,279.99	348,212,538.47	560,323,741.52	[6] 11,014,935
Dates	61,302.00	61,302.00		
Figs	213,351.33	94,027.40	119,323.93	[7] 4,914
Hops	1,394,627.62		1,394,627.62	[4] 7,035,156
Peanuts	12,207,271.31	7,154,475.70	5,052,795.61	[7] 81,599
Pecans	296,524.63	5,116.92	291,407.71	[4] 2,292,759
Prunes	2,653,229.20	2,358,207.89	295,021.31	[7] 20,007
Raisins	3,685,303.52	1,317,000.00	2,368,303.52	[7] 99,920
Tobacco	9,559,674.46	4,811,824.53	4,747,849.93	[4] 31,755,191
Turpentine and rosin	19,234,528.21	5,998,882.47	13,235,645.74	[8] 9,953,778 [9] 937,004
Wheat	40,775,960.59	640,162.68	40,135,797.91	[4] 69,134,694
Wool and mohair	10,574,360.39	1,276,754.98	9,297,605.41	[4] 58,687,957
Total	1,284,931,553.12	537,483,350.17	747,448,202.95	

[1] Disbursements to producers and commitments to banks and other lending agencies.

[2] Includes a balance of $14,370,462.68 on cotton loans and $1,019,748.01 on corn loans charged off after liquidation of collateral.

[3] Includes loans held by banks and other lending institutions which Commodity Credit Corporation has agreed to buy.

[4] Pounds.

[5] Bushels.

[6] Bales.

[7] Tons.

[8] Gallons transported.

[9] Barrels of rosin.

Based upon the valuation of assets made by the Secretary of the Treasury as of March 31, 1938, pursuant to the act of March 8, 1938 (Public, No. 442, 75th Cong.), losses on commodity loans aggregated $92,422,740.32. In addition to such losses, administrative expenses totaled $1,862,664.01, making a deficit as of March 31, 1938, of $94,285,404.73, which amount was restored by appropriation authorized by the act of March 8 referred to above.

With the exception of the amounts charged off as shown above, the amount appropriated to restore the capital is not considered in the above statement and is carried as a reserve against outstanding loans.

The losses of the Commodity Credit Corporation amount to approximately $140,000,000. This statement is based upon actual losses already ascertained, and estimated losses that would be shown upon a final casting up of the account at this time upon a sale of the commodities held by the Corporation at present market prices.

Undoubtedly the Commodity Credit Corporation has rendered a great service to agriculture and to the Nation as a whole in aiding in the orderly marketing of farm products and other commodities and in protecting the people of the Nation against the sacrifice of farm products at seasonal periods.

The Export-Import Bank was created under the laws of the District of Columbia in 1934 by Executive order. The Congress in 1935 ratified that action. The capital of the bank was $1,000,000, and was held jointly by the Secretary of State and the Secretary of Commerce for the benefit of the United States; $45,000,000 of its preferred stock was owned by the Reconstruction Finance Corporation, purchased upon the request of the Secretary of the Treasury and upon the approval of the President.

The bank's principal activity is in connection with the export of agricultural and manufactured products. The total commitments have amounted to $210,613,930. Of this amount $92,204,740 were canceled because of the inability of the

applicants to complete the transaction or because they were able to secure satisfactory accommodations elsewhere when it was known that the Export-Import Bank would make the loans. Disbursements have been made in the amount of $63,618,965. Repayments have been made in the amount of $36,297,547. One hundred and eighty-one loans have been authorized and 88 of them not used.

The amount of the bank's participation in loans made jointly with lending institutions ranges from 45 to 75 percent, many of its transactions being of the type where the bank participates with other banks or lending institutions in extending accommodations.

A second Export-Import Bank was organized that did business for a while in connection with the minting and supplying of silver to the Cuban Government. Those transactions have been completed and the bank finally liquidated without loss.

I may say, replying to statements that have been made on the floor, that the Export-Import Bank had nothing whatever to do with the financing of the purchase of airplanes by the French Government. That was a transaction with which the Export-Import Bank had no connection whatsoever, directly or indirectly, and for which the officials of that bank were in no wise responsible.

The bank has made a commitment in the amount of $25,000,000 to an American Corporation known as the Universal Trading Co. owned by Chinese, the loan to be secured by endorsement of the Bank of China, an institution owned in part by the Chinese Government and in part by citizens of China. No loans have actually been extended under this arrangement, and no loan can be made or shipment made by reason of accommodations extended by the Export-Import Bank except as each transaction is approved by the officials of the Export-Import Bank and by the Department of State. It has never for a moment been contemplated that any sale of any type would be financed by the Export-Import Bank for war purposes or in violation of any treaty or any other law of our Government. No loan has yet been actually made under the agreement. Four years prior to the conflict between Japan and China, during the year 1933, there was a committal for a loan in the amount of $50,000,000 to the Chinese Government. Only a small proportion of this loan was made, and a large part of the money used has been repaid. The agreement was canceled at the instance of China.

The first transaction of this type was conducted in 1932 under the administration of President Hoover by the Grain Stabilization Board, with the approval of the President and officials of the administration. A part of that loan has been repaid. The balance is being taken care of periodically and the obligations met as they mature under an agreement with the Export-Import Bank which now holds the claim against China.

Mr. Chairman, I reserve the balance of my time.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, I am certainly opposed to a continuation of the Export-Import Bank, which is one of those institutions that grows by feeding on itself. I want to call the attention of the House to what I consider a rather important item in this bill. The law as it stands now reads:

> Notwithstanding any other provision of law, the Export-Import Bank of Washington and the Second Export-Import Bank of Washington.

Let me emphasize those words, "Second Export-Import Bank of Washington—District of Columbia," and so forth.

The revision of the act refers to the Export-Import Bank of Washington. Note it leaves the Second Export-Import Bank of Washington out entirely.

Mr. WILLIAMS of Missouri. Will the gentleman yield?

Mr. SMITH of Ohio. I yield to the gentleman from Missouri.

Mr. WILLIAMS of Missouri. The gentleman is aware of the fact that the Second Export-Import Bank has been liquidated and has been out of existence for some time?

Mr. SMITH of Ohio. That still does not answer the proposition that the law provides that a Second Export-Import Bank may be formed.

Mr. WILLIAMS of Missouri. I understood the gentleman was criticizing this bill because it did not extend the time of the Second Export-Import Bank.

Mr. SMITH of Ohio. We do not know whether the charter has been canceled. Can the gentleman assure us that the charter has been canceled?

Mr. WILLIAMS of Missouri. Absolutely. It has been liquidated and the assets have been turned over to the present Export-Import Bank.

Mr. SMITH of Ohio. Does this law anywhere provide there shall not be a second Export-Import Bank?

Mr. WILLIAMS of Missouri. There is no provision in this bill for a second Export-Import Bank.

Mr. SMITH of Ohio. Let me read the law again:

> Notwithstanding any other provision of law, the Export-Import Bank of Washington and the Second Export-Import Bank of Washington.

Mr. WILLIAMS of Missouri. What law is the gentleman reading from?

Mr. SMITH of Ohio. I am reading the one passed on January 31, 1935, section 9.

Mr. WILLIAMS of Missouri. Now we have only the one.

Mr. SMITH of Ohio. But it is not provided in the law that there shall be only one. If it is so provided, I should like to know where it is in the law.

Mr. WILLIAMS of Missouri. Of course, the gentleman certainly understands that the first Export-Import Bank, and the second for that matter, was organized under an Executive order?

Mr. SMITH of Ohio. That is right.

Mr. WILLIAMS of Missouri. One of them has been liquidated, leaving only the other. If that is not plain to the gentleman, I do not know what is.

Mr. SMITH of Ohio. That does not answer the proposition that a Second Export-Import Bank may be formed. It is in the law. This law provides a limitation of $100,000,000 upon the one bank, not the other banks that may be formed.

There is another clause in the law which reads as follows:

> Said banking corporations.

It is not "banking corporation" but "banking corporations." That is in the plural. What does that mean? It means the law as it stands at the present time places no limit to the amount that may be issued by a second, third, or fourth export-import bank that may be created.

May I make a further observation? This bank, of course, has extensive powers. The law was enacted some time after the Executive order creating the first Export-Import Bank of Washington, and was put into effect on February 8, 1934.

What is this Export-Import Bank for? It is used to finance loans, of course, for exporters. I should like to know this: With about $9,000,000,000 of reserves in our banks at the present time, with about $3,000,000,000 of excess reserves, with interest rates lower than they have ever been in the history of America, and the Government setting up an institution of this kind, it takes away all possible hope of the private investor or the private banker financing these things. Mr. Chairman, I am convinced if the American people knew exactly what this Export-Import Bank is they would abolish it in a minute, as they would a lot of these other agencies that have been set up in the last few years. [Applause.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield to the gentleman from Georgia [Mr. BROWN] such time as he may desire.

Mr. BROWN of Georgia. Mr. Chairman, this bill (H. R. 4011) provides for the extension of the functions of Commodities Credit Corporation as an agency of the United States to January 15, 1941, or such earlier date as may be fixed by the President, and also authorizes the Corporation to issue notes and obligations in the additional amount of $400,000,000. This authorizes a total borrowing capacity of $900,000,000, which, coupled with the capital provided under the

terms of the act of March 8, 1938, provides the Corporation with a billion dollars in the aggregate. These funds may be used by the Corporation in its activities in making loans upon the security of agricultural commodities. Originally, Commodities Credit Corporation was designed to assist the Agricultural Adjustment Administration in carrying out the latter's programs of production and marketing adjustment by means of loans to producers. Such loans were made, approximately, at market levels in order to assist producers to carry their commodities and market the same in an orderly manner at reasonable prices. During a period of many uncertainties in foreign and domestic affairs, Commodities Credit Corporation has provided the markets of the major agricultural commodities with a bulwark of strength or basic values which were available in the event of any weakening in market prices.

With the passage of the Agricultural Adjustment Act of 1938, Commodities Credit Corporation became the main vehicle for carrying into effect the principles of the ever-normal granary. This act provides mandatory loans upon the basic agricultural commodities of cotton, corn, and wheat. In the case of cotton and wheat, loans may be made under the act at rates varying between 52 percent to 75 percent of parity. The two loans which were authorized during 1938 were both made at approximately 52 percent of parity. In connection with corn, the act establishes a somewhat different formula, which depends upon the estimated production of the crop determined by the Secretary of Agriculture in November of each year. Under this formula, loans on the 1938 crop were fixed at 57 cents per bushel, which was 70 percent of parity, the minimum permitted under the act.

In addition to the foregoing loans, the Corporation is authorized to make loans upon the security of agricultural commodities recommended by the Secretary of Agriculture and approved by the President. The present loans of the Corporation cover the following commodities: Cotton, corn, gum, turpentine and rosin, wool and mohair, wheat, peanuts, tobacco, raisins, dates, figs, prunes, and butter.

The hearings held before the Banking and Currency Committee indicate that the Corporation has disbursed $1,284,000,000, including disbursements by lending agencies holding purchase agreements, and that repayments have aggregated $537,000,000, leaving outstanding $747,000,000. On page 69 of the hearings a detailed summary is presented of the disbursements, repayments, and amounts outstanding. It will be observed from the commodities listed that practically every section of the country has been affected by the loans of the Corporation. Necessarily, such loans can be made only upon nonperishable commodities which may be warehoused and stored for considerable periods of time. Efforts have been made in all instances to make such loans available solely to producers or assoications of producers in such manner that the control and the marketing of the commodities is retained by the individual producer pledging the same. In only one or two instances have any exceptions been made to this basic principle. This principle has been carried to the extent that most of the cotton which has been released has been marketed by the producers which obtained the loans in the first instance. This practice has permitted the producer to negotiate for the sale of his own commodities with the result that such commodities move in the normal channels of trade without being concentrated in the hands of a board or commission.

I believe the loss under the last appraisement by the Secretary of Agriculture was $94,000,000. This was last March. Ninety-two million dollars of this sum was lost on cotton. Since that time up to the present time Mr. Jones has estimated an additional loss of $20,000,000; in other words, we have a loss on cotton of around $110,000,000 and a loss of some four or five million dollars on other commodities.

This is not such a great loss compared with the benefits the farmers have received. It is impossible for the cotton farmers of the South to make expenses at the present price of cotton. In many districts in many States the only money crop we have is cotton; therefore, these losses added to what we have received from relief do not amount to anything like the sum received as relief benefits by the people in Pennsylvania and New York and many other States of the Nation. I am not advocating that anyone in our section have an advantage over people in another section. I want to assist all the people in every section of our country.

In making loans at or near market levels it is inevitable that in some instances losses will be incurred by the Corporation. However, in view of the vastly greater benefits accruing to all the producers by means of the price which is maintained throughout the marketing year, it is believed that such losses are well justified. The availability of a fixed loan throughout the marketing season has prevented many producers from undergoing the disheartening experience of finding the value of their commodities drastically reduced, due to a temporary market flurry, and as suddenly increased at a later date. The act of March 8, 1938, provides an orderly manner for the determination of the losses incurred by Commodity Credit Corporation and authorizes appropriations to be made annually to cover such losses.

As examples of the beneficial effects of these loans, the following instances may be cited. The conclusions, of course, are matters of opinion, but they can be substantiated in all instances by producers. For example, in connection with the loan upon butter, it is believed by those familiar with market trends that the loans by Commodity Credit Corporation prevented a break in market price of at least 5 cents per pound. Assuming an annual production of approximately 4,000,000,000 pounds of butterfat, this would represent an earning or saving to the producers of $200,000,000 by reason of the the Commodity Credit Corporation loan. The total loans on butter have aggregated approximately $30,000,000, and an ultimate loss of two or three million dollars on such butter would not be serious in view of the above saving. As a matter of fact, the pledged butter surpluses are now being distributed in relief channels by using section 32 funds.

Let us consider the loan on wool and mohair. During the winter of 1938, the wool market exhibited extreme weakness due to rumors of trade agreements, depression, and other ills. The loan authorized by the Corporation immediately established a fair set of values and provided a steadying influence throughout the marketing season. During slack times when dealers or manufacturers were exhibiting little or no interest in wool, the producers were able to obtain loans on a reasonable basis with the possibility later of realizing upon any increase in values. This increase has occurred during the past 3 months, and well over 50 percent of the wool pledged to the Corporation has now been released and loans repaid.

The programs have worked similarly on all commodities, although in some instances the shrinkage in world and domestic consumption has more than reacted on domestic-market trends.

The hearings on the bill clearly brought out the manner in which the loans are authorized and handled. This procedure may be briefly summarized. The directors of the Corporation represent Farm Credit Administration, Department of Agriculture, and Reconstruction Finance Corporation. Under the terms of the Agricultural Adjustment Act of 1938, all loans are recommended by the Secretary of Agriculture and must be approved by the Corporation and the President. The diverse representation on the Board of Directors and the fact that the recommendations originate through the Department of Agriculture permits full discussion of the various loan programs undertaken by the Corporation, although the mandatory features of the Agricultural Adjustment Act greatly restrict the administrative discretion which might well be permitted to the agency involved.

The Reconstruction Finance Corporation has made its facilities in the field available for the Commodity Credit Corporation loans, which has greatly simplified the operations of the Corporation and has prevented the extra cost which might be incurred by establishing new field agencies. Further, in most loan programs the Corporation has operated on the principle of permitting banks to make loans to the producers in the first instance which are later purchased by the Corporation at par plus 2½-percent interest. The advantage of this

procedure is that the producer deals with his local bank in a normal manner and obtains the loans with the least possible delay.

Illustrations of the manner in which loans are made by banks under the contract to purchase of the Corporation are set forth on pages 62 to 67, inclusive, of the hearings. All loans are made without recourse and producers may obtain the pledged or mortgaged commodities at any time upon the payment of loan value plus interest and charges. As a consequence procedure is established which permits the pledged commodities to move easily back into normal trade channels.

Fifty-two percent of parity on cotton is around 8 cents, as the present parity on cotton is approximately 16 cents per pound.

I tried to persuade the Secretary of Agriculture to make the loan on cotton at a higher rate than 52 percent of parity. I believe if the Corporation had loaned 12 cents instead of 8 cents on cotton this past year the price of cotton would have been much higher, and then the Government could have sold cotton on loans of previous years at a much higher market price.

In conclusion, it is believed Commodity Credit Corporation should be kept available, with sufficient funds and powers to deal with the marketing and supply problems which may arise. [Applause.]

Mr. GAMBLE. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, the Commodity Credit Corporation has made loans on a number of agricultural commodities. However, the great bulk of its loans have been upon cotton. I wish to make a few remarks this afternoon on the results of the cotton loans.

It will be recalled that the Democratic Party platform in 1932 condemned the Farm Board for its extravagance and because it was speculating in farm commodities. That platform also condemned the Republican Party because, it contended, the Republican Party had destroyed our foreign trade. Listen to this: The Farm Board during its existence made loans on a total of 3,478,000 bales of cotton. Since 1933 the Commodity Credit Corporation has made loans on 15,921,328 bales of cotton—on practically all of which there have been substantial losses because the loans were made above the market price.

In 1932 we exported 8,754,000 bales of cotton. The estimate for the year which will end July 1, 1939, is that we will export 3,500,000 bales, if we continue on approximately the same basis we have been exporting since the beginning of this crop year. In December our cotton exports were the lowest of any December since such statistics have been kept, going back to 1881. For this crop year up to date our cotton exports are the lowest of any year since before 1899. Perhaps the Farm Board should be criticized for its cotton-loan policy, but it must be remembered that its program was an experiment. Whatever has been done by the Commodity Credit Corporation has been done with its eyes open. In other words, this administration deliberately undertook to do something that had already been demonstrated to be a failure.

Our cotton situation is indeed a serious one. There is no one in the House who has any greater sympathy for the cotton producer or any greater desire to do something to benefit that commodity than myself. It is not a Southern problem, it is a national one. Undoubtedly, aside from unemployment, it is the greatest economic problem confronting the country today. Yet I think every one must admit that our method of handling it up to date by means of loans above the market price has been a failure. Today we have a situation where the Federal Government owns, or will own, approximately 11,000,000 bales of cotton, and the Government investment in this cotton is at a rate which is bound to result in a tremendous loss when it is liquidated.

Mr. WILLIAMS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield for a question.

Mr. WILLIAMS of Missouri. Was the gentleman in favor of giving the Secretary of Agriculture, under the Agricultural Adjustment and Soil Conservation Act, the power to fix the loan price on cotton, wheat, and corn, as is provided in that language, as I understand, within certain limitations, in accordance with the schedule provided therein? Does the gentleman believe that is a wise provision?

Mr. HOPE. Of course, the act itself provides for mandatory loans on these three commodities in the amount of at least 52 percent. I personally do not believe that is a wise provision as far as cotton is concerned. I doubt its wisdom as far as wheat is concerned. I believe in corn we have a different situation, perhaps, in that we have there a commodity which is not exported to any considerable extent, a commodity which is consumed principally in this country and consumed almost altogether as livestock feed. I doubt the advisability of fixing a mandatory loan rate upon any commodity like cotton where a large proportion of the commodity must go into the export markets over which we can have no possible control.

Mr. WILLIAMS of Missouri. However, that is the present law?

Mr. HOPE. That is the present law.

Mr. WILLIAMS of Missouri. And the Commodity Credit Corporation has no discretion as to the loan price on such commodities.

Mr. HOPE. That is true. If we wish to get at this situation, we will have to amend the Agricultural Adjustment Act of 1938 rather than attempt to do anything in this particular bill, which merely extends the powers of the Commodity Credit Corporation for a further period of time.

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

Mr. HOPE. I yield.

Mr. NELSON. I was wondering whether in the gentleman's opinion the plight of the cotton farmer is due more to the law now under discussion or to the Three A's, or do both have a part in the situation?

Mr. HOPE. Well, my feeling is that the various cotton loans that have been made above the market price have contributed more to the present situation than any other factor.

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

Mr. HOPE. I yield.

Mr. HAWKS. Have not these factors more or less had a very definite effect upon the free flow of not only cotton but all the other commodities in our markets? I am more familiar with cheese and butter, and is it not a fact that our cheese holdings and our butter holdings in storage today are far in excess of anything we have ever experienced in this country?

Mr. HOPE. Well, I shall take the gentleman's word for that, because I do not know. If the gentleman states that to be the fact, I assume it is. Of course, the Commodity Credit Corporation has not made loans on any other commodity to anything like the extent it has on cotton. Today we have considerably more than a year's domestic consumption of cotton in the hands of the Federal Government and loans have been made upon it. It is frozen, it is impounded there, at a price at which it cannot be disposed of except at a loss, and at a price at which it cannot be exported. If it is released from the Government loan and put on the market it is bound to utterly demoralize prices. I am not opposed to a continuation of the Commodity Credit Corporation, but I am opposed to our present policy of cotton loans above world prices. It has failed and will continue to be a failure.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER of Wisconsin. Mr. Chairman, our distinguished Republican from Ohio a few moments ago put his finger on one of the Ethiopians in the woodpile. Page 2 of the committee report indicates what the law will be after the pending bill is enacted. It will read as follows:

> SEC. 9. Notwithstanding any other provision of law, the Export-Import Bank of Washington and the Second Export-Import Bank of Washington, D. C., banking corporations organized under the laws of the District of Columbia as agencies of the United States, pursuant to Executive orders of the President, shall continue—

And so forth. Therefore if this bill is enacted into law in its present form, you will continue the Export-Import Bank

of Washington and the Second Export-Import Bank of Washington, D. C.

The limitation of $100,000,000 of outstanding loans applies only to the Export-Import Bank of Washington and not to the Second Export-Import Bank of Washington, for the limitation proviso in the pending bill reads as follows:

Provided further, That the Export-Import Bank of Washington shall not have outstanding at any one time loans in excess of $100,000,000, the capital for which the Reconstruction Finance Corporation, when requested by the Secretary of the Treasury with the approval of the President, may continue to supply from time to time through loans or by subscription to preferred stock.

The sky is, therefore, the limit of the obligations which the Second Export-Import Bank of Washington might incur. What are our New Deal brain trusters trying to put over in this bill? The record shows that every time the Democratic Party is in power our Uncle Sam is an international sucker who plays Santa Claus in a big way for foreign nations and foreign peoples.

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

Mr. SCHAFER of Wisconsin. In just a moment.

We now have a national debt of more than $40,000,000,000 and many more billions of dollars' worth of obligations guaranteed by the Federal Government. The Federal Government is spending almost $10,000,000,000 a year and collecting about half of this staggering sum in taxes. The time is fast approaching when our American dollar will be worth just about as much as the 180,000,000,000 of German marks and Russian rubles which I have in my office. Let us stop the wanton, unbridled expenditures of Government moneys before America goes into bankruptcy and over the brink of inflation to chaos, misery, and suffering such as we have never known. Anyone who has studied the history of foreign nations which have experienced inflation as a result of drunken orgies of spending such as the New Deal has been carrying on for the past 6 years knows that its devastating effects equal those of a major war of invasion.

I am opposed to continuing these Government Export-Import Banks. We have sufficient private banks whose vaults are now overflowing with money which is available for loans to American interests.

I can understand why Mr. Roosevelt wants to continue this American Government agency for the benefit of people in foreign lands. Mr. Roosevelt is, no doubt, internationally minded, for he was an international banker on many fronts, a former director of the International Germanic Trust Co., formerly the president of a Canadian corporation, the United European Investors, Ltd., which engaged in German mark transactions and investments in Germany. He was also associated with Robert Roland Appleby, former president of the British Empire Chamber of Commerce, in the Federal International Banking Co.

Mr. Chairman, the Export-Import Bank activities are not the only ones of Mr. Roosevelt's administration which I believe are adverse to the best interests of Americans and for the benefit of non-Americans. He demanded that American citizens turn in their gold to the Government for $20.67 an ounce or go to jail for 5 years, and then imported almost $8,000,000,000 worth of gold from foreign countries at $35 an ounce. Most of this gold was imported from England and France, with whom his administration is lining up on foreign problems. These two countries now owe the American taxpayers' Treasury more than $10,000,000,000, which was handed to them by the World War Democratic administration, of which our ex-international-banker President was a main cog.

Mr. Chairman, I quote now from the testimony of Mr. Jones, Chairman of the Reconstruction Finance Corporation, appearing on page 84 of the Committee on Banking and Currency hearings on this bill:

The committee was discussing the $25,000,000 loan which the Export-Import Bank made to China.

Mr. BARRY. What was the purpose of that $25,000,000 loan to China? What products was that designed to facilitate the export of?

Mr. JONES. I do not know exactly what they were going to buy. It must not be in violation of the neutrality act.

The CHAIRMAN. You did extend a credit of $25,000,000 to the Chinese Government?

Mr. JONES. No; not to the Chinese Government. It is to a Chinese-owned American trading company in New York, the credits as they are extended will be guaranteed by the Bank of China, but not by the Government of China.

Mr. BARRY. Could that credit be used in connection with the export of war material to China?

Mr. JONES. No. The understanding is that it will not be.

Mr. BARRY. Did I understand you to say that the Chinese Government is not liable, but a privately owned Chinese corporation?

Mr. JONES. I do not know whether the corporation is owned by the Chinese Government or not. It is owned in China, and it is domiciled in New York, and the credits are guaranteed by the Bank of China, and the Bank of China, I understand, is owned half by the Government of China and half by private interests. The commitment was intended to cover private transactions.

Mr. Chairman, I cannot lend myself to using the American taxpayers' hard-earned tax money for the benefit of foreign interests as this transaction indicates.

When are you New Deal spendthrifts going to stop playing Santa Claus in a big way to foreign countries? Do you fail to realize that we have more than 12,000,000 Americans out of work and hunting for jobs? Do you not know that the Government cannot indefinitely operate on borrowed money, and that every dollar expended by Government must be produced in tax dollars by the sweat and toil of someone this year or next year, this generation or the next generation?

On April 13, 1934, the Johnson Act was enacted, preventing financing in America of foreign governments, their political subdivisions, organizations, and associations while such governments, political subdivisions, organizations, or associations were in default on the payment of their obligations, or any part thereof, to the Government of the United States.

This legislation was directed to our foreign debtor nations, who owe the United States Government over $12,000,000,000, which was handed to them by the World War Democratic administration, when Uncle Sam was roaming around in foreign countries, getting into difficulties and getting his pockets picked, just as he is now doing under your Democratic administration.

The foreign policies of your present administration are certainly not a new deal, but the identical deal the American people had under the Wilson administration, in which the present New Deal President was a leading light. As I pointed out, the sky is the limit as to loans for the Second Export-Import Bank of Washington, and the Chinese loan clearly demonstrates that our foreign debtor nations or their subjects can be financed in America through the Federal Treasury, to which they owe billions, and absolutely defeat the purpose of the Johnson Act.

I shall vote against this bill. I want Uncle Sam to stay home and stop playing Santa Claus to non-Americans. Keep out of foreign entanglements and foreign wars.

Charity begins at home. I sincerely hope this House will defeat this indefensible, camouflaged, un-American legislative monstrosity.

Mr. WOLCOTT. Mr. Chairman, I yield 2 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I want to bring to the attention of the House the fact that tomorrow I shall try to have accepted as an amendment to this bill a prohibition which in effect will provide the Export-Import Bank of Washington shall not make loans, the proceeds of which are to be used for or in any aid of the purchase for export of arms, munitions, including airplanes now in the possession of or to be acquired by the United States Army, Navy, or Marine Corps, except with the consent of Congress.

Mr. Chairman, tomorrow I shall try to secure time in order to explain further why I feel the sale of our United States Army, Navy, and Marine Corps planes, with the secrets that go with them, is so undesirable, particularly at this time. This is in defense of our defense. Last Thursday I introduced a bill which was more far-reaching in its effect. It provided that our secret Army and Navy arms and munitions, including airplanes, should not be sold to foreign governments. I believe that every human being in the United States today is anxious that our defense be kept extremely strong.

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That (a) section 7 of the act approved January 31, 1935 (49 Stat. 4), as amended, is hereby further amended by striking from the first sentence thereof "June 30, 1939" and inserting in lieu thereof "January 15, 1941"; (b) section 9 of the act approved January 31, 1935 (49 Stat. 4), as amended, is hereby further amended by striking from the first sentence thereof "June 30, 1939" and inserting in lieu thereof "January 15, 1941"; (c) section 9 of the act approved January 31, 1935 (49 Stat. 4), as amended, is hereby further amended by inserting before the period at the end of the last sentence thereof a colon and the following: *"Provided further,* That the Export-Import Bank of Washington shall not have outstanding at any one time loans in excess of $100,000,000, the capital for which the Reconstruction Finance Corporation, when requested by the Secretary of the Treasury with the approval of the President, may continue to supply from time to time through loans or by subscription to preferred stock"; and (d) section 4 of the act approved March 8, 1938 (58 Stat. 108), is hereby amended by striking from the first sentence thereof "$500,000,000" and inserting in lieu thereof "$900,000,000."

Mr. WILLIAMS of Missouri. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. COOPER] having resumed the chair, Mr. CELLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 4011, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DARDEN (at the request of Mr. ROBERTSON), on account of illness.

To Mr. HOUSTON, for 10 days, on account of important business.

To Mr. MALONEY, for 10 days, on account of official business.

EXTENSION OF REMARKS

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to insert in the RECORD a radio address made by my colleague the gentleman from Texas [Mr. SOUTH].

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

There was no objection.

CONTINUATION OF RECONSTRUCTION FINANCE CORPORATION

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1102) to continue the functions of the Reconstruction Finance Corporation, and for other purposes.

The Clerk read the title of the bill.

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

Mr. WOLCOTT. Reserving the right to object, Mr. Speaker, I understand that if we pass the Senate bill, then it is the intention of the gentleman from Alabama to strike out all after the enacting clause and substitute the House bill?

Mr. STEAGALL. Yes. In order to expedite the matter, I will ask unanimous consent to strike out all after the enacting clause and substitute the House bill.

Mr. WOLCOTT. It merely facilitates the matter in conference?

Mr. STEAGALL. That is right.

Mr. WOLCOTT. The only distinction between the Senate bill and the House bill as we have passed it as amended is the last paragraph, having to do with the amount of loans outstanding, as I recall?

Mr. STEAGALL. The Disaster Loan Corporation.

Mr. WOLCOTT. With respect to the Disaster Loan Corporation?

Mr. STEAGALL. Yes.

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

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That (a) section 1 of the act approved January 26, 1937 (50 Stat. 5), is hereby amended by striking therefrom "June 30, 1939" and inserting in lieu thereof "June 30, 1941"; (b) section 1 of the act approved March 31, 1936 (49 Stat. 1186), as amended, is hereby further amended by striking from the first sentence thereof "June 30, 1939" and inserting in lieu thereof "June 30, 1941"; (c) section 9 of the Reconstruction Finance Corporation Act (47 Stat. 9), as amended, is hereby further amended by inserting after the second sentence thereof the following sentence: "Such obligations may mature subsequent to the period of succession of the Corporation as provided by section 4 hereof."

Mr. STEAGALL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: Strike out all after the enacting clause and insert the following:

"That (a) section 1 of the act approved January 26, 1937 (50 Stat. 5), is hereby amended by striking therefrom 'June 30, 1939' and inserting in lieu thereof 'June 30, 1941'; (b) section 1 of the act approved March 31, 1936 (49 Stat. 1186), as amended, is hereby further amended by striking from the first sentence thereof 'June 30, 1939' and inserting in lieu thereof 'June 30, 1941'; (c) section 9 of the Reconstruction Finance Corporation Act (47 Stat. 9), as amended, is hereby further amended by inserting after the second sentence thereof the following sentence: 'Such obligations may mature subsequent to the period of succession of the Corporation as provided by section 4 hereof.'; and (d) the act approved February 11, 1937 (50 Stat. 19), as amended, is amended by striking from the first sentence '$20,000,000' and inserting in lieu thereof '$40,000,000'; and by striking from the second paragraph 'or 1938' and inserting in lieu thereof '1938, 1939, or 1940'."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on agreeing to the Senate bill as amended.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER pro tempore. Without objection, the proceedings by which the bill H. R. 4012 was passed will be vacated and the bill laid on the table.

There was no objection.

HOUR OF MEETING

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER pro tempore. Is there objection?

There was no objection.

CALENDAR WEDNESDAY

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the business that would be in order on the calendar on Wednesday of this week may be dispensed with.

The SPEAKER pro tempore. Is there objection?

There was no objection.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 58 minutes p. m.), pursuant to the order heretofore made, the House adjourned until tomorrow, Tuesday, February 21, 1939, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON WAYS AND MEANS

Public hearings will continue Tuesday morning, February 21, 1939, at 10 a. m., on social-security legislation, in the Ways and Means Committee room in the New House Office Building.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m. Tuesday, February 21, 1939. Business to be considered: Continuation of hearing on H. R. 2531—transportation bill.

COMMITTEE ON WORLD WAR VETERANS' LEGISLATION

There will be a meeting of the Committee on World War Veterans' Legislation at 10:30 a. m. Tuesday, February 21, 1939.

COMMITTEE ON MILITARY AFFAIRS

There will be a meeting of the Committee on Military Affairs in room 1310, New House Office Building, at 10:30 a. m., February 21, 1939, for the consideration of H. R. 2969, to provide for the common defense by acquiring stocks of strategic and critical raw materials, concentrates, and alloys essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage, as far as possible, the further development of strategic and critical minerals in the United States, and for other purposes, and all allied bills, as follows: H. R. 2643, H. R. 3320, H. R. 2556, H. R. 1987, and H. R. 987.

COMMITTEE ON THE JUDICIARY

There will be a hearing before the Special Subcommittee on Bankruptcy and Reorganization of the Committee on the Judiciary at 10 a. m. Wednesday, March 1, 1939, on the bill (H. R. 3704) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto. Room 346 House Office Building.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold a public hearing in room 219, House Office Building, Washington, D. C., at 10 a. m. Tuesday, February 21, 1939, on the bill (H. R. 3576) to make effective the provisions of the Officers' Competency Certificates Convention, 1936.

It is contemplated that the hearing on Tuesday, February 21, 1939, on H. R. 3576 will deal particularly with legislation necessary to make effective the provisions of the treaty and problems arising in connection with the provisions of the treaty.

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, Washington, D. C., at 10 a. m., on the bills and dates listed below:

Tuesday, March 14, 1939:

H. R. 180, H. R. 202, construction of a Nicaraguan Canal; H. R. 201, additional facilities for Panama Canal; H. R. 2667, construction of a Mexican Canal.

In listing the bills to be heard on March 14, 1939, House Joint Resolution 112 (TINKHAM), to create a commission to study and report on the feasibility of constructing the Mexican Canal, was inadvertently omitted from the notice.

This is to advise all interested parties that House Joint Resolution 112 will be considered at that time with the following bills: H. R. 180 (IZAC), relative to the construction of a Nicaraguan Canal; H. R. 202 (BLAND), relative to the construction of a Nicaraguan Canal; H. R. 201 (BLAND), need for additional lock facilities at Panama; H. R. 2667 (TINKHAM), relative to the construction of a Mexican Canal.

Tuesday, March 21, 1939:

H. R. 137, H. R. 980, H. R. 1674, relating to annuities for Panama Canal construction force.

Thursday, March 23, 1939:

H. R. 139, H. R. 141, H. R. 142, H. R. 1819, miscellaneous Panama Canal bills.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

453. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed bill to authorize the consolidation of the lands on the Sisseton Indian Reservation, N. Dak. and S. Dak.; to the Committee on Indian Affairs.

454. A letter from the Acting Secretary of the Navy, transmitting the draft of a proposed bill declaring the conservation of petroleum deposits underlying submerged lands adjacent to and along the coast of California; to the Committee on the Judiciary.

455. A letter from the Acting Secretary of the Navy, transmitting the draft of a proposed bill to authorize the Secretary of the Navy to contract for the production of designs, plans, and specifications for public works in the interest of the national defense; to the Committee on Naval Affairs.

456. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed bill to amend title II, section 208, of the act approved June 16, 1933, with respect to its application to Indians; to the Committee on Indian Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COX: Committee on Rules. House Resolution 98. Resolution providing for the consideration of H. R. 4278; without amendment (Rept. No. 79). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H. R. 3961) for the relief of Kenneth A. Bixler, and the same was referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BALL:

H. R. 4306. A bill to make the United States Coast Guard Academy library a public depository for Government publications; to the Committee on Merchant Marine and Fisheries.

By Mr. BLAND:

H. R. 4307. A bill to extend the provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, to all common carriers by water in interstate commerce, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. CALDWELL:

H. R. 4308. A bill to provide for reimbursement of counties for loss of taxes on certain lands owned by the United States; to the Committee on the Public Lands.

H. R. 4309. A bill to amend the Civil Service Retirement Act with respect to optional retirement ages; to the Committee on the Civil Service.

By Mr. FERGUSON:

H. R. 4310. A bill to amend section 13 of the Federal Reserve Act, as amended; to the Committee on Banking and Currency.

By Mr. GEARHART:

H. R. 4311. A bill to protect the public health by regulating the importation of dairy products into the United States; to the Committee on Ways and Means.

By Mr. HULL:

H. R. 4312. A bill to amend the Code of the District of Columbia to provide for the organization and regulation of cooperative associations, and for other purposes; to the Committee on the District of Columbia.

By Mr. KEAN:

H. R. 4313. A bill to provide for the insurance by the Federal Housing Administration against losses incurred by reason of loans made for the purpose of discharging tax claims against small homes; to the Committee on Banking and Currency.

By Mr. MANSFIELD:

H. R. 4314 (by request). A bill to provide Federal aid to States in the control of water pollution, to create a Division of Water Pollution Control in the United States Public

Health Service, and for other purposes; to the Committee on Rivers and Harbors.

H. R. 4315. A bill to provide for the transfer of certain land owned by the United States to the State of Texas, and certain other land to the county of Galveston, Tex.; to the Committee on Military Affairs.

By Mr. MAGNUSON:

H. R. 4316. A bill making an appropriation for seed-flax investigations; to the Committee on Appropriations.

By Mr. POWERS:

H. R. 4317. A bill to reduce the rate of interest on obligations of home owners to the Home Owners' Loan Corporation to 3½ percent, and to allow the Home Owners' Loan Corporation to extend the period of amortization of home loans from 15 to 20 years; to the Committee on Banking and Currency.

H. R. 4318. A bill to amend the Railroad Retirement Act of 1937 so as to provide for payment of benefits with respect to the month in which an annuitant or pensioner dies; to the Committee on Interstate and Foreign Commerce.

H. R. 4319. A bill to provide for the advancement in rank of certain officers of the United States Army upon retirement; to the Committee on Military Affairs.

By Mr. RISK:

H. R. 4320. A bill to amend the Fair Labor Standards Act of 1938 (Public, No. 718, 75th Cong., approved June 25, 1938); to the Committee on Labor.

By Mr. SCHAFER of Wisconsin:

H. R. 4321. A bill authorizing the erection of a memorial to Brig. Gen. Casimir Pulaski at Savannah, Ga.; to the Committee on the Library.

By Mr. SCHWERT:

H. R. 4322. A bill giving clerks in the Railway Mail Service the benefit of holiday known as Armistice Day; to the Committee on the Post Office and Post Roads.

By Mr. SHANLEY:

H. R. 4323. A bill to provide for World War veterans in compiling service with regard to the Railroad Retirement Act; to the Committee on Interstate and Foreign Commerce.

By Mr. VAN ZANDT:

H. R. 4324. A bill to exclude insurance benefits as income for pension purposes; to the Committee on World War Veterans' Legislation.

By Mr. VOORHIS of California:

H. R. 4325. A bill to amend the Civil Service Retirement Act, and for other purposes; to the Committee on the Civil Service.

By Mr. WHELCHEL:

H. R. 4326. A bill to amend an act known as the "Agricultural Adjustment Act of 1938" so as to authorize the United States Government to take over all cotton upon which they have made loans in payment of notes given in security thereof if not paid at maturity, and the cotton held as collateral would not bring enough to cover loans; to the Committee on Agriculture.

By Mr. FLAHERTY:

H. R. 4327. A bill to increase annual payments to State and Territorial homes for veterans; to the Committee on Military Affairs.

By Mr. McLEOD:

H. R. 4328. A bill to incorporate the American Gold Star Sisters; to the Committee on the Judiciary.

By Mr. MILLS of Louisiana:

H. R. 4329. A bill to authorize a preliminary examination and survey of Black River, Catahoula and Concordia Parishes, La., with a view to control of floodwaters; to the Committee on Flood Control.

By Mr. VINSON of Georgia:

H. R. 4330. A bill to authorize the Secretary of the Navy to contract for the production of designs, plans, drawings, and specifications for construction projects in the interest of national defense; to the Committee on Naval Affairs.

By Mr. WHITE of Idaho:

H. R. 4331. A bill to provide for the construction in Lapwai, Idaho, of a memorial to Chief Joseph, famous Nez Perce Indian, and an Indian museum; to the Committee on the Library.

By Mrs. ROGERS of Massachusetts:

H. R. 4332. A bill to provide for the acquisition, and preservation as a museum, of the Stephen Decatur House in the District of Columbia; to the Committee on Public Buildings and Grounds.

By Mr. CARTER:

H. J. Res. 171. Joint resolution authorizing the President of the United States to accept on behalf of the United States a conveyance of certain lands on Government Island from the city of Alameda, Calif., and for other purposes; to the Committee on Public Buildings and Grounds:

By Mr. SCHAFER of Wisconsin:

H. J. Res. 172. Joint resolution to provide for the preparation, printing, and distribution of pamphlets containing the history of Brig. Gen. Casimir Pulaski, Revolutionary War hero; to the Committee on Printing.

H. J. Res. 173. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1939, General Pulaski's memorial day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

H. J. Res. 174. Joint resolution to establish the Gen. Casimir Pulaski Memorial Commission to formulate plans for the construction of a permanent memorial to the memory of Brig. Gen. Casimir Pulaski at Savannah, Ga.; to the Committee on the Library.

By Mr. MILLS of Louisiana:

H. J. Res. 175. Joint resolution to provide old-age pensions at the rate of $30 per month for all persons who are more than 60 years of age and possess property less than $10,000 in value or with a net income of less than $1,000 per year; to the Committee on Ways and Means.

By Mr. HOBBS:

H. J. Res. 176. Joint resolution declaring the conservation of petroleum deposits underlying submerged lands adjacent to and along the coast of California, below low-water mark and under the Territorial waters of the United States of America, essential for national defense, maintenance of the Navy, and regulation and protection of interstate and foreign commerce; reserving the same as a naval petroleum reserve, subject to any superior vested right, title, or interest; and authorizing appropriate judicial proceedings to assert, ascertain, establish, and maintain the right and interest of the United States of America in such reserve, and to eject trespassers; to the Committee on the Judiciary.

By Mr. SABATH:

H. J. Res. 177. Joint resolution authorizing $10,000,000 for the construction of an aircraft manufacturing plant in the vicinity of Chicago, Ill.; to the Committee on Military Affairs.

By Mr. TREADWAY:

H. Con. Res. 9. Concurrent resolution providing for a joint committee of the House of Representatives and of the Senate to make suitable arrangements for the commemoration of the inauguration of the first President of the United States under the Constitution; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Montana, memorializing the President and the Congress of the United States to consider their Senate Joint Memorial No. 5, with reference to the beet-sugar industry in Montana; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of North Dakota, memorializing the President and the Congress of the United States to consider their Senate Concurrent Resolution No. 106, with reference to agriculture products; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of Montana, memorializing the President and the Congress of the United States to consider their Senate Joint Memorial No. 2, with

reference to the General Welfare Act of 1937; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of South Dakota, memorializing the President and the Congress of the United States to consider thir House Concurrent Resolution No. 9, with reference to manganese deposits in South Dakota; to the Committee on Mines and Mining.

Also memorial of the Legislature of the State of South Dakota, memorializing the President and the Congress of the United States to consider their Senate Concurrent Resolution No. 7, with reference to H. R. 2, the General Welfare Act; to the Committee on Ways and Means.

Also memorial of the Legislature of the State of Rhode Island, memorializing the President and the Congress of the United States to consider their resolution with reference to S. 286 and H. R. 2196, concerning tax on fuel oil; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ARNOLD:

H. R. 4333. A bill granting a pension to Samuel H. Fulk; to the Committee on Pensions.

By Mr. BLAND:

H. R. 4334. A bill for the relief of O. T. Travis; to the Committee on Claims.

By Mr. BUCKLER of Minnesota:

H. R. 4335. A bill for the relief of Peter Winter; to the Committee on Military Affairs.

By Mr. BYRON:

H. R. 4336. A bill for the relief of Percy C. Wright; to the Committee on Military Affairs.

By Mr. COLE of Maryland:

H. R. 4337. A bill granting a pension to Beulah Viola Kercher; to the Committee on Pensions.

By Mr. FULMER:

H. R. 4338. A bill granting a pension to Mary E. Sineath; to the Committee on Pensions.

By Mr. GREEN:

H. R. 4339. A bill for the relief of Ira W. Pinholster, Jr.; to the Committee on Claims.

H. R. 4340. A bill for the relief of Ira W. Pinholster, Jr.; to the Committee on the Post Office and Post Roads.

By Mr. HART:

H. R. 4341. A bill for the relief of Patrick Connelly, Inc., a corporation of the State of New Jersey; to the Committee on Claims.

By Mr. LECOMPTE:

H. R. 4342. A bill granting a pension to Margaret E. Duckworth; to the Committee on Invalid Pensions.

By Mr. MARTIN of Iowa:

H. R. 4343. A bill for the relief of Ed Ulch; to the Committee on Claims.

H. R. 4344. A bill for the relief of Leo Umbdenstock; to the Committee on Claims.

H. R. 4345. A bill for the relief of Ben Whittington; to the Committee on Claims.

H. R. 4346. A bill for the relief of Clarence R. Killion; to the Committee on Military Affairs.

By Mr. OLIVER:

H. R. 4347. A bill for the relief of Celia MacDonald; to the Committee on Claims.

By Mr. POWERS:

H. R. 4348. A bill to pay an annuity to George T. Cranmer; to the Committee on the Civil Service.

By Mr. ROBSION of Kentucky:

H. R. 4349. A bill for the relief of the estate of Lewis Marion Garrard Hale; to the Committee on Claims.

By Mr. ROMJUE:

H. R. 4350. A bill granting a pension to Effie T. McElhiney; to the Committee on Invalid Pensions.

By Mr. KEEFE:

H. R. 4351. A bill granting a pension to Anna Hilbert; to the Committee on Pensions.

By Mr. MICHAEL J. KENNEDY:

H. R. 4352. A bill for the relief of Thomas J. Lee; to the Committee on Military Affairs.

By Mr. KRAMER:

H. R. 4353. A bill for the relief of Amelia Eisenstein; to the Committee on Immigration and Naturalization.

H. R. 4354. A bill for the relief of Bessie Singer Weinman; to the Committee on Immigration and Naturalization.

H. R. 4355. A bill for the relief of Thomas William Harry Ball; to the Committee on Military Affairs.

H. R. 4356. A bill for the relief of William Lakeview Hunnewell; to the Committee on Naval Affairs.

H. R. 4357. A bill for the relief of Felix Frank, his wife, Sarah, and children, Jacob and Pauline; to the Committee on Immigration and Naturalization.

H. R. 4358. A bill for the relief of Eugene Gruen and his wife, Kate; to the Committee on Immigration and Naturalization.

By Mr. THILL:

H. R. 4359. A bill for the relief of Bennie Morrison; to the Committee on Indian Affairs.

By Mr. VOORHIS of California:

H. R. 4360. A bill for the relief of Francis L. Gannon; to the Committee on Naval Affairs.

PETITIONS, ETC.

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

1196. By Mr. ANDERSON of California: Resolution adopted by Knights of Columbus, San Mateo Council, No. 1346, San Mateo, Calif., and signed by Francis J. Walsh, grand knight, strongly urging that the Government of the United States adhere strictly to its policy of absolute neutrality with respect to war in Spain and that the embargo upon shipment of munitions to either party in Spanish conflict be maintained; to the Committee on Foreign Affairs.

1197. By Mr. BUCK: Petition of Katheryn M. Warren and 41 other residents of Vallejo, Calif., petitioning the Congress of the United States to help promote general welfare of the people of the United States by securing passage of legislation (H. R. 251 and 924) which will stop, so far as is possible by Federal law, the great advertising campaign for the sale of alcoholic beverages now going on by press and radio; to the Committee on Interstate and Foreign Commerce.

1198. Also, petition of Mrs. A. B. Pendleton and 10 other residents of Sacramento, Calif., petitioning the Congress of the United States to help promote general welfare of the people of the United States by securing passage of legislation (H. R. 251 and 924) which will stop, so far as is possible by Federal law, the great advertising campaign for the sale of alcoholic beverages now going on by press and radio; to the Committee on Interstate and Foreign Commerce.

1199. By Mr. CARTER: Petition of Mrs. John Mackin, of Oakland, Calif., and 94 others, urging a continuance of the present neutrality act; to the Committee on Foreign Affairs.

1200. Also, Assembly Joint Resolution No. 18, of the California Legislature, memorializing the Congress to provide for Kern River flood control; to the Committee on Rivers and Harbors.

1201. Also, Assembly Joint Resolution No. 20 of the California Legislature, relative to Federal aid to State or Territorial veterans' homes; to the Committee on World War Veterans' Legislation.

1202. Also, petition of Gerald Bolger, Catholic priest of Livermore, Calif., and 45 others, urging a continuance of the present neutrality act; to the Committee on Foreign Affairs.

1203. By Mr. CHIPERFIELD: Petition of Townsend Club, No. 1, of Williamsfield, Ill., urging House bill 2 be brought to the floor for consideration; to the Committee on Ways and Means.

1204. Also, resolution of the House of Representatives of the State of Illinois, urging that persons over 65 years of age not be removed from Works Progress Administration rolls until their application for State assistance has been approved; to the Committee on Appropriations.

1205. Also, petition of Townsend Club, No. 1, of East Galesburg, Ill., urging House bill 2 be brought to the floor for consideration; to the Committee on Ways and Means.

1206. By Mr. CRAWFORD: Petition of Leo Fialkowski and certain residents of Lake Odessa, Mich., asking Congress to adhere to Neutrality Acts of August 1935 and May 1937; to the Committee on Foreign Affairs.

1207. Also, petition of John Nemcik and other residents of Bannister, Mich., opposing any move to lift the Spanish embargo; to the Committee on Foreign Affairs.

1208. Also, petition of Ed Wycoff and 20 other residents of Elwell, Mich., urging early enactment of House bill 2; to the Committee on Ways and Means.

1209. By Mr. CURLEY: Resolution of the New York State Waterways Association, opposing legislation intended to place control of the rates of water carriers under the jurisdiction of the same body at present vested with the duty of regulating and fostering the business of their competitors; to the Committee on Interstate and Foreign Commerce.

1210. By Mr. FISH: Petition signed by Mr. Harry Tallmadge, president, Townsend Club No. 1, Rhinecliff, N. Y., and 249 other residents of Dutchess County, N. Y., favoring the passage of House bill 4199; to the Committee on Ways and Means.

1211. Also, petition signed by Harry Montague, secretary, New York State branch, United National Association of Post Office Clerks, and 36 other postal clerks, favoring the passage of House bill 3812; to the Committee on the Post Office and Post Roads.

1212. By Mr. FLAHERTY: Petition of the Dorchester Citizens' Association, of Dorchester, Mass., protesting against all Works Progress Administration projects interfering with private industry; to the Committee on Appropriations.

1213. By Mr. HARTER of New York: Petition of the International Ship Masters' Association of the Great Lakes, Kenmore, N. Y.; to the Committee on Rivers and Harbors.

1214. By Mr. HOUSTON: Resolution adopted by the First Baptist Church of Eldorado, Kans., opposing the inclusion of churches in the scope of the Social Security Act; to the Committee on Ways and Means.

1215. By Mr. LUTHER A. JOHNSON: Resolution passed by the State Senate of Texas, urging that legislation be passed to eliminate the discrimination in freight rates against Texas and the Southwest; to the Committee on Interstate and Foreign Commerce.

1216. Also, petition of W. I. Cunningham and W. H. Houck, of Buffalo; James H. Allen, of Blum; Rev. H. W. Bennett, of Teague; Rev. B. G. Taylor, of Midlothian; and Rev. Chalmers Kilbourne, of Waxahachie, all of the State of Texas, opposing the amending of the Social Security Act so as to include disabled and retired ministers; to the Committee on Ways and Means.

1217. Also, petition of Rev. C. R. Haden, Jr., rector of St. John's Episcopal Church; R. L. Hamilton; W. A. Lang; M. D. Almond, Jr.; H. D. Johnson; E. P. Norwood; E. M. Polk, Jr.; C. B. Bronwon; K. R. Blackwell; and George S. Swan, all of Corsicana, Tex., opposing amendment to the Social Security Act to impose tax on the church with reference to retired ministers, etc.; to the Committee on Ways and Means.

1218. By Mr. MARTIN J. KENNEDY: Resolution of 400 persons, residents of Yorkville, assembled in the Yorkville Casino, New York City, on the 16th of February 1939, requesting that the embargo on democratic Spain be lifted; to the Committee on Foreign Affairs.

1219. Also, resolution adopted at a meeting of the State Council of Parks, of New York, held January 27, 1939, in the office of the State Council of Parks, New York City, opposing any claim of the Government of the United States to the ownership of the lands under tidal waters of the State of New York or any other State; the mere assertion of such claim by the Government of the United States throws a cloud on the title of the State, its municipalities, and its citizens, and by its nature will cause irreparable damage to the States, their municipalities, and their citizens who own and have improved and managed such lands under such tidal waters; also requesting that a copy of this resolution be sent to the Attorney General and to each Senator and Representative of the State of New York in Congress; to the Committee on the Public Lands.

1220. By Mr. KEOGH: Petition of the New York State Waterways Association, concerning House bill 2531; to the Committee on Interstate and Foreign Commerce.

1221. Also, petition of retired American teacher pensioners, Philippines, Owensville, Ind., concerning amending the Philippine Independence Act; to the Committee on Insular Affairs.

1222. Also, petition of the United States Flood Control Federation, of Pittsburgh, Pa., concerning flood control; to the Committee on Flood Control.

1223. By Mr. MARSHALL: Petition of the General Welfare Center, No. 1, Ira Bookwalter, secretary, relative to an immediate public hearing on the General Welfare Act (H. R. 11); urging Members of Congress to carefully study its provisions and enact it into law at the conclusion of such hearings; to the Committee on Ways and Means.

1224. By Mr. MASSINGALE: Petition of certain citizens of Oklahoma to the Congress of the United States, favoring the enactment of the Townsend national recovery plan; to the Committee on Ways and Means.

1225. By Mr. MONKIEWICZ: Petition of 576 members of the Hartford Chapter of the American Society for the Hard of Hearing and others, favoring enactment of House bill 1813, a bill to provide for the education of all types of physically handicapped children, to make an appropriation of money therefor, and to regulate its expenditure; to the Committee on Education.

1226. Also, petition of certain citizens of Manchester, Conn., requesting that the Seventy-sixth Congress enact the improved General Welfare Act (H. R. 11); to the Committee on Ways and Means.

1227. By Mr. MUNDT: Senate Concurrent Resolution No. 3, of the South Dakota State Legislature, introduced by committee on State affairs and passed by the senate (the house of representatives concurring), asking Congress to liberalize and amortize the payments of Federal seed and feed loans; to the Committee on Agriculture.

1228. Also, Senate Concurrent Resolution No. 6, of the South Dakota State Legislature, introduced by Mr. Odell and passed by the senate (the house concurring), memorializing Congress to carefully scrutinize and investigate the qualifications of nominees to be confirmed for judicial positions; to the Committee on the Judiciary.

1229. Also, Senate Concurrent Resolution No. 7, of the South Dakota State Legislature, introduced by Mr. Barrett, and passed by the senate (the house concurring), memorializing Congress to discuss and give full consideration to General Welfare Act, House bill No. 2; to the Committee on Ways and Means.

1230. By Mr. RISK: Memorial of the Board of Aldermen of the City of Newport, R. I., protesting against the removal of the U. S. S. *Constellation* from its present anchorage in the city of Newport, R. I.; to the Committee on Naval Affairs.

1231. By Mr. SABATH: Petition of the Sixty-first General Assembly of the State of Illinois, urging the enactment of remedial legislation to provide that persons of the age of 65 and over be retained in employment under the Works Progress Administration and those persons heretofore removed be returned thereto, until such time as their applications for State assistance be approved; to the Committee on Ways and Means.

1232. By Mr. SANDAGER: Concurrent resolution of the State of Rhode Island, in general assembly, January session 1939, to defeat Senate bill 286 and House bill 2196, which bills seek to place a 3-cent tax per gallon on the sale of fuel oil used for heating and for the generation of power; to the Committee on Ways and Means.

1233. By Mr. SCHAEFER of Illinois: Petition of Local Union No. 471, Alton, Ill., Painters, Decorators, and Paperhangers of America, Albert Lowe, secretary, urging support of amendments to the National Labor Relations Act as pro-

posed by the American Federation of Labor; to the Committee on Labor.

1234. Also, petition of Arthur Barker and others of Burksville, Ill., urging Congress to enact legislation which will assist the Nation's railroads and preserve the employment of thousands of railroad workers; to the Committee on Interstate and Foreign Commerce.

1235. Also, petition of the Illinois State Federation of Labor and the postal employees of the State of Illinois, urging early and favorable action of Congress on House bill 3812, a bill granting postal employees credit for Saturday in annual- and sick-leave law, thereby conforming to the 40-hour workweek or 5-day-week law; to the Committee on the Post Office and Post Roads.

1236. By Mr. VAN ZANDT: Petition of members of Du Bois Pennsylvania Division, No. 1, of the Order of Benefit Association of Railway Employees, approving the program submitted by the joint committee appointed by the President to formulate suitable legislation to right the damage and wrongs of the present railroad policies; to the Committee on Interstate and Foreign Commerce.

1237. By Mr. WHITE of Idaho: Petition of certain citizens of Copeland, Idaho, requesting the lifting of the embargo on arms to Spain and citing the fact that Spain's defeat means a new menace to the democracies of the world and the further argument that there is no embargo against Japan; to the Committee on Foreign Affairs.

1238. The SPEAKER: Petition of Mary E. Logue, of Langhorne, Pa., and others, petitioning consideration of their petition with reference to neutrality; to the Committee on Foreign Affairs.

1239. Also, petition of Stanislaus County Townsend Clubs Advisory Council, Modesto, Calif., petitioning consideration of their resolution with reference to House bill 2 and Senate Resolution 3, known as the General Welfare Act; to the Committee on Ways and Means.

1240. Also, petition of R. E. Asheraft, of Riverbank, Calif.; petitioning consideration of their resolution with reference to the General Welfare Act; to the Committee on Ways and Means.

1241. Also, petition of the Berkeley Young Democratic Club of California, petitioning consideration of their resolution with reference to the creation and naming of the John Muir National Park; to the Committee on the Public Lands.

1242: Also, petition of the city and county of Honolulu, Honolulu, Hawaii, petitioning consideration of their Resolution No. 126 with reference to sugar; to the Committee on Ways and Means.

1243. Also, petition of T. C. Richards, of East Orange, N. J., petitioning consideration of their resolution with reference to national finances; to the Committee on Ways and Means.

SENATE

TUESDAY, FEBRUARY 21, 1939

(Legislative day of Monday, February 20, 1939)

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

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O God, whose spirit searcheth all things, purify the thoughts of our minds and pour into our hearts such love toward Thee that all life shall glow with new purpose and new meaning and, being inwardly and outwardly renewed, we may live to the fullness of our capacity.

If in hours of depression we seem to stand alone and the darkness hems us in, open a window in our souls and fill us with light, that in Thy sunshine's blaze our day may brighter, fairer be. Make us true lovers of our country and help us to become noble and true-hearted citizens, an honor to America, and a spring of hope to our neighbors; that, taught by the discipline of years and the joy of Thy companionship, we may be better fitted to be Thy messengers to a sin-sick world. We ask it for Jesus Christ's sake. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, February 20, 1939, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the bill (S. 1102) to continue the functions of the Reconstruction Finance Corporation, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

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

H. R. 950. An act to exempt all vessels of the United States of less than 200 tons gross registered tonnage from the provisions of the Officers' Competency Certificates Convention, 1936 (being International Labor Conference Treaty, Convention No. 53, adopted by the International Labor Conference at Geneva in 1936);

H. R. 3646. An act to authorize certain officers and employees to administer oaths to expense accounts; and

H. J. Res. 79. Joint resolution authorizing the President to invite the States of the Union and foreign countries to participate in the Oil World Exposition at Houston, Tex., to be held April 24 to 29, 1939, inclusive.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Davis	Johnson, Colo.	Reynolds
Andrews	Donahey	King	Russell
Ashurst	Downey	La Follette	Schwartz
Austin	Ellender	Lee	Sheppard
Bailey	Frazier	Logan	Shipstead
Bankhead	George	Lucas	Smathers
Barbour	Gerry	Lundeen	Stewart
Barkley	Gibson	McKellar	Taft
Bone	Gillette	McNary	Thomas, Okla.
Borah	Glass	Maloney	Thomas, Utah
Bridges	Green	Mead	Tobey
Brown	Guffey	Miller	Townsend
Bulow	Gurney	Minton	Truman
Burke	Harrison	Murray	Tydings
Byrd	Hatch	Neely	Vandenberg
Byrnes	Hayden	Norris	Van Nuys
Capper	Herring	Nye	Wagner
Caraway	Hill	Overton	Walsh
Chavez	Holman	Pepper	Wheeler
Clark, Idaho	Holt	Pittman	White
Connally	Hughes	Radcliffe	Wiley
Danaher	Johnson, Calif.	Reed	

Mr. MINTON. I announce that the Senator from Wyoming [Mr. O'MAHONEY] and the Senator from Washington [Mr. SCHWELLENBACH] are detained from the Senate because of illness.

The Senator from Illinois [Mr. LEWIS] is unavoidably detained.

The Senator from Mississippi [Mr. BILBO], the Senator from Nevada [Mr. MCCARRAN], and the Senator from South Carolina [Mr. SMITH] are detained on important public business.

Mr. WALSH. I announce that my colleague the junior Senator from Massachusetts [Mr. LODGE] is absent because of a death in his family.

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

PRAYERS IN THE SENATE

Mr. NEELY. Mr. President, today the Senate for the first time in its entire existence began with prayer a session that followed the expiration of a recess. Heretofore the Chaplain has officially presented to the Throne of Grace his petition in behalf of the Members of this body and in favor of the country only at the beginning of a session that was held after an adjournment had expired. The Senate has frequently