tals in Minnesota; to the Committee on World War Veterans' Legislation.

9197. Also, petition of American Legion Post, of East Grand Forks, Minn., in favor of furnishing additional beds for Fort Snelling and St. Cloud veterans' hospitals in Minnesota; to the Committee on World War Veterans' Legislation.

9198. Also, petition of Mentor-Erskine (Minn.) Post of the American Legion, favoring prompt and full payment of adjusted-compensation certificates; to the Committee on Ways and Means.

9199. By Mr. SPARKS: Petition of Church of the United Brethren in Christ, of Woodston, Kans., adopted at congregation meeting, for the Federal supervision of motion pictures as provided in the Grant-Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

9200. Also, petition of 17 members of the Woman's Christian Temperance Union of Lincoln, Kans., adopted at the meeting of the Study Club, for the Federal supervision of motion pictures as provided in the Grant-Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

9201. By Mr. SPROUL of Illinois: Petition of 38 residents of Chicago, praying for cash payment of adjusted-compensation certificates; to the Committee on Ways and Means.

9202. By Mr. STRONG of Pennsylvania: Petition of citizens of Clarion County, Pa., in favor of the proposed Sparks-Capper amendment to the Constitution, to exclude unnaturalized aliens from the count of the population of the Nation for apportionment of congressional districts; to the Committee on the Judiciary.

9203. By Mr. SWANSON: Petition of Ella Boyd and 106 others, favoring a constitutional amendment providing that aliens shall not be counted in the apportionment of the membership of the House of Representatives; to the Committee on the Judiciary.

SENATE

MONDAY, FEBRUARY 9, 1931

(Legislative day of Monday, January 26, 1931)

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

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of February 6 and February 7.

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

CALL OF THE ROLL

Mr. FESS. Mr. President, 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:

Ashurst	Fess	La Follette	Shortridge
Barkley	George	McGill	Smith
Bingham	Frazier	McKellar	Smoot
Black	Fletcher	McMaster	Steiwer
Blaine	Gillett	McNary	Stephens
Blease	Glass	Morrison	Swanson
Borah	Glenn	Morrow	Thomas, Idaho
Bratton	Goff	Moses	Thomas, Okla.
Brock	Goldsborough	Norbeck	Townsend
Brookhart	Gould	Norris	Trammell
Broussard	Hale	Nye	Tydings
Bulkley	Harrison	Oddie	Vandenberg
Capper	Hatfield	Partridge	Wagner
Caraway	Hawes	Patterson	Walcott
Carey	Hayden	Phipps	Walsh, Mass.
Connally	Hebert	Pine	Walsh, Mont.
Copeland	Heflin	Pittman	Waterman
Couzens	Howell	Ransdell	Watson
Cutting	Johnson	Reed	Wheeler
Dale	Jones	Robinson, Ark	Williamson
Davis	Kean	Robinson, Ind.	
Deneen	Kendrick	Sheppard	
Dill	King	Shipstead	

Mr. GEORGE. I wish to announce that my colleague the senior Member from Georgia [Mr. HARRIS] is ill and absent from the Senate for that reason. I wish to have this announcement stand for the day.

Mr. TOWNSEND. I desire to announce that my colleague the senior Senator from Delaware [Mr. HASTINGS] is unavoidably detained from the Senate. I ask that this announcement may stand for the day.

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

MESSAGE FROM THE HOUSE

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

S. 4211. An act to amend the act entitled "An act to provide for the elimination of the Michigan Avenue grade crossing in the District of Columbia, and for other purposes," approved March 3, 1927;

S. 4307. An act to authorize the Commissioners of the District of Columbia to compromise and settle a certain suit at law resulting from the forfeiting of the contract of the Commercial Coal Co. with the District of Columbia in 1916; and

S. 4551. An act to amend an act entitled "An act to establish a Code of Law for the District of Columbia," approved March 3, 1901, and the acts amendatory thereof and supplemental thereto.

The message also announced that the House had passed the bill (S. 4022) to regulate the erection, hanging, placing, painting, display, and maintenance of outdoor signs and other forms of exterior advertising within the District of Columbia, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House insisted upon its amendments to the bill (S. 4051) authorizing the Pillager Bands of Chippewa Indians, residing in the State of Minnesota, to submit claims to the Court of Claims, disagreed to by the Senate; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. LEAVITT, Mr. SPROUL of Kansas, and Mr. EVANS of Montana were appointed managers on the part of the House at the conference.

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

H. R. 12169. An act to amend the meaning and intention of an act of Congress entitled "An act to regulate the practice of the healing art to protect the public health of the District of Columbia," approved February 27, 1929;

H. R. 14922. An act to amend the acts approved March 3, 1925, and July 3, 1926, known as the District of Columbia traffic acts, etc.;

H. R. 15496. An act to authorize the Commissioners of the District of Columbia to transfer to the trustees of Howard University title to certain property in the District of Columbia;

H. R. 16479. An act to authorize the widening of Piney Branch Road NW., in the District of Columbia, and for other purposes;

H. R. 16691. An act permitting the laying of a conduit across E and F Streets SW., in the District of Columbia; and

H. J. Res. 404. Joint resolution to change the name of B Street NW., in the District of Columbia.

INTERNATIONAL PARLIAMENTARY CONFERENCE ON COMMERCE

The VICE PRESIDENT laid before the Senate a communication from the Acting Secretary of State, transmitting copy of a letter from the secretary general of the International Parliamentary Conference on Commerce, extending an invitation to the Congress of the United States to be represented at the seventeenth plenary assembly of the organization, which is to take place in the House of Representatives at Prague, beginning on May 26, 1931, and

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requesting an indication of the views of the Senate with regard to the invitation in order that appropriate reply may be made, which, with the accompanying paper, was referred to the Committee on Foreign Relations.

PETITIONS AND MEMORIALS

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

STATE OF NEW YORK,
IN SENATE,
Albany, February 2, 1931.

Concurrent resolution urging the Congress of the United States of America to authorize the United States Shipping Board to sell to the Port of New York Authority the properties in the port of New York district commonly known as the Hoboken Pier properties. (By Mr. Hofstadter)

Whereas shortly after the declaration of war against the Imperial German Government on April 6, 1917, the United States of America seized as enemy owned properties certain docks, piers, warehouses, wharves, and terminal equipment and facilities, located within the port of New York district as defined in the port compact between the States of New York and New Jersey, dated April 30, 1921, and belonging to the North German Lloyd Dock Co. and the Hamburg-American Line Terminal & Navigation Co., and has expropriated title thereto; and

Whereas the said properties have since been operated by various agencies of the United States Government and are now being operated by the United States Shipping Board; and

Whereas by Public Resolution No. 146, Seventy-first Congress, authorizing the United States Shipping Board to sell the said properties to citizens of the United States, the Congress of the United States has adopted a policy that the properties shall no longer be operated by the United States but shall not pass into the control of aliens; and

Whereas since the acquisition of the said properties as aforesaid by the United States of America neither the United States of America nor any agency thereof in charge of the operation of said properties has paid any taxes thereon either to the State of New Jersey or to the city of Hoboken, and the State and city have therefore suffered serious losses in revenues; and

Whereas the Port of New York Authority, a body corporate and politic, created by compact between the States of New York and New Jersey with the consent of Congress, is willing to acquire the said properties for the sum of $4,282,000, and is willing to pay 30 per cent of the said purchase price in cash, and to pay the balance by its bond and mortgage running for a period of 15 years and bearing interest at a rate not lower than the lowest current yield on any interest-bearing obligation of the United States issued subsequent to April 6, 1917 (except Postal Savings bonds and short-term Treasury notes), outstanding at the time the sale is consummated; and

Whereas in the opinion of the Legislature of the State of New York the operation of the said properties by the Port of New York Authority as a marine terminal will be in the best interests of the port of New York district, the people of the State of New York and New Jersey, and the people of the United States of America; and

Whereas by the said port compact the States of New York and New Jersey have agreed to and pledged both each to the other faithful cooperation in the future planning and development of the port of New York, holding in high trust for the benefit of the Nation special blessings and natural advantages thereof, and are in fact cooperating in the development of the port of New York in various ways: Now, therefore, be it

Resolved (if the assembly concur):

1. That the Congress of the United States be, and it hereby is, respectfully urged to adopt a joint resolution and/or enact appropriate legislation at the earliest practicable date authorizing and directing the United States Shipping Board to sell to the Port of New York Authority, in accordance with the foregoing plan, all those certain properties situated in the city of Hoboken, State of New Jersey, commonly known as the Hoboken Pier Properties, consisting of docks, piers, warehouses, wharves, and terminal equipment and facilities, including all leaseholds, easements, rights of way, riparian rights and other rights, estates, and interest therein or appurtenant thereto, which were acquired by the proclamation of the President of the United States under the provisions of an act of Congress entitled "An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes," approved March 28, 1918, and acts amendatory thereof and supplemental thereto.

2. That in addition to the official notification of the passage of this resolution the secretary of state furnish certified copies of this resolution to each of the following officials of the United States: The President, the Vice President, the Secretary of the Senate, the Speaker of the House of Representatives, the two United States Senators from New Jersey, the several Representatives in Congress from this State, the chairman of the United States Shipping Board, the chairman of the Commerce Committee of the United States Senate, and the chairman of the Committee on the Merchant Marine and Fisheries of the House of Representatives.

By order of the senate,

A. MINER WELLMAN, *Clerk.*

In assembly, February 2, 1931, concurred in without amendment.
By order of the assembly,

FRED W. HAMMOND, *Clerk.*

(Indorsed:) Filed February 4, 1931.

EDWARD J. FLYNN,
Secretary of State.

STATE OF NEW YORK,
Department of State, ss:

I have compared the preceding copy of concurrent resolution with the original resolution on file in this office, and do hereby certify that the same is a correct transcript therefrom and of the whole thereof.

Given under my hand and the official seal of the department of State, at the city of Albany, this 4th day of February, 1931.

[SEAL.] GRACE A. REAR,
Deputy Secretary of State.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of Georgia, which was referred to the Committee on Public Lands and Surveys:

A resolution memorializing the Congress of the United States to transfer Blackbeard Island, to be used as a resort

Whereas Blackbeard Island, comprising about 1,600 acres, located in McIntosh County, Ga., was acquired by the United States in 1799 for the purpose of using the timber thereon for building wooden ships; and

Whereas it has not been used by the United States for many years for any practical purpose, and is of no value, good, or service to the United States, or any citizen thereof in its present condition; and

Whereas it has a beach about 7 miles long on the Atlantic Ocean, and the same is capable of being developed into one of the finest summer resorts in the Nation; and

Whereas there will be introduced in the Congress at the next session a bill to authorize the United States to transfer to McIntosh County, Ga., the said island to be used as a summer resort: Therefore be it

Resolved by the House of Representatives of the State of Georgia (the Senate concurring), That the President of the United States and the Congress thereof are respectfully urged to transfer said island.

Resolved, That a copy of this resolution be mailed to the President and Vice President of the United States, the Speaker of the National House of Representatives, the two Senators, and the Members of Congress from Georgia.

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

STATE OF OREGON,
THIRTY-SIXTH LEGISLATIVE ASSEMBLY,
Senate Chamber.

Senate Joint Memorial 5

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

We, your memorialists, the Thirty-sixth Legislative Assembly of the State of Oregon, in regular session assembled, respectfully represent that:

Whereas there is now in the House of Representatives of the United States a bill asking for the immediate payment at the full face value of the so-called adjusted-compensation certificates, heretofore issued to the veterans of the late World War; and

Whereas the economic depression of the Nation is now at a very low ebb; and

Whereas the Government of the United States has paid out many millions of dollars immediately after the late World War for the adjudication of industrial claims; and

Whereas at the present time a great majority of the ex-service men now holding these certificates have found it necessary to borrow from the Government and elsewhere on these certificates to meet the present economic conditions as they now exist; and

Whereas the ex-service men are now and always have been entitled to an adjustment of compensation received by themselves while in service and those not in service; and

Whereas this Government is one of the most generous governments throughout the world in taking care of her dependents and just debts; and

Whereas it would be good governmental policy for the Federal Government at this time to pay the said adjusted-compensation certificates in full and thus help at this time to relieve the economic depression now felt all over this country: Therefore be it

Resolved by the Senate of the State of Oregon (the House of Representatives jointly concurring therein), That we do most earnestly petition and memorialize the Congress of the United States, now in session assembled, to pass the said bill now in Congress for the payment in full of the adjusted-compensation certificates now and at this time in place of waiting until the year

1945, at which time a great majority of the said veterans will be dead and receive no benefits therefrom; be it further

Resolved, That the secretary of state of the State of Oregon be instructed to forward one copy of this memorial to the President of the United States of America, one copy to the President of the United States Senate, one copy to the Speaker of the House of Representatives, and one copy to each member of the delegation in Congress from Oregon, Washington, Idaho, and Montana, and to the president of the senate and speaker of the house of the legislatures now assembled in the States of Washington, Idaho, and Montana.

Adopted by the senate January 29, 1931.

WILLARD L. MARKS,
President of the Senate.

Concurred in by the house January 29, 1931.

F. J. LONERGAN,
Speaker of the House.

(Indorsed:) Senate Joint Memorial No. 5, introduced by Senators Hall, Upton, and Bailey. John P. Hunt, chief clerk.

Filed February 2, 1931.

HAL E. HOSS, *Secretary of State.*

UNITED STATES OF AMERICA,
STATE OF OREGON,
Office of the Secretary of State.

I, Hal E. Hoss, secretary of state of the State of Oregon, and custodian of the seal of said State, do hereby certify:

That I have carefully compared the annexed copy of Senate Joint Memorial No. 5 with the original thereof adopted by the Senate and House of Representatives of the Thirty-sixth Legislative Assembly of the State of Oregon and filed in the office of the secretary of state of the State of Oregon February 2, 1931, and that the same is a full, true, and correct transcript therefrom and of the whole thereof, together with all indorsements thereon.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the State of Oregon. Done at the capitol at Salem, Oreg., this 2d day of February, A. D. 1931.

[SEAL.] HAL E. HOSS,
Secretary of State.

The VICE PRESIDENT also laid before the Senate joint memorials (House Joint Memorials Nos. 1 and 2) of the Legislature of the State of Montana, favoring the passage of legislation for establishing a standard, completely equipped weather station at Missoula, Mont., and also favoring the passage of pending legislation regulating the manufacture and sale of oleomargarine and other butter substitutes, which were referred to the Committee on Agriculture and Forestry. (See joint memorials of the Legislature of Montana printed in full when presented to-day by Mr. WHEELER.)

The VICE PRESIDENT also laid before the Senate a telegram from Floyd W. Lee, president of the New Mexico Wool Growers' Association, embodying a resolution unanimously adopted by that association indorsing the administration of Herbert J. Hagerman as commissioner to the Navajo, Pueblo, and other Indians in New Mexico, and expressing every confidence in his integrity and ability, which was referred to the Committee on Indian Affairs.

He also laid before the Senate resolutions adopted by several thousand ex-service men at a mass meeting sponsored by the Cuyahoga County Council, Veterans of Foreign Wars, at Cleveland, Ohio, favoring the payment at full face value of veterans' adjusted-service certificates, which were referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by the Sixth Women's Patriotic Conference on National Defense, at Washington, D. C., favoring the prompt passage of legislation providing just and necessary compensation for the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service as recommended by the Interdepartmental Pay Board, which were referred to the Committee on Military Affairs.

He also laid before the Senate a resolution unanimously adopted by the Ada (Ohio) Branch of the American Association of University Women, favoring the ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by members of the Mid-Harlem Improvement Association, of New York City, N. Y., protesting against the entry of the United States into the World Court and the League of Nations, which was referred to the Committee on Foreign Relations.

Mr. JONES presented a petition of sundry citizens of Cowlitz County, Wash., praying for the passage of legislation for the prompt payment at face value of veterans' adjusted-service certificates, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Yakima (Wash.) Ministerial Association, favoring the passage of legislation for the Federal supervision of motion-picture films, which was referred to the Committee on Interstate Commerce.

Mr. KEAN presented petitions numerously signed by sundry citizens of the State of New Jersey, praying for the passage of legislation for the exemption of dogs from vivisection in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. FLETCHER presented a letter in the nature of a petition from the executive secretary of the American Civic Association, praying for the passage of the bill (S. 5410) to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes, which was ordered to lie on the table.

Mr. WALCOTT presented petitions of sundry citizens of Willimantic, New Haven, Milldale, Meriden, Danbury, Milford, and East Haven, all in the State of Connecticut, praying for the passage of legislation for the exemption of dogs from vivisection in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented petitions and papers in the nature of petitions from the League of Women Voters of Middletown; the Hillside School, of Norwalk; and of sundry citizens of Middletown, Washington, New Haven, and Norwalk, all in the State of Connecticut, praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by a meeting of Methodist ministers of eastern Connecticut, held at Willimantic, Conn., representing the pastors and people of over 60 churches, favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented the petition of Eddy-Glover Unit, No. 6, American Legion Auxiliary, of New Britain, Conn., favoring amendment of the World War veterans' act, and also the adoption of a reasonable hospital-construction program providing hospitalization for all veterans, which was referred to the Committee on Finance.

He also presented petitions and papers and telegrams in the nature of petitions, from Dilworth Cornell Post, No. 102, the American Legion, of South Manchester; Harry Congdon Post, No. 11, the American Legion, of Bridgeport; Rau-Locke Post, No. 8, the American Legion Auxiliary, of Hartford; Michael J. Comcowich Post, No. 597, Veterans of Foreign Wars, of Ansonia; and Bristol Chapter, No. 5, Disabled American Veterans of the World War, of Bristol, all in the State of Connecticut, praying for the passage of legislation for the immediate payment in cash of adjusted-service certificates of ex-service men, which were referred to the Committee on Finance.

Mr. DILL presented a joint memorial of the Legislature of the State of Washington, favoring the passage of the so-called Glenn-Smith bill, being the bill (S. 4123) to provide for the aiding of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes, which was ordered to lie on the table. (See joint memorial printed in full when laid down by the Vice President on Saturday, February 7, 1931.)

Mr. BRATTON presented the following joint memorial of the Legislature of the State of New Mexico, which was referred to the Committee on Naval Affairs:

TENTH LEGISLATURE,
STATE OF NEW MEXICO.

Senate Joint Memorial 2. (Introduced by Senators Coe and Julien)

A memorial memorializing the Congress of the United States to cause an investigation to be made of the financial condition of certain inmates of the United States merchant marine hospital at Fort Stanton, N. Mex., and to make sufficient appropriation to properly clothe and provide for its inmates

Be it resolved, That the following joint memorial be adopted by the Tenth Legislature of the State of New Mexico:

Your memorialist, the Tenth Legislature of the State of New Mexico, submits for your consideration in behalf of the inmates of the United States merchant marine hospital at Fort Stanton, N. Mex.:

That it has come to the attention of this legislature that in the appropriation for the United States Public Health Service insufficient funds are provided for the proper and sufficient clothing of the inmates of the United States merchant marine hospital at Fort Stanton, and that insufficient or no funds are provided to be furnished to such inmates as are discharged as cured and desire to return to their homes or former vocation; and

Whereas many of such inmates are at this time dependent upon the charity of persons and organizations in no way connected with and not receiving any funds from any bureau, board, or branch of the United States Government for such necessities to their reasonable comfort, as clothing, tobacco, reading matter, and funds for traveling at time of discharge; and

Whereas it is, we believe, the custom and duty of these United States to adequately provide for the comfort and welfare of these unfortunate men in its merchant marine service who by their service in directing its ships to the far corners of the earth suffer the misfortune of contracting illness which necessitates their confinement in this most ably managed institution for treatment and recuperation; and

Whereas we are informed and believe that funds heretofore appropriated are sufficient only to afford the most necessary medical care by a corps of efficient, trained physicians and attendants, but not sufficient to provide those modest comforts so necessary to the welfare and peace of mind of its inmates and those who have sufficiently recovered their health as to be discharged for further service to their country;

Therefore, in view of all these facts, your memorialist most earnestly requests the Congress of the United States to cause an investigation to be made into the conditions at Fort Stanton Marine Hospital and the sufficiency of the appropriation therefor, and that an adequate appropriation be made to furnish to its inmates adequate and appropriate clothing, tobacco, reading matter, and the simple luxuries, and to furnish to those men so fortunate as to be discharged from time to time as cured sufficient funds to cover the cost of their transportation home or to places of vocation: Be it

Resolved, That the chief clerk of the senate of the Tenth Legislature of the State of New Mexico be, and he is hereby, directed to transmit copies of the foregoing memorial to our United States Senators and our Representatives in the House of Representatives of the United States.

Mr. WATERMAN presented the following joint memorial of the Legislature of the State of Colorado, which was referred to the Committee on Public Lands and Surveys:

Senate Joint Memorial 1. (By Senators Headlee, Rumbaugh, Shawcroft, and Pingrey)

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

Your memorialists, the General Assembly of the State of Colorado, respectfully represent to your honorable body, that what is known as the Sand Dunes, located in townships 40 and 41 north, range 12 east, of the New Mexico principal meridian, in the counties of Saguache and Alamosa, in the State of Colorado, constitute an attraction to the people of this State and to the people of the Nation, unsurpassed by any other, and should be set apart, protected, and dedicated as a national monument, park, and playground.

We therefore urge the Congress of the United States of America to take action to set apart and dedicate all of the territory now occupied by the Sand Dunes in the area above described, which now remains unoccupied public domain, as a national park, monument, or playground, in order that this monument of unsurpassed scenic attraction may be preserved for the future enjoyment of the people of this State and the people of the Nation.

A copy of this memorial shall be transmitted to all Colorado Congressmen and Senators.

E. C. JOHNSON,
President of the Senate.

Attested:

D. E. HUNTER,
Speaker of the House of Representatives.

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

Senate Joint Memorial 2. (By Senators Ammons and Quiat)

Whereas the United States Government is obligated to pay in 1945 to the veterans of the late World War as adjusted compensation the sum of approximately $3,400,000,000, and when this money is paid an average of $700 will be distributed among approximately 4,700,000 World War veterans living throughout the United States; and

Whereas many of these men are now in serious financial trouble and in need of the necessities of life, because of lack of employment, and the immediate unlocking and distribution of $3,400,000,000 to so many men over such a wide area will do more than anything else that has yet been suggested to bring about the return of prosperity; and

Whereas there are now pending before the Congress of the United States of America a number of bills to provide for the immediate payment to veterans of their adjusted-compensation certificates instead of postponing such payment until 1945: Now, therefore, be it

Resolved by the Senate of the Twenty-eighth General Assembly of the State of Colorado (the House of Representatives concurring therein), That it ratifies and approves the principle of providing for the immediate payment to veterans of their adjusted-compensation certificates, and that this body, respectively, requests the Congress of these United States to take such action as is or shall be necessary to enact into law a bill embodying a provision for the immediate payment to such World War veterans of their adjusted-compensation certificates; and be it further

Resolved, That the Senators and Representatives of the State of Colorado to the United States Congress be requested to work for the passage of such a measure; and be it further

Resolved, That a copy of this memorial be transmitted to the Senators and Representatives of the State of Colorado to the United States Congress.

EDWIN C. JOHNSON,
President of the Senate.

Attested:

D. E. HUNTER,
Speaker of the House of Representatives.

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

House Joint Memorial 1

A resolution memorializing Congress for the passage of legislation for the establishing of a standard, completely equipped weather station at Missoula, Mont.

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

Whereas weather conditions on the west side of the Continental Divide in Montana and northern Idaho differ greatly from those of the east side; and

Whereas accurate weather predictions would be of great practical value in the following:

1. Operations for control of forest fires.
2. Connection with the safe operation of aerial highways.
3. Horticulture.
4. Agriculture.
5. Stock raising.
6. Shipping.
7. General lumbering operations.
8. The recreational development of that section:

Now, therefore, be it

Resolved by the Legislative Assembly of the State of Montana, That we do hereby petition the Congress of the United States for the passage of the amendment to the pending agricultural appropriations bill establishing a standard, completely equipped weather station at Missoula, Mont.: Be it further

Resolved, That a copy of this memorial be transmitted by the secretary of the State of Montana to both Houses of the National Congress and to the Senators and Representatives in Congress from the State of Montana, with the request that they, and each of them, exert every effort within their power to bring about the enactment of this legislation by the establishment of a weather station at Missoula, Mont.

W. R. FLACHSENHAR,
Speaker of the House.
FRANK A. HAZELBAKER,
President of the Senate.

Approved February 4, 1931.

J. E. ERICKSON, *Governor.*

UNITED STATES OF AMERICA,
State of Montana, ss:

I, W. E. Harmon, secretary of state of the State of Montana, do hereby certify that the foregoing is a true and correct copy of an act entitled "A resolution memorializing Congress for the passage of legislation for the establishing of a standard, completely equipped weather station at Missoula, Mont.," enacted by the twenty-second session of the Legislative Assembly of the State of Montana, and approved by J. E. Erickson, governor of said State, on the 4th day of February, 1931.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 5th day of February, A. D. 1931.

[SEAL.]

W. E. HARMON,
Secretary of State.

House Joint Memorial 2

A resolution memorializing Congress for the passage of pending legislation regulating the manufacture and sale of oleomargarine and other butter substitutes.

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

Whereas the dairy industry of the State of Montana is of great economic importance; and

Whereas, due to the manufacture and sale of oleomargarine and other butter substitutes, the dairymen of Montana are facing a serious loss; and

Whereas the manufacture and sale of oleomargarine and other butter substitutes are causing the price of butterfat to decline to such a low price that the dairy industry of the State of Montana is facing a crisis; and

Whereas the survival of the dairy industry in the State of Montana means much to the future development of this State; and

Whereas there has been introduced in the House of Representatives of the United States of America a bill known as H. R. 15934 of the third session of the Seventy-first Congress, entitled "A bill to amend the act entitled 'An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine,'" approved August 2, 1886, as amended; and

Whereas the passage of said bill or similar legislation is necessary for the preservation of the dairy industry in the State of Montana: Now, therefore, be it

Resolved by the House of Representatives of the State of Montana (the Senate concurring), That we do hereby petition the Congress of the United States of America for the passage of the amendment now pending, regulating the manufacture and sale of oleomargarine; and be it further

Resolved, That a copy of this memorial be transmitted by the secretary of state of the State of Montana to both Houses of the National Congress and to the Senators and Representatives in Congress from the State of Montana, and that they, and each of them, are hereby requested to exert every effort within their power to bring about the enactment of this legislation.

W. R. FLACHSENHAR,
Speaker of the House.
FRANK A. HAZELBAKER,
President of the Senate.

Approved February 4, 1931.

J. E. ERICKSON, *Governor.*

UNITED STATES OF AMERICA,
State of Montana, ss:

I, W. E. Harmon, secretary of state of the State of Montana, do hereby certify that the foregoing is a true and correct copy of an act entitled "A resolution memorializing Congress for the passage of pending legislation regulating the manufacture and sale of oleomargarine and other butter substitutes," enacted by the twenty-second session of the Legislative Assembly of the State of Montana, and approved by J. E. Erickson, governor of said State, on the 4th day of February, 1931.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State. Done at the city of Helena, the capital of said State, this 5th day of February, A. D. 1931.

[SEAL.] W. E. HARMON, *Secretary of State.*

PUBLICATION OF SERVICE MAGAZINES

Mr. REED. Mr. President, I send to the desk a letter from the Quartermaster General regarding the publication of service magazines and the solicitation of advertising, which I ask may be printed in the RECORD and appropriately referred.

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

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL,
Washington, February 7, 1931.

Hon. DAVID A. REED,
United States Senate, Washington, D. C.

MY DEAR SENATOR: My attention has just been called to a letter written to you on January 29 by the Chief of Engineers, in which reference is made to your remarks before the Senate January 27 on the question of service magazines.

While you mentioned the Quartermaster Corps, as well as the Corps of Engineers, I did not interpret your remarks to imply that officers of the Quartermaster Corps were soliciting advertisements from persons who bid on or supply articles for the Army through the Quartermaster Corps; but, in view of the fact that my silence in this matter may create an erroneous impression in your mind, as well as in the minds of others, I am writing this letter to assure you that the conditions as expressed in General Brown's letter to you pertain also to the magazine published by the Quartermaster Association; that is, the Quartermaster Review.

No officer, while serving in the capacity of editor of this magazine, has any connection whatsoever with the letting of any advertisement or contract made by the Quartermaster Corps. I wish to assure you of my agreement with you that, if such were the case, it would be manifestly improper and would not for a moment be countenanced by the undersigned. The soliciting of advertisements is placed in the hands of a regularly established firm, as explained by General Brown.

Sincerely yours,

J. L. DEWITT,
Major General, the Quartermaster General.

EMERGENCY OFFICERS OF THE WORLD WAR

Mr. REED. Mr. President, I send to the desk a letter from the Administrator of Veterans' Affairs regarding the number of emergency officers that we had in the war, the number that have been retired under the emergency officers' retirement act, and the number of physicians in that group. I ask that the letter may be printed in the RECORD and appropriately referred.

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

VETERANS' ADMINISTRATION,
Washington, February 7, 1931.

Hon. DAVID A. REED,
United States Senate, Washington, D. C.

MY DEAR SENATOR REED: In response to your telephonic request the following information relative to emergency officers is submitted.

War Department figures show that approximately 194,000 emergency officers were commissioned during the World War, and of this number approximately 40,740, or 21 per cent, were physicians. Under the provisions of the emergency officers' retirement act 6,751 officers have been retired with pay and 963 without pay, making a total of 7,714 who have benefited by the provisions of this act. Of the total who have been retired with pay, 1,821, or 27 per cent, were credited to the Medical Corps. Records indicate that the pre-war occupation of 1,362 officers, or 20 per cent of the retired-with-pay group, was that of physicians.

Among those officers who have been retired with pay there have been 347 deaths and among those who have been retired without pay there have been 16 deaths.

Very truly yours,

FRANK T. HINES, *Administrator.*

PAYMENT OF ADJUSTED-SERVICE COMPENSATION CERTIFICATES

Mr. BULKLEY. Mr. President, I send to the desk copies of resolutions adopted by the City Councils of Cleveland and Akron, Ohio, with reference to the payment of veterans' adjusted-compensation certificates, which I ask may be referred to the Committee on Finance and printed in the RECORD.

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

File No. 93478. (Mr. Mihelich)

Whereas there is a bill pending in Congress by Congressman PATMAN known as House bill No. 3493, which provides for immediate payment of adjusted compensation to ex-service men; and

Whereas there are a great many of ex-service men who are out of employment and in dire need of funds and to whom such payment will be exceedingly welcome; and

Whereas we believe that a distribution of such large sums of money and placing the same in circulation all over the country will materially hasten the industrial recovery: Be it therefore

Resolved, That this council goes on record as being in favor of said bill, which provides for payment at this time in full of all adjusted compensation, the sum paid to be the full amount set forth on the face of the certificate; be it further

Resolved, That a copy of this resolution be mailed to the Senators SIMEON D. FESS and ROBERT J. BULKLEY and to the Congressmen, CHARLES A. MOONEY, ROBERT CROSSER, and CHESTER C. BOLTON.

Adopted February 2, 1931.

JOHN D. MARSHALL, *President.*
F. W. THOMAS, *Clerk of Council.*

I, Fred W. Thomas, clerk of Council of the City of Cleveland, do hereby certify that the foregoing is a true and correct copy of Resolution File No. 93478, adopted by the Council of the City of Cleveland, February 2, 1931.

Witness by hand and seal at Cleveland, Ohio, this 5th day of February, 1931.

[SEAL.] F. W. THOMAS,
Clerk of Council of the City of Cleveland.

EXECUTIVE DEPARTMENT,
Akron, Ohio, February 6, 1931.

Hon. ROBERT J. BULKLEY,
Senator, Washington, D. C.

MY DEAR SENATOR BULKLEY: I am inclosing herewith a copy of Resolution No. 50, 1931, favoring the Patman bill, which is now being considered in Congress, which provides for the payment in cash of the adjusted-service certificates held by the World War veterans.

This resolution was passed by the Council of the City of Akron on February 3, 1931, and has been approved by me.

Should this bill become a law, it would mean that $178,498,-274.45 will be put into circulation in Ohio and $8,000,000 would be paid to some 16,000 World War veterans in Summit County. About three-fourths of these veterans reside within the city limits of Akron.

It is my belief, Mr. BULKLEY, that the distribution of this money to these veterans at this time will not only serve to compensate them to a great extent for the sacrifices made during the World War, when they were called to arms by our country, but it will create a buying power on the part of these men which will serve to relieve the economic situation with which we are confronted.

I therefore request, Mr. BULKLEY, that when this matter is presented to the United States Senate that you give it your usual careful thought, and I trust you will see your way clear to give it your whole-hearted support.

Again extending my best wishes for your success and my very best personal regards, I am,

Very sincerely yours,

G. LLOYD WEIL,
Mayor-Manager.

Resolution 50, 1931

Whereas there is pending before Congress at this time the question of paying in cash adjusted-service certificates held by World War veterans; and

Whereas our Government has already recognized an obligation to the World War veterans and issued adjusted-service certificates payable in 1945; and

Whereas it appears that there is more than one-third of the total amount of the obligation in the United States Treasury at this time credited to this fund; and

Whereas it is the sense of this council that if this debt were paid off at this time it would do a great deal in the way of alleviating distress due to the industrial depression and pay a debt which has been deferred some years hence: Now, therefore, be it

Resolved, That it is the sense of this council that the adjusted-service certificates held by World War veterans should be paid in cash at their face value at once; and respectfully request our Congressman, FRANCIS SEIBERLING, Senators FESS and BULKLEY to actively promote this adjustment at the earliest possible time.

Passed February 3, 1931.

E. L. MARTING,
President of Council.
J. M. BAUMAN,
Clerk of Council.

Approved February 4, 1931.

G. LLOYD WEIL, *Mayor.*

BIRTH CONTROL

Mr. COPELAND. Mr. President, I have a very earnest letter from the Catholic Women's Club of Rochester, N. Y. They protest against the passage of the Senate bill regarding certain changes in the Penal Code. I ask that the letter be referred to the Committee on the Judiciary and printed in the RECORD.

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

ROCHESTER, N. Y., *February 6, 1931.*

Hon. ROYAL S. COPELAND,
United States Senator,
Senate Office Building, Washington, D. C.

MY DEAR SIR: Representing a body of 2,600 Catholic women of Rochester, organized under the laws of the State of New York, I desire to protest against Senate bill 4582 to amend the tariff act (1930) and Penal Code, the public hearing on which, we understand, is to be held by the subcommittee of the Judiciary Committee of the Senate, composed of Senators GILLETT, BORAH, and BRATTON, on February 19.

As Catholic women we feel that great danger to our country's public health and morals is involved and especially to that of our young people, and that increase in obscenity and pornography will result should the present Federal restriction be removed, to say nothing of the added burden placed upon the authorities of the States, and especially of our own State of New York.

Will you kindly see that this protest is printed in the CONGRESSIONAL RECORD?

Very truly yours,

CATHOLIC WOMEN'S CLUB,
Per ALICE F. KIRK, *President.*

Mr. ROBINSON of Indiana. Mr. President, I have received a letter from Miss Marion McCandless, legislative chairman Indiana Chapter, International Federation of Catholic Alumnæ, protesting against Senate bill 4582.

Miss McCandless in her communication asks that her protest be written into the CONGRESSIONAL RECORD. I therefore ask unanimous consent that the letter in full be incorporated in the RECORD and appropriately referred.

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

HOLY CROSS ALUMNÆ ASSOCIATION
OF ST. MARY'S COLLEGE,
Notre Dame, Ind., February 5, 1931.

Hon. ARTHUR R. ROBINSON,
United States Senate, Washington, D. C.

DEAR SIR: As legislative chairman of the Indiana Chapter of the International Federation of Catholic Alumnæ (an organization representing approximately 90,000 women), and as executive secretary of the Holy Cross Alumnæ Association (an organization of 1,500 women), I am writing you to protest the passage of Senate bill 4582.

I point out some of the evils that would follow the enactment of this bill into a law, as follows:

1. Positive danger to public health and morals.
2. An increase in obscene literature.
3. An increase in the conflict between Federal and State law enforcement.
4. Public approval of practices that contravene not only the natural law but the very law of God Himself.

In the name of my constituents I protest the passage of this bill, and I ask that this protest be written into the CONGRESSIONAL RECORD.

Yours very truly,

MARION MCCANDLESS,
Legislative Chairman Indiana Chapter,
International Federation of Catholic Alumnæ.

THE WORLD COURT

Mr. BROCK. Mr. President, I present a resolution adopted by the Chattanooga Bar Association, which I ask may be printed in the RECORD and referred to the Committee on Foreign Relations.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Be it resolved by the Chattanooga Bar Association, That we go on record as favoring the adherence of the United States to the World Court at the earliest practicable date, and that we urge Senators BROCK and MCKELLAR, and Senator-elect Hull to exert their influence actively in support of the early ratification by the United States of the World Court protocol.

PHIL B. WHITAKER.

The above resolution was unanimously adopted at a meeting of the Chattanooga Bar Association held Friday, January 23, at the Manufacturers' Association Building in the city of Chattanooga, Tenn.

CHAS. S. COFFEY, *President.*
JOHN C. GOINS, *Secretary.*

FEDERAL LAND BANK MORTGAGE FORECLOSURES

Mr. TRAMMELL. Mr. President, I received this morning a letter from Hon. F. P. Cone, of Lake City, Fla., a member of the State senate in my State for several terms, a member of the State Banking Association, an outstanding lawyer, who suggests the necessity for some law that would authorize the suspension of foreclosures of mortgages held by the Federal land bank. It is a splendid letter. I desire permission to have it printed in the RECORD and appropriately referred.

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

LAKE CITY, FLA., *February 6, 1931.*

Senator PARK TRAMMELL,
Senate Office Building, Washington, D. C.

DEAR SENATOR TRAMMELL: I wish you would see if something can not be done with the Federal land bank and keep it from foreclosing mortgages on farmers at this particular time. The matter has gotton where it is absolutely distressing. Some of the farmers have paid as much as 80 per cent of their mortgages and still, because they are behind one payment on account of the present distressing conditions, they are being foreclosed and threatened with foreclosure at this time.

I had one instance the other day where a man had borrowed $2,750 from the Federal Land Bank of Columbia, S. C., and had paid all of this loan except $230, and because he could not pay it at this time they are now threatening to foreclose. It looks like the Government should have some mercy on the farming people of the country, and they should be given an extension, especially where they have paid half of the loan.

Please see if something can not be done on this line; if not, the Government will own all the farms and our agricultural communities will be practically ruined. Anything you can do I know will be appreciated by them.

I write you this because these things come to my attention practically every day.

With personal regards, very truly yours,

F. P. CONE.

CLAIM OF THE CREEK NATION OF INDIANS

Mr. PINE, from the Committee on Indian Affairs, to which was referred the resolution (S. Res. 404) referring to the

Court of Claims the claim of the Creek Nation of Indians for compensation for lands acquired from them by the United States, and for other purposes, reported it without amendment and submitted a report (No. 1527) thereon.

REPORTS OF COMMITTEES

Mr. WALSH of Montana, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 4696) granting to the Butte Anglers' Club, of Butte, Mont., a patent to lot 1, section 5, township 2 south, range 9 west, and a patent to the Northern Pacific Railway Co. of lot 2 in said section 5, reported it with an amendment and submitted a report (No. 1528) thereon.

He also, from the Committee on Irrigation and Reclamation, to which was referred the bill (H. R. 14056) to amend the act approved March 2, 1929, entitled "An act to authorize the disposition of unplatted portions of Government town sites on irrigation projects under the reclamation act of June 17, 1902, and for other purposes," reported it without amendment and submitted a report (No. 1529) thereon.

Mr. DALE, from the Committee on Commerce, to which was referred the bill (S. 5798) to extend the times for commencing and completing the construction of a bridge across the Ohio River at Cairo, Ill., reported it with an amendment and submitted a report (No. 1530) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 5624. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Shawneetown, Gallatin County, Ill., and a point opposite thereto in Union County, Ky. (Rept. No. 1531); and

S. 5952. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River approximately midway between the cities of Owensboro, Ky., and Rockport, Ind. (Rept. No. 1532).

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

S. 5746. An act granting the consent of Congress to the county commissioners of Baltimore County, Md., to construct, maintain, and operate a free highway bridge across Deep Creek at or near Marlyn Avenue, Baltimore County, Md. (Rept. No. 1533);

S. 5768. An act authorizing the cities of Omaha, Nebr., and Council Bluffs, Iowa, and the counties of Douglas, Nebr., and Pottawattamie, Iowa, to construct, maintain, and operate a toll or free bridge across the Missouri River at or near O'Hern Street, South Omaha, Nebr. (Rept. No. 1534);

S. 5843. An act authorizing H. C. Brenner Realty & Finance Corporation, its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near a point between Cherokee and Osage Streets, St. Louis, Mo. (Rept. No. 1535);

S. 5887. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at Mound City, Ill. (Rept. No. 1536);

S. 5921. An act authorizing Dalles City, a municipal corporation, its successors and assigns, to construct, maintain, and operate a bridge across the Columbia River at or near The Dalles, Oreg. (Rept. No. 1547);

H. R. 12966. An act authorizing H. C. Brenner Realty & Finance Corporation, its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near a point between Cherokee and Osage Streets, St. Louis, Mo. (Rept. No. 1537);

H. R. 14452. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River near Alexandria Bay, N. Y. (Rept. No. 1538);

H. R. 14558. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near New Martinsville, W. Va. (Rept. No. 1539);

H. R. 14676. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Arlington, Oreg. (Rept. No. 1540);

H. R. 14689. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at Cairo, Ill. (Rept. No. 1541);

H. R. 15137. An act to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at or near Niles, Trumbull County, Ohio (Rept. No. 1542);

H. R. 15276. An act authorizing the States of Alabama and Mississippi, through their respective highway departments, to construct, maintain, and operate a free highway bridge across the Escatawpa River at or near Wilmer, Ala., and Latonia, Miss., connecting Mobile County, Ala., and George County, Miss. (Rept. No. 1543);

H. R. 15366. An act granting the consent of Congress to the State of Minnesota to construct, maintain, and operate a bridge across the Mississippi River near Bemidji, Minn. (Rept. No. 1544);

H. R. 15433. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across the Little Calumet River on South Halsted Street at One hundred and thirtieth Street, in Cook County, State of Illinois (Rept. No. 1545);

H. R. 15434. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across the Fox River at Algonquin, in McHenry County, State of Illinois (Rept. No. 1546); and

H. R. 15766. An act granting the consent of Congress to the Arkansas State Highway Commission to maintain and operate, as constructed, a free highway bridge across Saline River near Kingsland, Ark., on State Highway No. 3, from Pine Bluff to Fordyce, Ark. (Rept. No. 1549).

Mr. KEAN, from the Committee on the District of Columbia, to which was referred the bill (S. 5629) to provide for the regulation of the business of making loans of $300 or less in the District of Columbia, and for other purposes, reported it with amendments and submitted a report (No. 1548) thereon.

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 6041) to authorize an appropriation of funds in the Treasury to the credit of the District of Columbia for the use of the District of Columbia Commission for the George Washington Bicentennial, reported it with an amendment and submitted a report (No. 1550) thereon.

Mr. ASHURST, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 4837) for the relief of the Copper Ridge Mining Co., reported it without amendment and submitted a report (No. 1551) thereon.

Mr. PITTMAN, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 11968) to reserve for public use scenic rocks, pinnacles, reefs, and small islands along the seacoast of Orange County, Calif., reported it with amendments and submitted a report (No. 1552) thereon.

Mr. NYE, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 116. An act to add certain lands to the Idaho National Forest, Idaho (Rept. No. 1553);

S. 5105. An act for the relief of certain settlers and claimants within the limits of the grant of land to the Atlantic & Pacific Railroad Co. in the State of New Mexico, and for other purposes (Rept. No. 1554);

H. R. 6586. An act providing for the confirmation of the title of certain purchasers from the State of Louisiana of lands formerly included in the Live Oak naval reserve on Navy Commissioners Island, in St. Mary Parish, La., now abandoned (Rept. No. 1555); and

H. R. 9934. An act providing for the sale of timberland in four townships in the State of Minnesota (Rept. No. 1556).

Mr. SMOOT, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 12697) to authorize an exchange of lands between the United States and the State of Utah, reported it without amendment and submitted a report (No. 1557) thereon.

Mr. DENEEN, from the Committee on the Judiciary, to which was referred the bill (S. 541) to limit the time for bringing suit on the bonds of clerks of United States district courts, reported it without amendment and submitted a report (No. 1558) thereon.

Mr. NORBECK, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 6092) to transfer certain forest lands to the State of South Dakota for public-park purposes and creating the Mount Rushmore Reservation, reported it with amendments and submitted a report (No. 1559) thereon.

Mr. COPELAND, from the Committee on the District of Columbia, to which was referred the bill (S. 6023) to exempt from taxation certain property of the National Society United States Daughters of 1812 in the District of Columbia, reported it without amendment and submitted a report (No. 1560) thereon.

Mr. BROOKHART, from the Committee on Claims, to which was referred the joint resolution (H. J. Res. 303) to amend Public Resolution No. 80, Seventieth Congress, second session, relating to payment of certain claims of grain elevators and grain firms, reported it with an amendment and submitted a report (No. 1561) thereon.

REPORTS OF NOMINATIONS

As in executive session,

Mr. PHIPPS, from the Committee on Post Offices and Post Roads, reported favorably sundry post-office nominations, which were placed on the Executive Calendar.

Mr. STEIWER, from the Committee on the Judiciary, reported favorably the following nominations, which were placed on the Executive Calendar:

Walter H. Evans, of Oregon, to be a judge of the United States Customs Court; and

Bernard Anderson, of Minnesota, to be United States marshal, district of Minnesota.

Mr. ROBINSON of Indiana reported favorably the nomination of Alf O. Meloy, of Indiana, to be United States marshal, southern district of Indiana, which was placed on the Executive Calendar.

BILLS INTRODUCED

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

By Mr. JONES:

A bill (S. 6093) for the relief of Vincent Rutherford; to the Committee on Military Affairs.

A bill (S. 6094) giving preference to honorably discharged members of the Philippine Constabulary in making civil appointments; to the Committee on Civil Service.

By Mr. JOHNSON:

A bill (S. 6095) for the relief of Alfred Adams; and

A bill (S. 6096) for the relief of certain blind persons disabled in the military or naval service of the United States; to the Committee on Military Affairs.

By Mr. WHEELER:

A bill (S. 6097) for the construction and equipping of a hospital on Crow Indian Reservation;

A bill (S. 6098) relating to the adoption of minors by the Crow Indians of Montana; and

A bill (S. 6099) authorizing the classification of the Crow Indians of Montana; to the Committee on Indian Affairs.

By Mr. WALSH of Massachusetts:

A bill (S. 6100) for the relief of Edmund L. Moore; to the Committee on Patents.

A bill (S. 6101) authorizing the erection of a memorial to Brig. Gen. Casimir Pulaski at Savannah, Ga.; to the Committee on the Library.

By Mr. DALE:

A bill (S. 6102) granting an increase of pension to Eliza A. Johnson (with accompanying papers); to the Committee on Pensions.

By Mr. FESS:

A bill (S. 6103) to authorize a change in the design of the quarter dollar to commemorate the two hundredth anniversary of the birth of George Washington; to the Committee on the Library.

By Mr. KING:

A bill (S. 6104) relating to withdrawals of public lands in the State of Utah; to the Committee on Public Lands and Surveys.

By Mr. JOHNSON:

A bill (S. 6105) to authorize the construction on Government Island, Alameda, Calif., of buildings required by the Bureau of Public Roads and Forest Service of the Department of Agriculture and the Coast Guard of the Treasury Department; to the Committee on Public Buildings and Grounds.

AMENDMENT TO DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. TYDINGS submitted an amendment intended to be proposed by him to House bill 16738, the District of Columbia appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert "$37,000 for grading and improving the roadway of Rock Creek to the District line."

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred to the Committee on the District of Columbia:

H. R. 12169. An act to amend the meaning and intention of an act of Congress entitled "An act to regulate the practice of the healing art to protect the public health of the District of Columbia," approved February 27, 1929;

H. R. 14922. An act to amend the acts approved March 3, 1925, and July 3, 1926, known as the District of Columbia traffic acts, etc.;

H. R. 15496. An act to authorize the Commissioners of the District of Columbia to transfer to the trustees of Howard University title to certain property in the District of Columbia;

H. R. 16479. An act to authorize the widening of Piney Branch Road NW., in the District of Columbia, and for other purposes;

H. R. 16691. An act permitting the laying of a conduit across E and F Streets SW., in the District of Columbia; and

H. J. Res. 404. Joint resolution to change the name of B Street NW., in the District of Columbia.

INVESTIGATION OF POSTAL AFFAIRS

Mr. McKELLAR submitted the following resolution (S. Res. 436), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Whereas charges have been openly made in the Senate of improper sea mail contracts in Senate Document No. 210, Seventy-first Congress, entitled "The Truth About the Postal Contracts"; and

Whereas a reply has been made by the Shipping Board and still further charges have been made and published in the RECORD; and

Whereas charges have also been made in reference to postal air mail contracts; and

Whereas the use of mail tubes, especially from airports, has been a matter of consideration by the Senate; and

Whereas by action of the Postmaster General the Interstate Commerce Commission has before it a proposal to increase by $7,000,000 the parcel-post rates; and

Whereas under the post-office building program few buildings in the smaller towns are being erected: Now, therefore, be it

Resolved, That the Committee on Post Offices and Post Roads, or any duly elected subcommittee thereof, is hereby authorized to investigate during the present session of Congress or any recess thereof, to hold hearings at such times and places as such committee may deem proper, and investigate fully the questions:

1. Of all air mail contracts.
2. Of all ocean mail contracts.
3. Of the use of mail tubes in cities, including the transmission of mail from airports to post offices.
4. Of the necessity or expediency of increasing rates on parcel post or other kind of mail matter.
5. Also the question of erecting buildings in small towns.

And the said committee will report its findings to the next regular session of Congress.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places, to employ such experts and clerical, stenographic, and other assistants, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures

as it deems advisable. The cost of stenographic services in reporting such hearings shall not exceed 25 cents per hundred words. The expenses of the committee, which shall not exceed $25,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

WOOD ALCOHOL

Mr. BROUSSARD. Mr. President, I send to the desk and ask to have inserted in the RECORD a telegram from Mr. A. M. Lockett, president of the New Orleans Association of Commerce.

I also send to the desk a resolution which I ask to have printed in the RECORD for the information of the Senate and lie on the table. I expect to have a few words to say about it in the near future.

The PRESIDENT pro tempore. Without objection, the telegram will be printed in the RECORD; and the resolution introduced by the Senator will be printed in the RECORD and lie over under the rule.

The telegram is as follows:

NEW ORLEANS, LA., *February 8, 1931.*

Hon. E. S. BROUSSARD,
United States Senate, Washington, D. C.:

Louisiana's great alcohol industry is seriously threatened by synthetic wood alcohol produced from waste gases. Manufacturers of this poison are circulating report that Bureau of Mines has given their product clean bill of health for antifreeze use, and refer specifically to that bureau's Information Circular 6415. Medical societies and other scientific bodies contend that wood alcohol both natural and synthetic is a deadly poison whether swallowed, inhaled, or absorbed. We urge your introducing appropriate Senate resolution which will disclose agreement and correspondence between Bureau of Mines and wood alcohol manufacturer. Reputable health societies and others support our position, as you will see from last paragraph of editorial Official Journal of American Medical Society of January 24, caption "Starting Misleading Methyl Chloride Publicity."

A. M. LOCKETT,
President New Orleans Association of Commerce.

The resolution (S. Res. 437) submitted by Mr. BROUSSARD was ordered to lie over under the rule, as follows:

Whereas on June 20, 1930, an interdepartmental conference was held at the Bureau of Prohibition, Department of the Treasury, for the purpose of ascertaining how public health and life could be better protected from the dangers incidental to the manufacture, distribution, sale, and use of wood alcohol, otherwise known as methanol or methyl alcohol, whether derived from the destructive distillation of wood, synthesis of gases, or other processes; and

Whereas, as a result of such interdepartmental conference, the Surgeon General of the Bureau of the Public Health Service, Department of the Treasury, was requested to make and did undertake a study of the problem in cooperation with other departments of the Government, but has not completed such study; and

Whereas, although the Bureau of Mines, Department of Commerce, was represented at such interdepartmental conference and concurred in the result thereof, it published in December, 1930, Information Circular 6415 pursuant to what is referred to in said publication as a "cooperative agreement" between such Bureau of Mines and certain producers of wood alcohol, otherwise known as methanol or methyl alcohol: Therefore be it

Resolved, That the Secretary of Commerce be directed to forthwith furnish to the Senate of the United States the following:

Copies of all "cooperative" or other agreements and correspondence between the Bureau of Mines, Department of Commerce, and any manufacturer of wood alcohol, otherwise known as methanol or methyl alcohol, together with the names of all officers and agents of the United States concerned with the conception, financing, preparation, publication, and circulation of said Information Circular 6415; the amount of money paid to the Bureau of Mines, Department of Commerce, or any representative thereof, by any manufacturer of wood alcohol, otherwise known as methanol or methyl alcohol; and any and all other information, facts, and figures bearing upon the subject matter.

EXECUTIVE MESSAGES AND APPROVAL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on February 7, 1931, the President approved and signed the act (S. 4665) extending the times for commencing and completing the construction of a bridge across the Ohio River at Sistersville, Tyler County, W. Va.

NATIONAL COUNCIL OF INTELLECTUAL COOPERATION (H. DOC. NO. 746)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the inclosed report from the Secretary of State, to the end that legislation may be enacted authorizing an annual appropriation of $21,000 for the maintenance of headquarters for the National Council of Intellectual Cooperation for the United States.

HERBERT HOOVER.

THE WHITE HOUSE,
Washington, February 9, 1931.

EXECUTIVE MESSAGES REFERRED

Messages from the President of the United States making judicial nominations were referred to the Committee on the Judiciary.

UNEMPLOYMENT AND THE ALIEN

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD an article written by Harold Fields on the subject of Unemployment and the Alien. Mr. Fields is an authority upon that subject.

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

The article is as follows:

[Reprinted from the South Atlantic Quarterly, Vol. XXX, No. 1, January, 1931]

UNEMPLOYMENT AND THE ALIEN

By Harold Fields

A few years ago, while in communication with the president of one of the largest automobile concerns in America, I was astonished to read in one of his replies, the statement that, "although the number we employ runs into thousands, not one of them is an alien."

I pondered over that statement. I wondered whether the circumstance of the absence of even one alien was the result of design or the accident of chance. The condition bothered me and finally I wrote to him, asking him to confirm the one opinion or the other. In reply I received the explanation that it was decidedly the result of design. "We have found," he wrote, "that the alien is a shifting labor entity endowed with less of the qualities of dependability and intelligence than is the native-born or naturalized citizen of the United States."

This seemed a sweeping statement to make and yet it ran suspiciously parallel to the utterances of Government officials who, without specific references, had time after time given voice to the fact that "to-day industry in this country is insisting upon American labor as against alien labor." If such a condition actually existed, it merited investigation, not so much as a basis for criticism as a means of understanding what was actually taking place in the United States. It was evident that such a situation, if true, was a significant factor not only to the alien but, more important than that, to a proper appreciation of the conditions that were responsible, in part, for our unemployment problem.

I felt that such an investigation should study not only the attitude of industry toward the employment of aliens, but also the attitude of labor unions toward the admission of aliens to membership, as well as the limitations of occupations of aliens by State laws. The conclusions of such a survey, as viewed in the plan, would furnish a picture that would definitely show, if it proved discrimination against the alien, that his presence in the United States was a matter of serious concern to our industrial stability and sound prosperity. On the other hand, if the survey proved that these reports were baseless, then obviously whatever relation existed between the alien and unemployment, and its corollaries, the alien in prisons, the alien in almshouses, and the alien in other types of public institutions—was in no way attributable to this extraneous factor.

To what degree employment is determined by citizenship had, up to this time, always been a matter of conjecture and opinion. The questions frequently arose: Is it an easy matter for an alien to get a job in this country? Is it true that industry is demanding citizenship more and more of its employees? Those were the facts that not only aliens, but citizens as well, have wanted to know. To that end, the survey was initiated in order to ascertain the real facts.

One definite way to determine the truth was to consult the very people who decided whether or not aliens could be employed. They would constitute a cross section of our employing population—captains of industry, partners in leading manufactories, owners of small establishments, and labor officials. One had to weigh their replies to a questionnaire or to a personal interview, dealing with a topic concerning aliens, by the probable influences affecting the character of the reply. A question put to the average employer, asking if he objects to aliens, puts him on his guard at once; he wonders if your reasons in approaching him are the honest ones of a student of the question, or if they are prompted by the ulterior mores of a patriotic, 100 per cent American organi-

zation, or are you a red seeking to find more roots for trouble? Often, I suppose, the person replying feels that in order to escape criticism, he is evidencing discretion by putting his most patriotic foot forward—and does so. He is apt, therefore, to exaggerate his interest in the citizenship of his employees, even though he may care very little about it normally. As one observer put it, "(No employer) admits that the greater docility of un-Americanized immigrants and their willingness to accept lower wages plays any part in the choice of employees. But unquestionably, that is the case; and that is also a reason for the antagonistic attitude often displayed by trade-unionists toward unnaturalized foreigners and their unwillingness to help in the Americanization process."

But to consider all the replies as colored or exaggerated would not be entirely fair or sound. For one reason, the replies received from the various strata of industries and from the divergent sections of the country showed altogether too homogeneous an attitude toward the question, to claim prejudice as the major factor. None seemed to fear that the responses were going to be incarnadined. Rather the replies confirmed the general impression that a closer attention was being given to the entire immigration question by industry.

All the responses to the survey pointed to a practice of discrimination in employment in favor of citizens (or holders of declarations of intention) as against aliens. Such a situation actually exists. It was indicated all too clearly that a significant proportion of the unemployed are not at work solely because they are aliens. They are not unemployed because of inability, or because they do not possess sufficient qualifications, or because of the dearth of jobs—but just because of their political status. A general analysis of the situation disclosed the astounding fact that out of 2,000,000 positions over 1,200,000 were closed to aliens, regardless of their qualifications. These closed positions or jobs were not found in one field of activity. They were noted in our transportation industries, in the field of public utilities, in our steel mills, in the automotive plants, and among innumerable other lines of endeavor.

In fact, the general response showed that citizen employees were generally favored because of a greater sense of responsibility and because of a lessened labor turnover. Employers who were approached claimed that citizenship usually carried with it a better education, an increased ability to understand the English language, and a consequent higher type of intelligent laborer; that the basic characteristics of accepted citizenship were of importance in developing managing officials such as foremen, superintendents, and other executives. These claims were substantiated by an analysis made in a Massachusetts factory some time ago, where the turnover of native-born employees was 66.8 per cent; of naturalized foreign-born employees, 82 per cent; and of aliens, 104 per cent. At the same plant, an analysis showed that the cost of training an employee up to the point of efficiency was $163.41 for a native-born employee, $194.17 for one that was naturalized, and $523.36 for the alien.

The claims set forth by those disagreeing with these tenets are that the sole qualification for employment should be fitness, capacity, and the ability to work; that just as the laborer's output bears no relation to his political status, so there should be no question of it in the initial steps of employment. They stress the fact that as a matter of business policy the labor of an efficient alien is naturally preferred to that of an inefficient citizen; furthermore, that a man's political allegiance has no effect on his industrial value. In many cases the claim was made that to admit aliens to this country and then refuse them the right to work was not only unwise but dangerous. And yet, despite these arguments, these opinions are not commonly shared by many of our representative business men.

This fact was corroborated by corporations and firms that employ over 2,000,000 men and women. They represented all classifications, from the lowly, single entrepreneur to the large corporation; they covered four of the leading industries of the country, the automobile trade, the railroads, the public utilities, and the construction enterprises. A fifth group consisted of a host of miscellaneous organizations.

I

The survey was first made among plants engaged directly or indirectly in the manufacture of automobiles, and the replies showed that they unquestionably prefer citizens as employees. This is true not only of the automobile plants themselves but of such associated activities as those engaged in the manufacture of rubber, of parts, and other allied trades. The firms which replied employ a total force of over 375,000 workers. In every case the executives stated that they demand citizenship or the possession of first papers as a prerequisite for employment. In the case of one of the largest tire companies in the United States, for example, 75 per cent of the employees are American born, 9 per cent are naturalized, 10 per cent possess their first papers, and only 6 per cent are aliens. In an important automobile company only 5 persons on the entire force are aliens. In fact, the only need for aliens in this industry seems to be where low manual work must be done. In brief, here at the outset of the survey was a startling fact, namely, that in plants employing more than one-third of a million persons the doors for the employment of aliens are generally shut, since the automotive industry firmly insists that its workers be citizens.

This was substantiated by statements that were offered, some citing their desire to have that kind of worker only that could read directions given and understand the language spoken. Others stressed the need for skilled employees. One attributed the reason to the wish on the part of the automobile concerns to keep abreast of the newer dogma, "America for Americans only." The real reasons probably were a composite of all these. In any event, the relevant fact is there—virtually no aliens seem to be wanted in the automobile field.

Railroads, employing 700,000 men and women, were the next group investigated, and the results showed a comparatively similar condition. A general exclusion of alien labor is confirmed, since 400,000 workers were employed on roads that do require citizenship. Although railroads employing 300,000 persons do not mention this requirement at all, the attitude of this latter group is offset by the fact that six out of seven railroads that do not require citizenship said that they "consider" it in their questionnaires. Naturally such "consideration" permits of interpretations of wide latitude. Furthermore, as will be shown later, the railroad labor unions are equally insistent on "considering" citizenship. This preponderance of "consideration of citizenship" by railroads, as well as the demand for it, leaves us with the feeling that the demand for citizenship is a very strong one in the transportation field and is given an equal value with fitness in many instances.

The conclusion and inference of innumerable statements by railroad officials is clear: Citizenship is required of railroad employees in the main, for, as one executive put it, "Other than laborers, the number of aliens in the service is not large." Incidentally, such foreign labor as is used is, for geographical reasons, local to the borders nearest the road. We find few European laborers engaged in the unskilled work of western roads, although Mexicans are mushrooming northward.

The public utilities of this country offer few opportunities for the alien, for the attitude is similar to that of the railroads, according to the replies of public-service corporations that employ over 460,000 persons. Firms that employ 365,000 demand that their employees be citizens, while slightly less than 100,000 are working for plants that do not require it.

It is self-evident that a great many of the tasks in the public-utilities field require a knowledge of our language in order that the workers be able to read the technical details relevant to specific jobs. For that reason alone, aside from others, there is no room here for the average alien. And yet, in the industry itself, there is a marked difference between the attitude of such groups; for instance, as the telephone and gas companies, the former being much more emphatic in demanding citizenship than the latter. On the whole, it makes little difference whether a firm demands citizenship per se or indulges in statements like, "While citizenship is not a qualification for employment, an effort is made to secure employees of the type that, if not already citizens, will become such"—the intent is the same. They all are evidences that citizenship, directly or indirectly, is demanded as a qualification for employment. As far as the alien is concerned, we must be convinced that far too many positions, for his peace of mind, call for citizenship as a requirement. And yet all the positions so far considered are a part of industries that are public or semi-public in character, and as such sensitive to the attitude of the populace. How large a part this factor plays in demanding citizenship of employees in each of these enterprises must be left to each individual to judge for himself.

It is in the field of construction work that the alien first finds his great opportunity, for not one of the consulted organizations engaged in the making of steel or of pig iron, nor in the erection of buildings or bridges, nor in the digging of subways or tunnels, demands citizenship as a strict requirement for employment. The firms that were questioned employ more than 320,000 persons, and in every case flattered the idea but disavowed the need.

To understand the cause, the statement of an official of probably the largest construction company in the East is most illuminating. He said: "Our employees * * * are more or less 'floating'; that is to say, we hire them for a particular job and let them go as soon as their services are no longer required, our only requirement being that they belong to the union." That tells the whole story. In this industry, where labor is seasonal, and where the bulk of the work done is unskilled and formal, the laborer's brawn and not his brain is the measurement of his hire. In a sense, the very instability of his work militates against his complying with any such requirement as citizenship. The need of going from job to job and from town to town permits of no time for persistent study or application for citizenship. The worker ceases to be an alien only because of necessity or because of the social requirements of a new status that may be his. But the fact remains that the construction field as a whole seems to stress the requirement that employees be citizens to a very limited extent.

To the study of the automotive industry, the railroads, the public utilities, and the construction companies was added a study of a large variety of businesses, which for our purpose can only be grouped under the classification of "miscellaneous." Among these were representative houses engaged in the manufacture of clothing, coal companies, abattoirs, manufacturers of special machinery, and others equally unrelated to one another. The number employed by the companies answering in this group equaled over 100,000. In almost every case they "consider the question of citizenship but do not make it a requirement for employment." In many cases firms admitted being guided by the attitude of the unions organized in their industry, although they themselves seem generally inclined to foster citizenship among their employees. On the other hand, many firms are averse to allowing it to interfere with their selection of labor. In fact, a large slaughtering company in Chicago states it best by saying:

"We disregard the question of citizenship in the selection of employees, but we do make it apparent in many ways that we consider a citizen a more desirable employee than a noncitizen."

A summary, then, of this survey, covering over 2,000,000 employees in five large groups of our national industries, evidences the fact, when subjected to a close analysis of figures, that capital requires its employees to be citizens in 1,200,000 instances and gives aliens consideration only in lowly tasks that do not require skill or intelligence. Aliens to-day are beginning to realize that industry expects its employees to be citizens or prospective citizens, and that it bases its requirement not so much on a plea of patriotism as upon the fact that citizenship and intelligence are concomitants because of the sense of responsibility and education and outlook that are involved in the acquisition of citizenship. But, so far as that same alien is concerned, the effect is to narrow the occupational opportunities for him and to bring Americans face to face with the serious offshoots that such a situation is certain to bring about.

II

Now, if we turn from capital to labor and examine the demand of citizenship as a requirement for membership in the labor unions, we find ourselves faced with equally interesting and unexpected conclusions. It is obvious that certain industries like those, for instance, in the construction and miscellaneous groups already mentioned, may not themselves require citizenship of their employees but that the unions supplying them with labor may insist upon it. It is the combined attitudes of labor and capital that will finally warrant basic, complete conclusions about the discriminations practiced against the alien in industry.

To complement the results already offered by industry and capital, and for the reasons just mentioned, the survey was extended to labor unions and reached a membership of almost 2,000,000. The findings obtained were not so easily classified as were the views of capital, but this they did show: That one-third of the 50 unions questioned did require citizenship and that this one-third had a membership of more than 1,500,000, as compared with 400,000 in the two-thirds that did not require citizenship for members. Not only that, but the findings show that 5 per cent of this latter group insist that their members must possess first papers for naturalization, and fully 50 per cent of this same group urge and help their members to citizenship. In fact, the attitude of the American Federation of Labor that "the labor movement is anxious and desirous that all workers and their wives should * * * be American citizens" is symptomatic of the general spirit, as will be shown.

Membership in the unions serving the railroads varies with regard to aliens. Citizenship as a qualification for membership is not required for railroad telegraphers, for firemen, or enginemen (who must, however, as well as engineers, be "white and able to read and write the English language"), for sleeping-car or railway conductors, for switchmen, nor for members of the Brotherhood of Maintenance of Way Employees. However, with the exception of perhaps the Brotherhood of Maintenance of Way Employees, the educational requirements, or membership qualifications, of all groups are such as almost to bar any but citizens, in practice. All this, of course, bears out the conclusions made about the railroads in the first part of the survey from the standpoint of the executives, and corroborates the conclusions by equally strong evidence.

Unions of manual workers, such as pattern makers, iron, diamond, and steel workers, wood carvers, stonecutters, carpenters, glassworkers, and others dependent upon a combination of skill and manual dexterity, generally emphasize citizenship in their regulations. The proportion of unions in this class that demand citizenship, to the unions that disregard it, is as 3 to 2, while the membership is as 4½ to 1. This would tend to bear out a conclusion hinted at, of the relation between citizenship and skill.

The unions of textile and garment workers show evidence of a greater proportion not demanding citizenship. The garment workers are essentially so fertile a field for foreign workers that it is rather to be expected that while those unions should—and do—encourage citizenship, many of them do not stress it in their regulations. It is to that trade that so many aliens have swarmed upon their arrival. The relatively small size of so many individual establishments and their modest economic conditions affect this factor in the industry particularly. Still, recent developments show an unhesitating trend away from the foreigner in this field who does not affiliate himself with American institutions.

Brotherhoods of drivers, truckmen, and their ilk generally demand citizenship. So, too, do such highly skilled workers as typographers, electricians, and others. The National Organization of Masters, Mates, and Pilots of America has 35,000 members, all of whom are American citizens. With the exception of Equity, those associated with the theater, such as members of the Theatrical Protective Union, the American Federation of Musicians, and others have by-laws demanding that members be American citizens.

Generally, skilled workers who come to our shores will find citizenship required for membership in the labor union they must belong to, or for employment in their particular industry. A perfect instance of that came to my attention about a year ago when a Swedish cabinetmaker was refused a very splendid commission he had been given to execute in one of our mansions because the union objected to his employment. He had done some very fine work in Sweden, having even been employed at the royal palace. He had unusual ability as an artisan. However, he was unable to obtain work here, unable even to accept a proffered job, because he was not a member of the union. Membership in that particular organization was open to citizens only, and at that time he had resided in the United States only three years—two years less than the required time necessary to apply for citizenship.

The attitude of the labor union toward alien employees is significantly parallel to that of capital. The stipulation for citizenship found in the constitution of many labor unions is a direct outgrowth of the realization that a sense of self-respect and stability demands the possession of citizenship.

On the whole, there is very little difference discernible between the attitude of labor and that of capital toward the citizenship of employees. The requirements for membership in 3 out of 4 unions specify it and 3 out of 5 jobs are reserved by capital for citizens or declarants only.

III

However, in addition to labor and capital, we should examine the attitude of the State toward the alien seeking occupation. For the State imposes citizenship as a qualification for many professions, and for innumerable positions. The basic reasoning that has prompted legislators throughout the country to discriminate against aliens in civil service, on works of public character and in the professions is built on the belief that citizens of the State as well as of the country should first be taken care of, and employment given to them. Many States have provisions in their laws that, if not enough laborers can be secured for specified employment from among the citizens of the State, that then—and only then—may aliens legally be employed thereon. Very often, save in the professions, these laws affecting the nonemployment of aliens are disregarded, except in time of depression. Exceptions have occurred as when Governor Roosevelt, of New York, sent a letter to the State commissioner of public works, instructing him to see that contractors carried out that New York State statute which provides that employment shall be given to New York State citizens before any others are allowed to work. And only recently, statements have been made by aliens in New York City to the effect that they have been laid off jobs which they had held as laborers on subways on the ground that they were not citizens of the United States. This action parallels, first, that of Jersey City some two years ago when the dismissal of all alien employees engaged in municipal work was ordered; and, second, that of Detroit about a year ago when it put into execution a similar ordinance, later rescinded.

In different States of the Union an alien can not become a teacher, a lawyer, a doctor, a dentist, an accountant, a peddler, or a druggist; he can not serve in the civil service, nor in the State police, nor in the State militia; he can not be a banker, a pawnbroker, conduct a pool or billiard parlor, nor run a dance hall. In one State he can not own a grocery, a fruit, or a meat store unless he conspicuously posts the fact that he is an alien and states his nationality. He can not own aircraft machines, nor under certain conditions pilot them. In other States he is not permitted to operate a moving-picture machine or a steam boiler; nor can he act as a special peace officer, as an engineer, nurse, surveyor, or auctioneer.

In fact, so important are those restrictions that I have gathered them together from innumerable sources in order to present a complete picture of the situation. Not only were the secretaries of state of each of the 48 States consulted, but communication was had with many legislative reference bureaus, with State secretaries of labor, with attorneys general, as well as with State organizations whose purpose brought them into contact with the foreign born. The legislative reference service of the Library of Congress at Washington, D. C., had compiled quite a mass of material, which was also incorporated in the survey, which, when added to a study of State laws themselves, proved most valuable.

The result was a mass of laws which seem at first sight to be disturbingly complex. However, in order to classify them according to sections, I have grouped the States together and here present some of those laws which react unfavorably on the alien's desire to engage in some stated activity.

Beginning with the New England States we find, as you will note in a moment, that laws and statutes of this type are most where the number of aliens is greatest. Maine gives preference to bidders for public contracts who are citizens, as against aliens, when the estimate is the same. New Hampshire demands that all accountants must be citizens and joins Vermont in requiring citizenship of all pharmacists. Massachusetts has quite a galaxy of laws on this point. In that State no alien may secure a peddler's license, become a pharmacist, an undertaker, be employed by the street railways or on public works, become an accountant, a lawyer, or a doctor, be a member of the State police, of the State militia, or of the civil service, become a hawker or a vendor, or fish for lobsters. Furthermore, as in Maine, citizens are by law given preference in being awarded public contracts. These are by far the most far-reaching set of laws in this section of the United States. Rhode Island refuses licenses to aliens seeking to become operators of motor buses or desiring to register as physicians, pharmacists, or surgeons. So far as I could learn, Connecticut was the only State in this section that had no such laws discriminating between aliens and citizens.

The Middle Atlantic States, by reason of their housing a much larger population of the foreign born, have many more laws covering this point. In the State of New York, aliens are prohibited from becoming physicians, surgeons, architects, real-estate brokers,

motion-picture operators, steam-boiler operators, engineers, masters or pilots of vessels, civil officeholders, teachers, bank directors, surveyors, trustees of foreign insurance companies, pharmacists, State peace officers, policemen, peddlers, or members of the civil service. Only citizens in that State may own billiard or pool rooms, card rooms, or dance halls. Citizens are given preference on all public works. As stated before, these laws in New York are actually being enforced to-day.

New Jersey provides that physicians, surgeons, private bankers, teachers, detectives, engineers, surveyors, and those employed on public works shall be citizens only. The State of Pennsylvania restricts to citizens only the profession of engineering (with certain exceptions), as well as such occupations as mine and assistant mine foremen and fire bosses, employees on public works, hunters, bank directors, peddlers, and sellers of steamship tickets. Delaware does not allow aliens to engage in fishing and Maryland prohibits aliens from becoming accountants.

Along the southern coast of the South Atlantic States the restrictions are decidedly few. Virginia, North Carolina, and South Carolina deny to aliens the right to become engineers or surveyors. Virginia adds to them architects and accountants; North Carolina accountants only; and South Carolina owners of billiard rooms. Georgia refuses the right to aliens to become architects, and Florida specifies chiropodists. Unquestionably, with the change of the South from an agricultural section to an industrial one, laws prohibiting aliens from engaging in stated activities will be added, for that has been the evidence of history under similar circumstances.

Going into the heart of the country we find the attitude of the northeast Central States divided according to the alien population and the intensity of industrial work. West Virginia prohibits aliens from becoming architects, engineers, mine inspectors, or mine foremen. Kentucky, like Connecticut, seemingly has no discriminating laws. Ohio refuses the right to aliens to act as contractors for public works, as insurance agents, as pharmacists or assistant pharmacists, or as lawyers. It adds that no alien in that State may own or conduct a pool room. Aliens in the State of Indiana can not become accountants, professional engineers, or be employed on public works. In Illinois the emphasis is laid on the mining industry by reserving the position of checkweighmen in the coal mines, hoisting engineers, State inspectors of mines, mine managers, and mine examiners to citizens only. In Michigan aliens are debarred from becoming architects, accountants, engineers, surveyors, teachers, promoters of boxing or wrestling contests, employees on public works, or salesmen in businesses having an international character. Wisconsin reserves the profession of pharmacy to citizens only.

Going farther west, and crossing the Mississippi to the northwest Central States, we find that Kansas, like Illinois, stresses the mining industry, for in that State aliens may not become shot firers in mines, shot inspectors, gas men or fire bosses, mine foremen or assistant mine foremen, or hoisting engineers. Minnesota prohibits aliens from becoming engineers, surveyors, operators of steam engines, or members of the civil service. The State of Iowa makes citizenship compulsory for architects and accountants. Missouri joins Kentucky and Connecticut in evidently having no laws against aliens on its statute books. North Dakota demands that accountants and teachers be citizens, while its sister State, South Dakota, adds to the profession of accountancy those of architect, engineer, and surveyor. Nebraska makes citizenship compulsory for all professions.

If we turn back now to the southeastern Central States, we note that very few laws against aliens in industry exist—fewer even than those along the South Atlantic coast. Tennessee, Alabama, and Mississippi prohibit aliens from engaging in the practice of accountancy, while Tennessee and Alabama add the profession of optometry. No alien can teach in Tennessee. And these are the only discriminations. One must conclude that the small percentage of foreign-born residents in these States must account for the paucity of this type of statute.

If we cross the Mississippi River again, we will note that the States of the Southwestern Central region closely resemble those just mentioned. Louisiana discriminates against aliens in accountancy and in employment on public works. In that same State, no alien may become a director or officer of an insurance company. In Arkansas, aliens are prohibited from becoming fire bosses in coal mines. Oklahoma prohibits aliens from becoming real estate brokers or accountants. And in this group, Texas becomes the fourth State in the Union that has evidently placed no laws against aliens in industry on its statute books.

The Plateau States begin again to show an increase in prohibitions. Arizona denies occupation to aliens seeking to become accountants, to be employed on public works, or to engage in fishing. The State of Utah demands citizenship of all accountants, pharmacists, mining bosses, fire bosses, and those engaged in tasks on public works. No alien in Nevada may become an accountant, a teacher, an engineer, or a surveyor. He is not entitled to stake a mining claim and can not be employed on public works. Idaho reserves to citizens only the right to be an architect, an optometrist, a teacher, or to be employed on public works.

The States in the Rocky Mountain region are diversified in the number and in the character of laws bearing on the occupations of aliens. Montana has a formidable list of exclusions to aliens as accountants, optometrists, auctioneers, mine examiners, fire bosses, mine foremen, teachers, State coal-mine inspectors, or employees on public works. The State of Wyoming prohibits aliens from engaging in work as engineers, surveyors, shot firers or shot inspectors on mines, or in public improvements. Colorado reserves its hunting to citizens only. New Mexico emulates Colorado in its bar to aliens desiring to hunt, and adds to that the professions of accountancy and chiropody.

The nearest approach we have to the many laws in the East barring aliens from occupational endeavor is found in the Pacific States. All of them have laws especially applicable to "aliens ineligible to citizenship." On such laws I shall not dwell since they are comparatively local. But in addition to such statutes, California does not permit an alien to engage in fishing, teaching, or pharmacy, or to work on public improvements. The State of Washington refuses the right to aliens to become architects, pharmacists, optometrists, teachers, or fishermen. In both Washington and Oregon only those aliens may work on public improvements who did not claim exemption from military service in 1917. Oregon also bars aliens from becoming architects, appointive officials, teachers, or aviators. No alien in that State may own a pawnbroker's shop, a pool or billiard hall, a card room, a dance hall, or a soft-drink establishment. Aliens are permitted to own a grocery, a meat market, a fruit stand, a hotel, a lodging house, an apartment house, or a rooming house—or to employ aliens thereon—only if the alien status of owner or employee is on display in full view.

And finally to close this list of occupational dams to the aliens, the United States does not permit aliens—with certain exceptions—to own aircraft engaged in interstate traffic nor to pilot such craft.

IV

Finally, one more word about the attitude of Americans toward the employment of aliens. In the early part of this year I wrote to each of the 400 members of President Hoover's economic commission—made up of our foremost business men—asking them their attitude toward the relative worth of aliens versus citizens in business and their observations on the demand set for citizenship as a qualification for employment. Almost 300 replies showed an overwhelming preponderance of opinion favoring citizens as against aliens in industry and a common belief that the demand for citizenship was quite usual.

The sum total of all these surveys is an imposing list of prohibitions, the effect of which in the long run is to give work to citizens only and in the short run to create added difficulties to the alien. Needless to say, such conditions result in citizenship for convenience or under compulsion.

Whether, through this virtual compulsion of citizenship, we as a nation are promulgating a wholesome attitude, is a topic for long discussion. So far as the present actual conditions indicate, the alien is faced in this country to-day with the very obvious circumstance that the doors to unskilled labor are those that are widest open for him. That means hard work, comparatively low wages, and relatively harsh conditions of labor. If he wants to improve himself, if he wants to partake of our higher standard of wages, of the improved conditions of labor, and of a better type of work, he must perforce become naturalized.

It might be asked here, Why do these people remain aliens? Aside from the question, Is citizenship sought for such an aim desirable, the further question arises, Why do not the 7,000,000 aliens still in this country proceed forthwith to establish American citizenship and in that way remove the obstacle that deters them from working? Such a question would be a fair one, but the answer would lead us far astray.

Briefly, however, four facts must be borne in mind before criticizing the alien for not becoming naturalized. One is that money is scarce and the naturalization process entails a cost varying from $20 to $75. A second is a corollary to the first, namely, that people unemployed because they are aliens can not earn money sufficient to finance their own citizenship. The third fact is that the time element for citizenship—a minimum residence in this country of five years—restrains all those who came here since the latter part of 1925 from becoming citizens. And the final fact is that there are thousands upon thousands of aliens in the United States who would gladly proceed with their citizenship, but who can not do so because they can not prove legal arrival in this country, or who having come here illegally between 1921 and 1924 are undeportable, but are not permitted to drop their alien status.

One conclusion is obvious. Labor is daily becoming more American, and with it the lives, the views, and the spirit of these workers more Americanized. But where such Americanization is enforced its benefit to us is a matter for further study.

May I venture this one observation born of long contact with the subject: That the Americanization of the alien, regardless of its means or its purpose, is of distinct benefit in the long run to the United States. This does not mean countenancing the practice in evidence which has been developed in this paper. Many faults result, such as unemployment, poverty, despair, crime, and an increase in public dependents, but there are compensations. Which is the greater is for each of us to decide.

EFFECTS OF PROHIBITION ON ECONOMIC STRUCTURE

Mr. SHEPPARD. Mr. President, I would like to secure permission to have published in the RECORD an article appearing in the New York Times of Sunday, February 1, written by Thomas Nixon Carver, professor of political economy, Harvard University, entitled "The Effects of Prohibition on Our Economic Structure."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, February 1, 1931]

THE EFFECTS OF PROHIBITION ON OUR ECONOMIC STRUCTURE—PROFESSOR CARVER BELIEVES THAT BOTH ON THE BUSINESS AND SOCIAL SIDE THE ARGUMENTS ARE ALL WITH THE DRY ADVOCATES

(What are the economic effects of prohibition? The following article undertakes to answer the question as it relates specifically to industrial and social conditions in the United States. The writer is professor of political economy at Harvard and the author of many books on economic and sociological topics.)

By Thomas Nixon Carver

In order to discuss so large a subject as "the economic effects of prohibition," it is necessary to divide it according to some logical scheme. The following outline presents such a scheme and will be followed in this discussion:

How does prohibition affect our economic life?

I. On the business side:

A. How does it affect other businesses which have to compete with the liquor business for the consumer's dollar?

B. How does it affect industrial efficiency?

C. How does it affect the demand for labor?

D. How does it affect occupational congestion and the supply of the lower grades of labor?

II. On the social side:

A. How does it affect family welfare?

B. How does it affect safety?

EFFECT ON OTHER TRADES

I. A. As to the first question, namely, how prohibition affects other industries, the following considerations are suggested:

Prohibition is accused of having thrown a great many people out of work and of having caused unemployment. Sometimes this accusation is made by the same person who asserts that more liquor is made and consumed than in the days of the saloon. We need not consider such inconsistencies here.

More frequently the accusation is made on the naïve assumption that if money is not spent on liquor it will not be spent at all. If it is spent for other things it will expand other industries and give more employment in them. In general, this expansion should employ in these other industries the men who are thrown out of employment in the liquor business. There are reasons for believing that it will more than make up the difference. Whether it will or not, there is no doubt that it would be a benefit to other industries if the money formerly spent on drink could be spent for their products.

That there is a strong competition among different industries for the consumer's dollar there can be no doubt. This form of competition has become almost as fierce as that between rival establishments in the same industry.

"When tempted to eat a sweet, reach for a cigarette." This paraphrases an advertisement which recently ran in many of our magazines. It brought vividly before the popular mind the genuineness of this competition for the consumer's dollar between unlike industries. The confectionery industry was compelled to defend itself against this form of attack.

COMPETING INDUSTRIES

The liquor business has always been a fierce competitor for the consumer's dollar. No liquor man was ever brutal enough to advertise "When tempted to buy shoes for your children, buy liquor instead." Whether he was or not, one of the effects of high-pressure selling of liquor was to divert spending money into the liquor business which would otherwise have gone to other industries, the shoe industry included. When the workingman had to run the gantlet of a dozen saloons on his way home from work he did not take all his money home to his family.

If or in so far as prohibition has lowered that stream of consumer's dollars which formerly went to the liquor business, it has been a positive benefit to every other industry which was not, in some way, connected with liquor. This the liquor interests do not deny; they could not do so if they wanted to. Their claim is that prohibition has not reduced the amount spent on liquor.

The final question, however, is not what has been accomplished to date; but what can we reasonably hope to accomplish in the way of reducing the amount of money spent on drink? If there is reasonable ground for believing that, under improved methods of enforcement, and with improved personnel, that amount can be considerably reduced, other industries will gain. Those who are interested in these other industries, whether as employees or employers, will promote their own interests by refusing to vote the liquor business back into its old position as an efficient competitor for the consumer's dollar.

THE NATION'S LIQUOR BILL

There are reasons for believing that some headway has already been made in reducing the stream of consumer's dollars going to the liquor business. The Association Against the Prohibition Amendment, a propagandist organization, estimates that the present drink bill is about $2,848,000,000. It also succeeds in reducing the net drink bill for 1913 to $1,817,000,000. The reader may judge for himself as to whether this organization is likely to err on the dry side or on the wet side. Taking its own figures, however, we should make certain allowances for the increase of population and the general increase in the price here since 1913.

Our population has increased approximately 25 per cent in these 17 years. Assuming the same per capita consumption as in 1913, we should add 25 per cent to the drink bill, making it $2,771,250,000. Feldman, quoting from the Statistical Abstract for 1922, finds that, up to 1914, the annual per capita expenditure on drink had been increasing. It was higher in 1917 than in 1913 or 1914. Besides the increase in population, there has been a general rise in the price level since 1913 of approximately 50 per cent. Assuming that the price of liquor would have kept pace with the general price level, this would have made our present drink bill $3,406,875,000. Therefore, even taking the figures of that wet association as a basis, we find that the present drink bill is almost a third less than it would have been except for prohibition.

SPEAK-EASIES AND SALOONS

Other students of the problem, including Colonel Woodcock, give a much lower estimate of the present liquor bill than that given by those interested in the reinstatement of the liquor business. As to the relative credibility of these estimates there is this to be said: The liquor business has been driven under cover. It no longer occupies the best corners and the most public locations. When some retailer, or some line of chain stores, will abandon the busy streets, convenient corners, and public location and seek back alleys and barred doors as a means of increasing its sales, we may believe that bootleggers and speak-easies can sell more liquor than the open saloons.

Moreover, if the liquor business is ever reinstated, will it stay where it is, in back alleys and behind barred doors, or will it again seek the busiest corners and the best business locations as it used to do? If it seeks the best business locations, what will be its purpose, to enable it to take in less money or to take in more money?

Whatever the present situation may be, the question for men engaged in other industries is: Shall we loosen up our control of the liquor evil or shall we tighten up? If we loosen up, other industries will be subjected to a more severe competition for the consumer's dollar. If we tighten up and enforce the prohibitory laws more and more, other industries will be relieved of one troublesome competitor.

PROHIBITION AND EFFICIENCY

I. B. We now come to the second question; namely, How does prohibition affect industrial efficiency? The economic case against liquor becomes even stronger when we consider that the consumer who spends his dollars for liquor will, on the average, have fewer dollars to spend. Every scientific test that has been made shows that alcohol is a narcotic, and not a stimulant; that it slows down physical and mental activities and reduces the efficiency with which men work. Seventy-five per cent of the industrial leaders who have given results of their observations state that drinking reduces the efficiency of men in industry and makes them less dependable.

In highly responsible positions, such as running trains, men are forbidden to drink. Not many employers prefer drinking to non-drinking employees. The conclusion is that drinking reduces the earning power of the consumer who drinks and that he therefore has fewer dollars to spend.

To encourage the return of the saloon or even to loosen up in our efforts to control the drink trade will therefore injure every legitimate industry in two ways. First, the average worker will have fewer dollars to spend for the products of industry. Second, the liquor trade will get more of these dollars which ought to go to useful industries.

LIQUOR AND WORLD LEADERSHIP

If America goes dry and stays dry, other countries will fall hopelessly behind unless they also reduce the evil of drink. All the leading countries are taking steps in this general direction. They realize the hopelessness of trying to compete with this country in any other way.

Surveys conducted by Professors Feldman and Fisher, Samuel Crowther, jr., J. C. Penney, and others show that some at least of these advantages of a dry country have actually been secured. But the real question is not so much what has been secured as what we may reasonably hope to secure by better enforcement. If the country can be convinced that these desirable economic results may be secured by better enforcement, it will then have a motive for better enforcement. The question becomes, therefore, Shall we surrender the advantages already gained and go back to the old conditions or shall we hold the advantages already gained and try to gain still more?

To find what men really think as to the effects of alcohol on efficiency we only need to see what they do when they are forced to think clearly. The experience of the World War forced us to think clearly. Not this country alone but Canada, Great Britain, Germany, and Austria all adopted severe measures to reduce the evils of drink. When Lloyd George was made minister of munitions and found to what extent drinking was slowing down the production of munitions, he was moved to say, "England is facing three enemies—Germany, Austria, and drink—and, so far as I am able to see, the worst of these deadly foes is drink."

In time of war there is no time to listen to subtleties, sophistries, and fake statistics. Everyone knows perfectly well that drink reduces efficiency. Very soon after our entry upon the war, liquor was prohibited to soldiers and sailors. "Why not to officers and civilians, too?" was a natural question. The only possible answer was war-time prohibition. If liquor is such a waster of man power in war time, why is it not also a waster of man power in peace time? The only logical answer was peace-time prohibition. Having taken the first step—that of prohibiting liquor to soldiers and sailors in the interest of efficiency—there was no logical stopping place until it had been applied to everybody.

LIQUOR AND LABOR DEMAND

I. C. The next question, "How does liquor affect the demand for labor?" has already been answered. The money spent on liquor may employ labor in the liquor business; but if it were not spent on liquor it would be spent on something else, and would employ labor in other industries.

GLUT OF UNSKILLED WORKERS

I. D. Does the general consumption of liquor relieve the oversupply of labor in the lower grades, or does it increase that oversupply?

One of the great and permanent causes of poverty the world over is the congestion of the market for the lower grades of labor. A period of depression may temporarily affect all grades of labor alike, but in most countries there is a chronic oversupply of labor in the lower grades. In same countries they relieve themselves of this oversupply by sending it abroad. We have not that opportunity because there is no country to which our surplus laborers can go to better their conditions. Our only remedy for occupational congestion is to move laborers upward from the more crowded to the less crowded occupations.

Anything which facilitates that movement upward relieves occupational congestion, raises wages, reduces unemployment, and relieves poverty.

The question is, therefore, does drink facilitate promotion from lower to higher occupations, or does it retard promotion and cause demotion? Count the cases in your own experience where a man has been promoted because he drank, and compare the number with those who have been demoted or failed of promotion because they drank!

EFFECT ON CITY POOR

II. A. When you can get such social workers as Jane Addams to say that prohibition has not improved conditions among the poor of our great cities you may begin to doubt that it has. Honest wets, like President Lowell, of Harvard, will agree with him when he says, "Prohibition has no doubt done good. It has closed the saloon, reduced absences from factories through drink, the waste of their wages on liquor, and the consequent suffering of their families."

DRINK AND RECKLESSNESS

II. B. When you want men to be reckless, to throw caution to the winds, it is sometimes necessary to drug them with alcohol. Soldiers about to engage in a desperate charge are sometimes thus drugged. Recklessness is the last thing we want in peace time in this machine age. If we knew of some drug that would make men more cautious there would be something to be said for it. Alcohol is not that kind of a drug.

POSTAL CONTRACTS

Mr. McKELLAR. Mr. President, some time ago there was a controversy in reference to the truth about the postal contracts. I have in my hand a reply to the criticism of this report, which was printed as a Senate document, made by Mr. John Nicolson. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

(S. Doc. No. 210)

REPLY TO CRITICISMS OF "THE TRUTH ABOUT THE POSTAL CONTRACTS"

This reply is to a communication published in the CONGRESSIONAL RECORD of January 23, 1931, from E. C. Plummer, Esq., vice chairman of the United States Shipping Board, attacking the accuracy and integrity of Senate Document No. 210 (71st Cong.) entitled "The Truth About the Postal Contracts."

I. AS TO ACCURACY OF DATA

The Senate document necessarily contains many items of figures, yet the only specific items in this mass of data whose accuracy is challenged are two facts which were mentioned only incidentally. One of these relates to the speed of the steamship *Mauretania*, an item too unimportant to justify discussion. The other relates to the amount of mail carried by the Export Steamship Co. on a stated number of voyages; and as we can accept the "corrected" figures without impairing the purpose for which the information was introduced, we do so without further discussion. We then have the substantive fact that the Export Steamship Co., for the 66 voyages to which the data relates, carried United States mail the transportation value of which, at the rate of the International Postal Union, was only $17,630 (his figures), whereas the amount in fact paid it by the Government was $820,000 for the same 66 voyages. And if we compare this actual payment with the transportation value at the subsidizing poundage rate paid by the United States to American vessels which have no "postal contract," we have $40,299 (his figures) in contrast with the $820,000 in fact paid. As a matter of fact, to the extent the $40,299 exceeds the $17,630, it is a subsidy. The International Union rate is the proper test for transportation value, hence it was and is the correct basis of comparison to reveal the total amount of the subsidy paid.

II. AS TO INTEGRITY OF ITS STATEMENTS

The attack on the Senate document having signally failed in revealing errors of fact, the vice chairman then enters another field and attempts to destroy faith in the document by alleging inconsistency, etc., in its author; for instance: After imputing to the author knowledge "that in making these mail contracts there was no intention of having the amount of mail pay governed in any way by the amount of mail carried," he then adds: "In that section of the annual report of the United States Shipping Board for 1926, page 6, dealing with traffic, which section of the report Mr. Nicolson wrote, he used this language:

"'* * * The policy is clearly outlined that the compensation is not to be measured exclusively by the transportation value of the service rendered, but by a broader test, including other factors and including the amount of compensation necessary to maintain the route as a service desired in aid of the development of a merchant marine adequate to provide for the maintenance and expansion of the foreign and coastwise trade of the United States and a satisfactory postal service in connection therewith.'"

This particular quotation, from the 1926 report, presents correctly the author's views based on the law as it then stood, in 1926. The vice chairman knows that the subquotation above (beginning "in aid of the development of a merchant marine," etc.) was a quotation from the law itself and that it was the vital factor of that law (sec. 24 merchant marine act, 1920); it clearly supported the statement made. He knows also that this provision of law was expressly repealed in 1928 and that the present postal contracts law (Title IV of the merchant marine act, 1928) contains nothing even resembling it, either in language or purpose. He knows that this omission of this language from the 1928 act is the subject of adverse comment in the Senate document (p. 1), in part as follows:

"Not a sentence of the text (Title IV, merchant marine act, 1928) reveals any intent to authorize ship subsidies. This fact is in marked contrast with the text of section 24 of the merchant marine act, 1920, which * * * expressly provided that such compensation should be an amount having in view '* * * the development of a merchant marine adequate to provide for the maintenance and expansion of the foreign and coastwise trade of the United States.'"

And yet the communication presents as "inconsistent" views of the author given, respectively, under these widely different provisions of law.

III. "SOLELY AS SUBSIDIES"

The vice chairman criticizes the Senate document for stating, concerning certain contracts: "It is obvious they were awarded 'solely' as subsidies"; and he says: "If that mistatement was not intended to mislead, why was it made?"

The statement in the Senate document was made solely to reveal the truth, viz, that a law (Title IV, merchant marine act, 1928) whose every sentence was purposely pared of any suggestion that it was going to be applied by the Postmaster General as a ship subsidy had resulted in this group of amazing contracts. Why this protest? If contracts which give "compensation" twenty or more times the normal value of the transportation are not subsidies, what are they? Most officials would resent an imputation that they had been awarded other than as "subsidies" and would emphasize that they would not have been awarded except as a subsidy. But why these trifling distinctions in phrases, when so much is involved in the main question?

Mail transported a consideration: The vice chairman cites in justification of the contract to the Dollar's for the Admiral Line an amount, he states, was received by the line when still owned by the Government during 1924—four years before the contract. We decline to deal with this ancient and irrelevant fact.

If the relation between the services rendered and the compensation paid is the quest, would it not have been more to the point had he stated the amount of mails the vessels have carried since the postal contracts were awarded? The Senate document gives such information for a limited period for one of the lines criticized; it is: For 15 voyages the value of the transportation at normal postal union rates was about $13,500; and the "compensation," in fact, paid was $728,000; or, if we use the poundage rate paid American vessels, the value of the transportation was less than $40,000. So we still have an interesting contrast between, say, $40,000 earned and $728,000 paid! Always remembering also that the contract under which this huge compensation is paid—compensation exceeding in the aggregate $14,700,000—does not require the building of even one new vessel. And yet the vice chairman arraigns the author for having referred to it as a subsidy contract; and, casually, as "solely" a subsidy contract—as if it made any difference to the main question involved.

The imputation that the Senate document withheld any important, relevant fact is untrue; it expressly mentions that mail was carried in return for the subsidy and (p. 36) having given, for a limited time, both the transportation value and the amount, in fact, paid, adds:

"The difference is the extent the contract compensation exceeds the commercial value of the service as a mere item of transportation"; i. e., the difference is the subsidy.

IV. ATTITUDE OF SENATORS FRYE AND HALE

The vice chairman mentions the honored name of Senator Frye, of Maine, and his relation to the ocean mail act, 1891. The present law is framed largely upon the 1891 act, and the debates on that bill are peppered by references to it, even by its friends, as a "subsidy." Senator Frye himself referred to it as "the ship subsidy bill." Title IV of the 1928 act has the general framework of the 1891 act, and the attitude of Senator Frye to the earlier act is therefore of great value even now; this is what he said about the 1891 act when it came on for passage:

"Senator FRYE. * * * If you do pass a postal subsidy bill, you can not help your merchant marine * * * you fail in your other proposition utterly and entirely to do anything for anybody except the few lines that get from the Postmaster General contracts to carry the United States mails."

So deep was Senator Frye's conviction that that law would prove abortive—as it did—he voted against its enactment; not because of the difference between $6 per mile or $4 per mile for 20-knot ships; nor can we find any reference in the debates to the reductions of the rate. He voted against it because he believed it to be wrong in principle as the basic aid for our merchant marine.

In this attitude he was supported by Senator Hale, of Maine, another stalwart friend of the merchant marine, who said, in voting against the measure:

"Senator HALE. A long contest has been made and faithfully made to build up the American merchant marine generally, not to confine the benefits of any measure to a few large vessels or to a few large concerns that own large ships."

He favored broader legislation and a conference, "in the hope that out of a conference * * * something may be done for the benefit of the great commercial marine of the United States, unconfined to a few ships or to a few large concerns."

V. SALES PRICES AS SUBSIDIES

The vice chairman comments at length on the ship-sales policy of the board and the price concessions reported in the Senate document (p. 15). He describes the price concessions as "subsidies," thus concurring at least in the title of Chapter V of the Senate document (p. 11): "Vessels Subsidized Twice." It is not our purpose to deal with these except as they have immediate bearing on the postal contracts. The sales policy of the board is not covered by the Senate document. The reference to it was only incidental to point out that there had been an earlier subsidy—a fact now conceded. It is obvious that as the maximum rates in the postal law related to normal costs and even to normal cost of new construction in American shipyards, then vessels which had been purchased for nominal prices obviously should not receive the maximum rates named in the law. This proposition seems at least logical. Indeed, it seems axiomatic, but it was ignored in many cases; for example, the Export Steamship Co.

Vessels sold inferior to competing vessels: In these comments on ship sales, the vice chairman says:

"It was known, of course, that our freighters * * * could not long compete with those new foreign ships which immediately after the close of the World War foreign nations began to build * * * but it was hoped to continue these American services, so essential to the development and production of American commerce, until Congress did give the necessary aid."

Well, in 1928 "Congress did give the necessary aid." The fleet of the Export Steamship Co. was made up entirely of vessels sold it by the board, vessels which "it was known * * * could not long compete with those new foreign ships which immediately after the close of the World War foreign nations began to build." And yet the vice chairman recommended and urged the postal contract to these old vessels, without any requirement whatever for their replacement with new tonnage capable of meeting the new competition. And he recommended the maximum rate, notwithstanding they had been purchased far below their market value, as mentioned above.

Whether Government aid needed: The vice chairman also makes the following comment:

"Stating that these lines had been purchased without mail pay and thus implying that therefore they needed no mail contracts to make possible their continued operation, ignores the fact, well known to Mr. Nicolson, that the aid coming from reduced sales prices was expected to be entirely consumed in five years—the period of guarantee operation. Therefore that statement could have no other effect than to mislead those who were necessarily unfamiliar with all the many details of these problems."

"That statement." What statement? The vice chairman creates the statement by alleging the Senate document contains something which implies that because a line has been sold with a large price concession, therefore Government aid to assure permanent operation is unnecessary. The Senate document contains no statement justifying such an implication; on the contrary, the Senate document, page 2, says:

"If the policy of subsidizing our merchant marine in foreign trade is to be given permanent effect (and we think it should) then it should be done on a clearly defined plan * * * of direct financial aid by the Government, clearly phrased to that end, on a basis making its benefits equally available to all citizens meeting its requirements. There should be no favoritism whatever."

These are the general principles which characterized the bill Senators Frye and Hale wanted enacted into law in 1891, and for which they refused to accept the postal subsidy bill as a substitute!

VI. MODERN VESSELS IN COMPETITION

The vice chairman dwells on the progress in type, etc., of foreign-trade shipping, and says:

"Mr. Nicolson ought to have known, and if he did not, he never should have attempted to comment on these mail contracts, that the advent of the Diesel engine has caused such a development in the efficiency of steam propulsion that the machinery of any steamer built 10 or more years ago is to-day obsolete."

As written records exist to eliminate possible misunderstanding, the way is clear to say that the vice chairman, as commissioner in charge of such matters, ignored, over the writer's protest, these very facts in many contracts he recommended. The greatest concession obtained in this field by the writer was in the first certification made under the new act, and that concession was one of mere phraseology rather than one of substance.

The vice chairman, however, knew from the Senate document itself what the author's attitude was on this point. That document says (p. 12), with immediate reference to vessels of the Munson Line, but of general application:

"Provision of course should have been made for their replacement. * * * Not only will the net loss (to our merchant marine) result from the age of the vessels, even if current repairs are faithfully made, but long before then they will probably have become obsolete for competition in foreign trade, so rapid has been the movement in recent years for new types of vessels, both in speed, capacity, and general efficiency, especially in the development of Diesel engines."

In the light of the fact thus emphasized and therefore conceded by the vice chairman, how can such contracts as those with the Munson Line and the Export Steamship Co. be justified? In trying to justify the Munson contract the vice chairman says:

"The steam plant on any vessel built recently has an efficiency twice as great as the steam plant" in the Munson vessels.

Why then was not the Munson Line, in return for the $13,000,000 to be paid it in subsidies, required to build proper new vessels?

VII. A QUESTION OF RESPONSIBILITY

Another form of imputation having in view weakening faith in the Senate document is the vice chairman's attempt to transfer to the author responsibility for an alleged "recommendation" concerning the Munson Line and appearing in the 1925 annual report of the board, which he quotes. Responsibility for it is denied by the author.

The right to suggest to the board proposed rates of compensation was one the vice chairman, as the commissioner in charge of that bureau, naturally reserved to himself and insistently applied. The extract quoted in fact contains no recommendation; it is a mere preliminary statement. No recommendation was made until February, 1926, nearly eight months after the date of the annual report.

As illustrating his insistence on himself naming proposed rates of compensation we cite a case of an actual recommendation; one in which there is a written record of the preliminary facts. We refer to the contract granted the Grace Line in 1926. The author, then director of the bureau, informed the commissioner that the company's own statements revealed they were earning dividends. He nevertheless directed $3 per mile as the rate to be recommended, the maximum of any rate ever granted under section 24 of the merchant marine act. The director protested the amount was excessive, but his attitude remained unchanged until some time later, when he put it at $2.25, an amount which was also excessive, in the light of the fact that the company was earning dividends without any subsidizing contract.

The eleventh annual report of the board mentions this contract having been made and the rate. It, of course, does not mention this preliminary episode. On the theory of the vice chairman, however, because the director prepared the text of the report or of a final communication, he is responsible for the things reported, even though done under instruction and under protest. The proposition is, of course, without merit. Neverthless the vice chairman writes:

"In that section which Mr. Nicolson prepared for the Annual Report of the Shipping Board in 1925 (p. 24), he says (then follows the extract about the Munson Line, and the vice chairman continues): 'It will be noted that here Mr. Nicolson makes no reference whatever to the amount of mail carried * * *.'"

Of course not. It was in 1925, and under the law (sec. 24) which authorized contracts "in aid of the development of a merchant marine * * *," etc. (already herein quoted). He then comments further:

"* * * Nor does he mention the fact that this million-dollar compensation recommended was based on the prosperous conditions of 1925. * * * If this thesis (meaning the Senate document) was designed to be informative, why were not some of these most important facts mentioned? * * * Yet, ignoring * * * what he wrote in 1925 Mr. Nicolson now says that increasing the mail pay of this line $200,000 over the figure he had named makes reference to it as amazing * * *, etc."

The statement that Mr. Nicolson recommended a million-dollar rate in the Munson case is untrue.

The fact is the amount recommended, even by the board, instead of being $1,000,000 per annum, was $3 per mile or, as stated in the Senate document (p. 33), $490,000 annually; whereas the amount payable under the 1928 contract is $1,300,000 per annum. The present annual payments thus exceed the "amount recommended" under the old law not by a mere $200,000 but by $810,000 annually. That line's total "compensation" under the contract will exceed $13,000,000, and it can not be required to build a single new vessel, not even in replacement of present vessels.

VIII. THE NUMBER OF NEW VESSELS

Concerning the number of new vessels built or building under these contracts, the vice chairman says:

"* * * The records show that, instead of only 12 new vessels, which appeared to be all Mr. Nicolson could discover as the result of those 'amazing subsidies' granted, American steamship companies now receiving mail pay already have built or now are building in American shipyards 39 vessels * * *."

In other words, the reader is intended to believe that the Senate document should have said 39 instead of 12, and the alleged discrepancy is cited to break down faith in the Senate document.

The statement that 39 vessels have been built or now are building as the result of the contracts criticized is very gravely inaccurate; such is not the case. The statement in the Senate document is correct. The inaccuracy of the vice chairman's statement will be demonstrated should the matter be examined into by a committee; very little progress can be made through mere ex parte statements, without evidence, or without opportunity to examine and explain evidence.

The vice chairman will doubtless claim his figures (39 vessels) speak as of the date of his communication—January, 1931. Even on this basis the denial above still stands. The Senate document, however, not only in fact speaks as of March, 1930, but prominent on its cover the reader is cautioned: "The data herein contained is of date March, 1930."

So the vice chairman would "prove" the independability of data based on facts as they existed March, 1930, by its conflict with statements he makes, based on alleged facts as they existed in January, 1931—10 months later—and then comments that the 12 mentioned in the Senate document "appeared to be all Mr. Nicolson could discover"; with the implication that he should have discovered a lot more. Such criticisms are unjust. The statement in the Senate document is correct.

IX. THE OCEANIC & ORIENTAL NAVIGATION CO.

A more palpably unfair criticism is the vice chairman's challenge of the Senate document in its references to the postal contract given the Oceanic & Oriental Navigation Co. He quotes the comment made in Senate document (p. 18) that the board recommended a subsidy of $2.50 per mile (the maximum rate for the steamers involved) whereas the report of its own experts showed that for a 3-year period the line could be operated at a profit, even though it had no subsidy. The Senate document refers specifically to the expert's report.

In an attempt to impair faith in the Senate document, the vice chairman says, of its author:

"Now, why does he rip these figures from their explanatory context and * * * omit those conclusions revealed by that same board of experts found on the same page with his (the author's) extracted 'profit' figures, viz, * * * 'It would appear under any circumstances that the surplus shown on the attached statement would be insufficient for replacements of any kind * * *.'"

There is no conflict between this statement of the experts and the statement attributed to them in the Senate document. Let us see who has done the ripping: "The surplus shown on the attached statement," is a definite sum of money, revealed in the Senate document (p. 18) to be $230,000. Of course, $230,000 as an abstract, isolated sum of money, "would be insufficient for replacements of any kind." The significance of that surplus was not its amount ($230,000), but the fact that it would remain, after paying all expenses and after deducting not only "annual depreciation" but also interest on dividend. That amount would be the product of three years' operation, and three years only. Does the vice chairman claim the surplus from three years' operations should be sufficient to amortize the investment or to build new vessels in replacement? The shipping world deems a line "prosperous" if, in addition to paying all expenses, including insurance and a fair interest or dividend on the investment, there still remains enough from earnings through 20 years' operations to amortize the original investment; or, if he desires to continue, to invest it in a new vessel.

The vice chairman knows that in vessel accounting this amortizing fund is created by an annual deduction named "depreciation" (usually 5 per cent), and this deduction represents "replacement." The 5 per cent applied for 20 years, produces, of course, 100 per cent of the original investment.

The vice chairman is experienced in merchant-shipping matters; he knows these underlying facts. He also knows that the report of the experts shows not only that they deducted this "depreciation" item in their computation, but they were generous to the operating account and deducted 10 per cent instead of the customary 5 per cent!

Should subsidy yield larger vessels? But, regardless of the experts' report, it is a fact that the attitude of the vice chairman has been, demonstrable from the contracts themselves, not only that the subsidy should assure a surplus equal to the investment in the subsidized vessels at the time the subsidy commences but a far greater amount, namely, enough to replace the original fleet with larger and faster vessels, ignoring entirely that, to the extent such new vessels exceeded the value of the original vessels, they should represent new capital investment; the making of the additional investment of private capital being encouraged by an entirely new subsidy to and commensurate with the larger and finer vessels.

The attitude of the vice chairman apparently is in principle that a subsidy to a 10,000-ton, 10-knot vessel for 10 years may be made large enough to assure a surplus equal to the cost of a 20,000-ton, 20-knot vessel, and need not be limited to assuring the return of the investment in the smaller vessel. This proposition can not be sustained; it is dealt with in the Senate document (p. 20); yet it is on this basis the recommendation for the Oceanic & Oriental Navigation Co. contract is "justified."

The new vessels not definitely required to be built: We have said "equal the cost of," just above, advisedly, for the proposition is not that the subsidee should be required to apply the gold thus given him to that use; not at all! Let it be given to him anyhow, so that if he happens to feel like building such a vessel he will have some surplus cash with which to do it—received from the Treasury of the United States. But if he does not want to build the new vessel, why, let him keep the money anyhow! It is on this basis, apparently, the recommendation for the Munson Line contract is "justified"!

X. NEW VESSELS VOLUNTARILY BUILT

The vice chairman states concerning new vessels built voluntarily, though not required to be built by the contract:

"While emphasizing the fact that the recipient of the mail bounty (he refers to the Oceanic & Oriental Navigation Co.) were not bound to build any new ships under their contract, he (the author) knew that the owners of these lines * * * (were actually building) * * * three magnificent ships. * * * Why does he leave the impression that no such facts exist?"

One reason is that "no such facts" in fact exist. Another reason is that if they did exist they would be wholly irrelevant.

As to the first reason: The vice chairman properly uses the words "these lines," for while there is but one company (the Oceanic & Oriental Navigation Co.) there are two lines, and two contracts (S. Doc., p. 17). The vice chairman's phraseology gives the reader but one impression, viz, that whereas the Senate document (p. 18) reveals that the Oceanic & Oriental Navigation Co. will receive $3,800,000 under these two contracts, and that not one new vessel is required to be built by either of them, that the author nevertheless "knew" that company was in fact building three "magnificent ships"; and then asks: "Why does he leave the impression that no such facts exist?" If he does not refer to the Oceanic & Oriental Navigation Co., whom does he reveal to the reader in building the vessels mentioned; no other person or company appears in the offing of his comment, to whom the comment could refer. It is sufficient to repeat that he is mistaken. He evidently had this company confused with some other company and some other mail contract.

Now, as to the second reason: Had it been true this contractor was in fact building such vessels, while the author might have mentioned it, incidently, as he did in the case of the Export Steamship Co. (p. 26), nevertheless it is irrelevant, and he could very properly have ignored the fact. It would have been irrelevant because the purpose of the Senate document is to demonstrate that administrative agents charged with the protection of the Government's interests had made certain contracts, certainly unjustified by the facts, and possibly unjustified by law.

What a contractor may do voluntarily, after receiving the award, has no bearing on the question whether the contract had been properly made. Benefits which the Government should receive in return for vase payments promised should not be dependent on the pleasure or even the patriotism of the contractor; it is the duty of the Government's representatives to see that such benefits may be demanded, as of right. It would have seemed this is axiomatic, had not the distinguished vice chairman indicated that it is an unjustified criticism of the contract—if the citizen happens to voluntarily pay the benefits anyhow. And the vice chairman champions such contracts even when the contractor is not voluntarily paying the benefits anyhow—as with the Munson Line!

New construction by another line: The argument of the vice chairman that voluntary compliance justifies the contract, though compliance by the contractor could not be demanded, is extended by him one step farther. It is a fact that the Robert Dollar group are building two vessels—two fine, large vessels. He mentions this fact as in justification of those two contracts awarded the Dollars, which are the subject of the Senate document's criticism (p. 29). As a matter of fact, the building of neither of these two vessels has anything to do with either of the contracts criticized. They are being built under and for the route covered by a third and entirely different contract, and that contract requires their construction.

The Senate document (p. 29) points out that the two contracts it criticizes provide for payments aggregating $27,000,000, and yet neither of them provides for the building of a single new vessel. Then the vice chairman says: "But they are building two vessels anyhow," and thus tries to bring them within his doctrine of voluntary compliance. He does not mention the fact of the third contract, and that the building of them is pursuant to its requirements, nor does he mention that this third contract provides for the payment of many, many more millions in subsidies in addition to and apart from the $27,000,000 payable under the two contracts criticized. It is in partial return for the additional $14,000,000 or more they will receive under this third contract that the two new vessels are building.

The failure of the vice chairman to note this distinction is the more surprising because he knows that the loan agreement under which the Dollars are borrowing three-quarters of the cost of these vessels from the Government expressly provides they shall be operated in the round-the-world service, the route to which this third contract relates.

He places at $9,000,000 the construction handicap these vessels will have to bear in foreign trade. This, of course, is an incident of the third contract and of the $14,000,000 payable under it. Remaining silent as to the $14,000,000 subsidy, he charges this $9,000,000 against the $27,000,000, hoping thereby to reduce the enormity presented by the two contracts criticized in the Senate document. Should a consolidated statement be made for the burdens of the lines, under all three contracts, it is obvious the comparison of these burdens should be with the subsidies receivable under all three contracts, and the $9,000,000 would then be

contrasted with $41,000,000 receivable. It is a conservative prophecy that if these contracts remain in force for the 10-year period they will receive from the Government subsidies aggregating nearly $50,000,000.

XI. IN CONCLUSION

Although this reply is but a fraction only in length of the vice chairman's communication, it is our purpose, in justice to those whom we hope will read it, to bring it to a close. Many points will therefore be left unanswered, except as the spirit and method of the whole communication has been revealed in this reply. The comments made on the author's connection with the postal contract awarded the line from Savannah (the South Atlantic Steamship Co.) will be answered in a separate document.

We wish, however, to supplement our reply above (Caption VII) to the vice chairman's attempt to impute to the author responsibility for the $1,000,000 being mentioned in the 1926 annual report for the proposed contract to the Munson Line under the 1920 act. The author's denial of responsibility for that amount could not be more definite than already made. He would be reluctant to simply reply and say that it was the vice chairman himself who named that amount, if documentary evidence was not available in the files of the Shipping Board to prove it; and it is known to the author that the vice chairman urged General Lord to recommend a postal-contract appropriation, mentioning this $1,000,000 item in that connection, and now seeks to fasten it on the author. As stated, documentary proof over the vice chairman's signature is in existence on this point.

As the last several paragraphs of the vice chairman's communication are in humorous vein, they will require no answer, except to remind the reader that his quotation from Lincoln is paralleled by another comment of that great man concerning the ultimate capacity of the people to protect themselves, a fact which, in part, prompted the statement in the Senate Document No. 210 (p. 5) that the criticisms it makes are—

"* * * Constructive criticisms, prompted by the belief that unless the present law is radically changed it will be repealed under circumstances which will make revival of Government aid to merchant shipping very difficult for many years to come."

JOHN NICOLSON.

WASHINGTON, D. C., *February 6, 1931.*

REPORT OF THE DISTRICT OF COLUMBIA COMMITTEE

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (H. R. 16479) to authorize the widening of Piney Branch Road NW., in the District of Columbia, and for other purposes, reported it without amendment.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 16415) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1932, and for other purposes.

Mr. JONES. Mr. President, I am not going to discuss the amendment of the Senator from Alabama [Mr. BLACK] which has been pretty well discussed already. It is simply an amendment which proposes to put a limitation upon the appropriation of $100,000,000 for the Federal Farm Board during the next fiscal year. I myself think it should be done by legislation, but if the Senator thinks it should be done on the pending bill, of course, it rests with the Senate. I think it is a mistake to do it in this way.

Mr. BLACK. Mr. President, this is simply an amendment to provide with reference to this appropriation that the money shall not be used for the purpose of dealing in futures or indulging in marginal transactions. I ask for the yeas and nays upon my amendment.

PAYMENT OF VETERANS' ADJUSTED-COMPENSATION CERTIFICATES

Mr. CARAWAY. Mr. President, before we proceed further with the unfinished business I ask for the attention of the senior Senator from Utah [Mr. SMOOT], if I may have it.

Some 10 days ago a motion was made to discharge the Committee on Finance from the further consideration of a measure which I introduced relating to veterans' adjusted-compensation certificates. The Senator from Utah assured me that there would be some kind of action if the motion went over, and within a few days. It has now been some two weeks since that happened. What progress is being made?

Mr. SMOOT. Mr. President, the Finance Committee met and took up the question to which the Senator refers, and no definite action was taken. I think the sentiment expressed by members of the committee from both sides of the Chamber was that since the House is going to act upon the measure, perhaps it would be better that the committee should not take action until the House has acted.

Mr. CARAWAY. The Senator will recall that he assured me that if the committee did not take action, he would have no objection to the adoption of my motion. As the Senator knows——

Mr. SMOOT. As I had not concluded all that I wanted to say, let me say further to the Senator that the Senate Finance Committee will meet next Thursday morning at 10 o'clock for the purpose of taking up the question for action. I do not know what the committee will decide, but that is to be taken up Thursday, that alone and nothing else. It will then be considered by the committee.

Mr. CARAWAY. Then the Senator assures me that Thursday of this week action will be had on it?

Mr. SMOOT. I think it will.

Mr. CARAWAY. If it is not had then, the Senator will interpose no objection to the discharge of the committee?

Mr. SMOOT. Of course, if it should take another day or if we should meet another day——

Mr. CARAWAY. I can not hear the Senator.

The VICE PRESIDENT (rapping for order). The Senate will be in order.

Mr. CARAWAY. Mr. President, I do not understand the Senator's statement. Let me appeal to Members of the Senate. The rights of 4,000,000 men are involved in this matter. I hope Senators will be in order so that I may hear what it is the Senator from Utah is saying.

Mr. SMOOT. I say to the Senator now that of course I can not say that during the morning hour on Thursday final action will be taken, but there will be action taken by the committee. I will assure the Senator of that.

Mr. CARAWAY. If there shall be no action taken, then the Senator will interpose no objection to discharging the committee under the notice I have given?

Mr. SMOOT. I will make no further statement; the Senate may take any position it wants to take.

Mr. CARAWAY. Wait a moment. The Senator from Utah assured me if I would let it go over, and then the Senate committee should not act, he would have no objection and would interpose no objection to the committee being discharged.

Mr. SMOOT. I think the Finance Committee is going to act one way or the other.

Mr. CARAWAY. I am trying to get this assurance now from the chairman of the committee that if the committee shall not take action one way or the other—he can not foretell what the committee will do, but he can say that there will be some action—the Senator, then, from Utah, the chairman of this committee, will interpose no objection to a motion to discharge the committee and to bringing the matter on the floor of the Senate.

Mr. SMOOT. If the Senate committee shall act on the matter by saying that it is not going to do anything with it, I will have no objection, then, to the Senator making his motion.

Mr. CARAWAY. Oh, no; I do not want it put in that way. Now, let us have this matter distinctly understood. The Senator will not object to a motion to discharge the committee if the Senate Committee on Finance fails to act on the measure this week?

Mr. WATSON. O Mr. President——

Mr. CARAWAY. The Senator from Utah can speak for himself, and the Senator from Indiana can speak for himself.

Mr. SMOOT. The Senator does not want to say to the Finance Committee that it shall report out the measure on a certain day.

Mr. CARAWAY. They may refuse to report it.

Mr. SMOOT. If they refuse to report it——

Mr. CARAWAY. But the Senator assured me—and I want again to come back to the point; he has had a lot to attend to and may have forgotten it—the Senator assured me that if the committee did not act and act promptly he would have no objection to its being discharged.

Mr. SMOOT. If the committee shall not take any action for or against the measure, then I will have no objection.

Mr. CARAWAY. On next Thursday?

Mr. SMOOT. I will not say Thursday.

Mr. CARAWAY. What day will the Senator say?

Mr. SMOOT. I will say the Finance Committee is going to meet right along until some action shall have been taken.

Mr. CARAWAY. It could meet right along until final adjournment without taking action.

Mr. SMOOT. There is no intention of doing that.

Mr. CARAWAY. Will the Senator say that unless the committee shall act this week he will have no objection to its being discharged from the further consideration of the measure?

Mr. SMOOT. I think the committee can get through this week one way or the other.

Mr. CARAWAY. Will the Senator say if the committee shall not act this week he will have no objection to its being discharged from further consideration of the measure?

Mr. SMOOT. I will have no objection to the Senator making a motion to discharge the committee.

Mr. CARAWAY. Of course, that is not what the Senator previously said.

Mr. SMOOT. That is what I said.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Kentucky?

Mr. CARAWAY. I yield.

Mr. BARKLEY. The Senator, I suppose, knows that on last Saturday the Committee on Finance voted to take no action whatever on the bonus measure until the House shall have acted. So what good is any assurance from any individual Senator that the Finance Committee will act on it at any time?

Mr. CARAWAY. As chairman of the committee the Senator from Utah assured me that unless the committee acted he would have no objection to its being discharged, and now I want to have him say again that if the committee shall not act this week he will interpose no objection to the discharge of the committee, so that this measure may come on the floor of the Senate by next Monday.

Mr. SMOOT. The Senator must have misunderstood me. I said——

Mr. CARAWAY. I will go back and read it.

Mr. SMOOT. I said that if the committee should not act; but the committee is going to act one way or the other.

Mr. CARAWAY. This week?

Mr. SMOOT. However, it might at a meeting say that it is opposed to reporting the bill out.

Mr. CARAWAY. Then the Senator will not be to blame.

Mr. SMOOT. I know, but I did not say that I would then support——

Mr. CARAWAY. Oh, the Senator most emphatically assured me unless his committee took some action——

Mr. SMOOT. The action taken may be adverse to the bill.

Mr. CARAWAY. If it is, of course, it will be action.

Mr. SMOOT. That is the action which I had in mind. They will either report it favorably or they will vote against reporting it at all, and that is the action——

Mr. CARAWAY. Then, I think we have a distinct understanding that action is to be had this week or else the Senator will interpose no objection to discharging the committee.

Mr. COUZENS and Mr. BORAH addressed the Chair.

The VICE PRESIDENT. The Senator from Arkansas has the floor. To whom does he yield?

Mr. CARAWAY. I yield first to the Senator from Michigan, and then I will yield to the Senator from Idaho.

Mr. COUZENS. The committee had a meeting on Saturday, and I being one of the most ardent proponents of the World War veterans' legislation, favoring the passage of some sort of bill, the best we can get for the veterans, insisted, so far as I could, that the committee take action and report out a bill, regardless of what the House did; but I was overridden by the committee on the promise that the House Ways and Means Committee had stated to our leader, the Senator from Indiana [Mr. WATSON], if I remember correctly, that they were going to take action on Tuesday or Wednesday of this week.

Mr. CARAWAY. This week or next week?

Mr. COUZENS. The coming week.

Mr. CARAWAY. This week?

Mr. COUZENS. It was on last Saturday we had the meeting, and it is my intention, so far as I am able, to insist upon the committee taking action if the Ways and Means Committee of the House does not take some action this week; but I believe the Senator from Arkansas is perhaps a little rigid in trying to set an exact date. I think there is a preponderance of opinion on the part of the Senate Finance Committee in favor of reporting out some legislation for the Senate to consider; but we would like to have the House bill to act on if we can.

Mr. CARAWAY. The Senator is fully conscious of the fact that this is the 9th day of February; a third of the month has gone; and if we are going to get any action we must get it quickly. If they delay action in the House and the Finance Committee should delay action until the House shall have acted, then it simply means the abandonment of the measure.

I want to ask the Senator this question: If the committee does not act before the last of this week, will he join with those of us who believe there ought to be some action in insisting that the committee report; and, if it does not report, that it be discharged, so that we can get the measure on the floor of the Senate?

Mr. COUZENS. I should say that, so far as I am concerned, if the committee has not acted by a week from tomorrow, at least, that I would aid the Senator in having the committee discharged, but I think we ought to have a week to consider the matter.

Mr. CARAWAY. There is a week between now and Saturday.

Mr. COUZENS. No; because we will have a night session to-morrow and the House will have a night session for the calendar on Wednesday, and it is rather difficult to know whether the House will act during the remaining part of the week; but if the House should act at the end of this week, then the Finance Committee ought to take the matter up and dispose of it by Monday, at least.

Mr. CARAWAY. If the Senator will join with us and say if the committee does not act by to-day a week that we will insist on a discharge of the committee, I should go along with him.

Mr. COUZENS. The Senator knows, of course, that I can not control the situation. I am in sympathy, however, with his object.

Mr. CARAWAY. I understand.

Mr. COUZENS. But I think the Senator is putting the time too close. A week from Tuesday we ought to know whether or not the House is going to act.

Mr. CARAWAY. I think we know now.

Mr. COUZENS. I want to say to the Senator that in the Republican caucus this morning I stated frankly that if there was going to be any jockeying to defeat veterans' legislation in relation to adjusted-compensation certificates, I would not be one of those who would help to get the appropriations through in advance, so that we could adjourn and leave the veterans' bill hanging in the air on the 4th of March.

Mr. CARAWAY. Of course, I know the Senator's great interest and his activity in this matter, and if there is not any action taken by next Tuesday, I am then going to insist that we get some kind of a measure before the Senate on which we may act.

ABANDONMENT OF COURT-MARTIAL OF GEN. SMEDLEY D. BUTLER

Mr. HEFLIN. Mr. President, I was greatly gratified this morning, and I am sure most, if not all, of the Senators were, that the Government has dismissed its court-martial proceedings against Gen. Smedley D. Butler. A mistake was made in the outset by apologizing to Mussolini. I took the part of General Butler. I felt that an effort was being made to humiliate this great American general who has had an honor conferred upon him by this Government that has

been conferred on no other living man in the uniform of the country. He has the distinction of having had two congressional medals of honor bestowed upon him by the Government that he has long loved and served so well. He is a great, outstanding American; we need more like him. He condemns cruelty and tyranny and oppression wherever he finds them, and the effort was being made by his enemies here and abroad to humiliate and punish him for condemning Mussolini for running down a child in Italy and killing it and failing to stop and give aid of any kind. I commended General Butler for the stand that he took; I commend him now; and I congratulate the President, the Commander in Chief of the Army and Navy, for having the proceedings stopped and this court-martial dismissed.

I have received quite a number of letters, Mr. President, defending General Butler; and I have made excerpts from many of them, which I ask leave to print in the RECORD.

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

The excerpts referred to are as follows:

SUMMARY OF REPRESENTATIVE TELEGRAMS AND LETTERS RECEIVED BY SENATOR HEFLIN COMMENTING ON THE BUTLER-MUSSOLINI EPISODE

You have my heartfelt congratulations in demanding investigation for General Butler before he is court-martialed. Thank God for men like you and Major General Butler, who don't bow down to that tyrant. From a mother who sent a son overseas to fight German autocracy and who does not want any foreign dictator to give our American generals their retirement. (Lucy G. Dunham, chaplain Local Auxiliary of Spanish War Veterans, Sebring, Fla.)

Congratulations on stand taken regarding Butler and Mussolini. (C. A. Hatcher, Birmingham, Ala.)

Stand by Butler to the last ditch. We are fighting with you 100 per cent. (James B. Cook, Taylorridge, Ill.)

You are to be congratulated on the stand you take on the Butler affair. I believe every American citizen must feel humiliated at the hasty apology offered Italy. I am for General Butler. (W. E. Adams, Pasadena, Calif.)

Congratulations. Mussolini speech a perfect bull's-eye. We need more red-blooded Americans with backbone instead of wishbone. Stamping out Black Shirt and Mussolini radio propaganda perhaps a national necessity. (J. B. Rush, Denver, Colo.)

I take the liberty of congratulating you on your stand on the Mussolini-General Butler affair. "What is America coming to?" Foreigners are running this country more and more every day. I was sorry I was not a resident of your State so that I could have voted for you last fall. I feel the country has lost an American of the old school. This is not much from so humble a man as I, but I have a vote and my health left after spending 13 months in France and five months on the front. And I can go back when it comes to holding down such people as Mussolini. (W. W. Mount, Houston, Tex.)

Congratulations on your defense of Major General Butler. If the State Department would only investigate Mussolini and his acts they would find out he knows what he is talking about. (T. W. Dixon, Washington, D. C.)

I certainly wish to congratulate you on the noble stand you took in behalf of a great warrior and a full-blooded American—General Butler. Certainly it is high time the American people demand that this most honorable man not be made to suffer humiliation because of his honest convictions. Italy and her clique should be made to realize that America will stand by Americans. (Hannibal H. Peabody, Indianapolis, Ind.)

You are right about investigating the truth of the statement repeated by Major General Butler. I dare say that Mussolini did make it. Keep up your good work. I am just one among the millions who admire you for all you do and say. It is too bad that we do not have a few more Senators brave enough to speak out at a time like this. (Miss Minnie B. Brock, New York, N. Y.)

Will you permit me to offer congratulations to you as an American citizen who is not afraid to say what he thinks. If the United States had a few more men like you and General Butler we would not now have to be kotowing to certain foreigners. Keep up the good work! (Harry A. Kobel, sr., Indianapolis, Ind.)

I can not refrain from expressing to you my sincere congratulations for the courageous stand you have taken in the Butler-Mussolini incident. It is a cowardly act on the part of our Government to humiliate a man of the caliber of General Butler before a bloodthirsty tyrant such as Mussolini. Accept my best wishes from an American by choice, formerly a citizen of the Swiss Republic, with all respect due you. (Paul W. Vollenweider, White Plains, N. Y.)

General Butler's great service to this country tells what kind of a man he is. I wish to congratulate you for the stand you are taking for him. (P. A. Anderson, White Plains, N. Y.)

Pleased to see the stand you have taken and the support you are giving Maj. Gen. Smedley D. Butler. It is an outrage that a good American like Butler should be arrested to please a foreign dictator. The great majority of American people are with you, Senator. Go to it, and God bless you. (H. H. Freeman, Brooklyn, N. Y.)

Please allow me to thank you for your timely remarks on the floor of the Senate in defense of a real American—General Butler. I assure you I deeply appreciate it. (Charles J. Sapovits, Chester, Pa.)

More power to you for your stand taken in behalf of General Butler. I wish that there were more like the two of you. Postal regulations do not permit the expression of my feeling toward the apology to Mussolini. (R. T. Williamson, Dodge City, Kans.)

My family and I are very pleased to see you declaring yourself before the Senate in favor of General Butler. We think the State Department was hasty in sending an apology to Mussolini. What is the matter with our Government? (C. F. M. Harris, Brooklyn, N. Y.)

General Butler should be awarded another commemorative medal instead of being made to face a senseless court-martial. Please accept from a newspaper veteran and one opposite in political beliefs my most sincere thanks for your thorough and timely arraignments of Mussolini. (Frank E. Tunison, Dayton, Ohio.)

The writer wishes to commend and thank you for the stand you have taken on the Butler-Mussolini situation. Don't let them degrade one of our finest and most courageous generals—a man who is of real service to our country. He is another Stonewall Jackson, who has already spilled his blood for the people he loves. (Adolph J. Class, East Orange, N. J.)

I have noticed newspaper reports to the effect that you criticized the recent apology given Mussolini before an investigation had been made. I, for one, want to thank you. And I appreciate having some one in Washington fearless enough to stand up for what is right. (W. A. Robinson, Chicago, Ill.)

Glad to read in yesterday's Eagle here that you stood for Butler, the marine. I was with the United States marines, 1917–18. Also allow me to congratulate you for your stand on religious freedom. (Theodore L. Bayer, Wichita, Kans.)

It is a pleasure and satisfaction that I read in this morning's press that you have spoken in regard to the Butler affair. It is well that we have some Senators in Washington who will speak out for our great country and its honor. (E. B. Clemson, Philadelphia, Pa.)

May I not add to the thousands of letters you will receive from every true American my sincere approval of your speech in the Butler-Mussolini episode. Soldiers of the Butler type are not made overnight. The name of Smedley Butler will be one of bright remembrance of our military when Mussolini will be placed where he belongs—in a madhouse, gone and forgotten. (Elliott B. Seagraves, Lido Beach, Long Island, N. Y.)

I am glad to read of your defense of General Butler in the Herald-Tribune. This mad ruler of Italy, Mussolini, must indeed be proud to get an apology from the greatest Nation on earth. (A World War veteran, New York City.)

I wish you would introduce a bill to give General Butler a medal for what he said. If we had enough men in the Senate like you, perhaps we would not be overrun with foreigners who are taking our jobs while good American citizens are walking the streets in search of work. (A. S. Brown, Bellevue, Ky.)

You are the type of American I admire; that is, you fight back. Glad to note that you still hold up for your country in defending Butler against that Italian dictator—Mussolini. Keep it up. (William H. Caro, Ashland, Ky.)

Apparently you were the only man in the United States Senate with the courage to denounce the tyrant Mussolini and the pusillanimous conduct of our Government in apologizing to him. Will you please add, as a special favor to me, that there are some villains concerning whom nothing too damnatory can be spoken and there are some human butchers to whom no one need apologize. I have followed your utterances on prohibition with consistant disapproval * * * but what you said to-day on the floor of the United States Senate makes me proud that a goodly share of my southern ancestors (and I haven't any other kind) were from the State of Alabama. (A. B. Reading, jr., attorney at law, Berkeley, Calif.)

I very heartily approve your stand in defending General Butler. The American apology to Mussolini is disgusting. It is a pity that a real American like General Butler should be arrested for telling the truth about a red-handed tyrant—kaiser of Italy. (Ebenezer Evans, Cincinnati, Ohio.)

It is with pleasure that I note your stand in the case of General Butler. Glad to know some one in position will stand for American principles and justice. (Thomas B. Fitzsimmons (ex-service man), Pittsburgh, Pa.)

It does me good to see in to-night's Bulletin that there is another man in public life in America besides General Butler who is not afraid to express his opinions of the Italian Premier. I entirely agree with your whole attitude in the court-martial proceeding against the distinguished marine officer. (S. Palmer Byrnes, Philadelphia, Pa.)

Every red-blooded American is proud of you and Major General Butler—that gallant soldier. Let us elect him President in 1932 and we will have a Government worthy of a brave and free Nation. (M. Tyson, Cincinnati, Ohio.)

Keep up the good work that you are doing for the betterment of our country. The quicker we get Mussolini's henchmen out of the country the better for all of us in general. (Albert Farber, Racine, Wis.)

I admire your stand regarding the Mussolini-Butler affair and this letter is to encourage you. You, like Butler, are an American. (Percy Francis, Bloomington, Ill.)

You certainly expressed my thoughts and the thoughts of a great many other people in regard to the attitude the State and Navy Departments have taken in the matter of Maj. Gen. Smedley

D. Butler and Mussolini. I hope you will spread your thoughts on the matter as widely as possible. My husband went to Haverford School with Smedley Butler and we are not only personal friends of his but also great admirers of him—so that is my excuse for writing to you. (Mrs. Francis A. Gugert, Wayne, Pa.)

Allow me to congratulate you on your defense of Major General Butler. If free speech is to be limited, what next. (J. H. O'Neal, M. D., Morgan City, La.)

General Butler's trial should be public so the people may know what is going on. And if Major General Butler is acquitted, then all who were responsible for this apology to Mussolini—the wild man of Italy—should be removed from office. (Arthur C. Martin, Metuchen, N. J.)

I like the promptness and manner in which you have come to the support of Major General Butler and hope and trust that you will follow it up with all the force that is within you. The vulgar haste in which that apology was sent to Mussolini must not be interpreted as coming from the real and true American citizen. Major General Butler was a guest at a private dinner when he made the speech attributed to him. He was there as a private citizen and not as an official of the Government. Things have come to a pretty pass when my guests in my private club or home are not permitted to open their mouths for fear some spy or sneak may be present or hidden. (F. D. Newberry, Ocean City, N. J.)

I wish to congratulate you for the fearless manner in which you exposed Mussolini's record in the Senate and to express my regrets that you have only a short time remaining of your term as United States Senator from Alabama. I am one of the thousands who have admired you for the sterling Americanism you have displayed on so many occasions when questions vital to every American have arisen. (John Rickets, Philadelphia, Pa.)

I was always proud to be a United States citizen; in fact, proud to serve McKinley and Roosevelt in 1896; and am sure these two would never have apologized to Mussolini and sacrificed the honor of a great major general. (George Ritchards, Montreal, Canada.)

I agree with you in your remarks that we not be too quick to discipline Major General Butler until we investigate more thoroughly the truth of Mussolini's own actions. If these things be true, or any part of them true, I see no good reason why we should have Major General Butler punished for his own honest opinion of such a tyrant as Mussolini. More glory to Smedley D. Butler instead of disgrace. (Mrs. J. Earl Morser, Portland, Oreg.)

Congratulations to you and Major General Butler—two Americans who are not afraid to express their opinions. America, right or wrong, must not go down on her knees to such a dictator as Mussolini. (Wendel Pfeiffer, Dayton, Ohio.)

It was with a great deal of pleasure and satisfaction that I read your stand in favor of Major General Butler, and I only hope that you will tell them plenty more before he comes up for trial. An apology was sent to Mussolini from the Government and the American people to which I object. Our borough of Rockledge has about 2,200 inhabitants, and my friends and I could only find 9 people who were in favor of an apology. Why, then, include the American people in the apology? What we need in Washington are more Americans and less diplomats. (Albert E. Miller, jr., Rockledge, Pa.)

Since your unbelievable defeat in Alabama last fall I think one of the most exasperating episodes is this disgraceful nonsense of apologizing to Mussolini. I can not comprehend such proceedings. Although they read you out of the party in Alabama because you dared to oppose Al Smith, I am delighted that Raskob has not robbed you of your splendid spirit. (Mrs. Ira E. MacCormack, Dellaville, N. J.)

I have read in this morning's paper a brief account of your demand that before Butler is disciplined an investigation be made as to the truth of his statement that Mussolini ran over a child and did not stop. As a plain American citizen I cheer you and most heartily hope that such an investigation will be made, as justice seems to demand it. (N. P. Farrior, Philipi, W. Va.)

I feel that it was an insult to every true American when our State Department apologized to Mussolini. I am not hasty in making this declaration, because in the World War I had four sons, and one of them never returned home. I thank God for a man like you in the United States Senate with courage and convictions that you have. Your failure to remain there is a distinct national loss. (Rev. William H. Brightmire, Indianapolis, Ind.)

I want to indorse your statements regarding the Mussolini-Butler affair. I am sorry to think of you being so soon out of the line-up, and I hope and pray that even yet you may be restored to your seat. (George Booth, Chattanooga, Tenn.)

I wish to state that I am only one of many who agree with you in the way you have expressed yourself concerning the Mussolini-Butler incident. I lived in Philadelphia during the time Major General Butler was director of public safety and followed his deeds with the greatest of admiration considering the great opposition which he encountered. (Mrs. J. M. Beecher, East Orange, N. J.)

Please accept my congratulations for the brave stand which you have taken in the Butler and Mussolini episode. Your words on the floor of the Senate came at an opportune time. May you live to see the day when you will be more appreciated for the brave stand that you have taken. (C. N. Eiland, Clanton, Ala.)

During the last meeting of the Liberty Bell Council, No. 55, Junior Order United American Mechanics, held January 31, it went on record unanimously indorsing your stand in the Butler-Mussolini case. (Allan C. Witherite, recording secretary, Washington, D. C.)

In a great many cases I have disagreed with and criticized you in the past, but honesty compels me to commend your attitude in the case of General Butler.

As an ex-service man I am for peace at all times, but I see no occasion for being a "sap."

It would be a very good thing for the United States of America if more United States Senators would show the high percentage of Americanism that you have demonstrated in this case. (N. A. Byrd, New Albany, Ind.)

Major General Butler is to be given a "warm hand" on any remark he might make about Mussolini. He is a real hero. Be on guard and do what is possible in behalf of Major General Butler. (Charles F. Zanone, Detroit, Mich.)

The inclosure is a copy of my letter to the Italian ambassador, which I hope will serve as an eye opener.

Franco La Gardia, former secretary to Premier Mussolini, declares it's the truth and nothing but the truth. (L. D. O'Dell, New York City.)

His Excellency NOBILE DE MARTINO,
Royal Italian Ambassador,
Italian Embassy, Washington, D. C.

EXCELLENCY: As an American citizen may I ask you if you for a moment think that you are within the boundary line of rights and justice by asking the Federal Government for apology concerning reflections projected upon Premier Mussolini by Maj. Gen. Smedley D. Butler regarding Premier Mussolini's hit-and-run actions?

A former secretary to Premier Mussolini from Rome discloses the fact that the act was committed by the Premier, and other similar acts, of which the former secretary was much displeased.

Excellency, considering the act of Premier Mussolini, what evidence have you that is sufficiently comprehensive to warrant American apology?

LESTER D. O'DELL, *New York City.*

God bless you for your untiring and unfailing defense of this country's traditional love of freedom, fair play, and the right of free speech! May you long be spared to voice the sentiments and feelings of true Americanism.

All right-thinking patriotic citizens owe you a debt of gratitude for your fearless defense of General Butler in connection with the humiliating and disquieting action of the Washington Government in the recent Mussolini episode. One wonders also how it is that the nefarious Al Capone and the horde of other criminals of like racial origin who are to-day preying upon American society can so easily evade all Government interference or control when a citizen of genuine American origin, whose life has been devoted to his country's service, can be made a scapegoat in so high-handed and brutal a fashion. (E. Mills, San Francisco, Calif.)

I felt very much humiliated to read of the apology of our Government to Mussolini. It seems to me that such haste was not necessary and should not have been done before an investigation had been made. When I read in this morning's paper your attitude in the matter, I could not refrain from writing you my congratulations. My best wishes go out to you in this your attempt to see that General Butler gets a square deal. (W. E. Adams, Pasadena, Calif.)

I was delighted with your speech delivered in the Senate by you yesterday in regard to the Butler-Mussolini controversy, and wish to say that you showed yourself a true American and not afraid to say what you believed right. Every true American will agree with you. I want to say that the apology offered Mussolini by our State Department is most humiliating to every citizen. (Emil Juergens, Los Angeles.)

I happen to live in Major General Butler's State and I wish to thank you for standing up for him. I am sick of seeing so much being done for the foreigners here and very little for the American born. (Eri E. Dutton, Media, Delaware County, Pa.)

I have read with interest the articles published in our press in connection with what you told about Mussolini killing the little child, and, as a good citizen myself, I wish to congratulate you and tell you that I admire you greatly, and am thankful that there is one American left who has the courage to tell the truth.

I wish to say that I feel very sorry as an American that our Government had to apologize for some one who told the truth. (A. Turtledove, Portland, Oreg.)

It gives me great pleasure to see one man that has got the nerve to tell the Senate the truth about Mussolini. (William Wallace, Long Beach, Calif.)

There is no doubt in my mind but what General Butler says is absolutely true, and even though it was not, we, as a Nation, do not owe such a man as Mussolini an apology. I would like to see the trial for court-martial dropped immediately. I am glad that we have at least one man in the Senate. (Le Roy K. Holmes, San Bernardino, Calif.)

Yes; "Why should an American general bow down and crawl in the dust to the most red-handed tyrant on earth"? Besides yourself, there are millions of other real Americans who are also getting tired of this kotowing to monarchs of the Old World. Although you will hear from a fraction of the number, yet there are millions of your countrymen who highly praise your attitude, and a great portion of those who are of the opposite political faith, as I myself. In the opinion of myself and numerous others this apology by our Government to the duce should be retrieved. Nevertheless, it is very encouraging to know that we have at least one red-blooded American as a Member of the Senate. More power to you, Senator. (Paul M. Worley, Prescott, Ariz.)

If you could know just what the 2-cent postage on this letter meant to me in my present financial strait, you could comprehend how truly and deeply I appreciate such a noble soul and warrior as you are, and the most I can do under existing circumstances and conditions is to so live day by day as to have power in prayer to our Heavenly Father to bless, keep, and help you in your warfare. (Will R. Reeme, Deming, N. Mex.)

Ninety-eight per cent of the United States of America is with you in supporting General Butler. Rally round our Senators and Congressmen and demand the setting aside of this shameful, unjust, court-martial for one telling the truth about the world's superegotist and tyrant, as mean and heartless as we read of the world's worst. We protect foreigners to a much greater extent than our own citizens. Daily our President and citizenship is insulted by high and low and we do nothing. Carry on, brave man; our State's procedure is a disgrace. You can get resolutions and petitions by the thousands for the asking. All California editorials are stronger than this and for General Butler. What are we coming to when we side with Mussolini scum against our good American citizenship. We must do something and be led by some one like you, who has the information and the courage to lead. (W. J. Hill, San Diego, Calif.)

Congratulations to you for your stand on the General Butler and Mussolini controversy. Wish we had more men like you in the Senate who have the courage to voice their convictions in such matters.

A great many of my friends and acquaintances have the same opinion as you as to Mussolini's guilt. (Geo. B. Decon, liberal, Kans.)

Just a few lines to commend you on your fearlessness in condemning Mussolini in regard to the Gen. Smedley Butler affair as appearing in this evening's press reports. (Joseph M. Phipps, Oakland, Calif.)

Excuse the liberty I take in writing you, but I can not resist congratulating you on your attitude in the Mussolini incident.

Thank God there are some men in the world to-day who have "guts." (H. C. B. Forsyth, Vancouver, B. C.)

I see you are now, as ever, still in good form in being always alert in expressing the views of a great horde of patriotic, liberty-loving Americans on the floor of the United States Senate. May God spare you to occupy an important place in the affairs of this Nation for many years yet to come. (J. C. Nelson, Portales, N. Mex.)

It is indeed with great American admiration and satisfaction that I write these few lines commenting upon your stand regarding Major General Butler. I am hoping that this gallant marine officer will stand fast and prove to the world that these United States will never crawl in the dust before such a person as Mussolini. (Robert J. Evans, Brooklyn, N. Y.)

You are right about Mussolini and Butler. The whole proceedings is positively sickening. (J. H. Finn, North Reading, Mass.)

Sloppy, disgusting is the apology to that red-handed brute—Mussolini. I want to thank you for shooting it to those demanding that Mussolini be court-martialed. (J. Q. Hutton, Los Angeles, Calif.)

I am proud of the speech you made concerning Mussolini. I am inclosing statement by Rev. L. M. Birkhead asking that Mussolini apologize for his slanderous and untrue statements concerning democracy. (W. F. Sublette, Kansas City, Mo.)

More power to you in your efforts for Major General Butler. (Benjamin F. Watson, San Diego, Calif.)

Ninety-eight per cent of the people in the United States are with you in support of General Butler. What are we coming to when our Government sides with Mussolini against a brave American? (W. J. Hill, San Diego, Calif.)

Congratulations to you for your stand on the Butler-Mussolini controversy. Wish we had more men like you in the Senate who have the courage to voice their convictions in such matters. (George B. Deen, Liberal, Kans.)

Just a few lines to commend you on your fearlessness in condemning Mussolini and defending Gen. Smedley Butler. (J. M. Phipps, Oakland, Calif.)

I do not see why this Nation has to "kotow" to Mussolino. I approve of your stand in the Mussolini-Butler case. (Robert Jenkins, Richmond, Va.)

I think Italy should offer this country an apology for the crimes Italians are committing here. I hope you will keep up your fearless work. You are greatly appreciated even if it does not always seem so. Many forces are at work trying to destroy Americanism, and it is such as you who must bear the brunt and lead others. (Frances G. Denanny, New York, N. Y.)

I read with much interest in the local paper of the stand you and Senator BROOKHART took on the Butler-Mussolini affair. I only wish we had more men at the head of our Government with an attitude of America for Americans and not ready to bow at the first opportunity to a ruler like Mussolini. (W. B. Ross, Youngstown, Ohio.)

I want to thank you for the good work you have done in the many years you have served in the Senate and the House. I am very sorry that your term will soon expire, but I hope you will keep up the good work out of the Senate as you have in it. This is my prayer. I am hoping that Butler will not apologize to Mussolini. (Walter E. Cunningham, Turtle Creek, Pa.)

The inclosed clipping telling of your speech in defense of General Butler caused me to write and beg you to continue your efforts for this worthy American officer. Every American mother of a red-blooded and upstanding son feels the sting of this unwarranted apology. Where is justice if wrong may not be condemned? Thank God there are a few fearless men at the heart of the Nation who do not fear to uphold that which is right. (A. Margaretta McHose, Lancaster, Pa.)

I feel that I should present to you the fact that a large number of men with whom I have come in contact in my travels in different parts of the State, and whom I hear talking on the trains, in hotels, and in clubs, are fearful that General Butler will not be given a fair deal. While the comment of nearly all the men I have heard discuss the matter was that they do not condone loose talk or criticism by United States Government officials, nevertheless, they all feel any severe discipline imposed upon General Butler for the alleged remarks would eventually bring forth a flood of public criticism against the attitude of our Government toward General Butler. I believe this is largely due to his loyal service to the United States, his record as an officer of the Marine Corps, his age, and time of his retirement being so close, which far overbalance any indiscretion he is accused of, particularly since the State Department has made an apology to the Italian Government. I believe this to be the feeling and attitude of a great majority of the citizens of the State of Pennsylvania. (William F. Miller, Harrisburg, Pa.)

Although defeated, millions of patriotic Americans know that it was by the combined cooperation of Rome and Wall Street. Every Protestant I have talked to is disgusted with the attitude taken by the State Department in apologizing to Mussolini. (C. J. Hitchcock, Kansas City, Mo.)

Bravo for your recent speech in behalf of Major General Butler, or, rather, in behalf of the United States. Why should we stoop to apologize to a self-created despot? This letter is written by two who have recently traveled in Italy and talked with some of Mussolini's subjects, who say they are veritable prisoners in their own country. (Mrs. I. W. Hart, Miss Cornelia Hart, Boise, Idaho.)

Your denunciation of the apology supinely given by the Senate Department to Mussolini has the unreserved approval of every red-blooded American. It was a national misfortune that you were not returned to the Senate. (George Winthrop, Cleveland, Ohio.)

I wish to strongly commend you for your fearless speech on Mussolini. I am of the opinion that as time goes on enough truth will come out to vindicate Major General Butler. (J. F. Gilchrist, Los Angeles, Calif.)

I sincerely thank you for the stand you took concerning Major General Butler to-day. In the name of justice and fair play and in the name of the freedom of the people of the United States the charges against him should be openly heard. You are one of the people, Senator HEFLIN, not one of the cowards. (Esther Marie Brassovani, Chicago, Ill.)

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 16415) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1932, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Alabama [Mr. BLACK].

Mr. BLACK. I ask for the yeas and nays.

Mr. HEFLIN obtained the floor.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. The Senate will be in order; the Senator will not proceed until the Senate is in order.

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

Mr. HEFLIN. I yield.

Mr. NORRIS. I wanted to request, before the Senator begins his remarks, to have the amendment read so that we may understand better the debate.

Mr. HEFLIN. I have no objection, Mr. President.

The VICE PRESIDENT. The Secretary will report the pending amendment.

The LEGISLATIVE CLERK. On page 18, after line 2, it is proposed to insert:

No part of the amount hereby appropriated shall be expended, and no loan shall be made out of such amount, for the purpose of dealing in futures or indulging in marginal transactions or any transaction whereby contracts are made for the purchase of agricultural commodities or food products thereof where no delivery of such commodity or food product is intended, nor shall any of this appropriation be loaned to any person, association, or corporation for use by such person, association, or corporation for the purposes hereinbefore set out.

Mr. HEFLIN. I desire to say a few words in regard to the amendment offered by my colleague. I think it is sound; it sets out the principle involved in the Caraway Cotton Futures Act. I do not think that any exchange should be permitted to deal in cotton or in grain unless they have the cotton and grain and expect to deliver it on the contracts. If a person is permitted to deal in fictitious stuff, it is counterfeit; it is the same as permitting a citizen to issue coun-

terfeit money and use it against the Government's money, because it is not cotton and it is not wheat. He is selling the name of both, and he may do so in unlimited quantities; and when the farmer is undertaking to hold his crop for a good price or his wheat for a good price the speculators go upon the exchange and sell this stuff and beat down the price of actual cotton or grain. Such practices ought to be stopped.

Senators, we are not going to have any prosperity for the farmer who produces cotton or wheat until we regulate the exchanges and take away from them the power of short selling, and we are not going to have any general prosperity until we tax the profits of short selling on the exchanges, prevent speculation on margin, and cut the interest rates on call money as a bill introduced by me provides. I hope that my colleague's amendment will be adopted.

Mr. TRAMMELL. Mr. President, ordinarily I should be inclined to favor a provision of this character; but when we consider the circumstances under which the funds may be used, if they are used at all, in this direction, quite a different situation is presented from that of an ordinary stock speculator or stock gambler, as some one states the case, in dealing in margins or in dealing in futures.

The average, ordinary, everyday speculator, of course, uses his funds in this way for the purpose of sliding the market up or down, just as the occasion suits him; but in this particular instance, if money is used, it is used solely for the purpose of trying to prevent a crash and a terrible depreciation of these commodities on the market.

I do not think there has been any instance pointed out here where the money was used for the purpose of trying to beat down the market. In every instance it has been used in an effort to hold up the market, to sustain the market.

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

Mr. TRAMMELL. Under those circumstances I think the money, if it is used in that way, will be used for a very worthy and beneficent purpose.

We are dealing with a system. If we did not have this system the situation would be altogether different. Furthermore, I do not believe in tying the hands of the board. This board has been created and authorized; and I think the board probably is a little more capable of dealing with this particular question and this particular situation than many of the Senators, myself especially, who have not studied the problems involved.

I rather believe, therefore, that it is unwise to adopt the amendment.

Mr. NORRIS and Mr. McKELLAR addressed the Chair.

The VICE PRESIDENT. The Senator from Nebraska.

Mr. NORRIS. Mr. President, I should like the attention of the Senator from Alabama [Mr. BLACK] while I briefly discuss this amendment.

As the Senator knows, I am sympathetic with what he is trying to accomplish; and I do not want to be misunderstood when I am recorded as voting against this amendment, which I expect to do. I should like to go as far as anyone in preventing the gambling that has been going on and that is now going on upon the board of trade, especially in the necessaries of life; but as the Senator from Florida [Mr. TRAMMELL] has well said, we are dealing with a system. This amendment will not abolish it. It will only prevent the Farm Board from acting freely in dealing with this system. It will prevent them from hedging, something that most—not all, but most—legitimate millers and others dealing in cotton, particularly, wheat, and other food products invariably indulge in as a protection against loss; a sort of insurance, as they put it. They do not defend the system that we have; but as long as we are in the system and have to deal with it, it seems to me this safeguard is a necessity with the honest dealer.

The Agricultural Committee for a great many years have had the matter under consideration in various forms. They have taken an immense amount of evidence at those hearings. There is now pending before that committee a proposition to amend the grain futures act, which was passed after a great deal of consideration—which, as a matter of fact, was a compromise—but which recognized future dealings upon the board of trade—recognized them because we were afraid to take away the right to hedge on the board of trade. We felt that as long as the system was in vogue, taking away the right to hedge would prevent honest dealers from protecting themselves against the evil of gambling that does go on upon the board of trade.

There is now before the Agricultural Committee a proposition upon which hearings are to be had this week, commencing, I think, to-morrow, that will, it is thought, to a great extent abolish some of the evils that exist; but it is believed, I think, by those who are proposing this action, that if they did it at once there might for several years—at least, until the country readjusted itself—be great hardship endured by a great many honest producers of the necessary foods of life.

There is another reason why it seems to me we ought not to put this limitation on this particular bill. This is an appropriation for what is known as the President's board, provided for in legislation that was passed at the behest of the President. For years, almost ever since the war, we have been trying to do something to relieve stricken agriculture. We reported out of the Agricultural Committee quite a number of bills, all of them to some extent compromise measures, but measures which it was believed would remedy the situation.

The first, quite a number of years ago, was a bill of which I was the author. It was twice reported from that committee. It met the opposition of the then President of the United States. It met particularly the opposition of the then Secretary of Commerce, Mr. Hoover. Through these influences this bill was defeated. I am not now discussing the merits of any of these measures, or criticizing anybody who opposed them. It is sufficient to say that that bill was defeated.

Following that came the so-called McNary-Haugen bill, passed through the Senate two or three times, defeated once in the House of Representatives through the influence of the then President, Mr. Coolidge; later passed through both Houses, and vetoed I think twice by President Coolidge. President Hoover, who was at that time Secretary of Commerce, was opposed to the bill, and his influence was exerted against it.

Then came the debenture plan, which we passed through the House twice as an amendment, first to this identical measure of the President's providing for this board. Through presidential influence it was defeated in the House of Representatives. It was offered again by myself as an amendment to the tariff bill. It was rejected by the House of Representatives, and went out in conference. It was a well-recognized fact that President Hoover was very much opposed to it. Again I say, I offer no criticism now. I am not trying to discuss the merits of the matter. I only want to call to the attention of the Senate briefly the history by just touching the high spots of this farm legislation.

The President said in his campaign that he was in favor of relieving stricken agriculture, and the Farm Board is a result of that. We passed his bill. He had his own way about it. He got the legislation that he asked; and that legislation provided for the appointment of this so-called Farm Board. It has been operating under the President's law, and is still operating. Here is an appropriation of $100,000,000 to permit that board to continue its operation.

If we adopt now an amendment that will limit the use of this money in the hands of the President's board, and later on it should develop—as present indications indicate might be true—that this law that was enacted at the behest of the President of the United States is a failure, that it has not brought to agriculture the relief that it was said it would bring, then I am afraid it will be said that by agreeing to this amendment and putting it in the law we have hamstrung the board, and that the failure comes because Congress has not permitted the board to have a free hand under that law. I do not want that to happen.

Mr. HEFLIN. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. In just a moment I will yield to the Senator.

I am not to be understood as criticizing the law itself. We passed it. It is a law, and has been in operation for some time. This board is operating under it. I have never believed that the law was going to be a success. I always said that I thought there were some things they could do, but one thing that to my mind was vital that they could not do. They could not take care of the surplus crop. But the President and those who believed with him said that they could, and that this bill was going to bring relief. Now, when they are undertaking this relief under this law, I am in favor of giving them a free hand. As a matter of fairness I want to do that, to let them go unrestrained as far as that law permits them to go; and, in addition to that, I do not want it to be said afterwards that Congress is to blame for any failure that might come.

I yield to the Senator from Alabama.

Mr. HEFLIN. Mr. President, I agree with the Senator that we ought not to do anything that will give the Farm Board or anybody else an excuse to say that we hampered the board, or prevented the board from doing what it wanted to do when it would have brought relief. I do not want that done; and I agree with the Senator that hedging ought to be permitted. When hedging is done, that is where people are dealing in cotton or dealing in wheat or other grain; and that is all right, because then the actual cotton or grain produced is being dealt in.

For instance, if a spinner buys 10,000 bales of cotton, and he sells 10,000 bales as a hedge, that is a kind of an insurance. I am in favor of that.

Mr. NORRIS. This amendment would prohibit that.

Mr. HEFLIN. I think my colleague should amend his amendment in that respect. The Senator may recall that when the bill of the junior Senator from Arkansas [Mr. CARAWAY] was before the Senate, my amendment allowing the spinner to hedge, and allowing the merchant to hedge, and others who dealt in the actual thing itself, was adopted. The Senator from Arkansas accepted that amendment.

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

The VICE PRESIDENT. Does the Senator from Nebraska yield to the junior Senator from Alabama?

Mr. NORRIS. I yield to the Senator.

Mr. BLACK. I should like to say that the junior Senator from Arkansas [Mr. CARAWAY] expects to propose an amendment to my amendment, which I have agreed with him to accept, on the exact subject of which the Senator is speaking.

Mr. NORRIS. Does not the Senator think we are in danger of placing ourselves in such an attitude that if this law proves to be a failure, the blame can be charged upon Congress?

Mr. BLACK. I might say to the Senator that, so far as I am concerned, I think it has already been demonstrated that it is a failure.

Mr. NORRIS. If that is true, we ought not to appropriate any money for it.

Mr. BLACK. I have no question about that in my own mind. It was supposed to keep up the price of farm products; but if there is any farm product that has not gone down during the time this board has been in operation, I have not been informed about that farm product. Cotton has gone down; wheat has gone down; cattle have gone down; corn has gone down. Everything that the farmer raises has gone down.

Getting down to the meat of the matter, however, I will say to the Senator that my idea is that just as gambling is prohibited in every State in the Union on various set-ups with cards or with dice, so should the Federal Government never make itself a party to encouraging gambling transactions.

My own judgment is that if the only way we can deal with this subject is by permitting some employee of the Federal Government to go to the wheat pit or to the cotton exchange and gamble in competition with the expert gamblers who practice there every day, it would be far better not to have any law at all on the subject. That is my own idea, I will say in answer to the Senator's question.

Mr. NORRIS. Mr. President, that may all be true; I am not going to take issue with the Senator on the proposition. Nevertheless, we passed this law, we provided for this board, we have limited the amount and authorized $500,000,000. We have heretofore, as I remember, appropriated $400,000,000, and this $100,000,000 will be the last we can appropriate under the authorization.

I would not like to have it said that when they were about to accomplish some great good we hamstrung them by a limitation, that they first made investments under a system which permitted it, and which they believed they were justified in making. I believe they have done what they believed to be the very best possible. I am not charging any of them with bad faith. I have always thought they were confronted with an impossibility, to a great extent. Nevertheless, those who disagree with me, and that includes the President of the United States, ought to have a right now, and I want to give them the right, to try out what they think they can do, even though they have never given to me and to those who believed with me an opportunity to work out what we wanted. I believe in returning good for evil.

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

Mr. NORRIS. I yield.

Mr. McKELLAR. I wonder whether the Senator has read the testimony of Mr. Legge before the Committee on Appropriations concerning this very amendment?

Mr. NORRIS. No.

Mr. McKELLAR. I am quite sure Mr. Legge does not look for any great good to come from this expenditure, or any other expenditure by the board.

Mr. NORRIS. But he is doing the best he can, I suppose.

Mr. McKELLAR. He says he is doing the best he can.

Mr. NORRIS. In a very difficult situation.

Mr. McKELLAR. But he does not see any prospect of doing the farmer any great good, according to his testimony.

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

Mr. NORRIS. I yield.

Mr. CARAWAY. I was going to ask the Senator if he would object to the amendment, providing we attach to it this language:

Provided, That anyone who in good faith has purchased a contract for future delivery of any product to be purchased by this appropriation and expects or intends to receive said product, may sell a hedge or option against said purchase, or anyone who in good faith has sold for future delivery any such product and expects and intends to deliver said product, may buy a hedge or option to cover said sale.

In other words, we say the Farm Board shall simply not sell short, that it may sell a hedge where it has commitments to buy grain, or may buy a hedge where it has sold. Would the Senator think that would help it?

Mr. NORRIS. Of course, I have not had an opportunity to examine the proposed amendment closely, but just from hearing it read, I should think, from my standpoint, that would help it very materially, but it would not relieve it of the objection I am afraid is going to be made later on.

Mr. CARAWAY. Let me see if this would not relieve it. The Farm Board does not want to go in and try to manipulate the market by selling short, does it?

Mr. NORRIS. I should not think so.

Mr. CARAWAY. This simply prohibits short selling. They may sell a hedge to protect them against a purchase, or they may buy a hedge to protect them against a sale. In other words, they can protect themselves against a future decline or rise in the market as to every bushel of wheat they buy or sell. It simply would say, "You can not go in there and join this great gang of gamblers who are selling something they never owned and never expect to own."

Mr. NORRIS. As I said, from hearing the amendment read, I should think it would help the amendment if the proviso were added. Still, it does not meet the objection I

am afraid we are going to have later on, that we are to blame for a failure.

Mr. CARAWAY. I have not the testimony before me, but I remember the testimony in which the Farm Board protested against the gamblers and their raids on the market.

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

Mr. CARAWAY. I yield.

Mr. JONES. Mr. Legge in part of his testimony—I do not know whether it was the testimony on this subject, but I remember distinctly reading it—said the board started out on the basis of not dealing in futures, but they found that under the system which was in vogue, in order to act for the best interests of the people, they had to come to that.

Mr. CARAWAY. Yes.

Mr. SHIPSTEAD. Mr. President, will the Senator from Arkansas yield to me?

Mr. CARAWAY. I yield.

Mr. SHIPSTEAD. I remember that when the Secretary of Agriculture and Mr. Legge appeared before the Committee on Agriculture and Forestry last fall both of them stated that in their opinion the practice of short selling ought to be abolished, and I am sure I state the fact correctly when I say that both of them agreed to recommend to the chairman of the Committee on Agriculture and Forestry their ideas on the subject, for the purpose of formulating legislation upon it. The chairman of the Committee on Agriculture and Forestry is not here, and I have no information as to whether or not that agreement, which I understood was made, has been carried out by the Secretary of Agriculture and Mr. Legge. That is my recollection of the agreement that was made by the Farm Board upon the subject of short selling and hedging in relation to grain.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Arkansas yield?

Mr. CARAWAY. I yield.

Mr. THOMAS of Oklahoma. If my memory serves me correctly, the chairman of the board testified that when he went upon the board he was opposed to dealing in futures of any class, either selling or buying; but that later, when he made a study of the subject, he came to the conclusion that it was necessary. In the committee a request was made of the chairman of the board that he prepare a letter and send it to the committee telling what arguments were made to him which caused him to change his mind. Later Mr. Stone, of the board, sent such a letter to the Committee on Agriculture and Forestry. That letter now is a part of the records of the committee, and if the Senator from Arkansas will permit, I ask unanimous consent at this time to file for the RECORD a copy of that letter, which gives the viewpoint of the board justifying their practice of entering the future market, buying and selling futures.

Mr. CARAWAY. Has the Senator the letter on his desk?

Mr. THOMAS of Oklahoma. I can get it in a few minutes.

Mr. CARAWAY. I would like to have it read.

Mr. THOMAS of Oklahoma. I shall send and get it.

The PRESIDENT pro tempore. The Chair will reserve the offer of the letter until the letter is in hand.

Mr. CARAWAY. Mr. President, I would like to get the consent of the Senator from Alabama to amend his amendment by adding to it these words:

Provided, That anyone who in good faith has purchased a contract for future delivery of any product to be purchased by this appropriation and expects or intends to receive said product, may sell a hedge or option against said purchase, or anyone who in good faith has sold for future delivery any such product, and expects and intends to deliver said product, may buy a hedge or option to cover said sale.

Mr. BLACK. Mr. President, does the Senator offer that as an amendment to my amendment?

Mr. CARAWAY. I do.

Mr. BLACK. I am perfectly willing to accept it.

Mr. CARAWAY. I shall send it to the desk in proper form.

Mr. JONES. Mr. President, I make the point of order against that as new legislation proposed on an appropriation bill.

The PRESIDENT pro tempore. Inasmuch as the Chair has not the form of words before him, he is unable to rule on the point of order. If the Senator from Washington will withhold the point of order until the amendment is formally submitted at the desk, the Chair can then rule upon it.

Mr. CARAWAY. Mr. President, I have not yielded the floor for any purpose. The Senator from Washington could not take me off the floor to make the point of order, although he did apparently do so.

The PRESIDENT pro tempore. Let us get this straightened out before we leave it. The Chair understands that the Senator from Arkansas desires to offer an amendment to the Amendment of the Senator from Alabama.

Mr. CARAWAY. That is correct.

The PRESIDENT pro tempore. The Senator from Arkansas said that he would have the proper form of words prepared for submission.

Mr. CARAWAY. I shall do so.

The PRESIDENT pro tempore. Until that form of words comes no point of order can be made against the amendment. The Chair requested the Senator from Washington to withhold his point of order until the proper time for making the point of order shall be reached.

Mr. CARAWAY. I want to say one thing more, and then I shall yield the floor and perfect the amendment.

I did not vote for the legislation under which the Farm Board is functioning. I refused to accept the proposed legislation as in good faith discharging the obligations which the Government had assumed toward solving the farm problem. The platforms of both parties made pledges, and both candidates, when they were before the American people in 1928, specifically promised legislation which would take care of the farm problem. The proposed legislation did not do so; in fact, increased the difficulties.

Everybody knows that if two or three hundred million bushels of wheat are piled up in warehouses and carried over from 1930 to 1931 it will depress the price of every bushel of wheat that is sold next summer when the farmer harvests, because the trade will not lose sight of the fact that we have not disposed of our surplus, that we have simply hoarded it, and that sooner or later it must come onto the market. Therefore they buy the present year's crop while it is depressed by the knowledge that there are two or three hundred million bushels of wheat in the elevators which sooner or later will come on the market. Therefore, instead of being a help for farmers it depresses the price.

I do not think anybody who has ever thought for a moment can conceive of help coming to farmers from the piling up and carrying over of a surplus of farm products. Two and a half million bales of cotton are stored away in warehouses which are charging the farmers exhorbitant prices for the storage, and there is now a threat to move them to Europe in order to store them there. Of course the price of every bale of cotton that comes on the market next fall will be depressed by the fact that this hangover has been augmented by the Farm Board, the trade being assured of the proposition that the Farm Board sees no way to dispose of the surplus except to put it into the trade in this country. Therefore every farmer in America is a victim of this legislation and of the acts of the Farm Board. The price of wheat, the price of corn, the price of meat, the price of cotton, all have been depressed by the board, and it is unwilling to meet the situation.

The Senator who sits before me, the senior Senator from South Carolina [Mr. SMITH], called some of us together and made the board a proposition, namely, if it really wanted to relieve the situation, to secure four or five million bales of cotton and allocate them among the producers of cotton who would agree that they would not grow a stalk of cotton in 1931, which would take up every bale of surplus cotton—spinnable cotton—and assure us there would be four or five million bales less cotton on the market next fall.

The only condition attached to it was, since everybody agreed that cotton was selling at 6 or 7 cents a pound less than cost of production, that the board would purchase the cotton in the open market, and pay for it, store it, insure it,

and allocate it to the farmer; and the farmer next fall would have his allocated part sold and first pay the Farm Board what it cost, pay the interest, pay the entire carrying charges, and accept as his part only the excess above what it cost the Farm Board to buy and store and carry. For some reason—God only knows what, but they did not, and we do not—they turned down that proposition, although it was at first denied that they had the power to do it, but their J. P. lawyer finally admitted that they had the legal power to do it.

The next statement was that if they went to buying this cotton it would go up and it would go high. We said, "If you know how to raise the price of cotton, why not do it?" I do not know what their final conclusion was except, as I said to the board, when anyone commences to argue against his ability to do anything, of course, he can not do it. If they wanted to relieve the surplus of cotton and make cotton sell at a fair price, they had only to invest their money in the cotton and hold it and sell it as I have outlined. They did not have to turn it over to the individuals. The individuals assumed responsibility to pay the board so much for the cotton and plant their lands in some other crop, and to accept the difference between the cost now and the selling price next fall for 5,000,000 bales of cotton. It would take the surplus off now and it would insure us no surplus in 1931. It would be the greatest stroke possible to convince the people that they could not handle a surplus. But the board would not do it. No; they want to pile it up and hang it over our heads and threaten to sell it next fall and beat down the price. Of course, the spinners were delighted at the course the board took, and the board seemed satisfied, but the cotton grower was hit hard.

That being true, I do not think we ought to give to the board the additional $100,000,000 with which they can go into the market and sell and beat down the price of any farm product. Short selling is the only thing we want to prohibit. Everybody knows that short selling is not stabilizing the price. It is always beating down the price. We can not stabilize the price as long as we permit short selling. It is impossible to do it. The Government ought to be willing to set an example and say "We are not going to prevent you from hedging. That may be legitimate. We are not going to argue about it. We are not going to prevent you selling for future delivery provided you have the actual product to deliver or provided you know where to get it. You can hedge against those two transactions. All we want to say to you is, do not go into the market and join with that great horde of gamblers who are beating down the prices of farm products." That is all the amendment as amended would do.

I do not know much about selling corn. I do not know whether it is sold in fruit jars or not. But I do know something about cotton. I have seen gamblers beat down the price of cotton $10 a bale from the time the farmer started from his field to the gin, when it did not take him 20 minutes to go there. The cotton market down in my State every day is regulated from Liverpool. This is what happens: The market will always follow a bear raid. It will always go down when the futures go down. I am talking about spot. But it frequently refuses to follow it up again because it will be said, "This is a gambling market; this is an up-and-down market. It is not a stable market." Therefore they will go down with it but they will not go up with it, so the farmer is caught both ways. Every year every producer of cotton everywhere who is a genuine producer of it, and has thought anything about it, has protested against this destroying of him and the other genuine producers by gambling raids in the markets over which he has no control and in which he has no interest.

Let us take the difference between the farmer and the stock market for stocks and bonds. The stock exchanges can not get possession of anybody's securities to offer upon the market unless the owners of that business list them on the exchange. If a man builds up a great industry and issues bonds for capital and stock for stockholders, the gamblers in Wall Street can not take hold of it and commence to sell it short or up or down until the owners of that business list that stock. But they do not give the farmer a chance to list his crop. They are selling my cotton right now on the cotton exchanges for next November or December or January delivery, although there is not a seed of it in the ground and nobody knows how much will be planted; but they are beating down the price of that product which is to go into the ground two or three months from now, and fixing the price for the sweat and toil of the people engaged in growing cotton. They are doing that in a gamblers' market now in Chicago, New York, in New Orleans, in Galveston, Tex., in Liverpool, England, in Bremen, Germany, or wherever they list the selling of cotton, and no farmer has any voice in it. I say that the Government at least ought not to want to join this long array of gamblers who are dealing this way with everyone who grows a farm product.

I want to read the conclusions of the Farm Board. On page 33, commencing with section No. 2 of the first annual report of the Federal Farm Board for the year ending June 30, 1930, we find this language:

2. Purchases in the cash market alone are inadequate to sustain prices and do great injury to legitimate operations in the option market by throwing cash prices out of line with the futures. This being true, a stabilization activity must be conducted along the entire line with the inevitable result that large purchases for future delivery must be made. Wheat thus secured by delivery on futures contracts is contract grade and may vary in actual value from 2 to 5 cents below country-run wheat.

In other words, the gambler may strip the grower out of 5 cents a bushel simply by a raid on wheat that is to be threshed in Kansas next August.

3. Transactions in the futures market having been entered upon, there is no good place to stop, even within the limits of a single crop-marketing period. Option prices are published covering a period of from six to nine months in advance, and as soon as any future option is abandoned or militated against, that option gets out of line with the cash market and other options. This imposes considerable hardship upon processors whose customary practice of hedging or insuring their purchases is conducted through the futures market.

That is what the Federal Farm Board said.

I have here now the letter which the Senator from Oklahoma [Mr. THOMAS] has put into my hands, and I shall take the privilege of reading it, if I may. I have not read it, but I shall read it now. It is from the Federal Farm Board, Washington, Alexander Legge, chairman, dated December 24, 1930:

Hon. CHARLES C. MCNARY,
United States Senate.

DEAR SENATOR: Complying with your request for a statement as to why it is necessary for the cooperative organizations, as well as stabilization corporations, to use the futures market, we wish to submit the following:

In the early days of the milling industry of this country mills were usually of small capacity, built mainly to serve local communities, and wheat was bought from near-by farms and flour for the most part was disposed of locally.

Of course that is rather vague, because George Washington sold his flour in South America long before Mr. Legge and the International Harvester Co. were ever heard of.

As time went on and the tendency of the milling industry and industry generally was to develop into larger units, and with the improvement in transportation facilities and the concentration of population more and more into large cities, it became necessary for these larger mills to provide storage and operate on a larger basis.

For a time they continued on a basis of simply buying the grain when they thought the market conditions were favorable and carrying the hazard incident to fluctuations in the market themselves. It frequently happened that because of sharp declines in market prices the millers were faced with serious financial embarrassment. Out of this condition grew the futures trading practice where the speculative buyer stepped in and carried at least a large percentage of this risk.

I digress again to say that Mr. Legge knows nothing about the history of this matter, because selling futures arose out of war contracts. Profiteers were charging men in the Union Army exorbitant prices for the things with which they were fed and clothed in order to assure themselves against a sudden termination of the war or some such thing, and out of that practice grew this iniquitous practice of selling short.

The speculative trader took the chance of profit or loss in market fluctuations, an arrangement which permitted the miller to operate on his normal profit for the service performed. This has been the practice of the trade for 70 years.

Of course that is not true, but there is no use to stop and point all of his errors.

The financing of grain purchases was based on the elimination of price hazards so far as the millers were concerned to such an extent that bankers hesitate to finance the purchase of grain that is not covered by futures contracts on the exchanges.

Probably about 70 per cent of the average wheat crop produced in recent years is processed by American millers, most of whom have a certain amount of storage facilities of their own. These run from comparatively small amounts up to, I believe, as high as 40 per cent of the season's requirements on the part of some of the millers. During the heavy crop-moving period their practice is to fill up these privately owned warehouses, so far as possible selecting wheat of the particular grade most suitable for each mill's flour output.

Let us say that Mr. Smith, a miller, puts a million bushels of wheat in his elevator during the heavy crop-moving period in July. This wheat is bought for the purpose of manufacture and sale later in the form of flour, but the flour isn't sold at the time the wheat is purchased. Later on in bidding for contracts for the flour, Mr. Smith has to compete with hundreds of other mills, and in the event of a decline in price as between the time the wheat was bought and the flour sale was made, he would not be in position to compete with some other miller who might buy his wheat at the lower price on the date on which they were competing for this order of flour. To protect himself against such a contingency, on purchasing his wheat Mr. Smith immediately sells on the futures market an amount of wheat equal to that which he put in store. This is what is called maintaining an even position.

Mr. President, let me turn this letter over to the clerk to finish reading, because there is not much information in it and I do not want to wear out my voice. I ask that the clerk may finish reading it.

The PRESIDENT pro tempore. Without objection, the clerk will continue reading, as requested.

The legislative clerk continued the reading, as follows:

Say he put this wheat in at 90 cents a bushel and later on when he came to sell the flour the wheat market was 80 cents. Under this procedure he would still be able to compete with the miller who might buy at 80 cents, because while he would lose 10 cents on the wheat he put in storage, when he makes the flour sale he immediately closes his futures contract by buying a future, thus making up in the profit on the future the loss on the spot wheat at the time the flour was sold.

Mr. CARAWAY. Mr. President, if the Senator from Oklahoma does not object, I shall ask to have the clerk discontinue the reading and that the remainder of the letter be printed in the RECORD without reading.

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

The remainder of the letter is as follows:

It is, of course, true that if the market went the other way the miller who carried what is called an open position, that is, did not hedge his wheat, would have an additional profit on the transaction. However, there have been so many calamities in the past in cases of people who tried to operate on this open position as against the general practice of keeping their position hedged, that bankers who finance these wheat purchases are very much averse to loaning money on wheat not protected by hedges. In fact, I believe that many of them decline to make loans to customers who undertake to maintain an open position on the market.

The same condition exists with the dealer in grain who warehouses or stores stocks to be merchandised from time to time as the wheat is required for use.

The cooperative marketing associations in wheat and cotton are agencies set up by farmers to market their products in competition with private merchants. In order to compete for business on even terms, these cooperatives must be in position to give the same services and enjoy the same advantages as a private merchant. To do this they have found it necessary to make use of existing marketing facilities, of which, under existing conditions, futures trading operations are an integral part. Resort to hedging operations, in so far as they find it possible and desirable to do so, greatly reduces their problem of financing their operations. In the past six months, when wheat prices have been almost constantly declining, the Farmers National Grain Corporation would have suffered disastrously heavy losses if it had not hedged its wheat supplies. The board has not deemed it wise to insist that cooperatives should abandon these practices; on the contrary, the board is of the opinion that, under present conditions, appropriate use of the futures market by the cooperatives is essential to their successful operation and is even a means of minimizing speculation.

As a result of the close relationships between cash and future markets, everybody dealing the commodity, cooperatives, millers, and warehouses alike, is interested in the maintenance of what is called a parity between spot-cash prices and the future-delivery price. For instance, in Mr. Smith's case, if when he came to make the flour sale the price of cash wheat had declined 10 cents a bushel and the future contract only 5 he would be able to recover on the sale of his contract only one-half of what he lost on the decline in the value of the cash wheat.

The natural result of all this is that the dealers in grain, the cooperatives as well as all others, are constantly interested in the maintenance of this parity and their business operations are seriously disturbed when some outside forces create abnormal disparities between cash and future prices.

When the Grain Stabilization Corporation first started last winter to operate in cash wheat only the result was that this cash price became out of line, as the traders call it, with the future contract market. Millers, we will say, who had bought wheat in the fall and sold a March hedge, when March arrived found themselves with the wheat still on hand and no flour sales against it, were unable to transfer their contracts from March to May without loss. In other words, they were unable to maintain their balanced position and were in trouble, with the banks financing them as to their position in the market, and we were faced with a storm of protest by the processors on this account. The tendency was for all of them to stop carrying their normal stocks and unload the whole burden of the supply on the stabilization operation, their position being that, as they couldn't hedge their wheat, they were not able to borrow money for their normal operations and could not carry that percentage of the available supply that they would normally carry.

Briefly, this is the reason that forced the board to the conclusion that the Grain Stabilization Corporation must operate in both cash and futures markets to be able to handle the situation. The only alternative would be for the stabilization corporation to assume the burden of a much greater portion of the market supply. This might easily result in tying up, in grain operations alone, an amount exceeding the entire revolving fund authorized by the agricultural marketing act.

In the current wheat stabilization operations it is simpler and more economical to influence cash wheat prices over wide areas by supporting purchases of futures in addition to purchases of cash wheat in terminal markets.

While the position with respect to cotton is somewhat different, the same general principles apply. The object of the board is to improve the condition of the producers of agricultural commodities, but we do not believe that we can accomplish this by actions that would completely upset long-established marketing machinery, for this would react disastrously upon the producers unless the board were in a position to carry the entire burden, which it is not.

Please do not consider this as a recommendation on our part in support of the present system of future trading. But we have to recognize that it is the system that has been built up over a period of 70 years, on which practically all wheat or cotton is handled, both for domestic use and for export; and it is our conclusion that under existing conditions cooperative marketing associations and stabilization corporations must in appropriate practical ways deal in futures as well as in spot wheat or cotton.

Yours truly,

ALEX LEGGE,
Chairman Federal Farm Board.
By JAMES C. STONE,
Vice Chairman.

Mr. McKELLAR. Mr. President, I want to call attention to one or two matters in reference to this question. I think the amendment as perfected should by all means be agreed to. If it is agreed to, there is no question in the world that the Farm Board will have the right to hedge but it will be denied the right to speculate. The question is asked, Why deny the right of the Farm Board to speculate? The reason we should deny the Farm Board the right to speculate is because the Farm Board has been engaged not only in speculation regularly but in a concrete attempt to control or corner the cotton market. What I have to say applies only to the cotton market. Last winter the Farm Board, through the Farm Cooperative Association——

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

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Minnesota?

Mr. McKELLAR. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, I can not refrain from calling the attention of the Senator from Tennessee to the humor of the situation. A large school of economists in the United States have claimed that the trouble with farm prices has been the gambling in the pits on food products. Now we find that many of those who have supported farm legislation in order to do away with gambling in food products are supporting gambling in pits by the Farm Board on the ground that the Farm Board are better speculators and gamblers than are the individual grain speculators.

Mr. McKELLAR. Mr. President, I want to say that the very first proposal in the Farm Board act is as follows: To benefit the farmers "(1) by minimizing speculation."

Instead of minimizing it the existing Farm Board are increasing speculation in farm products. My remarks now are confined to cotton, because I have just made a rather exhaustive examination of the situation so far as cotton is concerned before this very committee. I find that the Farm Board, through the farm loan association, not only speculated in cotton last winter and spring but they undertook to squeeze the market, to corner the market in cotton, if you please, and here is what occurred. I read from page 76 of the record:

Mr. PARKER. You will find that the "corner" Mr. Butler spoke of in May and July of last year put the value of May futures contracts 175 points above the October contracts.

Now, the effect of that on the trade was this: The trade could not transfer the hedges that it held in May into October, which would have been the logical thing to do, the normal thing to do, hedges against cotton which they had bought for the trade, but which they had not sold to the trade and were in the process of merchandising.

Now, they had all of the kinds and staples and peculiar brands of cotton that the particular trade wants, assorted and ready, and they had to deliver that cotton to the Government—

"And they had to deliver that cotton to the Government"—

at a great loss, because that cotton is seldom intended for delivery on future contracts. On a perfectly normal cotton market no cotton is delivered on future contracts at all. It is all delivered on what the trade calls spot commitments. They specify the grade, and specify the types, and the delivery of the types that the mills want.

Now, some of that cotton delivered, which had been exported, was returned because of the "squeeze" of the Federal Farm Board. Some of it came from France, some from Italy, and some of it even had to be brought back from Japan.

In other words, Mr. President and Senators, here is the Farm Board conducting a corner in cotton and forcing those it had under its power to bring back the cotton it had already sold abroad. My recollection is they brought some 15,000 bales of cotton back here from Japan and France and Italy and other countries, in order that it might be delivered on these future contracts. On contract for hedging? No; on contracts for gambling; on contracts for speculation, when the law under which they were operating condemns speculation; and the Congress of the United States was furnishing the board with enormous sums of money with which to administer the act, much of which was used to enable the board to go into the market and gamble in future contracts upon cotton.

Mr. BLACK. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Alabama?

Mr. McKELLAR. I yield.

Mr. BLACK. The Senator from Tennessee, of course, is familiar with the fact that it has been publicly charged in magazine articles, in statements, and in various letters, which all Senators have received, that an investigation of the activities of the Farm Board would show that millions and tens of millions of dollars had been absolutely sunk in straight gambling on cotton and wheat?

Mr. McKELLAR. Mr. President, that is not only true but Mr. Legge admits it is true. I will read what he said. By the way, a most important statement was probably left out, but there is enough in Mr. Legge's testimony itself to show the situation despite what was left out. The cooperatives were gambling in the market, and they have representatives on the cotton exchange in New York, who are paid out of money borrowed from the Government. What it costs no one knows; in other words, they have all the paraphernalia to gamble in futures, and they are not hedging but they are buying futures for speculative purposes. So if futures go up, they will get the benefit of it, and if they go down, the Government will have to pay the loss.

Mr. THOMAS of Oklahoma. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Tennessee yield to the Senator from Oklahoma?

Mr. McKELLAR. I yield.

Mr. THOMAS of Oklahoma. Is it not also a fact that the Farm Board has taken out a membership indirectly and paid for it, as I understand, and now occupies a seat on the Chicago Grain Pit buying and selling with Federal money?

Mr. McKELLAR. I also understand, but I can not vouch for the statement, that they have a membership on the Cotton Exchange of New York and are operating in a speculative capacity on that exchange. I wish to say that the board and their cooperatives are not hedging at all. When they sell cotton they buy futures in the hope that the market will rise and that they will get some advantage on those futures. Of course, it is not hedging at all. The proof of this record absolutely discloses beyond a shadow of a doubt that the operation has no semblance of hedging about it but it is plain speculation. The question that arises here is whether the Senate, in view of the provision in the law that the very first purpose of the board shall be to minimize speculation, will vote to appropriate this money for further speculation on the cotton markets of the country. I take it that no Senator who loves his Government and who is careful of its revenue will be willing to cast his vote in favor of pure speculation on the cotton market.

Mr. GLASS and Mr. BLACK addressed the Chair.

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

Mr. McKELLAR. I believe the Senator from Virginia rose first, and I will yield to him, and then to the Senator from Alabama.

Mr. GLASS. I want to call the Senator's attention to the fact that in February a year ago the Congress of the United States deliberately authorized the continuance of that sort of system among private individuals and corporations, and the Senate itself concurred in that decision by a vote of 47 to 27. In other words, the Congress, by law, authorizes this system of commodity gambling and then sets up a Government institution and appropriates $500,000,000 for its operation to engage in a system of that sort. The proposition now is to disarm the Government institution and prohibit it from competing with individuals in a system authorized by the Congress——

Mr. McKELLAR. Oh, no, Mr. President.

Mr. GLASS. I shall not vote for it; I am not going to give the Farm Board an opportunity to account for its inevitable failure—which some of us predicted at the time—by charging the Congress of the United States with the responsibility for its failure.

Mr. McKELLAR. Mr. President, I can understand the position the Senator from Virginia takes, but I want to say to him and to the Senate that this proposed amendment as amended will not prevent the Farm Board from hedging its contracts just like any other dealer may lawfully hedge his contracts. What it does prohibit is this: It prohibits the board from using Government money to speculate on the market and undertake to corner the market and to force cotton that has already been exported to other countries for their use to be brought back here in order to comply with contracts made by the board.

Mr. GLASS. Let me say to the Senator that when the junior Senator from Arkansas [Mr. CARAWAY] presented his proposition there was incorporated in its provisions this very proposed amendment, and yet the Senate, by a vote of 47 to 27, refused to pass a measure to put a stop to individuals and corporations gambling in commodities, and has set up a Government institution to do that very thing. I am not going to stop them until success or failure shall have marked the operations of the board.

Mr. KING. Mr. President——

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

Mr. McKELLAR. I yield.

Mr. KING. I ask the Senator from Virginia if he does not differentiate between an immorality committed by individuals and an immorality committed by the Federal Government?

Mr. GLASS. I do not, when we set up a Federal agency to do the very thing that we have authorized individuals to do.

Mr. KING. I think, if I may so say——

Mr. McKELLAR. Mr. President——

Mr. KING. Will not the Senator from Tennessee pardon me a moment more?

Mr. McKELLAR. If the Senator will permit me, let me answer the suggestion. The very act under which the Farm Board is operating directs the board to minimize speculation, but, instead of minimizing it, it is increasing it.

Mr. GLASS. The board contends that it is minimizing it.

Mr. McKELLAR. Mr. Legge does not so contend. Let me read what Mr. Legge says about it. Mr. Legge did eliminate a small part of his testimony which would have made it more specific, but I think we can get Mr. Legge's meaning from what he says. I will read a question that was asked Mr. Legge, as follows:

Senator McKELLAR. Well, then, if these associations can finance themselves without aid, why is it necessary to use these additional funds, this $150,000,000 appropriated in December, and now approximately $100,000,000, for the future?

Mr. LEGGE. That is our interpretation of the agricultural marketing act; what we believe that we should do to help them. And they get the money at a lower rate of interest.

Then this question:

Senator McKELLAR. And you are helping them whether they need it or not?

Mr. LEGGE. How is that?

Senator McKELLAR. You are helping them whether they need it or not?

Mr. LEGGE. Well, they need it from some source.

Now, I think we have helped some of them, Senator, where they could, in extremity, have gone and gotten the money by paying a higher price for it on the outside. We did not set a limit of entire insolvency.

He had just been testifying to the effect that 7 of the 11 cooperative associations were insolvent, and are probably even insolvent now; he was not sure of that but only 4 of them were good. Therefore he said:

We did not set a limit of entire insolvency, because our construction of the law was to mean that we were to be of service where we could, and we have tried to treat them all absolutely on the same basis.

Mr. BLACK. Mr. President, will the Senator yield on that point?

Mr. McKELLAR. The Senator from New York [Mr. COPELAND] desires to interrupt me.

Mr. BLACK. I simply want to call attention to one clause the Senator read there. In a letter I had this morning the statement was made to me that the insolvency of these cooperatives was due to the fact that they had tried to take a flight on the gambling market, and, like our Government employees, of course were unable to cope with these professional gamblers. If we are going into the gambling business, why not hire some professional gamblers, in order that we may go into it in a proper manner?

Mr. McKELLAR. I am not inclined to disagree with the Senator from Alabama on that proposition.

I now yield to the Senator from New York and beg his pardon for not having yielded to him before.

Mr. COPELAND. Mr. President, it can be seen by looking at the other side of the Chamber that there are not half a dozen Republicans here. If we were to take some action now by votes on our side, as the Senator from Virginia has pointed out, the Farm Board could make the excuse that their failure is due to the action of Congress and the action of the Democrats.

I do not want to see anything interfere with the mad career of this board. They are not going to stop any of their actions by reason of what we do; but if we give them the slightest excuse they will then have an alibi, and can point to the acts of Congress as the reason why they failed.

Mr. McKELLAR. Did the Senator hear all of Mr. Legge's testimony?

Mr. COPELAND. I heard enough of it to know that in my opinion there is not, down deep in his heart, any hope of success.

Mr. McKELLAR. No; and that is why I say the Senator is giving himself undue concern about what may be said about the matter in the future, for the reason that Mr. Legge in this evidence virtually admits that the Farm Board has been a woeful failure, and he does not look for any success in the future.

Mr. COPELAND. And, if I may say so to my friend, we can not, in this momentary study of the question, revise this act and make it workable. It has been predestined and foreordained to failure from the beginning; but let us not give the board an excuse for their failure. Let their failure be the result of their own operations, unhampered by anything that we do in the way of interfering with them.

Mr. GLASS. Mr. President——

Mr. McKELLAR. I now yield to the Senator from Virginia.

Mr. GLASS. While I am momentarily involved in this controversy, I want to ask the indulgence of the Senator to say that there is no Member of this body who is more utterly and completely opposed to marginal stock gambling, or gambling in commodities, than I.

It will be recalled that I proposed an amendment to the revenue bill in this body to put a percentage tax on operations of that kind; and I was among the Senators who favored the passage of the bill proposed by the junior Senator from Arkansas [Mr. CARAWAY] to put a stoppage to activities of that kind. Therefore, I have no fear as to what people will think of my attitude upon the question of marginal and commodity gambling.

The hearing had before our committee, however, clearly disclosed to my mind the fact that not even Mr. Legge has the remotest hope for the success of the Farm Board project. Therefore, I am not going now to give him and his colleagues an excuse to ascribe to the Congress of the United States any fault for its failure. Therefore I am not going to vote for this proposition.

Mr. McKELLAR. Mr. President, of course, everybody who knows the Senator from Virginia and his record here knows perfectly well that he is opposed to marginal gambling transactions of any kind. He has been opposed to them all the time; and, even if he had not been, we know he would be when the matter comes up, because we all know his splendid character and good judgment about matters of speculation.

I agree with the Senator that Mr. Legge's evidence shows perfectly certainly that he does not think that the Farm Board has been a success, and does not think that the appropriation of additional money will make it any more successful. He merely thinks that the law authorized that much, and that we ought to carry out the law.

Now let me read from his testimony. I read part of it a moment ago, and in order to get the connection I will repeat one sentence of it:

We did not set a limit of entire insolvency, because our construction of the law was to mean that we were to be of service where we could, and we have tried to treat them all on absolutely the same basis.

Senator McKELLAR. Now, let me ask you if you knew, when you loaned this money to these cooperatives, that they were engaged in speculation on the market in the way that you have mentioned?

Mr. LEGGE. Their operations on the market—no; we did not know of any speculation. There was some speculation on the part of some of them, but it was covered up.

I stop long enough to say that it is not covered up now, when they have their representatives on the speculative market to represent them. It is open; but Mr. Legge says that it was covered up.

And even the audits of chartered accountants did not show on the first report, as is true at Memphis, you just spoke of.

That is, they so manipulated their transactions that their use of Government money for speculative purposes was covered up so that expert accountants could not find it; but they found it afterwards, as Mr. Legge shows.

That was developed later, that there was some speculation there.

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

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

Mr. McKELLAR. Will the Senator just let me finish this?—

Senator McKELLAR. Mr. Legge, is it not true that you stated to this committee in December that you knew that these gentlemen had obtained membership in the futures exchange in New York?
Mr. LEGGE. I don't recall that I said so.

He did not recall that he said so; but he did say so, and it is of record where he admitted that it was.

Senator McKELLAR. They all had?
Mr. LEGGE. No; they did not all have membership.

"They did not all have membership." But the Government is furnishing money to carry on this speculative business.

Senator McKELLAR. As a matter of fact, without the knowledge of the board, these cooperatives did have a membership in the New York Cotton Exchange and did do speculating in cotton; is that not true?
Mr. LEGGE. We do not know of any speculating, Senator.

Right here is a place where something was taken out, and that is the cause of this inconsistency. I do not think Mr. Legge was trying to misrepresent the matter; but there is an inconsistency here because he struck out one of the answers and questions.

Senator McKELLAR. Well, what do you call it, buying futures on the cotton exchange; what kind of an act is it?
Mr. LEGGE. Well, they buy those futures only. The cotton has not been sold on the exchange, but the cotton has been sold to the mills. The cotton has passed out of their possession and they simply replace that bale of cotton with a futures contract, leaving them just in the same position as if they had not shipped at all.
Senator McKELLAR. You hedge, when you buy cotton—you sell futures against it, do you not? Is not that the way that you protect your contract?
Mr. LEGGE. It works both ways and the hedging proposition works both ways, I think. It is true of grain as well as cotton.

But it is not; and, as we all know, hedging means an entirely different thing.

I now yield to the Senator from Alabama.

Mr. BLACK. Mr. President, with reference to the statement that they were speculating, I started to suggest to the Senator that the Senator, of course, is famaliar, as everyone else is, with the fact that in the long run the amateur who gambles on margins loses his money. He may have a wonderful home to-day, but to-morrow he may live in a hovel.

Mr. McKELLAR. Alas! Too often we have seen those results.

Mr. BLACK. A few days ago Mr. George Rothwell Brown, the columnist of one of the Washington papers——

Mr. McKELLAR. And one of the brightest in the country.

Mr. BLACK (continuing). Made the statement that the mistake the Democrats made with reference to their $25,000,000 appropriation was that they did not offer it as a dole to take care of and relieve the Wall Street brokers. He said that if they had, it would have had the support of the strong Republican papers throughout the country.

The Senator will recall that this $100,000,000 has been voted by the House.

Mr. McKELLAR. Yes.

Mr. BLACK. Of course, we all know that if it is used for marginal transactions, it will go where that money always does go, to relieve the gamblers in New York and Chicago. It is perfectly all right to devote a dole of $100,000,000 to them, but not to offer $25,000,000 for the people who are starving throughout the country. That is exactly the attitude in which they have placed themselves.

Mr. McKELLAR. Mr. President, it appears from the testimony of Mr. Legge that the 11 or 12 cooperatives which are run and managed and controlled by the board simply constitute another cotton dealer. They deal in about 15 per cent of the crop. I think the number of bales was estimated to be about 2,000,000 bales, maybe two and a half million bales; but it is about 15 per cent of the crop. These cooperatives constitute a dealer just exactly as McFadden & Co. constitute a large dealer and just as Clayton & Co. constitute a large dealer—nothing more and nothing less. The only difference between them is that the cooperatives have the backing of the Government with almost unlimited funds—a revolving fund of $500,000,000—whereas I do not know what backing McFadden & Co. have, or the Anderson & Clayton Co. and other dealers of that kind. But if ever Government interference in business was apparent, it is apparent in the manipulation of this act by the Farm Board. It is the best possible illustration of the Government going into business—taking away 15 per cent of the business of the other cotton dealers of the country and actually undertaking to corner the market last April.

Mr. WHEELER. Mr. President——

Mr. McKELLAR. I will yield in a moment. I understand that there may be a corner in the market again this spring, if it is possible for them to bring it about, so that they may make more by speculating. I understand that the cards have all been set for another speculative corner in cotton in the near future.

Is the Government to indulge in that through the Farm Board? It seems to me it should not. I do not believe the Government's money should be expended for speculation. Therefore I am going to vote for the amendment offered by the Senator from Alabama, as amended by the amendment of the Senator from Arkansas [Mr. CARAWAY].

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

Mr. McKELLAR. I promised to yield to the Senator from Montana first. Then I will yield to the Senator from Alabama.

Mr. WHEELER. Mr. President, I was simply going to say that while I am going to take the opposite view from my friend from Tennessee, I agree with him entirely that this is a case of the Government going into business.

Mr. McKELLAR. Why, of course.

Mr. WHEELER. There is not any question about it; and, notwithstanding the fact that Mr. Hoover severely criticized the Democrats because of the position we took with reference to Muscle Shoals and said that that would be State socialism, of course it was not half as radical or socialistic a proposition as this one advanced by Mr. Hoover and actually being carried into effect by the Farm Board.

Mr. McKELLAR. The Senator is not only correct about that, but the further proposition is true that in this particular case the Farm Board, through Mr. Legge, admit that they are in business; that these farm cooperative associations are just another cotton dealer; and just think of what an unfair business it is that 15 per cent of the crop is to be handled by a great Government organization or by the Government itself, if you please, with all the money and backing of the Government as against all the other dealers. Is that fair competition with the other dealers?

I think the Farm Board has completely disregarded the manifest purposes of this act as they were stated in the law. Of course, everybody knows that I wanted a very different act passed.

Mr. BROUSSARD. Mr. President, the amendment we are considering is very important. In fact, I believe it is more important than most of us realize.

I was on a subcommittee which heard protests of cotton people who asked that we discontinue the practice of the Farm Board along purely speculative lines, and I quite agreed with them about that. It was shown to us that the Farm Board is not only buying futures but that it is speculating.

I am not one who is opposed to the cotton exchange. I am not opposed to the legitimate use of the cotton exchange. I favor the cotton exchange when used legally and legitimately, because I can perceive that it would be impossible for the cotton people to get a market and to dispose of their products without that medium. For instance, the general merchandise individual who advances to the cotton farmer expects to be paid in cotton, and when he has made his advances, if he expects to get 500 bales from his customers, unless he is a speculator he will hedge and he will buy as many bales as he expects to get. Then his business is on a basis where he can not lose anything on that end of the line.

So it is with the manufacturer, who buys thousands of bales of cotton for delivery during every month of the year, so many bales per month. He has a contract for his fabric,

whatever he manufactures, and if he buys in futures the equivalent number of bales he is not speculating at all; he is simply protecting his business; and in that respect I am for the exchange.

It was disclosed that what the Farm Board has been doing is this: If they sell a thousand bales of cotton and dispose of it, they then go on the futures market and buy a thousand bales of futures. That makes it absolutely a speculative proposition. In the one case hedging protects from loss whether cotton goes up or down, but in this particular case the board is betting that the market will go up. The board has no business indulging in that practice, and to that extent I am in favor of the amendment proposed by the Senator from Alabama.

Here is the proposition, however, and it is a very serious one. The statistics show that the Farm Board now owns 1,300,000 bales of cotton and that the cooperatives, on loans made to them by the Farm Board, own 700,000 bales of cotton. If we adopt the amendment proposed by the Senator from Alabama, so that the Farm Board is obliged to throw that 2,000,000 bales on the market to-day, cotton will be bought at 4 cents a pound next month, and I am not in favor of that. I think they were wrong in going into this transaction, but I believe that for the sake of the cotton producers of this country, and of the wheat producers of this country, and for the sake of all the people who have obtained advances, we ought to permit them to use some of the $100,000,000, not for the acquisition of future products but for the protection of those products they have, until we have disposed of the present crop in an orderly manner.

I think the Farm Board, so far as I have been able to judge from the testimony given, will meet with disaster within three or four years. They now have out of last year's crop 2,000,000 bales of cotton. I do not know how much wheat they have, I think it is 100,000,000 bushels. As was disclosed in the testimony before the committee, where they sold cotton and the price they could then obtain here was higher than the price for which they had sold in foreign countries, they brought back 15,000 bales to displace people's cotton in the usual line of business, people who are engaged in selling cotton.

Mr. KING. Mr. President——

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

Mr. BROUSSARD. I yield.

Mr. KING. I want to ask the Senator a question for information. Could they not be accused of dumping?

Mr. BROUSSARD. It is worse than that.

Mr. KING. If the soviets introduce a few million bushels of wheat into this country, we complain that they are dumping, yet this organization, fortified by four or five hundred million dollars out of the Treasury of the United States, proceeds to dump American goods upon foreign markets. I was wondering whether our conduct would not be challenged by foreign countries.

Mr. BROUSSARD. It is most reprehensible, when they are trying to assist the cotton farmer to dispose of his cotton, to recall cotton from Japan, Italy, France, Germany, and England, to be brought back here for delivery because they could make a few cents on it.

I will tell the Senate what they paid for the cotton they have. This 2,000,000 bales cost them 16 cents a pound. It is now worth 10 cents a pound. Unless we adopt some provision which will permit them to protect that cotton and keep it off the market for some little time, the Government will lose not only the 6 cents a pound on 2,000,000 bales but much more and destroy the market entirely.

Mr. GLASS. Mr. President, if they should sell to-day, they would lose $40,000,000.

Mr. BROUSSARD. They would lose more than that. They have lost $110,000,000 already.

Mr. GLASS. On cotton alone?

Mr. BROUSSARD. Does the Senator refer to the losses already made?

Mr. GLASS. Yes.

Mr. BROUSSARD. Their losses up to now, the difference between 16 and 10 cents, amount to $110,000,000.

Mr. CARAWAY. And if they keep the cotton, it hangs over to destroy the price of the growing crop.

Mr. BROUSSARD. Absolutely.

Mr. CARAWAY. The whole policy is wrong.

Mr. BROUSSARD. Absolutely. I am for the amendment offered by the Senator from Alabama, but I do not want the 2,000,000 bales thrown on the market next month.

Mr. CARAWAY. I would rather have it go on the market next month than next October, because the present cotton is out of the hands of the farmer, and if they are going to dump it any time, let them dump it while it is in the hands of the speculators.

Mr. BROUSSARD. The truth is that the farmer has nobody to go to to get advances, and if we are going to ruin the merchants, bankers, and the rest of the people of the United States, we will all be paupers, and I think we ought to protect whoever has a legitimate interest at the present time.

Mr. CARAWAY. I do, too. I would have been glad, and I am sure the Senator, if he is a cotton grower, would have been glad, to have cotton allocated to him, and add that to the crop he is going to grow this year.

Mr. BROUSSARD. I would. I am not a cotton grower, but half the people of my State are cotton growers, and I am speaking here because I realize, after hearing these gentlemen speak, that we are up against a very serious problem, but I think the Senator from Alabama, who is honestly trying to seek a remedy, is applying it more extensively than it should be applied. I believe we should deny the board the right to do the same thing this year they did last year. We should deny them the right to speculate in futures.

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

Mr. BROUSSARD. I yield.

Mr. BLACK. That is exactly, in my judgment, what my amendment would do. It provides that this hundred million shall be used for the purpose of engaging in——

Mr. CARAWAY. In short selling.

Mr. BLACK. In short selling.

Mr. BROUSSARD. Yes.

Mr. BLACK. And, with the amendment which will be offered by the Senator from Arkansas, it will permit hedging.

Mr. BROUSSARD. I have not seen the amendment. I prepared one last week, which I proposed to add to the amendment of the Senator from Alabama, along this line:

Provided, That this shall not prevent the expenditure of such funds as are necessary in the protection of argricultural commodities or food products thereof already purchased by the Federal Farm Board.

In other words, now that they have the cotton, I do not want it to be dumped and to destroy the market which remains.

Mr. CARAWAY. In other words, the Senator is willing to have them sell a hedge against what they have?

Mr. BROUSSARD. I am willing to have them continue and hold this until such time as they can get out of it, but I do not want them to acquire additional cotton, as they did last year.

Mr. KING. Mr. President, let me ask the Senator a question.

Mr. BROUSSARD. May I ask the Senator from Arkansas if that is the point?

Mr. CARAWAY. In effect the amendment I offered was this: To permit them to sell a hedge against what they have, so that they can prevent a further decline meaning a loss to them, and so that they can safely hold the cotton until they can find some place to sell it.

Mr. BROUSSARD. Not only that but to hold it and protect themselves and not be destroying the market altogether.

Mr. CARAWAY. That is it absolutely, so that they can not go in and join the great bear raids on the market.

Mr. BROUSSARD. Because if 2,000,000 bales of cotton were thrown on the market to-morrow, we know what would happen.

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

Mr. BROUSSARD. I yield.

Mr. KING. I am interested in the statement made by the Senator. Does the Senator think that the board, if this amendment were adopted, would be required to dump that 2,000,000 bales of cotton?

Mr. BROUSSARD. If we do not give the means of holding it.

Mr. KING. They already have $65,000,000.

Mr. BROUSSARD. I do not know just what construction they would put on this amendment. They are in a hole. They know that it is wrong, and if we agree to an amendment such as that offered by the Senator from Alabama, they will refuse entirely; but the effect of it before the board acts will be to break the market again, and the market is now 10 cents a pound. I think there ought to be a provision permitting them to use such funds as are necessary to protect whatever agricultural products they already possess.

Mr. HEFLIN. Mr. President, the Senator takes the position, as I understand him, that they are bull factors now, and are buying cotton, and if they withdraw that large support from the bull side, to that extent support would be taken away from those who boost the price.

Mr. BROUSSARD. I mean, if they do not use funds to protect any future crop, they will dump 2,000,000 bales of cotton on the market and destroy everybody interested in cotton.

Mr. HEFLIN. Who will dump that, the Farm Board?

Mr. BROUSSARD. The Farm Board. That is what they control to-day. In other words, I want to leave them the discretion to get out of the hole if they can; but if they can not get out of the hole, I do not want them to destroy the man who owns the cotton to-day outside of what they hold.

Mr. KING. Mr. President, does the Senator mean that they have invested this $400,000,000 in wheat and in cotton, and $20,000,000 for the raisin concerns, and a few million for the dairy interests, and that there are obligations due to the banks or to the Government upon the cotton which they now have?

Mr. BROUSSARD. As I understand it, they have invested this money in those products, they have bought them, and they own them.

Mr. KING. Exactly. They are not compelled, then, to dump them on the market to-morrow, or the next day, or next week, or at any particular time. They may hold them indefinitely.

Mr. BROUSSARD. Yes; but we know first of all that they have bought futures against them, and they are now waiting to see how it will turn out. They were wrong in doing that. But I am willing for them to have a chance to extricate the Government from these tremendous losses, because if we deny them that chance I fear they will simply put the cotton on the market and call it a day's work, and it will be done.

Mr. KING. This means, if I understand it, "You gentlemen of the Farm Board have committed irreparable wrongs and sins and indiscretions against economic laws, to the disadvantage of the American people. We are going to bless you, to give you a pontificial blessing, and give you $100,000,000 to continue your reprehensible course."

Mr. BROUSSARD. That is not the situation at all, because the amendment of the Senator from Alabama provides that they shall no longer continue this; to which I subscribe. Under my amendment I propose that they shall not be forced to dispose of what they have on hand.

Mr. BLACK. Mr. President, I would like to get exactly the Senator's idea. What would compel the Farm Board to dump this cotton on the market if this amendment should be agreed to, in the Senator's judgment?

Mr. BROUSSARD. I think that they would feel that this amendment would absolutely deny them the right to exercise their judgment in buying futures to protect that cotton, just as the merchant does.

Mr. BLACK. Does the Senator mean for hedging?

Mr. BROUSSARD. Yes; for hedging purposes.

Mr. BLACK. I may state to the Senator that I have agreed to accept an amendment offered by the Senator from Arkansas for that express purpose, to take care of the privilege of hedging.

Mr. BROUSSARD. I have not seen the amendment of the Senator from Arkansas. I have asked for it several times. I had my amendment prepared a good while ago. My amendment provides that there shall be nothing done to prevent the expenditure of such funds as are necessary in the protection of agricultural products or food products thereof already purchased by the Federal Farm Board.

Mr. BLACK. Perhaps the amendment offered by the Senator from Arkansas is even broader than the amendment of the Senator from Louisiana, because it would absolutely permit hedging by the board. That is the object and purpose of it.

Mr. BROUSSARD. That is what I had in mind, I will say to the Senator. I am thoroughly convinced that the purchasing has been done and we ought to permit the board to go on and protect whatever they have acquired, not for their own sake but for the sake of people who own cotton and wheat and other products in the country.

Mr. BLACK. It was for that purpose that the Senator from Arkansas asked if I would accept his amendment, and I agreed with him that I would accept it so as to let the board have the right to hedge in the nature of protecting, or what is called insurance.

Mr. BROUSSARD. The Senator will recall that last Friday or Saturday I mentioned the same thing to him.

Mr. BLACK. That is true.

Mr. BROUSSARD. I concurred in his amendment provided that were done. I think the investments already made, not only for the sake of the Government but for the sake of the people who have invested in cotton, ought to be protected and that there ought to be some provision to protect all and dispose of those products, not forcibly on a given day, but at such times as they see fit to dispose of them.

Mr. BLACK. The Senator means that the 2,000,000 bales of cotton which they have now must be protected, and the only kind of protection they can get is by hedging on the market?

Mr. BROUSSARD. That is what I think. It may be necessary to do it, and it may not be necessary.

Mr. BLACK. That is exactly what the amendment proposed by the Senator from Arkansas would permit.

Mr. BROUSSARD. I would like to see the amendment of the Senator from Arkansas.

Mr. BLACK. It has not been formally offered.

Mr. BROUSSARD. May I ask the Senator from Arkansas if he has perfected his amendment?

Mr. CARAWAY. Yes; and I will hand it to the Senator. It provides for the sale of cotton or grain for future delivery.

Mr. BROUSSARD. Mr. President, I think the Senate ought not to adopt the Black amendment without some such provision as proposed by the Senator from Arkansas or the one which I have suggested. I thoroughly agree with the Senator from Alabama that we ought to prevent speculation in the future.

The PRESIDING OFFICER. Does the Senator from Alabama accept the amendment of the Senator from Arkansas?

Mr. BLACK. I have agreed to accept the amendment offered by the Senator from Arkansas and suggest that if he will send it to the desk it will be well to have it read.

Mr. JONES. Mr. President, as I understand it, the Senator from Alabama perfects his amendment by accepting the amendment proposed by the Senator from Arkansas?

Mr. BLACK. That is correct.

Mr. JONES. Then I renew the point of order against the amendment as perfected, because it is legislation far beyond a mere limitation.

Mr. CARAWAY. Mr. President, I offer my perfecting amendment to the amendment of the Senator from Alabama.

The PRESIDING OFFICER. The clerk will report the amendment offered by the Senator from Arkansas to the amendment of the Senator from Alabama.

The LEGISLATIVE CLERK. Add at the end of the amendment of the Senator from Alabama:

Provided, That anyone who in good faith has purchased a contract for future delivery of any product to be purchased by this

appropriation and expects or intends to receive said product, may sell a hedge or option against said purchase, or anyone who in good faith has sold for future delivery any such product and expects and intends to deliver said product may buy a hedge or option to cover said sale.

Mr. JONES. That seems to me to be pure legislation and not a limitation on the $100,000,000 at all.

Mr. BLACK. It is a still further limitation upon the appropriation. Without that further qualifying clause the board would not be authorized to lend any money for any of the purposes mentioned. But here the restriction is narrowed down so as to permit it to be loaned if it is for the purpose of hedging as provided therein, but not to be loaned for the purpose of buying on marginal transactions. It is clearly germane to the amendment which I offered.

Mr. KING. Mr. President, the amendment offered by the Senator from Arkansas to the amendment of the Senator from Alabama may not be construed as an independent proposition. Obviously it relates to antecedent matter and it is connected with the antecedent proposition, which is an amendment offered by the Senator from Alabama. That amendment is a limitation upon the purposes for which the $100,000,000 shall be expended. This is an additional limitation. Perhaps it increases somewhat the scope of the original limitation, but it is still a limitation upon the purposes for which the $100,000,000 shall be expended. The amendment offered by the Senator from Alabama provides that $100,000,000 shall not be used for certain purposes. The amendment of the Senator from Arkansas says that it may be used for the purpose of enabling the board to do certain things which heretofore it has done with the $100,000,000, but it is still a limitation upon the purposes for which the $100,000,000 may be used. I submit it is a limitation just as much as the amendment offered by the Senator from Alabama is a limitation. Both relate to the purposes for which the $100,000,000 shall be used and therefore both are limitations.

The PRESIDING OFFICER. The Chair will sustain the point of order of the Senator from Washington.

Mr. BLACK. Mr. President, I desire to reoffer my amendment without the amendment offered by the Senator from Arkansas.

Mr. JONES. Let us have the yeas and nays on that amendment.

Mr. BROUSSARD. Mr. President, I offer the following amendment to the amendment of the Senator from Alabama.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. At the end of the amendment offered by the Senator from Alabama [Mr. BLACK] add the following proviso:

Provided, That this shall not prevent the expenditure of such funds as are necessary in the protection of agricultural commodities or food products thereof already purchased by the Federal Farm Board.

Mr. WHEELER. Mr. President, may I ask the Chair whether or not he sustained a point of order to the Black amendment or merely the amendment that was offered by the Senator from Arkansas?

The PRESIDING OFFICER. Merely to the amendment offered by the Senator from Arkansas to the amendment of the Senator from Alabama.

Mr. JONES. Oh, no, Mr. President. The amendment proposed by the Senator from Arkansas was accepted by the Senator from Alabama and made a part of his amendment, so the whole amendment as perfected went out on the point of order.

Mr. WHEELER. So the whole amendment, the amendment of the Senator from Alabama and the amendment offered by the Senator from Arkansas to that amendment, went out on the point of order?

Mr. JONES. Yes; and the Senator from Alabama has now reoffered his amendment, and an amendment to it has been offered by the Senator from Louisiana; and I make the point of order against the amendment of the Senator from Louisiana to the amendment.

The PRESIDING OFFICER. The Chair sustains the point of order.

Mr. BLACK. I appeal from the decision of the Chair.

Mr. BROUSSARD. Mr. President, 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:

Ashurst	Fess	King	Sheppard
Barkley	Fletcher	La Follette	Shipstead
Black	Frazier	McGill	Shortridge
Blaine	George	McKellar	Smith
Blease	Gillett	McMaster	Smoot
Borah	Glass	McNary	Steiwer
Bratton	Glenn	Morrison	Stephens
Brock	Goff	Morrow	Swanson
Brookhart	Goldsborough	Moses	Thomas, Idaho
Broussard	Gould	Norbeck	Thomas, Okla.
Bulkley	Hale	Norris	Townsend
Capper	Harrison	Nye	Trammell
Caraway	Hatfield	Oddie	Tydings
Carey	Hawes	Partridge	Vandenberg
Connally	Hayden	Patterson	Wagner
Copeland	Hebert	Phipps	Walcott
Couzens	Heflin	Pine	Walsh, Mass.
Cutting	Howell	Pittman	Walsh, Mont.
Dale	Johnson	Ransdell	Waterman
Davis	Jones	Reed	Watson
Deneen	Kean	Robinson, Ark.	Wheeler
Dill	Kendrick	Robinson, Ind.	Williamson

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. BROUSSARD. Mr. President, may I inquire of the Chair what was the ruling? Was the amendment offered by the Senator from Alabama held to be out of order?

The PRESIDING OFFICER. The Chair will state that the Senator from Louisiana offered to the amendment proposed by the Senator from Alabama an amendment reading as follows:

Provided, That this shall not prevent the expenditure of such funds as are necessary in the protection of the agricultural commodities or food products thereof already purchased by the Federal Farm Board.

On that amendment the Senator from Washington made a point of order.

Mr. JONES. Mr. President, I want to say to the Senator from Louisiana if we can get a vote on these propositions I am perfectly willing to withdraw the point of order and let the Senate act.

Mr. BROUSSARD. I should like very much to have that done, because it seems to me that the rulings made by two different Presiding Officers are inconsistent.

Mr. JONES. I think the ruling was proper, but I withdraw the point of order for the purpose of getting a vote.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Louisiana to the amendment offered by the Senator from Alabama.

Mr. WHEELER. Mr. President, I should like to know on what we are voting.

The PRESIDING OFFICER. The clerk will again read the amendment.

The LEGISLATIVE CLERK. At the end of the amendment proposed by the Senator from Alabama the Senator from Louisiana proposes to add the following:

Provided, That this shall not prevent the expenditure of such funds as are necessary in the protection of the agricultural commodities or food products thereof already purchased by the Federal Farm Board.

The PRESIDING OFFICER. Does the Senator from Alabama withdraw his appeal from the decision of the Chair?

Mr. BLACK. I withdraw my appeal from the decision of the Chair.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Louisiana to the amendment offered by the Senator from Alabama.

Mr. SMITH. Mr. President, there was such confusion in the Chamber that I could not understand the amendment offered by the Senator from Louisiana as it was read.

The PRESIDING OFFICER. The clerk will again read the amendment.

The amendment to the amendment was again read.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Louisiana to the amendment proposed by the Senator from Alabama.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from Alabama as amended.

Mr. SMITH. Mr. President, I think there is a misapprehension about this proposition, and I feel that it is my duty to make a brief explanation as to how I view this question. A hedge either against a purchase or a sale is to all intents and purposes a purchase and sale. A cotton broker who has not sold spot cotton in advance may buy the cotton on the local market though he has no purchasers for the physical commodity, and when he buys it he can protect himself against any fluctuation in the market by selling a contract of an equal amount at the same price and at the same time on the futures market. I am not here with any brief for that system, but suppose the farmers of the country desiring to dispose of all their crop of cotton within 90 days find no sale for the actual spot in the mills, the local buyer being unable to buy the cotton unless he can make an immediate sale of it. But if cotton was 10 cents a pound and a farmer were to come in with a hundred bales of cotton, he could sell that hundred bales of cotton if the buyer could hedge it immediately by selling an equal amount on the board, and paying the individual farmer the day's price. Now, the buyer is insured; he is hedged; for, if to-morrow cotton were to go down a cent a pound the cotton he paid 10 cents for would only bring 9 cents a pound, and he would lose a cent on the actual cotton, but the cotton which he has sold on the board would also go down a cent a pound, so that he would make a cent a pound on the contract sold to offset the cent a pound on the spot purchase.

It has been claimed that this hedging or insurance against fluctuations is eventually to take care of the vast quantity of cotton that is poured on the market during the marketing period. I am not going to attempt to argue whether that is for the best interest of the cotton grower or not; I simply want to call attention to the distinction between a broker who must buy and sell immediately every day and the Federal Farm Board. The board is not called upon to go onto the future market at all. If I read the agricultural marketing act correctly, the board is supposed to ascertain when there is a surplus, and when that surplus is such as to jeopardize a reasonable return to the producer, for the law provides that an effort shall be made to bring agriculture to an economic equality with industry, as near as may be, the board is supposed to take it off the market.

When actual physical cotton gets below what, in the opinion of the board, is a reasonable return, by virtue of a surplus, the board is supposed to go on the market and buy the actual physical commodity. They can not hedge it; they ought not to hedge it; because when they buy the surplus of cotton the minute they hedge it they have sold it. They can not insure themselves. What they are supposed to do is to take off enough of the actual cotton so that the balance that is left will respond to the law of supply and demand. It is a contradiction in terms to say that the board can hedge. Suppose cotton is 10 cents a pound and the board agrees that 15 cents a pound is essential to meet the cost of production and to give a reasonable return to the producer, they ought to buy that surplus, just go on the market and buy it and take it off the market. In order to hedge it, they have to sell it and then it goes back on the market.

Mr. BROUSSARD. Mr. President——

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

Mr. SMITH. I yield.

Mr. BROUSSARD. I am aware the Senator from South Carolina knows more about cotton than I will ever know, but I should like to ask the Senator if the board sells cotton and when it is sold it buys futures, is that speculation or hedging?

Mr. SMITH. If the Farm Board has taken the cotton off, and sold the cotton, and bought futures they have doubled the depression in the price; that is what they have done; for this reason: The mills want cotton, the world wants American cotton; there are several million bales more than the world demand; we know that several million bales excess is going to sell the whole crop; in other words, it is necessary to take the bankrupt price of the excess as the price of that which is bought. The theory of the agricultural marketing act is that the board shall take the actual cotton off the market. I have been informed—how accurate the information is I do not know, and I will have to investigate to ascertain—that the cooperatives and the stabilization corporation have sold the actual physical cotton to the mills and bought futures. Well, what have they done? They have supplied the very source that we wanted to make hungry for cotton.

When the board buys futures it has not lessened the supply; it has not diminished the supply of spot; but has increased the burden by being compelled to buy additional cotton. The duty of the board, as I see it, is to stay off the exchange, to stay away from speculation, and buy the physical commodity until they have retired what they have ascertained is the disastrous surplus, and, when they have done that, to hold it off the market until such time as a subsequent lean year or the export market demands the spot cotton. To talk about them buying my cotton or your cotton, and hedging it, is tantamount to saying that they have bought it in place of the speculator and sold it just like the speculator does.

We have gotton this question confused. The Farm Board has no more right in the speculative market than a man who is buying and selling goods in a retail store. He is supposed to buy the actual stuff regardless of any hedge. Cotton to-day, according to the statement of the board, is anywhere from $25 to $30 a bale below the cost of production. The board is supposed to go on the market and retire the amount of cotton which it has ascertained is in excess of the probable demand. The theory of the law is that there are seasonal surpluses and that in the long run we have never had a surplus either of wheat or cotton; it has all been consumed because consumption is continuous and perennial, while production is spasmodic, annual, and seasonal. The board was to take care of the temporary excesses as they might occur from year to year.

Mr. NORBECK. Mr. President——

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

Mr. SMITH. I yield.

Mr. NORBECK. I suggest that the Senator may make his statement a little stronger and be well within the facts. For instance, wheat production has not kept pace with increase in population. Production is less per capita than it has been previously; still we keep hearing about an increased surplus of wheat.

Mr. SMITH. Oh, yes.

Mr. President, those Members of the Senate who are at all familiar—and I doubt if there are very many—with the operation of what we call the futures market may not see the reason for it; but the fact is the board should never have touched either a grain or a cotton exchange. There is not a single provision in the law that gives any such intimation, either implicitly or explicitly, but the board, under the law, was to purchase the surplus, retire it from the market, and so distribute it as to bring agriculture up as nearly as may be on an economic level with industry. I think the board were entirely wrong—not only wrong but I know that it was an absolute marketing absurdity for them to think they could control the surplus by buying it and feeding it to the mills and buying futures. They were simply doubling the burden on the market. They had fed the only source from which they could hope there would be a demand. They had supplied that, and then had loaded themselves up with the same cotton they sold, but in the futures market.

Mr. President, I was astounded when I heard from a member of the board that they had sold this cotton, which I had supposed they were retiring from the market in order to create a demand for what was left, in order that it might

be disposed of at a reasonable price. Now, remember, they did not hedge the cotton they sold. They simply sold the cotton to these mills—that was a bona fide sale—and then purchased contracts on the future market. One had no relation whatever to the other. If they had bought this cotton from the farmers, and were afraid that the market might go down and they would lose money, and then had sold a contract, they would have fixed the price of that cotton the very day they bought it and sold the hedge. When that is done, the price is fixed. What hope has the farmer then that he is going to get any more? The cotton has been sold. If they had taken a million bales of the farmer's cotton at 10 cents a pound and put it in a warehouse, and sold a contract at 10 cents a pound for a million bales, they would have had to cover the contract with the actual cotton at the price at which they had already sold. Then of what possible benefit could the Farm Board be to the farmer? He is not supposed to hedge. A hedge is a sale on a purchase at the price on the date of the sale against the actual stuff or the purchase against the actual stuff. Therefore, the only field in which the Farm Board, under this law, was supposed to act was to ascertain when cotton was too low by virtue of a surplus, take that surplus off the market, and hold it until such time as the market would respond to its depletion, and give the producers the benefit.

It is useless for us to stand here and argue about the benefits or the evils of the speculative market. That is in the realm of the daily transactions of the brokers. It has nothing whatever to do with the Farm Board, and I defy any man to study this law and show wherein the farmer can be aided one iota by virtue of their dealing in the futures grain market or the futures cotton market. They are an organization set up distinct and apart from any speculation.

The system that has grown up for the distribution and marketing of American cotton is not at issue here at all, except that the Farm Board, through a mistaken idea, or for some other reason, have been dealing in it for the benefit of the farmer.

I am rather inclined to think that the Senator from New York is right. The Farm Board—through what advice and from what source I do not know—have elected to go into the futures market. I have said more than once to certain members of the board, "You can hope for no benefit there. You are not supposed to hedge your cotton either against a purchase or a sale, because the minute you hedge it you have committed yourself to the hedge price either as a sale or as a purchase, and you are not supposed to be dealing in anything of the kind. You are supposed to be holding the physical stuff from the market in such quantities as to result in a rise in market for the balance that is left." It was for that reason that I suggested the plan I have spoken of, which has been referred to here to-day—that once they are in possession of this surplus below the cost of production, as it is to-day, they could get contracts with the growers that they would distribute this surplus amongst the growers on a contract on the part of the grower that he would receive this 10 and 11 cent cotton to the amount that he would produce, and not plant any in 1931, and let them distribute that until they had absorbed the surplus by reallocating it to the producer under the contract with the producer that he would not duplicate it in 1931.

The board would get rid of the spots. They would get rid of the surplus. It would not cost them a penny more than the law now authorizes them to spend. It would carry out the principle involved in the law of having gotten rid of the surplus, not by waiting for a lean year but by profitably creating a lean year, so that in the fall of 1931, with a half crop allocated to the farm in the warehouse and a half crop produced on the farm, the farmer would be the beneficiary of the rise in price of a full crop, and it would not be necessary to go to New York or Chicago or New Orleans to hedge anything. They would have bought it below the cost of production; they would have allocated it to where the subsequent production would not duplicate the surplus; and thus they would have gotten rid of the whole business.

I thought it was my duty to show the distinction between the functions of the Farm Board in regulating the surplus and the functions of the brokers who must receive and dispose of cotton during the flux season of 90 or 100 days when cotton is coming on the market. Now that they have gotten into this matter, I do not know; I do not think I would be justified in voting any money for them still further to use the speculative market to try to help the farmer. No matter how much I may deplore imposing any restrictions on them, I do think they ought to be required by law to observe the law; and the law is as explicit as any we have ever written.

Mr. RANSDELL. Mr. President, the question before us is a very difficult one.

In substance, the Black amendment, as I view it, would practically settle the long-disputed question of dealing in futures on the grain and cotton markets.

I am not going to go into an academic discussion of that question; but I am going to remind the Senate in just a few words that it has been before the American Congress for, lo, these many years.

In 1892, when the late Edward Douglass White was a United States Senator from Louisiana, he made one of the most elaborate and able arguments ever heard in this body on any subject in opposition to a then pending bill, the purpose of which was completely to destroy trading in cotton. I have been in Congress for 32 years, and I can testify that ever since I have been here the question has been up in some form or other.

I hold in my hand, but will not take the time of the Senate to read, reports of all the Secretaries of Agriculture, from Mr. Houston right down to the present, each of whom was opposed to destroying the existing system of dealing in grain and cotton, though each and every one of them was entirely willing to have and rather favored regulation of those systems.

Mr. President and Senators, a system which has prevailed for all of these years must have a great deal of good in it. It has lasted for 60 years or more. The report of Mr. Legge, made to the Senator from Oregon [Mr. McNARY] on the 24th of last December, and read into the RECORD by the Senator from Arkansas [Mr. CARAWAY] this morning, shows that this method of dealing in grain has existed for 70 years. Trading in cotton futures has been carried on for 60 years. It has its bad features, and it has its good features. But, Senators, when you destroy an agency as venerable as that, which has been used for so many years, do you not think you ought to be certain of your position?

The old adage says, "When in doubt, do nothing." I am in great doubt on this subject, I confess. I have heard of so many evils in the grain exchanges and the cotton exchanges that I am entirely willing to assist in correcting those evils. I will vote for correcting them. I will state here that the Senate Committee on Agriculture and Forestry will hold hearings, commencing day after to-morrow, on the bill of the Senator from Kansas [Mr. CAPPER] to bring about very considerable regulation of the grain exchanges. I do not know what will be the full effect of that hearing; but the Senator's bill proposes drastic regulation. It does not propose to destroy or prevent dealings in the grain exchanges, but to regulate them, and to stop to a great extent the objectionable system of short selling. That is what it is for; and if that can be done, I say, in God's name let it be done. But, now, let us see what this amendment proposes.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. RANSDELL. I shall be glad to yield.

Mr. KING. Does not the Senator think that his statement is a little too narrow, or rather is not quite accurate, when he states that the Black amendment would destroy this system?

Mr. RANSDELL. I said, "to a great extent," my friend. I did not say it would destroy it.

Mr. KING. My understanding is that the amendment merely declares that the $100,000,000 which is being appropriated in this bill shall not be used for gambling upon the

grain and cotton exchanges. The amendment is not retroactive. It does not attack this vicious system, which I do not think the Senator is defending. It merely says that the Government itself is not going to permit any part of this $100,000,000 to be used for gambling purposes.

Mr. RANSDELL. No; it goes a great deal further than that. It says that no part of this amount nor any of this appropriation shall be loaned—

To any person, association, or corporation for use by such person, association, or corporation for the purposes herein set out.

The amendment provides that not only the Government itself, acting through the board, can not lend that money but it can not lend any portion of the $500,000,000 which we are giving it to rehabilitate agriculture to anyone who will feel that it is necessary, in the conduct of his business as a dealer in or producer of cotton, or a dealer in or producer of grain, to use the futures market.

Mr. President, a great deal has been said about short selling.

Mr. BLACK. Mr. President, will the Senator yield for a question there? Just let me——

Mr. RANSDELL. I will yield to the Senator when I have stated my point, and not before.

Mr. BLACK. I will wait for the Senator.

Mr. RANSDELL. All right; I shall be glad to yield then.

I started to say, and I wish to repeat, that there has been a good deal said about short selling. I am not going to discuss the good features of this system, but I insist it has a great many of them, and if the good did not overbalance the bad, I leave it to the gentlemen in this body, would not the system have gone to pieces long ago?

The main attraction of it for the business world is the hedging feature. Every one of these Secretaries of Agriculture told about the hedging feature, the insurance feature. Let us see briefly what they have had to say:

Former Secretary Houston said:

It is believed that certain forms of dealings in cotton for future delivery, commonly called "hedges," if properly conducted, serve an important and useful economic function. For instance, "hedges" obviate the necessity of speculation by spinners as to the price of cotton needed by them to fulfill contracts of sale of goods to be manufactured from cotton running over long periods. It is unquestionably true that certain ills have crept into the system of conducting transactions in cotton futures which injuriously affect the public interest. But it is these ills which it is desired to destroy; it is not essential or desirable completely to destroy the business of dealing in futures.

Former Secretary Wallace said:

I am inclined to believe that Congress should give the grain futures act and also the cotton futures act more time to demonstrate their worth before it resorts to far-reaching legislation proposed by S. 626, the Caraway bill, because I am convinced that the insurance facility is of great value and is largely dependent for its existence upon public speculation in grain and cotton contracts, and this hedging privilege should not be destroyed until these industries find some better way to insure themselves against price fluctuations.

Former Secretary Jardine said:

Some of our best-known economists have pointed out that future trading is a field which, though large and important, has had comparatively little economic exploration. It is my feeling when called upon to consider any questions connected with our future markets that intelligent disposition would be much facilitated if there were more sound information available. * * * The department is actively studying the available data with the hope of being able to offer from time to time suggestions of a more constructive nature for the treatment of problems of this kind. In the meantime, it feels that the hedging function of the future exchanges is of real necessity in the present-day developments of our markets for cotton and grain, and that it should not be destroyed until other means of accomplishing the same end are discovered and established.

Secretary Hyde said:

S. 4129 (the pending Caraway bill) contains in section 2 a proviso that "anyone who in good faith has purchased a contract for future delivery of any product mentioned in this act and expects or intends to receive said product may sell a hedge or option against said purchase, or anyone who in good faith has sold for future delivery any product mentioned in this act and expects and intends to deliver said product may buy a hedge or option to cover said sale." The successful use of futures contracts for hedging purposes is dependent upon ability to buy and sell in the futures markets momentarily and without delay. It is presumable, of course, that to some extent hedge buyers will be present in the market simultaneously with hedge sellers, but it is hardly reasonable to presume that hedge buying will at all times be equal to hedge selling. If hedge buyers are to be supplied with hedges momentarily when wanted and if sellers are momentarily to find buyers, a reservoir of reserve buying and selling power in the market is essential. It is believed that although the bill would regard as legal the purchase and sale of hedges, it places limitations upon trading which, in effect, deny to persons who would buy or sell hedges the necessary means of so doing.

I doubt that the futures exchanges could properly function under the limitations of S. 4129, and for that reason I do not believe that the enactment of the measure at this time would be helpful.

Senators, the system of insurance has grown up wonderfully in the business world in the last 75 years. We have insurance to cover everything. We have had a good deal of talk in Congress about legislating for employment insurance. There is a bill pending now, I believe, introduced by the junior Senator from New York [Mr. WAGNER], to investigate the systems prevalent in the various countries of Europe providing for unemployment insurance. There is insurance for everything on earth, and the only system I know of for insuring transactions in cotton or grain is the hedging system which prevails on the grain and the cotton exchanges. If we do away with that, I think we will inflict a very serious injury on a legitimate feature of these exchanges which is regarded as indispensable to the cotton and grain trade.

I now yield to the Senator from Alabama.

Mr. BLACK. I thank the Senator. The Senator was calling attention to the fact that my amendment would prevent the Government lending money to any person or corporation for the gambling purposes mentioned above. Is the Senator not familiar with the fact that banks are very reluctant to lend money to gamblers or to people to use for gambling purposes; and if it is true that the Government should not engage in gambling, is it not also true that the Government should not lend money for gambling purposes?

Mr. RANSDELL. I will state to the Senator that I did not use the word "gambling" once. If I did, I beg pardon. I said "dealing in futures." The greater part of the transactions in futures, I have just tried to show, is hedging, a thing absolutely legitimate.

Mr. CARAWAY. Let me ask the Senator a question: A part of it is pure gambling, is it not?

Mr. RANSDELL. Senator, it is speculation.

Mr. CARAWAY. Very well.

Mr. RANSDELL. There is speculation in everything under the sun.

Mr. CARAWAY. Shooting craps, for instance?

Mr. RANSDELL. I imagine there is some speculation in shooting craps, and some in playing poker, and some in everything on earth.

Mr. CARAWAY. Would the Senator be willing to lend somebody money to open a crap game?

Mr. RANSDELL. I do not think the question of what I would be willing to do has any bearing.

I want to call attention to this fact: That we deliberately created the Farm Board after several years of the most careful consideration. It was not a partisan proposition. I had the honor, as a Democrat, of assisting in the enactment of that legislation. I thought it was going to do a great deal of good, and I still believe that if we will give the board a chance it will do a great deal of good. It has not had sufficient time to operate effectively and accomplish the end for which it was created.

Let me remind Senators that during the past two years the whole world has been turned topsy-turvy. There is an awful state of affairs existing in many of the leading countries of the world. There have been revolutions all over Latin America. There has been the greatest revolution recorded in history prevailing in Russia. The greatest unrest known for centuries now exists in old India. A bad state of affairs has existed in conservative England, from which most of our ancestors came. The same condition exists in Germany. Low prices have prevailed, not only as to cotton and grain, which have been so much discussed here to-day, but there have been low prices in all commodities of the farm.

Why do we wish to criticize the board so severely? Is not the board composed of just as good men as any Senator could pick? Does any Senator believe he could select a board of higher grade, more honorable men, men who have been more successful in their own affairs than that board? Why criticize it?

I have no patience with that; and, Senators, unless we are going to break up the Federal Farm Board, abolish it entirely, then I say the wise thing to do, the practical thing to do, is to give it this hundred million dollars according to the spirit of the law itself and not tie its hands.

Certainly that is the way I shall vote. I do not believe it wise to tie the hands of this board, which I consider a great board, a board that has done the best it could with a most terrific situation—a situation which is prevalent not only in the United States but throughout the world.

Mr. GEORGE. Mr. President, it is very unfortunate that mixed up with this matter is the general discussion of the merits and demerits of cotton and grain exchanges. As I see it, the two are not necessarily involved in the consideration of the pending amendment.

If I believed I was justified in voting for a diversion of public money, I would have no difficulty in voting against this amendment. But the Farm Board has no more right to use money for speculative purposes on these exchanges than it has to otherwise divert the public funds intrusted to its care. That is a rather strong statement, but that is the issue raised by this amendment, as I see it.

We created the Farm Board in what is known as the farm marketing act, to do two things, primarily. One was to assist cooperative-marketing organizations, to foster those organizations, and assist them in marketing the farmer's crop. What sort of transaction is involved in that undertaking? The cooperative association is simply an organization of farmers who have cotton for sale, let us say, who are not cotton merchants, who do not buy and sell, but who produce and sell. What assistance can the Federal Farm Board give to a cooperative-marketing association, to the farmer who produces his crop, let us say—because it comes to that—by going into exchange transactions?

He does not sell and buy as a cotton buyer does, or as a miller does, or as a spinner does. He produces his cotton, and he has that cotton for sale. The Farm Board is to foster the organization of farmers into cooperative associations. There is not the shadow of justification or legal excuse for the Farm Board indulging in speculation so far as the cooperative marketing organization is concerned.

The other thing the Farm Board has the power to do is to create stabilization corporations, and we expressly relieved the cooperative associations of any liability for losses which might be incurred by the stabilization corporations, which was equivalent to the express declaration that there was to be no future or speculative dealing in cotton or grain; that if any losses were incurred those losses were to be borne by the appropriation made by the Congress for the use of the Farm Board.

So I assert that the Farm Board is diverting its funds when it goes into the market and uses them as I understand it has used its funds.

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

Mr. GEORGE. I yield.

Mr. CARAWAY. When it puts out a report calling attention to the evils of speculation, and then comes in and asks to be permitted to indulge in it, it forfeits the good opinion of everybody, does it not?

Mr. GEORGE. I think so. I said "as I understand the transactions in which they have engaged." Let me make that clear. I understand that the Farm Board has simply taken over the farmer's cotton, sold it directly to the mill, and then gone on the exchange and engaged in an independent speculative enterprise. If so, that is a diversion, it is a technical diversion of public funds, and that is the reason why I am going to vote for the amendment, because there is not a line or a word in the act which authorizes or justifies such practice.

The board is to foster cooperative marketing associations, associations which are to sell the products grown by their members. Then they are to organize stabilization corporations, and if there is a loss, they are not to make it back through speculation, but the Government is to stand it through the revolving fund which we created.

Mr. President, I realize that I am making a strong and caustic criticism of the board. I can understand the early operations of the board. When the board was created it found itself in possession, so to speak, of a large number of cooperative associations. Some of those associations had engaged in future transactions, and they had sustained considerable losses. It was a question with the board whether they would allow those cooperative associations to go by the board, to fail, or whether they would come in and help them liquidate their losses and put them on their feet. That was one transaction.

I think the board was justified in coming to the rescue of these associations. But when the board itself receives cotton, or permits the association to receive cotton, and makes an outright sale of it, and then goes into the market to speculate against its own sale, it not only can not do the farmer any good by that transaction but it is a misapplication, as I think, of public funds, and that is an all-sufficient reason why I shall vote for the amendment.

Mr. CARAWAY. Mr. President, of what benefit is it to the farmer if the board takes cotton off the market, but goes immediately and sells short?

Mr. GEORGE. Not one particle of benefit. It defeats its very purpose, of course.

Mr. CARAWAY. The only people who get anything out of it are the brokers and the gamblers.

Mr. GEORGE. That is all.

Mr. CARAWAY. No farmer can realize any benefit under the alleged purposes of this act.

Mr. GEORGE. None whatever. But I was not discussing the matter from that standpoint. I was discussing it from the standpoint of authority in the board to use public money for this purpose.

Mr. SMITH. Mr. President, if the Senator will allow me, just along the line the Senator from Arkansas suggests, they received this cotton, according to my information, and sold it to the mills, and then bought a contract on the market, which doubled the burden on the farmer and on the association.

Mr. GEORGE. Exactly, which is the practice that has destroyed the cotton farmer. But the two have no connection. If they have sold the cotton and gone on to the market and made a speculative transaction, they are gambling; for what purpose? Not to help the farmer whose cotton has already been sold, but to help the board hold intact a Federal appropriation, and that, in my judgment, is the only possible excuse they can have.

Mr. CARAWAY. Mr. President, these gamblers should not take public funds to speculate with private gamblers.

Mr. GEORGE. That is the reason why I am supporting this amendment. They have not any right to take public funds for that purpose. They will not last at it very long.

I think I understand what is the trouble with the Farm Board. They are having trouble with financing their enterprises. They are having trouble with financing the cotton taken over by the cooperative associations. The bankers, those who are furnishing the money, are demanding that the cooperatives do precisely what always has been done by the cotton speculators, and the board has yielded to that demand, and therefore they come up and say, "Oh, if we borrow money to advance to the farmer when his cotton is received we must go into the market and hedge." But I do not understand that even that kind of transaction is the one in which the Farm Board is mainly engaged, but in the kind of transaction described by the Senator from South Carolina.

Mr. CARAWAY. Mr. President, if I may be permitted——

Mr. GEORGE. I yield to the Senator from Arkansas.

Mr. CARAWAY. May I ask the Senator from Oklahoma [Mr. THOMAS] if it was true that the Farm Board sold short when wheat started to rise last fall?

Mr. THOMAS of Oklahoma. Mr. President, it was testified before our committee that about the 20th of November wheat started to go down——

Mr. CARAWAY. Up or down?

Mr. THOMAS of Oklahoma. Down. The board then entered the buying side and checked the fall. A day or two before our committee met wheat started to rise, whereupon, on Saturday the 22d of November, they entered the market and sold 3,500,000 bushels of wheat to stop the rise.

Mr. CARAWAY. To stabilize the market!

Mr. GEORGE. Mr. President, what I have said is predicated upon the assumption and upon the information that the board has simply taken over cotton, for instance, and that it has sold cotton outright, parted with all interest in it. The point I am making is that under the law the board is not a speculative agency. Cooperative marketing associations are not speculators.

If they are going to indulge in the same practice that has thus far resulted in destruction to the farmer, then why in the name of common sense are we to appropriate public funds to enable these associations to go out and gamble just as other cotton gamblers do?

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

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from Tennessee?

Mr. GEORGE. Certainly.

Mr. BROCK. What is the difference between this use of a trust fund and a fund in the hand of a local bank being taken out to speculate on the market?

Mr. GEORGE. I do not think there is any difference in principle; I do not think there is any actual difference whatsoever except in intent and motive.

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

Mr. GEORGE. Certainly.

Mr. SMITH. I would like to have the Senator define or state his interpretation of the law as it relates to the Farm Board. What does the Senator think the law requires the Farm Board to do in reference to the crops that are produced?

Mr. GEORGE. I do not want to repeat, but the farm marketing act, aside from furnishing money to buy facilities and engage in some collateral enterprises, created the Farm Board to do only two things—one was to foster the cooperative-marketing enterprise. Is it necessary for the wheat or grain cooperatives to engage in speculation? If so, they are not worth the flip of any man's finger. They are not more expert than the speculators and gamblers who have built up the system. They can not compete with them.

The next duty and operation of the Farm Board is to organize stabilization corporations composed of the cooperative associations and other organizations of farmers, and to deal in a particular distressed commodity, whether cotton or wheat, with the express provision that if any loss is sustained the loss would be borne by the board out of the money appropriated by the Congress.

I am surprised to hear Senators in this Chamber say "Why send this organization out to do battle without arming it with the same implements that the speculative enterprises and organizations have?" Why? Was it for a moment supposed by the Congress that it could create another speculative agency that could go out and combat agencies which have been in existence for a century of time, and get away with it? If the Farm Board stays on the future market, it will lose the $500,000,000, and it will lose it over and over again. If that is the program that Mr. Hoover has for the relief of the American farmer, mark my words now that with four more years of Mr. Hoover the country will be fortunate if we do not have to convert the United States Treasury into a community chest. [Laughter.]

Mr. Legge will be going back to the International Harvester Co. a sadder but a wiser man; and so will the other members of the board, because they do not know anything about cotton gambling. We have no moral right to engage in speculative enterprises with public money.

Mr. President, I am going to vote for the amendment for the simple reason that I have not the right to vote for the use of public funds for speculative purposes, as I think, for the simple reason that the organic act under which the board operates never contemplated speculation upon the wheat or the cotton exchanges. I am going to vote for it for another reason. We have already given the board $400,000,000. If it can not do all the future buying and selling necessary with four-fifths of the money, then let them shut up shop. Let us at least say that this one-fifth of this public appropriation of public money shall not be spent in this speculative enterprise.

Some of our colleagues remind us that this is Mr. Hoover's bill, and so it is, and they say that we do not want Mr. Hoover to have an alibi. I am not concerned about whether the President has an alibi, but I want to say now that Mr. Hoover will have to have a better alibi when his farm marketing act goes to the scrap heap than the assertion of fact that the Senate or the Congress of the United States refused to allow his board to gamble further with public funds. He can never satisfy the American people with that sort of alibi, and no one need be excited about it.

Mr. President, back of the farm legislation which finally culminated in the farm marketing act, was the conviction that the practices to which the farmers or producers have been subjected had in part at least undone them. We said we would set up some agency through which they might market their products with the possible chance of receiving the fair market price for those products. We were undertaking to lift the farmer out of the hands of these men who for 70 years, in the case of cotton at least, had had their fingers upon his throat while the other hand was rifling his pockets. We set up a marketing agency—for what purpose? For the purpose of letting that agency go out and speculate on the exchange, wasting public money? If that were true, what sort of justification can anyone give for his vote?

No, Mr. President; we were trying to set up an agency that would save the farmer from this very practice; that would make it impossible for pure speculators to continue to exploit the farmer. Of course we said a great deal about surplus. We said we were perfectly willing to let the law of supply and demand control, but that we did not want the seasonal surplus to interfere with the operation of the law of supply and demand, and we would therefore set up some sort of marketing agency that would help the farmer over the high peak years of production and give him a fair and even chance.

Yet here is the Farm Board, as I understand it, openly confessing that with public money taken from the pockets of all the taxpayers, it has approved the practice of taking cotton brought in by the producer and selling it upon the open market, and then going on the exchange and making a contract out of which the board, the revolving fund, and not the farmer, would get a profit if there was any profit made. But even if that is not correct, at most the board can only assert that the cooperative associations in advancing money upon cotton find it necessary to finance their transactions and they can not finance them without going to the banks. Here is the agency going to the bank, going to the bank which has, of course, financed the speculators who have made the market for the farmer, who have systematically robbed him as they saw fit through these future transactions—going to the bank for the source of credit.

We appropriated $500,000,000 so that the board could finance the cooperative associations, so that the board could organize, if necessary, stabilization corporations with the distinct provision explicitly stated in the law that any loss should fall upon the board and not upon the cooperative associations. The farm marketing act contemplated nothing but the handling of actual farm products, spot cotton and spot wheat. The farm marketing act never contemplated anything else; the farm marketing act, properly construed, can not be held to justify any other transactions.

Mr. President, when we voted $150,000,000 in December to the Farm Board, I took occasion to say that I voted it

for one reason primarily, and that was that the Farm Board had some 60,000,000 bushels or more of wheat; it had something like 1,300,000 bales of cotton; it was also the financial backer of cooperatives which held some 2,000,000 bales more of cotton, making in all some 3,300,000 bales; that to withdraw support from the Farm Board, in view of the general economic and business conditions existing in the country, in the circumstances, would bring about perhaps a collapse of our commercial system; and I, at least, was not willing to assume the responsibility for withholding support from the board. It now develops that the Farm Board has but little actual cotton. It had it, but it sold that cotton, and it went upon the market and bought futures, out of which it, of course, hopes to recoup whatever losses it may have sustained.

Mr. President, I want it distinctly understood, in all that I am saying, that I have not a particle of sympathy with those cotton brokers who would break down the Federal Farm Board; I have no sympathy with them; but I am criticizing the board for having fallen into the same evil practices, indulged in so long by the speculative interests, from which we earnestly sought to free the farmer when we passed the farm marketing act. I would vote for any sum of money, within reason, for the Farm Board if the Farm Board remained in that field where it could operate in accordance with the congressional intent and purpose.

Suppose we were wrong in that legislation; suppose the legislation is foolish and uneconomic; that is not the responsibility of the Farm Board. We have here one more organization, professedly in the interest of the farmer, administered by the business interests of the country, which does not believe that there is anything wrong with the system under which the farmer has made and produced and sold his cotton. So they are administering this farm agency precisely on the principle that every speculative cotton broker or merchant in the country has adopted, because the board honestly believes that to be the best way to handle it. The responsibility is not the board's. If the Congress made a grievous error in passing the law, the board may well administer it and let the responsibility rest on the Congress. Knowing the present practices of the Board, being advised now that the board is using the appropriation of Congress to engage in future transactions upon the cotton exchanges—I do not speak so much of grain; I know little about it—I am not justified in voting another penny of public money for the use of the board. If this amendment shall not carry, I shall vote against this appropriation of $100,000,000 for such uses by the board.

Mr. NORBECK. Mr. President, when the agricultural marketing act—or the so-called farm relief bill was pending—I protested on several occasions against even attempting to help the farmer by using Government money for speculation purposes in a market. I believed it to be unsound then, and I believe it to be unsound now.

I thought then, and I think now, that the agricultural marketing act expressed an unfair attitude toward the American farmer by trying to regulate the world market instead of the American market.

We believe that the great resources of this country make a higher standard of living possible than in other countries. By law we give it to some classes and deny it to others. In fact, we have gone so far as to elevate some classes at the expense of others. The farmer is at the bottom of the list.

I do not share the views of the Farm Board, but I have refrained from criticizing any of their official acts, and I am not going to cast a vote here to deprive them of the funds with which to carry on the present experiment.

I am one of two Senators on this side of the Chamber who voted against the enactment of the law, but I am not going to take the burden off the shoulders of the Farm Board and give them such a convenient excuse for failure as the refusal of Congress to provide the requested funds.

I believe the American people are in favor of letting the board continue its present experiment. I believe a majority of the farmers, although lacking in faith in ultimate results, are in favor of letting the board try out its plan. I shall cast my vote for the requested appropriation of $100,000,000.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Alabama, as amended.

Mr. BLACK. I ask for the yeas and nays, Mr. President.

The PRESIDENT pro tempore. On this question the yeas and nays are demanded. Is the demand sufficiently seconded?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). On this vote I am paired with the senior Senator from Delaware [Mr. HASTINGS]. I transfer that pair to the Senator from Iowa [Mr. STECK] and vote "nay."

Mr. SWANSON (when his name was called). I have a general pair with the junior Senator from Colorado [Mr. WATERMAN]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. BROOKHART. On this question I have a pair with the Senator from Maryland [Mr. TYDINGS]. If I were permitted to vote, I should vote "yea."

Mr. GILLETT. I have a general pair with the senior Senator from North Carolina [Mr. SIMMONS], which I transfer to the Senator from Maryland [Mr. GOLDSBOROUGH], and will vote. I vote "nay."

Mr. GEORGE. I wish to announce that my colleague the senior Senator from Georgia [Mr. HARRIS] is necessarily detained by illness. On this question he is paired with the Senator from Rhode Island [Mr. METCALF].

Mr. FESS. I wish to announce that the Senator from Pennsylvania [Mr. DAVIS] is paired with the Senator from Missouri [Mr. HAWES].

Mr. SHEPPARD. I desire to announce that the Senator from Florida [Mr. TRAMMELL] is detained from the Senate on official business.

The result was announced—yeas 26, nays 55, as follows:

YEAS—26

Ashurst	Caraway	King	Sheppard
Black	Connally	La Follette	Smith
Blaine	Couzens	McGill	Stephens
Blease	Dill	McKellar	Thomas, Okla.
Bratton	George	Morrison	Walsh, Mass.
Brock	Hayden	Patterson	
Broussard	Heflin	Robinson, Ark.	

NAYS—55

Barkley	Glass	Morrow	Shipstead
Bingham	Glenn	Moses	Shortridge
Borah	Goff	Norbeck	Smoot
Bulkley	Hale	Norris	Steiwer
Capper	Harrison	Nye	Thomas, Idaho
Carey	Hatfield	Oddie	Townsend
Copeland	Hebert	Partridge	Vandenberg
Cutting	Howell	Phipps	Wagner
Dale	Johnson	Pine	Walcott
Deneen	Jones	Pittman	Walsh, Mont.
Fess	Kean	Ransdell	Watson
Fletcher	Kendrick	Reed	Wheeler
Frazier	McMaster	Robinson, Ind.	Williamson
Gillett	McNary	Schall	

NOT VOTING—15

Brookhart	Harris	Metcalf	Trammell
Davis	Hastings	Simmons	Tydings
Goldsborough	Hawes	Steck	Waterman
Gould	Keyes	Swanson	

So Mr. BLACK's amendment as amended was rejected.

The PRESIDENT pro tempore. The bill is still on its second reading and open to amendment.

No further amendment being proposed, the question is, Shall the amendments be engrossed and the bill read a third time?

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

The bill was read the third time and passed.

SOUTH SHOULD WEAR COTTON CLOTHES

Mr. HEFLIN. Mr. President, the Washington Star of yesterday contained a very interesting and valuable statement from the boy and girl students of the University of Missouri. It is from Columbia, Mo., and reads as follows:

CO-EDS ADOPT COTTON CLOTHES TO AID

COLUMBIA, Mo., February 7.—Co-eds of the University of Missouri have come to the rescue of the distressed southern cotton planters by adopting a resolution that they make their spring wardrobes out of cotton, including their stockings.

I have insisted for many years that the whole South do just what the Missouri University boys and girls have planned to do this year—wear "all cotton goods for spring and summer." As a matter of health, fine choice, good taste, and economy, all the people of the United States should wear "all cotton" for spring and summer.

The people of the cotton-growing States should certainly wear all cotton from April to October—six months. That should be done every year, and especially now, as a part of the plan to help get rid of the surplus cotton. The great cotton industry deserves and demands the enthusiastic aid and whole-hearted cooperation of every man and woman in the South. We of the South can do much toward solving the present cotton problem and greatly advancing the price by getting behind the slogan, "Let everybody in the South wear cotton clothes from April to October." It will require between two and a half and three million bales of cotton to supply the cotton goods necessary to supply the South. The news noised over the country and abroad that all the people of the South had singled out and selected cotton as their wearing apparel from April to October would help the cotton-goods trade the world over and prove a great financial blessing to the cotton producers of the South. It would put millions of dollars into their pockets.

INTERIOR DEPARTMENT APPROPRIATIONS

Mr. SMOOT and Mr. KING addressed the Chair.

The PRESIDENT pro tempore. The senior Senator from Utah is recognized. Does he yield to his colleague?

Mr. SMOOT. I desire to make a motion.

Mr. KING. Mr. President, I desire to move that the Senate proceed to the consideration of the motion to reconsider the vote by which Senate bill 202 was passed.

Mr. SMOOT. I do not yield for that purpose.

Mr. KING. Mr. President, I have been trying to obtain the eye of the Chair for many days.

The PRESIDENT pro tempore. The senior Senator from Utah declines to yield to his colleague for that purpose.

Mr. SMOOT. I move that the Senate proceed to the consideration of the conference report on the Interior Department appropriation bill.

The PRESIDENT pro tempore. The question is on the motion of the senior Senator from Utah.

Mr. KING. Mr. President, a parliamentary inquiry: Is it in order to move to proceed to the consideration of the motion which has been pending to reconsider the vote by which Senate bill 202 was passed?

The PRESIDENT pro tempore. The motion made by the senior Senator from Utah is a privileged matter, dealing with a conference report on an appropriation bill; but it is in order to move to reconsider when the privileged matter is not pending, notice having been given.

Mr. KING. Unfortunately, the eye of the Chair is always directed to the other side when I am asking for the reconsideration.

The PRESIDENT pro tempore. The Chair always grants recognition to Senators having charge of legislation pending. The question is on agreeing to the motion of the senior Senator from Utah.

The motion was agreed to; and the Senate proceeded to consider 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. 14675) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1932, and for other purposes.

(For conference report see Senate proceedings of Saturday, February 7, 1931, page 4205 of CONGRESSIONAL RECORD.)

Mr. ROBINSON of Arkansas. Mr. President, perhaps the most important subject involved in the conference report is the so-called compromise agreement which is advanced to take the place of an amendment offered by the Senator from Alabama [Mr. BLACK] and myself appropriating $25,000,000 to be expended by the Red Cross in the purchase of food for persons in need thereof and unable otherwise to secure it.

I am convinced that it is necessary and proper to accept the conference report in this relation. A short time will be taken in explaining the provisions of the amendment that has been inserted in conference in lieu of that to which I have just referred, and also to give some of the reasons which impel me to agree to the settlement.

The present short session of Congress is approaching its end. Only three weeks remain, and there is much legislation yet to be disposed of. A large part of the time that has elapsed since we met on the first Monday of December has been consumed in the consideration of so-called emergency relief measures. The Congress as a whole has come to recognize the existence of conditions which call for unusual and extraordinary remedies. It is my purpose first to point out the provisions and their effect in the compromise agreement by comparing it with the single independent measure that has heretofore been enacted relating to the subject of drought relief.

Let me say in the beginning, that the compromise arrangement does not make provision for Federal relief except in the drought regions. It will be recalled that the President has repeatedly stated that in his opinion no such conditions exist as justify a resort to a draft on the Federal Treasury for general purposes of the nature in contemplation. It will also be recalled that the House of Representatives, voting upon the $25,000,000 amendment, rejected it under conditions which, I think, indicate a firm determination not to recede from the position thus taken. It was announced by the leadership in the House that under no circumstances would a change in attitude take place. There arose then a situation which I thought called for the exercise of a spirit of compromise; and in that spirit I have accepted the arrangement proposed in the conference report.

One of the principal things which the proposed legislation will accomplish is of more importance than has generally been ascribed to it. The original Senate joint resolution advanced by the Senator from Oregon [Mr. MCNARY] contemplated, as I remember, the use of the $60,000,000 fund in part for feeding livestock. The joint resolution was amended in the House so as to reduce the amount to $45,000,000, and to confine the use of the fund to the purchase of feed for work stock. Since the enactment of the joint resolution a truly distressing condition has arisen which has called for an unexpected course on the part of the Red Cross, which, as I am informed, at first indicated that its benefactions should be confined to feeding hungry persons.

The Red Cross recently has expended a very large sum for feeding livestock. It was brought to that action by the fact that a large number of cattle, horses, mules, sheep, and other livestock not embraced within the term "work stock" as applied were dying of starvation. The Red Cross, however, is merely performing this work temporarily; and it is in the compromise that the $45,000,000 fund shall be used for feeding other livestock as well as work stock.

Some may not realize just how important this is. In all probability it will require several million dollars. It is of the greatest advantage to the States which are vitally affected by the drought, and particularly to those States in which the dairy interests are of considerable importance.

Restrictions were imposed in the original joint resolution providing for the purchase of seed, feed, fertilizer, and so forth, which, as I have heretofore tried to explain, have rendered it inoperative as to a large number of the people whom it was intended to benefit, and I want to point out now some of the restrictions which are in mind.

The Secretary of Agriculture, by regulation, limited the amount which might be advanced to any one person to $2,000, no doubt on the theory that to take that action would enable him to supply a larger number of persons than could otherwise be taken care of. In the operation of the act, however, it has been found that there are cases in which

it is both desirable and necessary to expand that limitation. It is my information that that restriction, having been found impracticable, will be abandoned or modified.

Another restriction imposed by regulation is the requirement that any person, to obtain the benefits of the act, must procure a waiver from the holders of prior liens before a loan will be made to him. One can readily understand the motive which prompted such a regulation; but since it is true that a large number of the persons who desire loans under the resolution have mortgages on their land, it being impracticable, in many cases, to secure waivers, the benefits of the measure are not available to those who most require them. Federal and joint-stock land banks can not in some instances make the waiver which is required.

I do not know whether this limitation or restriction will be removed. I believe that it will be modified so as to permit a more liberal application of the terms of the joint resolution.

Perhaps the most important question that arises in considering this conference report is what benefits are to be derived from the further provisions of the compromise arrangement. I will proceed now to discuss that phase of the question.

In addition to the loans for seed, feed, fertilizer, and fuel oils, the compromise contemplates an appropriation of $20,000,000 for two purposes: First, to enable the Secretary of Agriculture to make loans to individuals for the capital stock of agricultural credit corporations and livestock loan companies funds which are very much needed in the drought sections of the country, particularly in the South.

It might at this juncture of my remarks be pertinent to go into this subject in some detail. As has often been stated on the floor of the Senate, what is principally needed is a system of credits which will enable the people to carry on their operations in the usual way. Agricultural-credit corporations are authorized to sell debentures and to enter into transactions or facilitate transactions aggregating ten times, in the maximum, the amount of capital stock employed. If we assume that $5,000,000 of the $20,000,000 fund may be used for this purpose, that would give an expansion of credit to the maximum amount possible of $50,000,000, and it would be very helpful. Many who have entered into a study of the conditions to which this legislation is addressed feel that it is of first importance.

If any arrangement of the nature referred to is to be made or agreed upon it is necessary that it be done immediately. I realize that if we chose to do so, we could perpetuate the controversy involved in the $25,000,000 appropriation which forms the basis for the compromise, and that in all probability an extra session of the Congress could be forced, but I wish to point out to my friends who are interested in accomplishing something of substantial worth that it is necessary that whatever is done be done as promptly as possible.

The season when arrangements must be made for crop production is already at hand, and it will be too late if we wait until an extra session of Congress to afford any relief whatever to the people of whom I am speaking. I do not want this session of Congress to adjourn, if that can be avoided, without something more than the seed, feed, and fertilizer loan bill being passed by the Congress.

In order to understand and to appreciate fully the necessity for credit in the production of crops and in farm rehabilitation, let me state what has already been referred to in other speeches in the Senate, that the credit institutions of the South, and of the drought areas, have for the time being almost completely broken down. There are several States in which very few banks are functioning. In all those States the merchants are without the ability to make further advances. They made liberal advances for crop production during 1930, and as a result of the drought, which produced an almost complete crop failure, they are facing bankruptcy and ruin. They are without credit themselves.

Those who borrowed from the merchants, like those who borrowed from the banks, were unable to meet their obligations by reason of the great calamity which blighted and withered all the fields in a vast region of the richest agricultural lands in all the world. Since those who secured advances from merchants, and borrowers from banks, were unable to meet their obligations, it follows that the merchants themselves and the bankers, even those who have not experienced complete failure, are in a very desperate situation.

This compromise, in its second provision, that providing for the loan of the capital stock of agricultural credit corporations, is, therefore, not only very essential but it is of the utmost importance that the legislation shall be passed quickly.

Since this compromise was agreed upon I have received literally hundreds of messages from the drought region advising me that the loan of capital stock for agricultural credit corporations is very advantageous and is heartily approved and sincerely desired by the people who are supposed to be benefited by it.

The remainder of the $20,000,000 appropriated, whatever it may be, is to be used for loans to farmers for purposes of crop production and rehabilitation purposes. I am perfectly aware of the fact that some controversy has arisen in the press as to the interpretation of this language, and I think that if the language could have been cleared in the compromise so as to leave no doubt that this feature of the arrangement would permit loans which should include food, as well as other necessities, there would be practically no difficulty in securing its prompt approval by the Senate.

Mr. President, I am not personally concerned in the face-saving process. I do not wish to take a position which implies a claim that some one else than myself and those with whom I am associated have denied the use of express and plain language in order to accomplish that very usual but thoroughly unwholesome end. I am concerned, however, with the effect of the legislation, and if I did not believe it fairly calculated to accomplish the purposes for which it is intended I would not yield the amendment for which it is a substitute.

I do believe, however—and I invite the attention of the Senate to the circumstances which prompt that conclusion—that the further provision of the compromise arrangement, that for loans to farmers for crop-production purposes and for rehabilitation, is very comprehensive and means nothing more nor less than that if one is able to secure a loan he may use the proceeds of that loan for any purpose he chooses, particularly in relation to the growing of crops, to repairs, to farm improvement, and to anything else relating to his farm which may fairly come within the term "rehabilitation."

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Kentucky?

Mr. ROBINSON of Arkansas. I yield.

Mr. BARKLEY. I am not acquainted with the situation in Arkansas, but I am fairly well acquainted with that in Kentucky. I have in mind many thousands of small farmers, especially in the mountain sections of the State, who ordinarily do not produce very much for sale but who are able to produce enough to feed themselves and their stock. The drought has, of course, destroyed not only the food supply for themselves but for their stock also.

I am wondering what sort of security those farmers would be able to give that would be satisfactory to the Secretary of Agriculture under the language of this proposal, which seems to me to require him to exact security from anybody to whom any of this money is loaned. If they produce no crop for sale, of course security on what small produce they might be able to grow would be no security at all. I suppose this language contemplates taking a mortgage on a crop that is intended for sale which will produce enough revenue to repay the loan.

How are these small farmers who have no security and can not have any security, but who are just as hungry as those who do have security, going to be able to secure any loan under the provisions of this amendment?

Mr. ROBINSON of Arkansas. Mr. President, answering as best I can the question of the Senator from Kentucky,

the proposed amendment does contemplate security. The language is:

The advances or loans made pursuant to this act and amendments thereto there shall be secured by liens on crops or by other security under such such rules and regulations as the Secretary of Agriculture may prescribe.

There is no limitation there, of course, upon the kind of crop or size or value of crop. The requirement is that the loan shall be secured by lien on the crop or other security. No doubt there will arise cases where a person who would desire a loan would be unable to furnish security. The only recourse he would have under this arrangement is to the Red Cross. There is no provision in the bill whatever that contemplates the giving of money or anything else of value to any person anywhere. The whole compromise is based on loans to be made out of the $20,000,000 fund.

Mr. CARAWAY. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to his colleague?

Mr. ROBINSON of Arkansas. Certainly.

Mr. CARAWAY. The word "ample" was stricken from the provision so that the very nature of the security might be anything that the Secretary should accept. He is not required to get good security or ample security or sufficient security, but the provision is that he is to have some security. In all the legislation that has ever been enacted for that purpose, practically that language was included and always it has worked out satisfactorily. The Secretary could, of course, be harsh and unreasonable in exacting the security and defeat the very purpose of the legislation. On the other hand, he could take anything, any kind of security. If a farmer in the condition described by the Senator from Kentucky or that he has in mind had only 1 per cent of the necessary amount to secure the loan, nevertheless the Secretary of Agriculture, in his discretion, could accept that as security.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield further to the Senator from Kentucky?

Mr. ROBINSON of Arkansas. I do.

Mr. BARKLEY. I would like to ask the junior Senator from Arkansas a question. In view of the harsh, arbitrary, and, in my judgment, brutal regulations which have been prescribed for the loaning of the $45,000,000, which we have already provided, what sort of security does he think the present Secretary of Agriculture would require of any farmer who might need money?

Mr. CARAWAY. Mr. President, with the permission of my colleague——

Mr. ROBINSON of Arkansas. I yield.

Mr. CARAWAY. I know that he has promised now that he is going to give us a sympathetic and liberal interpretation.

Mr. BARKLEY. In view of the fact that when we had up the other bill the same promise was made, which was denied almost before the ink was dry on the President's signature, I am wondering about that.

Mr. CARAWAY. If the Senator will pardon me just a moment, I am relying upon the President of the United States to see that this legislation does get a liberal and sympathetic interpretation. It may not get it; but, after all, that is all we can do. We are going to put in the hands of the President the money, with the authorization to use it. We are going to put into his hands a million starving, hungry, ragged human beings. He has said, "I am going to treat them with sympathy and liberality."

Mr. BARKLEY. Provided they have security.

Mr. CARAWAY. He can use it for whatever he wants to use it. He can give the bill a harsh interpretation, but not one bill has ever passed the Senate providing for Government loans that did not carry an authorization for some security. The provision is the same in every one of them. The present Secretary of Agriculture may give it a harsh interpretation.

Mr. ROBINSON of Arkansas. Mr. President, I was about to discuss that feature of the subject which the Senator from Kentucky has suggested. In the seed loan resolution which we passed there were restrictions imposed by the resolution itself which, in fairness to the Secretary of Agriculture, I think should be mentioned here. He was required in that resolution to take first liens on crops for the loans made under that measure. No such requirement is found in the compromise. The language is, "liens on crops or other security," and as everyone knows "other security" may mean anything he chooses to take for security. It may mean the signature of a neighbor on one's note. It may mean many other forms of collateral.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Montana?

Mr. ROBINSON of Arkansas. I yield.

Mr. WHEELER. I want to clear up one point, in view of the remarks made by the junior Senator from Arkansas.

Mr. ROBINSON of Arkansas. If the Senator from Montana has a controversy with my colleague, I hope they will thresh it out between themselves.

Mr. WHEELER. No; we have not any controversy at all.

Mr. ROBINSON of Arkansas. Very well; I yield.

Mr. WHEELER. The language is, "Shall be secured by a lien on crops or by other security." I assume when it says "shall be secured by a lien" that it means ample security. I do not see what other construction can be put on it. In other words, I do not think this would give the Secretary of Agriculture the right to take security unless in his judgment it was ample security.

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

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Georgia?

Mr. ROBINSON of Arkansas. Certainly.

Mr. GEORGE. The Senator recalls the seed loan in 1929 and 1930. In the Southeastern States it was administered by the Secretary of Agriculture.

Mr. LA FOLLETTE. Mr. President, will the Senator from Georgia speak a little louder? We can not hear him over here.

Mr. GEORGE. I referred to the seed loans made available to farmers in Southeastern States in 1929 and 1930. Those loans were made under practically the same language as contained in this bill.

Mr. ROBINSON of Arkansas. The Senator means as contained in the compromise?

Mr. GEORGE. Yes. The administration was through the Secretary of Agriculture or Doctor Warburton, of the Extension Service. I would like to bear witness to the fact that the language was, in the Southeast, liberally and fairly and sympathetically interpreted and construed; and in all instances, so far as I know, certainly all that came within my knowledge and information, the Secretary of Agriculture and Doctor Warburton held that a lien on a crop either growing or to be grown by the borrower was satisfactory security.

Mr. ROBINSON of Arkansas. I thank the Senator from Georgia. I think the intention of the language is that it contemplates fair and sympathetic interpretation.

Mr. President, I do not wish to enter into a criticism of the Secretary of Agriculture. He has imposed restrictions on the seed loan bill which are to be relaxed, according to my understanding, which experience has shown are not practical and can not be carried out without hardship.

Realizing that this question has been raised in the press, and knowing or feeling that it would arise here, I had a conversation with the President this morning and asked him his view about the matter. He was kind enough to send a message which I ask the clerk to read.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

THE WHITE HOUSE,
Washington, February 9, 1931.

The Hon. JOSEPH T. ROBINSON,
United States Senate, Washington, D. C.

MY DEAR MR. SENATOR: As to our conversation this morning, I am glad to confirm at once that the proposed additional drought-

relief measure was suggested for the purpose of real aid to the weakened credit situation in the drought area and that in the administration of it the Secretary of Agriculture assures me he has no other intention, and that he will interpret it fairly and sympathetically.

Yours faithfully,

HERBERT HOOVER.

Mr. ROBINSON of Arkansas. Mr. President, of course I know it may be said that in this declaration the President does not specifically announce the purpose to make any particular loan, but it does commit the Executive to a fair and sympathetic interpretation of the provisions of the act, and if that is done, as was done in the case referred to by the Senator from Georgia [Mr. GEORGE] there will be very little complaint arising out of the administration of this measure.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Tennessee?

Mr. ROBINSON of Arkansas. I yield.

Mr. McKELLAR. I have not the letter with me, but I received a letter this morning which stated that the Secretary of Agriculture in making the present loans was lending money by installments covering four periods. For instance, if a farmer arranged to borrow $400, $100 was loaned to him presently and when he came for his second installment, under the regulation or under the rule of the Secretary of Agriculture, he had to show that all of the first hundred dollars had been expended for the specific purposes mentioned in the act, and unless he did so show by affidavit or otherwise, that the first money had been spent in accordance with the purposes of the act, then he could not receive any further installments. It seems to me that is rather a harsh interpretation of the law to say the least.

Mr. ROBINSON of Arkansas. I do not know whether that is true or not, but when Congress enacts a law and imposes upon an executive officer the obligation to administer the act, I have no objection if the executive officer follows the terms of the act. I do not complain if he insists upon the act being carried out.

Mr. McKELLAR. I do not think that any such provision is in the act, and that is just the cause of the trouble with the present legislation. I do not know that we are specific enough.

Mr. ROBINSON of Arkansas. I think that such a provision was in the original act. It is specifically required that the expenditures shall be for seed, feed, fertilizer, and fuel oils. In the original act it is true there was language which was intended to liberalize the provision, the language being "and such further purposes incident to crop production as the Secretary of Agriculture may prescribe," but that imposed upon the Secretary of Agriculture himself an obligation to prescribe the purposes incident to crop production for which expenditures might be made, and he simply failed or declined to prescribe any further purposes.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Virginia?

Mr. ROBINSON of Arkansas. Certainly.

Mr. GLASS. Right on that point it must be remembered that the words last quoted by the Senator from Arkansas were specifically put in the bill upon the insistence of the council of representative men from the 22 drought-stricken States, with the agreed view that the provision intended to relieve certain classes of agriculture; but those gentlemen had scarcely left Washington when the same Secretary of Agriculture and a minor official of the department interpreted those words not to mean what it had been agreed they did mean. So former Governor Byrd of Virginia, the chairman of that council, felt it proper to ask the Secretary of Agriculture to reassemble the council here to determine whether or not his interpretation of the agreement was accurate or that of the Secretary of Agriculture; and to this day the Secretary of Agriculture has declined to reassemble the council.

Mr. ROBINSON of Arkansas. That is entirely true. I myself have made reference to that in other addresses. The burden of my argument, as I recall, in the beginning was that there were certain restrictions imposed, some by regulation and others by the act itself, which made the seed loan bill difficult to administer so far as benefiting the people whom it was intended to benefit was concerned.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Nebraska?

Mr. ROBINSON of Arkansas. I yield to the Senator from Nebraska.

Mr. NORRIS. I want to ask the Senator, from his knowledge of conditions in the drought area, does he not think that there are a great many people there suffering for the very necessities of life who have no security of any kind and who will be unable to give any?

Mr. ROBINSON of Arkansas. Yes, Mr. President; and all the relief that they now have or will have is through the Red Cross. I intend to discuss that.

Mr. NORRIS. I have gained the impression, in part, from the discussion that has taken place in the Senate, that there are a very large number of people in a very acute condition of suffering; that they are very poor; that they have raised no crops; that they own no property; that it is necessary to relieve those people, and that they should not be asked or required to give security of any kind.

Mr. CARAWAY. Mr. President, will my colleague yield to me?

Mr. ROBINSON of Arkansas. I yield to my colleague.

Mr. CARAWAY. In connection with the statement of the Senator from Nebraska, I hope I may be permitted to say what I have said over and over again, that the people in my State did not want something for nothing, that all they wanted was a chance to borrow. They have not any security, but, as I have said over and over again, if the whole crop system had not broken down, we could have taken care of our own afflicted. Under the provisions of this bill, men who have security can borrow money, and finance those who have no security at all. For instance, a man may own a plantation, whether it is a few acres or thousands of acres. He could not get any local loans, because there was no available credit; but under the provisions of this bill, if it gets any kind of fair interpretation, he may borrow sufficient to finance the whole crop of his plantation, and that will benefit the men who work for him.

I should like to say a word further, if it will not trespass upon my colleague's time.

Mr. ROBINSON of Arkansas. I am glad to yield.

Mr. CARAWAY. In answer to the Senator from Kentucky, I want to say again without any criticism that I have never asked anybody to give us anything. I have asked that the Government set up machinery under which we could finance ourselves and live. If we get a fair interpretation of this bill after it shall become a law, we will take care of our situation. A man may have absolutely no security, which would imply, of course, that he did not own land, and therefore that he is the tenant of some one else, but the some one else who is the landowner, if he can get a fair interpretation of this law, will have some security to offer and that security, then, is pledged for everybody who makes a crop on that place, and thus aid will be extended to the man who has not got a dollar to his name.

Mr. KEAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from New Jersey?

Mr. ROBINSON of Arkansas. I yield.

Mr. KEAN. As I understand this bill, it is perfectly legitimate for the Secretary of Agriculture to accept a man's note practically whether he has any security or not?

Mr. ROBINSON of Arkansas. It is required that liens on the crop shall be executed or other security given.

Mr. KEAN. Yes.

Mr. ROBINSON of Arkansas. The benefits of this proposed statute will not be extended to a person who is not farming or is not going to cultivate a crop during the year 1931; that is perfectly clear. If he is a landlord, as stated

by my colleague—and I think very clearly—and can give security, he can borrow, as landlords are in the habit of doing—that is the system that has prevailed there for a hundred years—and supply his tenants; and that is one of the advantages of the credit system carried by the bill.

Mr. LA FOLLETTE. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Wisconsin?

Mr. ROBINSON of Arkansas. I should like to occupy a little more of my own time, but I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I do not wish to divert the Senator from the line of his discourse; and if he intends further to discuss the letter of the President which he has had read at the desk, I will wait until he reaches that point in his remarks, but, if not, I should like to ask him a question.

Mr. ROBINSON of Arkansas. The Senator may ask it now. If that will suit his convenience, it will suit mine.

Mr. LA FOLLETTE. I should like to ask the Senator for his interpretation of the President's letter. Does he interpret it to give any assurance that under the administration of this so-called compromise measure loans will be made for the purchase of food, clothing, and other necessaries of life?

Mr. ROBINSON of Arkansas. Mr. President, of course, there has come to be something very delicate about the use of the word "food." I do not know what it is nor why it is; but the statement of the President is that the language will be "fairly and sympathetically" interpreted. I propose to show, I think to the satisfaction of the Senator from Wisconsin, at least to my own satisfaction, that the language in this compromise measure is much more inclusive than the term "food." I leave the Senator to make his own interpretation of the President's letter.

Mr. LA FOLLETTE. Mr. President——

The VICE PRESIDENT. Does the Senator yield further?

Mr. ROBINSON of Arkansas. I yield.

Mr. LA FOLLETTE. I should be glad to get the opinion of the Senator from Arkansas, because he has been conducting this negotiation as I understand, and probably he can read something into the President's letter which I am unable to do.

Mr. ROBINSON of Arkansas. If the Senator will excuse me, I will not attempt to read anything into the President's letter. Its language is plain; it does not commit the President or the Secretary of Agriculture in administering this proposed act to any specific loans. It merely declares that the interpretation and administration of the act will be fair and sympathetic.

Mr. LA FOLLETTE. I myself want to give the letter a fair reading, but what it seems to me this letter does is to restrict the administration of the act to "the purpose of real aid to the weakened credit situation in the drought area."

Mr. ROBINSON of Arkansas. That is the purpose of the compromise. I have said over and over again that there is no gift contemplated by this proposed statute. It is based on the theory that loans are to be made; there is no dispute about that. Anyone to get the benefits of this measure after it shall have been passed must secure a loan or secure the benefits of a loan procured by some one else. It makes no gift.

Mr. LA FOLLETTE. I understand that it makes no gift; that appears obvious; but I understood the interpretation which both the senior Senator from Arkansas and the junior Senator from Arkansas were giving to the language was that it was to be so liberally administered that almost anyone would be able to get the benefit of it.

Mr. ROBINSON of Arkansas. I will be very frank with the Senator. That letter, in my judgment, removes the doubt that may exist in the minds of some that the Secretary of Agriculture may, in his interpretation and administration of this proposed law, be unfair or unsympathetic. That is the purpose of it, and, in my judgment, that is the effect of it.

Mr. LA FOLLETTE. Of course, Mr. President, it would hardly be just, if the Senator will permit me, for us to assume that any law which is enacted by Congress and meets the approval of the President will be unfairly or unsympathetically administered.

Mr. ROBINSON of Arkansas. I do not assume that; but that assumption has been made, and it has been made on the floor of the Senate this afternoon by a Senator other than the Senator from Wisconsin.

Mr. LA FOLLETTE. I am merely desiring to get the Senator's assurance, if he will give it to me, that this letter was not really, in fact, a restricted interpretation of the language of the so-called compromise?

Mr. ROBINSON of Arkansas. Mr. President, it does not purport to interpret the language of the proposed act. The Senator from Wisconsin will readily see, if he will read the letter, that it is a simple declaration on the part of the President that the act will be "fairly and sympathetically" administered. The reason for that letter grows out of the fact that there have been some of us who felt that the Secretary of Agriculture had not administered the seed loan act sympathetically.

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

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Kentucky?

Mr. ROBINSON of Arkansas. I yield.

Mr. BARKLEY. I do not want to delay the Senator.

Mr. ROBINSON of Arkansas. I am in no particular hurry, I will say to the Senator.

Mr. BARKLEY. In connection with the President's letter, which must be read in connection with the letter which the Secretary of Agriculture wrote to Representative WOOD on last Saturday, I want to ask the Senator's opinion of the liberality and the sympathy with which he has interpreted the act which we have already passed?

Mr. ROBINSON of Arkansas. Now——

Mr. BARKLEY. Just a moment. In the regulations which the Secretary of Agriculture prescribed in order to enable a farmer to get money under the previous act not only must he give a loan on the crop produced by the purchase of seed for which he obtained the loan but he must give a first mortgage on all crops he produces on his farm, regardless of whether they were produced by money obtained from the Government. For instance, if a farmer borrowed money to buy seed corn, and planted that seed corn, not only would he have to give a first mortgage on the corn that he grows but, in order to obtain the money, he must give a first mortgage on the tobacco and hay and everything else he grows on his farm. I am wondering if that is a liberal and sympathetic interpretation of that act?

Mr. ROBINSON of Arkansas. The very first measure which we all voted for contained the words "first lien." The language of this compromise is much more liberal than that; it gives a reasonable degree of latitude in the making of the loan and in the acceptance of the security.

Mr. SHIPSTEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Minnesota?

Mr. ROBINSON of Arkansas. I yield.

Mr. SHIPSTEAD. I thought I heard the Senator say the provision in the pending bill is very inclusive.

Mr. ROBINSON of Arkansas. Yes; certainly it is.

Mr. SHIPSTEAD. It includes more than the other measure?

Mr. ROBINSON of Arkansas. If it does not, I forfeit my reputation as a lawyer.

Mr. GLASS. But does it include food?

Mr. ROBINSON of Arkansas. Yes; it includes everything that is necessary. I have said a dozen times that it is much more inclusive than the word "food," which means, of course, that it includes anything that one procuring a loan may find it necessary to expend in producing his crops or rehabilitating his farm production.

Mr. GLASS. May I ask the Senator, if it does include food, when did the President depart from his avowed posi-

tion that to feed anybody would transform this Government into a socialistic institution and put it upon a dole basis?

Mr. ROBINSON of Arkansas. Mr. President, I do not think the question of the Senator from Virginia is pertinent to my discussion. I do not feel called upon to analyze the processes of the President's mind. I do not state that he has changed his position with reference to the furnishing of food to persons who must accept charity. As I understand, I will say in fairness to him, he has said from the beginning that those who must have charity as their kind of relief must look to the Red Cross for it and not to the Government. That has been his attitude; and I do not understand that a fair interpretation of his letter involves any different attitude now.

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

Mr. ROBINSON of Arkansas. The question that the Senator from Minnesota has asked me I am going to discuss somewhat in detail if I can have the opportunity to say just a few things that I believe are pertinent and proper.

Mr. SHIPSTEAD. I did not intend to be facetious. The Senator made a statement in which he said—at least, I thought I heard him say—that the provision was more inclusive than food; it included more than food. Therefore, if it includes more than food, I assumed that it included food.

I say that because I am sincerely earnest in obtaining the opinion of the Senator from Arkansas. There is a great deal of confusion here as to what this language means.

Mr. ROBINSON of Arkansas. Why, Mr. President, of course a large part of the proceeds of these loans will be spent for food. There is not any question about it. There is not any reason to doubt it.

When a planter finances the activities of his tenants, when he borrows money and makes advances to them, they always spend such sums as are necessary to procure food; and the same thing is true when a farmer is producing a crop. When he obtains a loan with which to produce a crop he spends such part of the proceeds of that loan to buy food for himself and his family and for others who work the crop as he may find necessary; and everyone who is familiar with crop production knows that that is true.

This is not an arrangement to give money to some one with which to buy food. It is a provision to make loans to farmers for the purpose of enabling them to produce crops and to carry on the work of rehabilitation.

I desire to call attention to the language that is used. The language is:

> To make advances or loans to farmers for crop production for the crop of 1931.

What is necessary for crop production? Plows, mules, sometimes milk cows, sometimes many other things, but always food and clothing. Do you expect a man producing a crop to do it without eating food? Do you expect him to go out into the golden glory of the sunshine and work his crop while naked? For God's sake, how strange has become the imagination of some! Crop production means that these loans may be used for all the essential purposes connected with growing crops. It can not mean anything else; but it is not a gift. It is a loan.

Mr. CARAWAY. Mr. President, I hate to interrupt my colleague——

Mr. ROBINSON of Arkansas. That is all right.

Mr. CARAWAY. But I just want to say this:

The $45,000,000 was dedicated to these purposes—to buy feed for work stock, to buy seed to plant the crops, to buy fertilizer or fuel oil. That is all that could be done with the $45,000,000.

Mr. ROBINSON of Arkansas. And feed for work stock.

Mr. CARAWAY. That is what I say—feed for work stock.

Now comes this act. It provides, first, for liberalizing the first $45,000,000 by saying "and other livestock," so that a farmer can feed not only his mule but his cow and anything that comes under the head of "livestock," even chickens.

The $20,000,000 is stated to be for this purpose: First, to supply credit for agricultural associations, for livestock associations, or kindred organizations, or to authorize the creation of other such credit agencies.

That is the first purpose of this second loan. Then it says, second, that it shall be used to loan to farmers to finance the crop of 1931, and, further, then for agricultural rehabilitation.

What are the things that are going to be used in making the crop? They are feed, fuel for tractors, seed, fertilizer, credits, food, and clothing; and then under "further agricultural rehabilitation" might come anything down to covering a farmer's barn.

Therefore what could money for making the crop of 1931 include except food and clothing? We have already provided for the feed of the stock. We have provided for the credit associations. We provide then, following that, for "other agricultural rehabilitation." Then what is there left but clothing and food and medicine that could be borrowed under that language? We have provided specifically for feed, seed, fertilizer, fuel oil, credits, loans for producing a crop, and for other agricultural rehabilitation.

If my colleague will pardon me just a minute further——

Mr. ROBINSON of Arkansas. I yield.

Mr. CARAWAY. The Secretary of Agriculture wrote a letter which raised a question in the minds of some people. Then the President was asked to say, "What is the attitude of the administration?" and he pledges his word that this act shall receive a sympathetic and liberal construction.

Mr. ROBINSON of Arkansas. A "fair and sympathetic interpretation."

Mr. CARAWAY. Yes. I know that everything a man uses to made a crop is embraced in that language.

Mr. ROBINSON of Arkansas. Of course, as I have repeatedly stated, in order to procure funds under this act the beneficiary must either secure a loan himself or secure his assistance through some one else who has obtained a loan. It is not in any sense charity.

To those who have called attention to the fact that the Secretary of Agriculture apparently occupied an unsympathetic attitude when the seed loan bill was passed, let me point out a little of the dilemma that we are in from the same cause under the amendment for which this compromise is a substitute.

We passed the appropriation of $25,000,000, imposing the task of expending it on the American National Red Cross. The Red Cross said, "This organization will not accept a dollar of Federal funds for distribution. We will not distribute one dollar of Federal funds." Under that dilemma I think we will get much more liberal action as to this appropriation from the Secretary of Agriculture than we could secure from the Red Cross under the $25,000,000 proposed fund.

A good deal has been said about the Red Cross since this controversy arose; and it was pointed out here that the work of the Red Cross was not thorough, in that many people entitled to its benefactions were not receiving them, and in that the extent of the relief given was inadequate.

Since this question arose there has come a change, and I feel it my duty to state it.

I have privately communicated with a large number of reliable persons in my State; many of them at first complained of the inadequacy of the work being done by the Red Cross. Some of them were chairmen of relief committees, and their complaint was communicated, in some instances at least, to the Senate. But the organization has, in frankness and fairness, greatly expanded its efforts. It is now in mountain counties with which I am familiar sending out its messengers and agents hunting for people, placing them on the rolls, and making some provision for them. There are counties within the drought area where more than 60 per cent of the entire population are at this time receiving some form of assistance from the Red Cross, and they have liberalized their activities through the local agencies. The plan under which they work is to give the county organizations authority to prescribe the measure of relief that shall be afforded. In some of the counties there have been undue limitations. In others there has been notable liberality.

Now, however, according to the information I have, some of which I will put in the RECORD, there is no complaint, so far as I know, of the work of the Red Cross.

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

Mr. ROBINSON of Arkansas. I yield to the Senator from New York.

Mr. COPELAND. Is it not true that if this compromise is adopted the funds can be used for the purchase of seed and other projects now attempted by the Red Cross?

Mr. ROBINSON of Arkansas. Yes.

Mr. COPELAND. So that that burden will be taken off the Red Cross; and individual relief then can be afforded to a much larger extent by the Red Cross itself?

Mr. ROBINSON of Arkansas. The Senator has made a suggestion for which I thank him very much. It was in my mind a few moments ago, and I was diverted from a discussion of it.

The Red Cross, from necessity, have recently been expending large sums in buying food for livestock. They have spent several hundred thousand dollars, probably by this time, I should say, three-fourths of a million dollars on that account; and they are making advances to many persons who, if these credit institutions were established, would be able to avail themselves of loans, so that the work of the Red Cross would at last begin to diminish.

Mr. WHEELER. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Montana.

Mr. WHEELER. I desire to call the Senator's attention to this situation, and see whether or not he agrees with me.

I find, for instance, that Bouvier's Law Dictionary lays down this definition of "security":

> That which renders a matter sure; an instrument which renders certain the performance of a contract.

I just wanted to——

Mr. ROBINSON of Arkansas. Oh, well, Mr. President, in answer to the Senator from Montana, it does not require a lawyer who has practiced law a long time, as he has, or another who has practiced law for 30 years, as I have, to know the definition of "security." Security, of course, is something that is intended to assure the payment of a debt.

Mr. WHEELER. Yes; but——

Mr. ROBINSON of Arkansas. We all know, however, that there are securities and securities. We all know that there is no such thing as making absolutely certain, beyond all possibility of doubt, the payment of a long-time obligation.

I should be glad to yield further to the Senator, but I should prefer to go ahead and discuss this question.

Mr. WHEELER. I just wanted to call the Senator's attention to this phase of the matter: I had not finished my question. What I wanted to ask the Senator was this:

Suppose, for instance, there is a farmer down there who simply has not any security.

Mr. ROBINSON of Arkansas. He can not get anything under this bill unless he proposes to give a lien on his crop or some other security.

Mr. WHEELER. That is what I wanted to know.

Mr. ROBINSON of Arkansas. That is just as clear as daylight. I have said it three or four times.

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

Mr. ROBINSON of Arkansas. Yes; I yield to the Senator from Kentucky.

Mr. BARKLEY. Last week I sent a telegram to every county in Kentucky inquiring concerning the adequacy of Red Cross relief, the result of which I hope to put in the RECORD when I address the Senate on this subject. Where the farmer can not borrow any money out of this fund because he has no security, and yet he must be fed somehow, not only during this winter but during the summer—because he can not grow anything that will produce food until at least late in the summer, and probably not until autumn—does the Red Cross propose to follow that man through the summer and feed him and his family where he is producing a crop but where he has not security and can not give security?

Mr. ROBINSON of Arkansas. Yes; the Red Cross proposes, according to my information, to advance as much as $300 to men in that situation.

Mr. BARKLEY. They have not made that proposal in my State.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. COPELAND. I have been one of the most severe critics of the Red Cross and their failure to meet the situation, but when Judge Payne was before us he said they were spending money, not alone for human relief, but for seed and for food for animals. If we provide the money for the seed and for the animals, for other stock beside work stock, it stands to reason that the money which would have been used for those purposes will be released for human food and for human relief.

Mr. ROBINSON of Arkansas. Certainly. According to my information, the Red Cross began its work in the drought area last fall by supplying quantities of field and garden seed to those whose crops had failed, the idea being to encourage the production of foods which would help to sustain those in distress during the period of their dire necessity. They spent, then, according to my information, nearly $300,000 for seed. They have spent now several hundred thousand dollers for feed for livestock in order to prevent livestock from dying, there being no other source from which the necessary funds could be obtained. When, as I have said, these credit agencies shall have been set up, the burden of the Red Cross will be materially diminished.

Mr. President, there is no doubt in my mind now but that the Red Cross is much more liberal and much more effective in its work than it was in the beginning. A part of that situation at first was due to lack of information. The great problem has been to bring to the consciousness of those intrusted with authority and responsibility a knowledge of the very distressing situations which exist in the drought region. For a time there was inadequacy of service, due to the fact, in part, that the Red Cross did not know who was in necessity; due to the fact that some of the best men and women in all this world were embarrassed to go out and ask for charity. There are instances I could cite which are pathetic in the extreme where persons have actually suffered rather than seek assistance, and that condition may continue in some degree.

The point I am now trying to make is that from one cause or another the Red Cross now is measuring up to a much higher standard of service than it was in the beginning. In illustration of that statement, I send to the desk a telegram I have from a young man, who happens to be my nephew, who is a county chairman of the Red Cross work. I asked him to supply me with information as to the methods pursued, and as to the ration that is being allowed, and he sent the telegram now about to be read and copies of orders as samples of the work of the Red Cross.

The VICE PRESIDENT. The clerk will read.

The Chief Clerk read as follows:

LONOKE, ARK., *February 2, 1931.*

Senator JOE T. ROBINSON,
Washington, D. C.:

Replying detailed information will be forwarded to-morrow. Think we have been taking ample care of needy so far. Red Cross leaves to chapter organization the amount of food, clothing, and feed to be furnished individual cases, which are handled according to needs of families. Have been actively engaged in work for past 45 days and am firmly convinced that no one here is going hungry or cold and that ample feed for livestock is being furnished. We have instructions to make all expenditures necessary to take care of needy cases. Hope some way can be devised to extend credit to credit organizations, banks, and merchants, both wholesale and retail, and when this is done the problem in this territory will be solved. If credit can be made available, individual needs will be taken care of in usual manner. Letter follows to-morrow.

CHAS. A. WALLS, *Chairman.*

Mr. ROBINSON of Arkansas. Mr. President, I now offer for the RECORD, to be printed following my remarks, copies of the orders and the letter from Mr. Walls, stating more fully just what is being done through the efforts in which he is engaged.

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

Mr. ROBINSON of Arkansas. Mr. President, wires were sent promiscuously. I have not all the answers here. Some of them contain personal references which I would not care to put into the RECORD, but a telegram I received from the Eudora Chamber of Commerce is illustrative of the messages I have received in response to my inquiry.

When I made the inquiries, I thought, frankly, that the replies would show a different state of facts; that they would show that the Red Cross was doing what I believed it was doing in the earlier stages of its work, and that its relief was not up to a high standard. The answers, however, rather show the contrary, and having procured them, I feel it my duty to bring some of them at least to the attention of the Senate. I do not feel that it would be fair to obtain information of that character and withhold it from my colleagues.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. SMOOT. I ask unanimous consent that at the conclusion of to-day's business the Senate take a recess until 11 o'clock to-morrow.

Mr. LA FOLLETTE. Mr. President, I do not like to object, but I would point out to the Senator that we are to have a session to-morrow night running from 7.30 until 11 o'clock, and if we should meet at 11 o'clock in the morning, and run until 11 o'clock at night, it would make a rather long day.

Mr. ROBINSON of Arkansas. Mr. President, I will ask the Senator from Utah to make the hour of meeting to-morrow 12 o'clock, in view of the circumstances to which the Senator from Wisconsin has referred.

Mr. SMOOT. Then I ask that we meet to-morrow at 12 o'clock.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah that when the Senate concludes its business to-day, it take a recess until to-morrow at 12 o'clock. The Chairs hears none, and it is so ordered.

Mr. ROBINSON of Arkansas. Mr. President, I ask that the clerk read the telegram I send to the desk from the Eudora Chamber of Commerce. It is a fair illustration of the messages I have received. In all probability, some 20 or 25 messages of the same import were received.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

EUDORA, ARK., *February 2, 1931.*

Senator JOE T. ROBINSON:

Replying wire of yesterday, Red Cross satisfactorily caring for food needs for families and indicate will do so through February, but feed for livestock limited to grant of $8,000, which will feed work stock, entitled to Red Cross feed, but one week. Feed for livestock very important during February. Few farmers in Delta in position to take advantage of Federal feed and seed loans, as must mortgage crops and chattels to get food ration. Allowance averages between $6.50 and $7 per month per family, ranging from $4.90 family of 2 to $14 family 10 to 12 per month. Ration consists of meal, flour, meat, lard, molasses, coffee, sugar, small amount rice, and dried fruit. Merchants are donating two bars soap per month per family, regardless of size. Red Cross should by all means give livestock feed grant during February.

EUDORA CHAMBER OF COMMERCE.

Mr. ROBINSON of Arkansas. Mr. President, I have in my hand a letter from Mr. C. R. Babcock, the editor of a newspaper at Blytheville, in Mississippi County, Ark. He is director of the disaster relief committee of one of the districts in that county. This letter is addressed to me and reads:

BLYTHEVILLE, ARK.

Senator JOSEPH T. ROBINSON,
Washington, D. C.

DEAR SENATOR ROBINSON: The inclosure is a letter to John Barton Payne, head of the National Red Cross. It touches upon certain aspects of the drought situation in which I am sure you are interested. The problem now is not so much one of immediate relief as of helping our farmers to get back on their feet. The Red Cross is feeding all who need to be fed, but the question of finding money to carry on farm operations is a serious one.

Yours very truly,

CHARLES R. BABCOCK.

He sent me a copy of his letter to Mr. Payne. In all probability I am not at liberty to put that letter in the RECORD, but it does not seem that there can be any objection to stating that the substance of his letter is a very forceful argument for an arrangement like that comprehended in the compromise. Many other similar communications could be produced.

The conclusion with respect to the Red Cross is this, that at first the head of the Red Cross had no grasp whatever of the problem before the organization. The organization was slow to take hold of its task. Its funds being limited, and there being a desire to conserve them as much as possible, the arrangements which were made were not of a liberal character. But with the increase in the number of those who required aid, with the extension of its investigation, with the discussions which have taken place in the Senate, I believe a full measure of knowledge has been secured by the organization, and while the allowances the Red Cross are now making are not so much as one would like to see made, they are much more nearly adequate than formerly, and they are made by the local organizations, consisting usually of prominent citizens in the communities served.

Already I have consumed, largely because of the interruptions, much more time than I had intended to take. I wish to conclude now with just one thought emphasized.

To me it is a sad commentary on our Government and on the efficiency of all its branches that in a case where everyone recognizes some important and decisive action should be taken, such differences of opinion as to methods and measures should arise that nothing whatever may be done. Perhaps that last declaration is not quite applicable. I will modify it. We have been in session nearly two and one-half months. Early in the session we passed the seed loan bill, with the results which have been so fully described that one would not be justified now in going into that in further detail. Just a day or two ago we agreed to an item which, I think, has become the law, authorizing $2,000,000 for the purchase of medical supplies and for rural sanitation investigation and relief. That measure is helpful, but in so far as the disposition of the problem as a whole is concerned we have not done very much and unless we do accept this compromise I fear that we shall do little more than we have done.

A statement was made in the press, inadvertently, I think, by some one in the body at the other end of the Capitol that this compromise meant that the amendment in the Agricultural Department appropriation bill providing for the reappropriation of a fund to be used as a revolving fund in certain Southeastern States should go out of the bill. There is no foundation for that statement. As the Senator from Oregon [Mr. MCNARY] will bear witness—and it was with him, and with him alone, that my negotiations were carried on, so far as any were conducted—the amendment referred to was not even mentioned, and I am informed that there is no ground to believe that that amendment will be agreed to.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Kentucky?

Mr. ROBINSON of Arkansas. I yield.

Mr. BARKLEY. Is there any understanding as to the fate of the amendment offered by the Senator from Kansas [Mr. CAPPER] providing for the use of 20,000,000 bushels of wheat?

Mr. ROBINSON of Arkansas. I ask the attention of the Senator from Oregon. There is no understanding about that amendment. The statement has been made that the House probably would not agree to it, in which event, of course, it would fail. Is that correct?

Mr. MCNARY. I have not any knowledge regarding the so-called Capper amendment. I do know that the amendment mentioned by the Senator from Arkansas with respect to seed in Southeastern States is in the Agricultural Department appropriation bill. To-day the chairman of the

House conferees told me that so far as he was concerned it might remain in that bill.

Mr. BARKLEY. I did not quite understand the reply of the Senator from Oregon.

Mr. ROBINSON of Arkansas. He said he knew nothing about the Capper wheat amendment.

Mr. BARKLEY. So that whatever happens to this particular proposal, the conference is still free to act as it sees fit on the amendment with reference to the 20,000,000 bushels of wheat?

Mr. ROBINSON of Arkansas. Oh, yes; it could not be otherwise. I have stated that it has come to my hearing that there is hostility to the amendment which may not be overcome.

Mr. BARKLEY. What I am seeking to make clear is that there is no understanding that by reason of this particular compromise those of us who favor the other amendment are to be expected no longer to contend for it?

Mr. ROBINSON of Arkansas. I have no such understanding.

Mr. GLASS. Mr. President, if the Senator will permit an interruption——

Mr. ROBINSON of Arkansas. I yield to the Senator from Virginia.

Mr. GLASS. I call his attention to a statement of the chairman of the Appropriations Committee at the other branch of Congress as follows, found on page 4273 of the CONGRESSIONAL RECORD of last Saturday. I quote:

In other words, it—

That is, the compromise—

includes the settlement of the 20,000,000 bushels of wheat proposition, the $5,000,000 that was for cooperative loans, because that is covered in this proposal that is in this conference report—the $2,500,000 of reappropriation for seed loans in several specific States. The idea is to wipe out all of the differences existing now between the two Houses with reference to these proposed matters of relief, in order that relief may be had for those needing it and that we may avoid an extra session.

Mr. ROBINSON of Arkansas. Of course, the Senator does not charge me with responsibility for that statement?

Mr. GLASS. Oh, no. I am just indicating it and bringing it to the attention of the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I have made clear my impression concerning the matter, and I can assure any Senator who feels an interest in it that there is no understanding to which I am a party that any amendment which is not comprehended, either expressly or impliedly, in this arrangement shall be receded from. I would not feel that I had authority to do it. It has been said already within the Senator's hearing that there is information to the effect that the House may oppose and stand out against the amendment referred to.

Now I wish to conclude——

Mr. BLACK. Mr. President, I wonder if the Senator would object, before he concludes, to my sending to the desk a telegram to be read which shows the importance of having some way to lend money at this time.

Mr. ROBINSON of Arkansas. I should like to have the Senator do so. I have perhaps two dozen messages on that subject and have only put in the RECORD two of them. I should be glad to have the Senator from Alabama have the telegram read.

Mr. BLACK. I ask that the telegram may be read at the desk.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

LAFAYETTE, ALA., *February 9, 1931.*

Hon. HUGO BLACK,
Senate Office Building:

Bank failures here and adjoining counties with general economic conditions has caused collapse of financial structure this section. There exists urgent need for providing credit and financial aid to farmers who will not qualify under drought-relief appropriation. Effort being made locally to form credit company for rediscounting agricultural loans with Federal intermediate credit bank, but unable raise sufficient capital meet requirements and provide sufficient rediscounting capacity. Have been informed that Farm Board, Washington, made loan Alabama Farm Bureau for capital structure such credit company. Will you please determine whether possible for us obtain similar loan from Farm Board for either entire capital or an amount sufficient supplement local subscriptions. Will such capital loan be available from twenty million now proposed for agricultural rehabilitation? Emergency serious and requires immediate action prevent complete demoralization farm industry this section.

MCCLELLAN RATCHFORD,
Liquidating Agent Chambers County Bank.

Mr. ROBINSON of Arkansas. It may be, Mr. President, and indeed I feel, that I have not been able to make clear the condition which so imperatively calls for prompt action respecting this legislation. In one State with which I am familiar 130 banks have closed their doors. In one large county having a population of at least 50,000, where there is a city of 15,000, there was for a period of 30 days not a single bank in operation. A late report is to the effect that a bank in one of the small towns has reopened for business. This condition creates a demand for credit. It requires an unusual remedy. It is not sufficient to provide food for the hungry. It is of importance that something be done to bring back the processes of rehabilitation so that those who are temporarily prostrated and unable to go forward with their occupations may gather courage and have some fair promise of renewing their hopes.

If this Congress adjourns without some fuller measure of relief than thus far has been enacted, it will, in my judgment, brand the Congress as inefficient. Of course, differences of opinion will be responsible for that failure; but I learned a long time ago that it is sometimes necessary to effect compromises, that one can not always have his personal views reflected in legislation. If anything is to be done that is worth while, it ought to be done quickly, because if we wait until an extra session of Congress to enact measures of relief for the drought-stricken region they will be futile in the main, because the time will have passed when they can be of service.

I am satisfied that a fair administration of this compromise measure will go a long way toward reversing the very strong currents of adversity which for the time being have submerged a million people.

Mr. President, I renew my request for printing in the RECORD of a part of the letter and the forms sent to me by Mr. Walls.

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

The letter and forms referred to are as follows:

LONOKE, ARK., *February 2, 1931.*

Hon. JOE T. ROBINSON,
United States Senate, Washington, D. C.

DEAR SENATOR ROBINSON: Your telegram came to hand late yesterday afternoon and I replied by night letter. As stated in the night letter, I am furnishing you certain information to-day.

First, we have 1,015 families being supplied food in the North Lonoke County Chapter of the American Red Cross. The number has been increasing daily and I feel that by the end of the week we will have about 1,250 families on the list to receive food. Of course, some of these families not only receive food but also clothing and feed for their livestock.

As to the rationing per family and the commodities, I beg to advise you that the Red Cross organization leaves it entirely to the local committee to determine the amount of the ration to be furnished each individual case and this ration is running from $4.20 for a family of 5 to $8.65 for a family of 13 and is given every two weeks. I submit herewith five copies of the disbursing orders which I have made from our files to-day.

Our local committee is given full authority to fix not only the ration but the amount thereof, and we have instructions not to permit anyone to suffer for lack of food or clothing.

The head of each family is required to answer a questionnaire which is passed on by the particular township chairman, who makes his recommendation and passes the questionnaire on to the general committee. In most of these instances we find that the families have some food or provisions on hand. This is especially true at this season of the year when they have killed hogs and have meat and lard. Moreover, a great many of them have potatoes, turnips, and turnip greens, and we have not had any complaint as to shortage in rations.

With reference to clothing, we had quite a demand for underclothing, shoes, and stockings for children about two weeks ago, and in addition to collecting up a great deal of clothing from the towns for distribution, we were authorized to buy clothing in cases where we deemed it necessary. Our chapter spent $1,365 for clothing during the past two weeks. No person in this community has just cause for complaint of not receiving necessary clothing to protect his body from the cold, and the committee uses its best judgment in passing upon individual cases.

We have had instructions to furnish feed where it was necessary to save livestock, and no one has been turned down where a showing was made that it was impossible to obtain feed elsewhere.

With reference to revision of the allowance to individuals, about two weeks ago we were instructed to furnish canned salmon and tomatoes and canned milk in some cases as a preventive for pellagra. Otherwise the ration has been running substantially the same since we started operations in December, but in each case the committee tries to fill the requirements of the family for the 2-week period, taking into consideration the food that it has on hand.

I have attended a number of the State meetings held in Little Rock and am familiar with the grants that are being made in Pulaski County as well as in Lonoke County, and I personally know that those who are administering Red Cross relief have instructions to take care of the individual case so as to prevent any suffering, and I confidentially believe that this is being done here.

* * * * * * *

At the present time the North Lonoke County Chapter of the American Red Cross, of which I am chairman, has control of all that part of the county north of the base line, representing three-fourths in area and approximately two-thirds in population. We have just a little over 1,000 families on the Red Cross roll, while the England chapter is reported to have approximately 3,000 families on the roll. At the present time there are more people receiving aid from the Red Cross at England than resided in the district at the time the census was taken in 1930. The publicity given the England matter has caused a large influx of population in that district, and, of course, the Red Cross has to take care of the situation, which explains why so many are receiving help at that place.

I have been requested to submit an estimate as to the number of families that will probably have to be helped during the month of February, and Red Cross officials have stated that whatever amount is requested for help would be made available, the local chapter being the judge as to its requirements for that period of time.

The Red Cross deals with individual cases according to their needs, and many of those who are now receiving help will go to work during the months of February and March, provided landlords, merchants, furnishing men, banks, and credit corporations can obtain credit with which to operate farms. I think the entire problem would be solved promptly if it were possible to extend credit so that the usual farming operations could start, but at the present time it seems that no one is able to obtain money or credit.

Hoping that the facts and figures which I have submitted herewith will be of some assistance to you in solving this weighty problem, and with kindest personal regards, I remain

Yours very truly,

CHAS. A. WALLS,
Chairman North Lonoke County (Arkansas) Chapter,
The American Red Cross.

AMERICAN NATIONAL RED CROSS 1930–31 RELIEF—NO. 367440

(Five members in family)

Disbursing order

(Each order must be accounted for.)
North Lonoke County.

FEBRUARY 2, 1931.

To McCrary & Co. (Present or mail this white order with itemized bill to the above address for payment.)

Please deliver to M. C. Roberts the following-described articles at a cost not to exceed $4.20.

Article and description:

Flour, 24 pounds, 65 cents; meal, 10 pounds, 30 cents; lard, 5 pounds, 50 cents	$1.45
Beans, 50 cents; rice, 50 cents; sugar, 50 cents; baking powder, 25 cents	1.75
4 salmon, 50 cents; 6 tomatoes, 50 cents	1.00

AMERICAN NATIONAL RED CROSS,
By G. FLETCHER.

Approved.

CHAS. A. WALLS,
Chairman Red Cross Relief.

AMERICAN NATIONAL RED CROSS 1930–31 RELIEF—NO. 367442

(Seven in family)

Disbursing order

(Each order must be accounted for.)
North Lonoke County.

JANUARY 28, 1931.

To McCrary & Co. (Present or mail this white order with itemized bill to the above address for payment.)

Please deliver to Reuben Boyle, Lonoke Township, the following-described articles at a cost not to exceed $5.50.

Article and description:

Flour, 48 pounds, $1.15; meal, 24 pounds, 65 cents; lard, 8 pounds, 95 cents	$2.75
Beans, 50 cents; rice, 50 cents; sugar, 50 cents; baking powder, 25 cents	1.75
Four salmon, 50 cents; six tomatoes, 50 cents	1.00

AMERICAN NATIONAL RED CROSS,
By G. FLETCHER.

Approved.

CHAS. A. WALLS,
Chairman Red Cross Relief.

AMERICAN NATIONAL RED CROSS 1930–31 RELIEF NO. 367438

(Nine in family)

Disbursing order

(Each order must be accounted for.)
North Lonoke County.

JANUARY 28, 1931.

To McCrary & Co. (Present or mail this white order with itemized bill to the above address for payment.)

Please deliver to Arthur Simpson the following-described articles at a cost not to exceed $6.25:

Article and description:

Flour, 48 pounds, $1.15; meal, 24 pounds, 65 cents; lard, 8 pounds, 95 cents	$2.75
Beans, 50 cents; rice, 75 cents; sugar, 75 cents; baking powder, 50 cents	2.50
Four salmon, 50 cents; 6 tomatoes, 50 cents	1.00

AMERICAN NATIONAL RED CROSS,
By G. FLETCHER.

Approved.

CHAS. A. WALLS,
Chairman Red Cross Relief.

AMERICAN NATIONAL RED CROSS 1930–31 RELIEF—NO. 367443

(Eleven in family)

Disbursing order

(Each order must be accounted for.)
North Lonoke County.

JANUARY 26, 1931.

To Kenneth Brame. (Present or mail this white order with itemized bill to the above address for payment.)

Please deliver to Walter Burks, Caroline Two, the following described articles at a cost not to exceed $7.25:

Article and description:

Flour, 48 pounds, $1.15; meal, 14 pounds, 65 cents; lard, 8 pounds, 95 cents	$2.75
Beans, $1; sugar, $1; rice, $1; baking powder, 50 cents	3.50
Six tomatoes, 50 cents; four salmon, 50 cents	1.00

AMERICAN NATIONAL RED CROSS.
By G. FLETCHER.

Approved.

CHAS. A. WALLS,
Chairman, Red Cross Relief.

AMERICAN NATIONAL RED CROSS 1930–31 RELIEF—NO. 367441

(Thirteen in family)

Disbursing order

(Each order must be accounted for.)
North Lonoke County.

JANUARY 27, 1931.

To Antone Eagle. (Present or mail this white order with itemized bill to the above address for payment.)

Please deliver to M. T. Tolbert, Lonoke Township, the following-described articles at a cost not to exceed $8.65.

Article and description:

Flour, 48 pounds, $1.15; flour, 24 pounds, 65 cents; lard, 5 pounds, 50 cents	$2.30
Lard, 8 pounds, 95 cents; meal, 24 pounds, 65 cents; baking powder, 25 cents	1.85
Baking powder, 50 cents; beans, $1; sugar, $1; rice, $1	3.50
Four salmon, 50 cents; six tomatoes, 50 cents	1.00

AMERICAN NATIONAL RED CROSS,
By MRS. A. J. CLEMENTS.

Approved.

CHAS. A. WALLS,
Chairman Red Cross Relief.

Mr. SMOOT obtained the floor.

Mr. LA FOLLETTE. Mr. President, does the Senator intend to address the Senate this evening?

Mr. SMOOT. Oh, no; I was about to move a recess.

Mr. LA FOLLETTE. Is the Senator desirous of speaking in the morning when the Senate reconvenes?

Mr. SMOOT. No.

Mr. LA FOLLETTE. If the Senator will be kind enough to let me obtain the floor so I may be recognized in the morning, I shall yield to him for the purpose of moving a recess at this time.

Mr. SMOOT. Very well.

The PRESIDING OFFICER. The Chair recognizes the Senator from Wisconsin.

Mr. LA FOLLETTE. I yield now to the Senator from Utah.

RECESS

Mr. SMOOT. I move that the Senate, in conformity with the unanimous consent agreement heretofore entered into, take a recess until 12 o'clock to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock and 15 minutes p. m.), in accordance with the order previously entered, took a recess until to-morrow, Tuesday, February 10, 1931, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 9 (legislative day of January 26), 1931

JUDGE OF THE POLICE COURT OF THE DISTRICT OF COLUMBIA

John P. McMahon, of the District of Columbia, to be a judge of the police court of the District of Columbia. (He is now serving in this position under an appointment which expires March 2, 1931.)

UNITED STATES ATTORNEY

Charles A. Jonas, of North Carolina, to be United States Attorney, western district of North Carolina, to succeed Thomas J. Harkins, resigned.

HOUSE OF REPRESENTATIVES

MONDAY, FEBRUARY 9, 1931

The House met at 12 o'clock noon.

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

Infinite God, Thy love, which passeth knowledge, passeth utterance as well. It is not a matter of human logic, it is a mistry for tears. We thank Thee for Him who has unveiled our Father's heart and become the touchstone and the test of character. We praise Thee that because of Him man everywhere can be tranquil and satisfied, quenching his immortal thirst in that river of life that proceedeth out of the throne of God. With the coming of each sun comes Thy loving providence, and with each going day God remains. Our Heavenly Father, speak, speak to us to-day of the things that we shall never find in the world. Lead us to the very edge of Thy garment, and there let us enter the realm of understanding. Let there be no bitter note in our voice, nor twist in our vision, nor perversion in our judgment. Amen.

The Journal of the proceedings of Saturday, February 7, 1931, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 16297. An act to amend the act entitled "An act to provide for the construction of certain public buildings, and for other purposes," approved May 25, 1926 (44 Stat. 630), and acts amendatory thereof.

NAVAL APPROPRIATION BILL

Mr. FRENCH, from the Committee on Appropriations, reported the bill (H. R. 16969) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1932, and for other purposes (Rept. No. 2551), which was read the first and second times, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. AYRES reserved all points of order.

HOBOKEN PIER PROPERTIES

Mr. SNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a concurrent resolution from the New York State Legislature.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks in the RECORD by printing a concurrent resolution of the New York State Legislature. Is there objection?

There was no objection.

The resolution is as follows:

STATE OF NEW YORK,
IN SENATE,
Albany, February 2, 1931.

By Mr. Hofstadter: Concurrent resolution urging the Congress of the United States of America to authorize the United States Shipping Board to sell to the Port of New York Authority the properties in the port of New York district commonly known as the Hoboken pier properties

Whereas shortly after the declaration of war against the Imperial German Government on April 6, 1917, the United States of America seized as enemy-owner properties certain docks, piers, warehouses, wharves, and terminal equipment and facilities located within the port of New York district as defined in the port compact between the States of New York and New Jersey, dated April 30, 1921, and belonging to the North German Lloyd Dock Co. and the Hamburg-American Line Terminal & Navigation Co., and has expropriated title thereto; and

Whereas the said properties have since been operated by various agencies of the United States Government and are now being operated by the United States Shipping Board; and

Whereas by Public Resolution No. 146, Seventy-first Congress, authorizing the United States Shipping Board to sell the said properties to citizens of the United States, the Congress of the United States has adopted a policy that the properties shall no longer be operated by the United States but shall not pass into the control of aliens; and

Whereas since the acquisition of the said properties as aforesaid by the United States of America, neither the United States of America nor any agency thereof in charge of the operation of said properties has paid any taxes thereon either to the State of New Jersey or to the city of Hoboken and the State and city have therefore suffered serious losses in revenues; and

Whereas the Port of New York Authority, a body corporate and politic, created by compact between the States of New York and New Jersey with the consent of Congress, is willing to acquire the said properties for the sum of $4,282,000 and is willing to pay 30 per cent of the said purchase price in cash, and to pay the balance by its bond and mortgage running for a period of 15 years and bearing interest at a rate not lower than the lowest current yield on any interest-bearing obligation of the United States issued subsequent to April 6, 1917 (except postal-savings bonds and short-term Treasury notes), outstanding at the time the sale is consummated; and

Whereas in the opinion of the Legislature of the State of New York, the operation of the said properties by the Port of New York Authority as a marine terminal will be in the best interest of the Port of New York district, the people of the States of New York and New Jersey, and the people of the United States of America, and

Whereas by the said port compact the States of New York and New Jersey have agreed to and pledged both each to the other faithful cooperation in the future planning and development of the Port of New York, holding in high trust for the benefit of the Nation special blessings and natural advantages thereof, and are in fact cooperating in the development of the Port of New York in various ways, now, therefore be it

Resolved (if the assembly concur):

1. That the Congress of the United States be and it hereby is respectfully urged to adopt a joint resolution and/or enact appropriate legislation at the earliest practicable date authorizing and directing the United States Shipping Board to sell to the Port of New York Authority, in accordance with the foregoing plan, all those certain properties situated in the city of Hoboken, State of New Jersey, commonly known as the Hoboken Pier Properties, consisting of docks, piers, warehouses, wharves, and terminal equipment and facilities including all leaseholds, easements, rights of way, riparian rights, and other rights, estates and interest therein or appurtenant thereto, which were acquired by the proclamation of the President of the United States, under the provisions of an act of Congress entitled "An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes," approved March 28, 1918, and acts amendatory thereof and supplemental thereto.

2. That in addition to the official notification of the passage of this resolution the secretary of state furnish certified copies of this resolution to each of the following officials of the United States: The President, the Vice President, the Secretary of the Senate, the Speaker of the House of Representatives, the two United States Senators from New Jersey, the several Representatives in Congress from this State, the chairman of the United States Shipping Board, the chairman of the Commerce Committee of the United States Senate, and the chairman of the Committee on the Merchant Marine and Fisheries of the House of Representatives.

By order of the senate.

A. MINER WELLMAN, *Clerk.*

In assembly, February 2, 1931. Concurred in without amendment; by order of the assembly.

FRED W. HAMMOND, *Clerk.*

(Indorsed:) Filed February 4, 1931. Edward J. Flynn, secretary of state.

STATE OF NEW YORK,
Department of State, ss:

I have compared the preceding copy of concurrent resolution with the original resolution on file in this office, and do hereby certify that the same is a correct transcript therefrom and of the whole thereof.

Given under my hand and the official seal of the department of state, at the city of Albany, this 4th day of February, 1931.

GRACE A. REAVY,
Deputy Secretary of State.

THE UNITED STATES AND THE OTHER AMERICAN REPUBLICS

Mr. TEMPLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address delivered by Hon. Henry L. Stimson, Secretary of State, before the Council on Foreign Relations, in New York City, February 6, 1931, which is a discussion of recent events in the relations between the United States and other American Republics.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD by printing an address recently delivered by the Secretary of State. Is there objection?

There was no objection.

The address is as follows:

During the past two years widespread economic depression and consequent unemployment have brought instability and unrest to many of the countries of the Western Hemisphere. Since March, 1929, there have been revolutions in no less than seven Latin American Republics, resulting in the forcible overthrow in six of them of the existing Governments. These changes, and the armed contests by which some of them have been accompanied, have presented to the State Department of this country a rapid succession of critical problems for decision. It was inevitable in such a situation that criticism of our decisions should be excited, and it has been.

Therefore, this evening I shall place before you from the standpoint of the State Department a brief statement of the facts as well as of the underlying principles and reasons upon which some of these recent decisions have been based. In particular I shall discuss the principles by which we have been guided in the recognition of the new Governments which have arisen and also the principles which have underlain our action in the regulation of the sale and transportation of arms and munitions to the countries which have been involved in strife.

As a background for this discussion a brief review of the general policy of the United States toward the other Republics of this hemisphere during the past century is pertinent. That policy in its general conception has been a noble one. From the beginning we have made the preservation of individual independence of these nations correspond with our own interest. This was announced in the Monroe doctrine and has been maintained ever since. That doctrine, far from being an assertion of suzerainty over our sister Republics, was an assertion of their individual rights as independent nations. It declared to the world that this independence was so vital to our own safety that we would be willing to fight for it against an aggressive Europe. The Monroe doctrine was a declaration of the United States versus Europe, not of the United States versus Latin America.

In taking this position in the Western Hemisphere our policy has coincided with the basic conception of international law, namely, the equal rights of each nation in the family of nations. The law justly regards this conception as the chief protection of weak nations against oppression. Our people led in the recognition of the independence of those countries with an instinctive readiness, which was based upon their sympathy with the doctrine upon which that independence rested. In the language of John Quincy Adams, Secretary of State at the time:

"The principles upon which the right of independence has been maintained by the South American patriots have been proved not only as identical with those upon which our own independence was asserted and achieved, but as involving the whole theory of government on the emphatically American foundation of the sovereignty of the people and the unalienable rights of men. To a cause reposing upon this basis the people of this country never could be indifferent, and their sympathies have accordingly been, with great unanimity and constancy, enlisted in its favor." (J. Q. Adams, May 27, 1823, American State Papers, Foreign Relations, vol. 888.)

I am not forgetful of the fact that the foreign policy of every nation is devoted primarily to its own interest. It also rises and falls with the character and wisdom of the individuals or groups who from time to time are in power. I do not close my eyes to the occasional dark spots which have been charged to that record, particularly 75 or 80 years ago. But the actions which were the foundation for the most serious of these charges were directly attributable to the influence of slavery in this country, then at the height of its political power, and that influence has long since been wiped out in the blood of a great civil war. They have no more reflected the democratic idealism which has generally characterized our foreign policy at its best than the fugitive slave act has fairly reflected our domestic social policy.

In spite of these and all other aberrations, it is a very conservative statement to say that the general foreign policy of the United States during the past century toward the Republics of Latin America has been characterized by a regard for their rights as independent nations which, when compared with current international morality in other hemispheres, has been as unusual as it has been praiseworthy.

People are sometimes prone to forget our long and honorable fulfillment of this policy toward our younger sister nations. It was our action which obtained the withdrawal of French imperialism from Mexico. It was our influence which provided for the return from Great Britain of the Bay Islands to Honduras, and the Mosquito Coast, including Greytown, to Nicaragua. It was our pressure which secured the arbitration of the boundary dispute between Great Britain and Venezuela and which later secured by arbitration the solution of serious disputes between Venezuela, Germany, and Italy. Between the Republics themselves, our influence has constantly been exerted for a friendly solution of controversies which might otherwise mar their independent and peaceful intercourse. To speak only of recent matters, I may refer to the long-standing Tacna-Arica dispute between Chile and Peru, and the open clash between Bolivia and Paraguay. During the past seven years our good offices have resulted in the settlement of eight boundary disputes between 11 countries of this hemisphere.

In our successive Pan American conferences, as well as in the Pan American Union, the fundamental rule of equality, which is the mainstay of independence, has been unbroken. Action is taken only by unanimous consent. No majority of states can conclude a minority, even of the smallest and weakest. This is in sharp contrast to the practice which prevailed in the former concert of Europe, where only the great powers were admitted on a basis of equality. It was also at variance with the original organization of the covenant of the League of Nations, where it was proposed that a majority of the seats in the council should be permanently occupied by the great powers.

While such recognition of their equal rights and national independence has always been the basic foundation upon which our policy toward these Republics has rested, there is another side of the picture which must be borne in mind. This basic principle of equality in international law is an ideal resting upon postulates which are not always and consistently accurate. For independence imposes duties as well as rights. It presupposes ability in the independent nation to fulfill the obligations toward other nations and their nationals which are prescribed and expected to exist in the family of nations. The hundred years which have ensued since the announcement of our policy toward these Republics have contained recurring evidence of how slow is the progress of mankind along that difficult highway which leads to national maturity and how difficult is the art of popular self-government. Years and decades of alternations between arbitrary power at one time and outbreaks of violence at another have pointed out again and again how different a matter it is in human affairs to have the vision and to achieve the reality.

Furthermore, the difficulties which have beset the foreign policy of the United States in carrying out these principles can not be understood without the comprehension of a geographical fact. The very locality where the progress of these Republics has been most slow; where the difficulties of race and climate have been greatest; where the recurrence of domestic violence has most frequently resulted in the failure of duty on the part of the Republics themselves and the violation of the rights of life and property accorded by international law to foreigners within their territory, has been in Central America, the narrow Isthmus which joins the two Americas, and among the islands which intersperse the Caribbean Sea adjacent to that Isthmus. That locality has been the one spot external to our shores which nature has decreed to be most vital to our national safety, not to mention our prosperity. It commands the line of the great trade route which joins our eastern and western coasts. Even before human hands had pierced the Isthmus with a seagoing canal, that route was vital to our national interest. Since the Panama Canal has become an accomplished fact, it has been not only the vital artery of our coastwise commerce but, as well, the link in our national defense, which protects the defensive power of our fleet. One can not fairly appraise American policy toward Latin America or fully appreciate the standard which it has maintained without taking into consideration all of the elements of which it is the resultant.

Like the rocks which mark the surface of a steady river current, all of the facts and circumstances which I have outlined have produced ripples in the current of our steady policy toward the Latin American Republics. Some of them have resulted in temporary intrusions into the domestic affairs of some of those countries, which our hostile critics have not hesitated to characterize as the manifestation of a selfish American imperialism. I am clear that a calm historical perspective will refute that criticism and will demonstrate that the international practice of this Government in the Western Hemisphere has been asserted with a much readier recognition of the legal rights of all the countries with which we have been in contact than has been the prevalent practice in any other part of the world. The discussion of the particular topics which I am bringing before you this evening will, I hope, help to develop the character, trend, and uniformity of our country's policy.

RECOGNITION

The recognition of a new state has been described as the assurance given to it that it will be permitted to hold its place and

rank in the character of an independent political organism in the society of nations. The recognition of a new government within a state arises in practice only when a government has been changed or established by revolution or by a coup d'état. No question of recognition normally arises, for example, when a king dies and his heir succeeds to the throne, or where, as the result of an election in a republic, a new chief executive constitutionally assumes office. The practice of this country as to the recognition of new governments has been substantially uniform from the days of the administration of Secretary of State Jefferson in 1792 to the days of Secretary of State Bryan in 1913. There were certain slight departures from this policy during the Civil War, but they were manifestly due to the exigencies of warfare and were abandoned immediately afterwards. This general policy, as thus observed, was to base the act of recognition, not upon the question of the constitutional legitimacy of the new government but upon its de facto capacity to fulfill its obligations as a member of the family of nations. This country recognized the right of other nations to regulate their own internal affairs of government and disclaimed any attempt to base its recognition upon the correctness of their constitutional action.

Said Mr. Jefferson in 1792:

"We certainly can not deny to other nations that principle whereon our own Government is founded, that every nation has a right to govern itself internally under what forms it pleases, and to change these forms at its own will; and externally to transact business with other nations through whatever organ it chooses, whether that be a king, convention, assembly, committee, president, or whatever it be." (Jefferson to Pinckney, Works, Vol. III, p. 500.)

In these essentials our practice corresponded with the practice of the other nations of the world.

The particular considerations upon which our action was regularly based were well stated by Mr. Adee, long the trusted Assistant Secretary of State of this Government, as follows:

"Ever since the American Revolution entrance upon diplomatic intercourse with foreign states has been de facto, dependent upon the existence of three conditions of fact: The control of the administrative machinery of the state; the general acquiescence of its people; and the ability and willingness of their Government to discharge international and conventional obligations. The form of government has not been a conditional factor in such recognition; in other words, the de jure element of legitimacy of title has been left aside." (Foreign Relations of the United States, 1913, p. 100.)

With the advent of President Wilson's administration this policy of over a century was radically departed from in respect to the Republic of Mexico, and, by a public declaration on March 11, 1913, it was announced that:

"Cooperation (with our sister Republics of Central and South America) is possible only when supported at every turn by the orderly processes of just government based upon law, not upon arbitrary or irregular force. We hold, as I am sure that all thoughtful leaders of republican government everywhere hold, that just government rests always upon the consent of the governed, and that there can be no freedom without order based upon law and upon the public conscience and approval. We shall look to make these principles the basis of mutual intercourse, respect, and helpfulness between our sister Republics and ourselves." (Foreign Relations of the United States, 1913, p. 7.)

Mr. Wilson's government sought to put this new policy into effect in respect to the recognition of the then Government of Mexico held by President Victoriano Huerta. Although Huerta's government was in de facto possession, Mr. Wilson refused to recognize it, and he sought through the influence and pressure of his great office to force it from power. Armed conflict followed with the forces of Mexico, and disturbed relations between us and that Republic lasted until a comparatively few years ago.

In his sympathy for the development of free constitutional institutions among the people of our Latin American neighbors, Mr. Wilson did not differ from the feelings of the great mass of his countrymen in the United States, including Mr. Jefferson and Mr. Adams, whose statements I have quoted; but he differed from the practice of his predecessors in seeking actively to propagate these institutions in a foreign country by the direct influence of this Government and to do this against the desire of the authorities and people of Mexico.

The present administration has refused to follow the policy of Mr. Wilson and has followed consistently the former practice of this Government since the days of Jefferson. As soon as it was reported to us, through our diplomatic representatives, that the new governments in Bolivia, Peru, Argentina, Brazil, and Panama were in control of the administrative machinery of the state, with the apparent general acquiescence of their people, and that they were willing and apparently able to discharge their international and conventional obligations, they were recognized by our Government. And in view of the economic depression, with the consequent need for prompt measures of financial stabilization, we did this with as little delay as possible in order to give those sorely pressed countries the quickest possible opportunities for recovering their economic poise.

Such has been our policy in all cases where international practice was not affected or controlled by preexisting treaty. In the five Republics of Central America—Guatemala, Honduras, Salvador, Nicaragua, and Costa Rica—however, we have found an entirely different situation existing from that normally presented under international law and practice. As I have already pointed out, those countries geographically have for a century been the focus of the greatest difficulties and the most frequent disturbances in their earnest course toward competent maturity in the discharge of their international obligations. Until some two decades ago, war within and without was their almost yearly portion. No administration of their government was long safe from revolutionary attack instigated either by factions of its own citizens or by the machinations of another one of the five Republics. Free elections, the corner stone upon which our own democracy rests, had been practically unknown during the entire period. In 1907 a period of strife involving four of the five Republics had lasted almost without interruption for several years. In that year, on the joint suggestion and mediation of the Governments of the United States and Mexico, the five Republics met for the purpose of considering methods intended to mitigate and, if possible, terminate the intolerable situation. By one of the conventions which they then adopted, the five Republics agreed with one another as follows:

"The governments of the high contracting parties shall not recognize any other government which may come into power in any of the five Republics as a consequence of a coup d'état, or of a revolution against the recognized government, so long as the freely elected representatives of the people thereof have not constitutionally reorganized the country."

Sixteen years later, in 1923, the same five Republics, evidently satisfied with the principle they had thus adopted and desiring to reinforce it and prevent any future evasions of that principle, met again, reenacted the same covenant, and further promised each other that even after a revolutionary government had been constitutionally reorganized by the representatives of the people they would not recognize it if its President should have been a leader in the preceding revolution or related to such a leader by blood or marriage, or if he should have been a cabinet officer or held some high military command during the accomplishment of the revolution. Some four months thereafter our own Government, on the invitation of these Republics, who had conducted their meeting in Washington, announced, through Secretary Hughes, that the United States would in its future dealings with those Republics follow out the same principle which they had thus established in their treaty. Since that time we have consistently adhered to this policy in respect to those five Republics.

We followed that policy in Guatemala in the case of a recent revolution in which some 57 people were killed. General Orellano, the leader of the revolt, set himself up as the provisional President of that Republic on December 16, 1930. On December 22, 1930, we notified him that in accordance with the policy established by the 1923 treaty he would not be recognized by us. No recognition was granted him by any of the other four Republics. Following this he tendered his resignation and retired from office; and on January 2, 1931, through the constitutional forms provided in the Guatemalan constitution, Señor Reina Andrade was chosen provisional President by the Guatemalan Congress and immediately called a new election for a permanent President. Thereupon this country and the other four Republics recognized the government of Señor Reina Andrade.

Since the adoption by Secretary Hughes in 1923 of the policy of recognition agreed upon by the five Republics in their convention, not one single revolutionary government has been able to maintain itself in those five Republics. Twice, once in Nicaragua and once in the case of Guatemala, just described, a revolutionary leader has succeeded in grasping the reins of government for a brief period. But in each case the failure to obtain recognition has resulted in his prompt resignation on account of his inability to borrow money in the international markets. Several times within the same period a contemplated revolution has been abandoned by its conspirators on the simple reminder by a minister from this country or one of the other Republics that, even if they were successful, their government would not be recognized; and undoubtedly in many more cases has the knowledge of the existence of the policy prevented even the preparation for a revolution or coup d'état. In every one of these cases the other four Republics have made common cause in the efforts of the United States to carry out their policy and maintain stability. When one compares this record with the bloodstained history of Central America before the adoption of the treaty of 1923, I think that no impartial student can avoid the conclusion that the treaty and the policy which it has established in that locality has been productive of very great good.

Of course it is a departure from the regular international practice of our Government, and it undoubtedly contains possible difficulties and dangers of application which we in the State Department are the last to minimize and in case of which, should they arise, this Government must reserve its freedom of action. But the distinction between this departure, which was suggested by the five Republics themselves and in which we have acted at their earnest desire and in cooperation with them, and the departure taken by President Wilson in an attempt to force upon Mexico a policy which she resented must be apparent to the most thoughtless student. A few weeks ago Judge John Bassett Moore, who as counselor of the State Department was a member of Mr. Wilson's administration, criticized Mr. Wilson's departure from the former practice of this country, and he included within his criticism the departure initiated by the treaty of 1923. He did not, however, point out the foregoing radical difference of principle between the two policies, nor the entirely different results which have followed each, and which thus far seem quite to justify the policy of 1923.

Furthermore, it may be noted that one of the dangers which might be apprehended from this policy of recognition adopted by the five Central American Republics under the treaty of 1923 has not materialized. One of the most serious evils in Central

America has been the fact that throughout the history of those Republics, until recently, it has been the habitual practice of the President who held the machinery of government to influence and control the election of his successor. This has tended to stimulate revolution as the only means by which a change of government could be accomplished. The danger was therefore manifest that this treaty of 1923 might result in perpetuating the autocratic power of the Governments which were for the time in possession. As a matter of fact this has not happened. On the contrary, significant improvement has taken place in election practice. The Government of Nicaragua, of its own motion, has sought and obtained the assistance of the United States in securing free and uncontrolled elections in 1928 and 1930. The Government of Honduras, in 1928, without any such assistance, conducted an election which was so free that the party in power was dispossessed by the opposition party; and a similar free election has apparently occurred in 1930. For nearly 100 years before 1923, free elections have been so rare in Central America as to be almost unique. Of course, it is too early to make safe generalizations, but it would seem that the stability created by the treaty of 1923 apparently has not tended to perpetuate existing autocracies, but, on the contrary, to stimulate a greater sense of responsibility in elections.

TRAFFIC IN ARMS

I will now pass to the subject of the policy of this Government in respect to the export of arms and munitions to countries which are engaged in civil strife. Twice during the present administration we have had to make important decisions and take important action in respect to this subject. The first of these occasions was in March, 1929, when a military insurrection broke out in the Republic of Mexico.

This insurrection was of serious nature and extent. It involved disturbances in many of the Mexican Provinces and much fighting and bloodshed. Acting under a joint resolution of our Congress, adopted in 1922, this Government maintained an embargo upon the exportation of all arms and munitions which might reach the rebels. At the same time it permitted the sale and itself sold arms and ammunition to the established Government of Mexico, with which we were then and had been for a number of years in diplomatic relations. In about three months the insurrection was suppressed, and I think it can be fairly said that it is due in no slight degree to our action in this matter that the feelings of hostility on the part of Mexico to the United States which had existed ever since the intervention of President Wilson against Huerta in 1913 were finally ended and the relations of the two countries became friendly and cordial.

The second occasion was in October, 1930, when armed insurrection had broken out against the Government of Brazil. In the same way in which we had acted toward Mexico, we permitted that Government to purchase arms both from our Government and from our nationals in this country; and, when the ambassador of Brazil brought to our attention the fact that arms were being purchased in this country for export to the rebel forces fighting against the recognized Government, we placed an embargo against the exportation of such arms. Two days later the Government of Brazil suddenly fell, the immediate cause being the revolt of its own garrison in Rio de Janeiro.

In placing the embargo upon the exportation of arms to the Brazilian rebel forces our Government acted under the same joint resolution of our Congress of 1922 and with the same purpose and upon the same policy as had guided our action in the case of Mexico and in other cases where action has been taken under that resolution. That purpose was "to prevent arms and munitions procured from the United States being used to promote conditions of domestic violence" in countries whose governments we had recognized and with which we were in friendly intercourse. This was the purpose and policy as stated by our Congress in the language of the resolution itself.

In the case of Brazil there also was in effect a treaty between the United States and Brazil which made it compulsory for us to act as we did in placing this embargo. With Mexico that treaty had not yet gone into effect. This treaty was the convention executed at Habana on February 20, 1928, between the United States and the 20 Latin American Republics, providing for the rights and duties of states in the event of civil strife. Between its signatories it rendered compulsory the policy of protecting our Latin American sister Republics against the traffic in arms and war material carried on by our nationals, which previously the joint resolution of 1922 had left within the discretion of the Executive. The language of the treaty of 1928 is as follows:

"ARTICLE 1. The contracting states bind themselves to observe the following rules with regard to civil strife in another one of them: * * *

"3. To forbid the traffic in arms and war material, except when intended for the government, while the belligerency of the rebels has not been recognized, in which latter case the rules of neutrality shall be applied."

Our action in regard to Brazil has been criticized by gentlemen who have confused the legal situation which existed in Brazil with an entirely different situation. We have been criticized for "taking sides in that civil strife," as if we had been under the duty to maintain neutrality between the Brazilian Government and the rebels who were seeking to overthrow it.

Under the law of nations the duty of neutrality does not arise until the insurgents have assumed the status of a belligerent power between whom and the mother country other Governments must maintain impartiality. This occurs when a condition of belligerency is recognized either by the parent state itself or by the Governments of other nations. Such a situation arose in our Civil War, when the Confederate States, having occupied exclusively a portion of the territory of the United States and having set up their own capital at Richmond, were recognized as belligerents by the nations of Europe. It has not arisen in any of the recent revolutions of Latin America, whether successful or unsuccessful.

The revolutionists in Brazil had not been recognized as belligerents either by the Brazilian Government, by the United States, or by any other nation. Until that happens, under the law and practice of nations, no duty of impartiality arises either on the part of our Government or our citizens. Until that time there is only one side toward which, under international law, other nations owe any duty. This is so well established as to be elementary. It was recognized in the clause of the treaty of 1928 which I have just quoted. It is recognized in the standard legal treatises, including that of Mr. John Bassett Moore, who cites, among other precedents, an opinion of one of our Attorneys General and says that—

"It [the United States neutrality act of 1818] would extend to the fitting out and arming of vessels for a revolted colony, whose belligerency had not been recognized, but it should not be applied to the fitting out, etc., of vessels for the parent State for use against a revolted colony whose independence has not in any manner been recognized by our Government." (Hoar, Attorney General, 1869, 13 Op. 177. Cited in Judge Moore's International Law Digest, Vol. VII, p. 1079.)

Until belligerency is recognized and the duty of neutrality arises, all the humane predispositions toward stability of government, the preservation of international amity, and the protection of established intercourse between nations are in favor of the existing government. This is particularly the case in countries where civil strife has been as frequent, as personal, and as disastrous as it has been in some sections of Central and South America during the past century. The law of nations is not static. It grows and develops with the experience of mankind, and its development follows the line of human predispositions and experiences such as those to which I have referred.

The domestic legislation of the United States prescribing the duties of its citizens toward nations suffering from civil strife is following the line of these predispositions and is blazing the way for the subsequent growth of the law of nations. I am not one who regards this development of American domestic legislation, exemplified by the joint resolution of 1922, as a departure from the principles of international law or as a reactionary or backward step. The reverse is true. Although I have had little occasion to deal with the subject of international law from an academic viewpoint, it has happened that at different times during my life I have occupied public offices where I came in official contact with international conditions before they were remedied by the beneficent effect of the joint resolution of 1922 and its predecessor, the joint resolution of 1912.

Twenty-five years ago, as United States attorney in the southern district of New York, much of my time and energy was devoted to the enforcement of the so-called neutrality acts of the United States. Our laws were then insufficient to control the shipment of arms from this country, even when the purpose of stirring up strife, sedition, and revolutions in the Republics to the south of us was manifest. I can remember the time when a single concern in the State of New York used to make it known that they were fully prepared to outfit, on short notice, for war service, expeditions of any size up to several thousand men. I personally witnessed the activities by which some of our munitions manufacturers for sordid gain became a veritable curse to the stability of our neighboring Republics. Later, as Secretary of War, I became a witness to the fact that our own citizens were sometimes the innocent victims of domestic strife in adjacent countries stirred up by this disgraceful traffic.

When an insurrection broke out in Mexico the first effort of the rebels was usually to try to seize a customhouse on one of the important railroad crossings between our two countries, in order that they might freely receive arms and ammunition from this country. And I myself have seen the bullet marks on the houses in El Paso, Tex., caused by a conflict of this kind in Juarez, across the river, in which over a score of innocent citizens of El Paso, going about their accustomed duties on American soil, were killed or injured.

With these personal experiences in mind, I had little difficulty in reaching the conclusion that those who argued for the liberty of our munitions manufacturers to continue for profit a traffic which was staining with blood the soil of the Central American Republics were not the progressives in international law or practice. I am glad that I had a share in the drafting of the joint resolution of 1912, and I have studied closely the progress of its remedial effect upon the conditions which it was designed to cure. I am glad to find that that effect has been beneficial. By our own Government it has been found so beneficent that in 1922 its scope was extended from civil strife in America to civil strife in certain other portions of the world. By 1928 its beneficent influence was so generally recognized that at the great Pan American conference which was held in Habana in that year, all of the nations of this hemisphere embodied in the treaty of 1928 as a definite and compulsory legal obligation the same policy which we had been able in 1912 to initiate as a discretionary power of the American President. I believe that this marks the line which the law of nations will eventually follow throughout the world. When it does so, I believe that international law and practice

will have achieved another step forward toward the ultimate peace of mankind. It is my hope that the decisions of the State Department during the past two years will be found to have assisted in this beneficent progress.

SMALL LOANS IN THE DISTRICT OF COLUMBIA

Mr. BOWMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill H. R. 15982, known as the small loan bill.

The SPEAKER. The gentleman from West Virginia asks unanimous consent to extend his own remarks in the RECORD. Is there objection?

There was no objection.

Mr. BOWMAN. Mr. Speaker, under the leave to extend my remarks in the RECORD I desire to include the following statement bearing upon H. R. 15982, of which I am joint author with Senator CAPPER, of Kansas. H. R. 15982 undertakes to provide legislative remedy in the District of Columbia for the evil of extortionate money lending by affording regulated and supervised facilities under sanction of law to meet the small-loan needs of citizens of Washington.

It seems to me that Congress owes the people of the city of Washington a special obligation of sympathetic consideration of proposals advanced to provide here at the Nation's Capital the legal safeguards and the business facilities which the several States have enacted in behalf of their citizens.

The District of Columbia Committee has had this and similar measures before it throughout the entire session. A subcommittee has conferred exhaustively with social and civic bodies, including the Russell Sage Foundation, which has sponsored this law since 1913. The corporation counsel and several grand juries have repeatedly called attention to the need for such a law. Before submitting the bill with its indorsement, the District Commissioners made an exhaustive study of the situation in the District, with the aid of an economist. The committee has profited by the experience of the 25 States that have already passed the uniform small loan law, and has had access to reports of research in this field by leading specialists. The measure submitted has many improvements over the laws of the various States. It includes every safeguard yet developed for the protection of the borrower, and presents a new and scientific rate plan, based upon statistical data. The committee believes that the proposed bill represents the sum total of experience and practice in many States over a period of more than 15 years of practical experiment.

PROVISIONS OF THE ACT

The law sets up rigid restrictions governing the issuing of licenses, supervision of operations, and penalties for violations.

Qualifications of licensees: The applicant for a license must file a bond of $5,000; must have cash capital of at least $25,000 available for use in the business; and upon investigation, the superintendent of insurance must find (1) that the financial responsibility, experience, character, and general fitness of the applicant are such as to command the confidence of the community and to warrant the belief that the business will be operated honestly and fairly, and (2) that permitting such applicant to engage in the business will promote the convenience and advantage of the community. These regulations should confine the licensees to reputable and capable organizations, and prevent the operation in the District of more offices than the legitimate demand for personal credit justifies. Licenses may be revoked upon violation of any of the provisions of the act, or of the regulations prescribed by the commissioners, or when any fact or condition exists which would originally have warranted refusing the application for a license. This insures the maximum protection to the public and gives great flexibility.

The superintendent of insurance is required to investigate each licensed office at least once a year, examining all records, and enforcing all provisions of the act, including those against overcharges, misleading or deceptive advertising, lending more than $300 to any one person, failing to deliver to the borrower a copy of sections of the law governing interest charges or complete receipts for each payment on the loan.

A graduated-rate plan, described below in detail, fixes a maximum-interest rate to be collected only on the unpaid balance for the actual number of days the borrower has the money. The charging of any fees, fines, or other extras, the discounting of interest in advance, the compounding of interest, and all other subterfuges are carefully prohibited.

Penalties for violation of the act include the revocation of license, prohibition against collection of either principal or interest on any loan contract made in violation of the law, and upon conviction a fine of not more than $300 or imprisonment for not more than six months, or both.

NATIONAL PROBLEM

While the pending measure regulating loans of $300 or less in the District of Columbia is presented here as a matter of local legislative interest, I may add that the situation it seeks to remedy is one which is national in character. This is clearly indicated in the reference above to the fact that 25 States have adopted the uniform small loan law. I feel, therefore, that I may commend the careful study of this legislation to the Congress as a subject having legislative interest far exceeding the limited application now under consideration.

I mention this in order that my colleagues of the House may realize that while H. R. 15982 is wholly local in its operation, more than half the States of the Union have already taken steps to deal with the problem it undertakes to solve, and in my judgment the remaining States will similarly have to deal at an appropriate time and in an appropriate manner with the same problem. I am reliably informed that conditions in the District of Columbia, which have caused those charged with its official affairs to recommend passage of this legislation has its exact parallel in a wide area throughout the country.

In order that we may gain a true perspective of this proposed legislation permit me to call your attention to a change in our business habits and our business structure within the past 10 years, which has greatly modified some of our views toward borrowing money. The United States has achieved industrial development far exceeding that of other countries through the processes of mass production. This would have been impossible had not our business structure been readjusted to provide a vast amount of credit to manufacturing and industrial enterprise.

Mass production has advanced, however, only because we have been able also to stimulate mass consumption. I can not here enter upon the details of this great business development in America. But I believe it will be clear to the gentlemen of the House that mass production is inconceivable without a corresponding mass consumption.

CONSUMER CREDIT

Within the last decade similarly it has been necessary to provide a vast reservoir of credit to support the consumption of goods. The installment business came into being, and, in so far as its practical business soundness is in question, the experience of our merchants with this form of credit during the trying period through which we are passing has removed many doubts which existed regarding it only a few years ago.

The need for small-loan credit has always existed, and it is always likely to exist. In addressing the American Association of Personal Finance Companies here in Washington last fall, A. F. Whitney, president of the Brotherhood of Railroad Trainmen, said:

> The range of human wants is insatiable. The heights of American ambition is unmeasurable. However we may regard it as a matter of economy, it is, nevertheless, the human fact that, whatever the wage scale, there will always be borrowers.

When we add to this fundamental fact the tremendous expansion of our national credit system during the past few years, both as it affects production and as it sustains consumption, we can conceive even greater needs for small-loan credit than were developed through the emergent and

extraordinary personal requirements of our people before this expansion of our credit structure occurred.

SMALL LOANS STABILIZING FACTOR

The Members of this House are familiar with the sound business judgment of Dr. Julius Klein, Assistant Secretary of Commerce. Under date of September 16, 1930, Doctor Klein, in a public statement dealing with this phase of credit, had this to say:

It seems established that more than 80 per cent of our population has occasion to employ with regularity some form of small-loan credit. If we are to sustain the processes of mass consumption of merchandise, it is likely that these consumer-credit facilities will continue to serve usefully in maintaining economic balance between domestic production and consumption. It is an intriguing field for business research and one from which is likely to emerge eventually some valuable business indicators.

Here in America we are now making great economic and social readjustments. I have profound faith that eventually they will lead us forward notwithstanding that at the moment there is much confusion of purposes and of objectives. As this situation affects the American family it is of fundamental importance. Anything we can do here to provide legislative safeguards and facilities to promote wholesome economic developments, it is our duty to do generously. The report of the Committee on the District of Columbia on H. R. 15982, which it was my privilege to present to the House, contains this passage descriptive of local conditions in this particular:

Borrowing has always been necessary, and, in the very nature of things, can not be prohibited. When a family is dependent upon its own efforts for its necessities, and its income is irregular, supplementary funds are needed to refinance indebtedness, and often to obtain food, shelter, and clothing to sustain life. When unable to borrow, not only the family suffers but merchants, landlords, and other creditors find their assets tied up in frozen credits. The paying power of the consumer, so necessary in an age of mass production and mass distribution, can not be sustained without financial agencies to meet the pressing obligations of families.

The underlying cause of most family indebtedness is not improvidence, as might be surmised. More than 65,000 families in the District have an annual income of less than $2,000. The cost of living is such that these families can not save any substantial amount against the inevitable emergencies of sickness, unemployment, or other sudden demand. At least 30 per cent of Washington's families are affected during each year by serious interruptions of income or by demands for excess expenditures. They are then overwhelmed with debt through no fault of their own.

Charitable funds are not sufficient to give adequate relief even to the 3 per cent of families which these relief organizations now serve.

The vicious evils which this legislation seeks to remedy are elusive. We are all familiar with the difficulties encountered by most enforcement agencies in dealing with "bootleg" enterprise. Illegal money lending is a "bootleg" enterprise of vast proportions extending in its ramifications throughout the country. Evans Clark, director of the Twentieth Century Fund, in his book on Financing the Consumer, estimates that the aggregate amount loaned by unlicensed, and for the most part illegal, lending agencies totals the amazing sum of $750,000,000 annually. In dealing with this situation we encounter not only the practiced and skillful evasion of the "loan shark" but we also generally experience an unwillingness on the part of his victim to come forward with evidence of the offense.

It is necessary, of course, to establish a reasonable need for this legislation in the District of Columbia. Congress owes to the people of the District a special responsibility. I refer to their lack of direct representation in this body, which, it seems to me, imposes upon us the obligation to examine in a sympathetic manner any proposal advanced for the purpose of providing a service similar to that afforded citizens of the several States.

LOAN SHARKS THRIVE IN DISTRICT OF COLUMBIA

The people of the District of Columbia and we of the Congress are indebted to the Washington Post for a searching investigation of the present plight of the individual citizen of Washington in need of emergency funds and lacking credit status of the kind acceptable to commercial banks. In a series of articles which appeared in the Post only a few months ago, the operations and methods of loan sharks and other bootleg lenders in the District of Columbia were set forth in a way which can not fail to make clear the need for remedial small-loan legislation in Washington. I insert at this point three articles from the Washington Post which present an illuminating picture of local conditions in this particular. Under date of September 16, 1930, the following article appeared:

LOAN SHARKS' SLY METHODS THWART TRIAL—WAY FORM IS FILLED OUT BALKS PROSECUTION ON USURY CHARGE—NOTE MADE PAYABLE TO ANOTHER PARTY—MONEY LENDER INSISTS HE IS ONLY BROKER AND PUTS OUT NO CASH—PAPER, DISCOUNTED, IS RETURNED LATER—EXTRA COST IS COMMISSION AND NOT INTEREST, HE TELLS BORROWER

By Austin T. Rogers

Washington's loan sharks would wax highly indignant if one were to refer to them personally as loan sharks or even as money lenders.

They are, they insist, merely brokers, acting in an intermediary capacity to bring penurious wage earners and the moneyed interests together for their mutual benefit.

For performing this service the self-styled broker will explain he is entitled to a commission, and it is this commission which makes it necessary for the borrower to pay a fee amounting to more than 900 per cent annually for the use of any sum over a period of 20 weeks.

The borrower, as has been explained in previous articles in this series, gets $100 in cash from the lender, in return for which he signs a note for $140, payable in approximately 20 installments of $7 each. Twenty weeks is the customary period allowed for payment, although some companies may occasionally extend the period to 28 weeks.

Until it is filled out the note form used by these loan sharks is just a blank form, such as may be bought in pads at any stationery store. It has no cryptic verbiage to confuse the signor and to all entents and purposes is entirely legal.

ASPECT IS CHANGED

But when that form is filled out and becomes a negotiable security it assumes an entirely different aspect; it becomes something else again, and when the borrower stops to consider the transformation that has taken place the situation is far from pleasant to contemplate.

Assume that the borrower has gone to the Hijack Loan Agency to borrow $200. He has signed his application and produced satisfactory indorsers for his note and has reached the final stage of the transaction—the signing of the note and delivery of the cash. The note is placed before him for his signature and those of his indorsers.

"On such-and-such a date," he reads, "I promise to pay to Mazie Magimp or order the sum of $280."

Now, who in the world is Mazie Magimp? He has never heard of her, so he asks the loan shark for information.

"Why Mazie Magimp is the lady that's lending you the money," the shark replies in pained surprise. "You know we don't lend any money ourselves; we're just brokers and arrange with somebody that's got the money to lend it to you."

It might surprise the borrower exceedingly to learn that Mazie Magimp is none other than the blond secretary who attends to the loan shark's affairs while he is out of the office collecting delinquent accounts.

SALARY ABOUT $20 A WEEK

Mazie's salary probably is about $20 a week, and if she ever had all the cash represented by the outstanding notes for which she is payee and which she is supposed to have loaned out, she wouldn't be spending these torrid summer days in a grimy second-floor loan office in Washington; she would be elsewhere enjoying herself.

In most instances, the payee to whom the note is made out, then, is an employee of the loan shark. On the other hand, it may be a silent partner of the loan shark. In one instance the proprietor of a cigar store is the payee named on all notes handled by a Washington loan shark, while another large operator has all notes made payable to a tailor whose shop is around the corner from the loan agency.

The reason for this is obvious. It protects the loan shark against any possibility of being accused of collecting illegal interest. He will insist that he gets no interest at all; that he gets a fee from the payee for investigating the borrower, and that he gets another commission for introducing the borrower to the lender.

Haled into court, the payee named in the note will explain volubly that he has not the faintest inkling of what relations may exist between the borrower and the broker. All he knows is that he loaned a certain sum of money to a person vouched for by the loan broker, in return for which he accepted a note with interest payable at the legal rate of 6 per cent.

OUT OF IT, SHARK ASSERTS

He will point out that he did not even demand the contract rate of 8 per cent, which he might have collected legally. Having loaned the money, he explains, he found himself later a little strapped for cash, so he asked the loan broker to discount his note, and turned it over to him. Therefore the payee insists he is out of the transaction entirely.

The loan shark will substantiate these claims. He will point out that all he did was arrange for the lender to advance the

money to the borrower; that he made all the arrangements, even to investigating the responsibility of the borrower, in order to protect the lender, and that in return he was paid an investigation fee and a brokerage commission.

Later, he will add, the lender asked him to discount the note because he needed cash to lift a shipment of goods, or to pay off the mortgage on the home, or, if it happens to be his stenographer, for something else.

In any event the loan shark insists—and he can not be contradicted except by accident—he did not lend anyone any money, and therefore it is most obvious that he can not be accused of collecting illegal rates of interest, or any other rates.

And it is one thing to be morally certain that a $20 stenographer never had more than eating money to her name and therefore could not possibly lend such sums as the notes in her name indicate, but it is something else, again, to prove it or to prove that the money represented by the notes had been advanced to her by the loan shark, who was the actual lender.

Under date of September 17, 1930, the Washington Post printed the following additional article:

LOAN SHARKS DEFAME CLIENT IF PAY IS SLOW—BORROWER WHO FAILS TO MEET NOTES ON TIME IN HOT WATER—DISCHARGE FROM JOB IS SOUGHT BY LENDER—GOVERNMENT EMPLOYEES IN LINE FOR BLACKMAIL OVER DELAY—LOAN NEWS SPREAD TO FELLOW WORKERS—OTHER METHODS EMPLOYED, AS CASES SOON TO BE TRIED REVEAL

By Austin T. Rogers

What happens when a borrower, having placed himself in the clutches of a loan shark, falls down on his payments?

The answer can be expressed in one potent word: Plenty.

Recently an employee in a Government department found it necessary to borrow $100 from an F Street loan shark. In return for the money he gave a note, acceptably indorsed by two wage earners, for $140, plus interest at 6 per cent.

After making a few payments, the borrower was confronted by a situation which made it impossible for him to continue according to schedule.

LENDER SPREADS NEWS

A few days later a representative of the loan company called at the borrower's office and spread news of the affair throughout the department, creating general unpleasantness.

The borrower, being a Government employee, the loan shark could not, of course, garnishee his salary; that is one reason why Government employees generally find it more difficult to borrow from loan sharks than if they were employed by private companies.

The borrower immediately went to his attorney, who telephoned to the loan company, but in the lawyer's own words:

"Before I could give them any details of what we expected to do, I was met with a perfect torrent of abuse. I simply told them that I was an attorney to whom the borrower had turned over his affairs, and that my whole interest in the matter was to make payment on the loan. I asked for a statement of the amount of the note and the amount of cash the loan shark had given my client. I also said that inasmuch as the agreement had been entered into by the borrower, we intended to pay the amount in full as agreed.

MORE ABUSE FOLLOWS

"I was again met with abuse, whereupon I stated that I had made a mistake in calling them up; that I should have called up the corporation counsel's office. They replied that I could do any damned thing I wanted to."

This case is soon to be brought into court with charges against the loan shark under the so-called loan shark act, which relieves borrowers of the obligation to pay debts when usurious charges are made.

In another instance a borrower received $75 from a New York Avenue loan shark and gave in return a note for $100 plus interest at 6 per cent. He made several payments and then, being out of town when another fell due, missed one.

The loan shark promptly called up the borrower's employer and tried to have him discharged from his position, the borrower says in a signed statement. This demand was made by the loan shark after the borrower's employer refused to assume the obligation himself.

Not a single one of the scores of loan sharks in the District is licensed, either under the "loan shark act" or as a note broker, according to Wade H. Coombs, superintendent of licenses, who reports that he has received no applications nor issued any licenses for any classification which would cover money lenders.

WHAT LICENSES ARE

Several of the loan sharks, however, display on their walls licenses which, upon close inspection, prove to be licenses to operate as real-estate dealers, agents, or brokers, but the only real-estate business they do is when they foreclose on real estate which has been posted as collateral for a usurious loan.

The Post's "loan-shark" reporter yesterday set out to interview some of the 41 loan sharks whose activities have placed them on his list. His purpose was to discover their reactions to this series, and he entered their offices without hesitation and announced his name and connections without any attempt at concealment of his identity.

All of the money lenders he called upon informed him that his credit was good for any amount he cared to borrow, without interest and without indorsers for his note. Two wanted to know if there wasn't some way by which "we can get together and put an end to this series." They did not make any actual offers of bribery, largely because the reporter did not seem receptive to the idea.

The particular broker mentioned in the first incident above regaled the reporter with a long tale of woe which would make it seem that the poor money lender was the most unfortunate being in the world. To hear him tell it, there are no honest borrowers in the world; every one who gets a loan from him does so with the express purpose of beating him out of the money.

BIG-HEARTED, HE INSISTS

Further, he insisted, he is so big-hearted and magnanimous that never yet has he pressed any debtor for payment.

"If they don't pay," he said, with a sickly smile, "that's just my tough luck. Do you think I'm the kind of guy that would press a guy for money when maybe he's got a sick wife or something? Do you think I would ever go to that man's boss and get him in wrong, and maybe get him fired? Do you think I would go and garnishee a man's salary just because he happens to owe me a little money? Listen, mister, I would rather lose the money than make any trouble for anybody."

The reporter might have remarked that because of the activities of loan sharks in the District, whose oppression destroys a borrower's efficiency and value to his employers, many employers have adopted a policy of discharging immediately any employee whose salary is garnisheed. A man who is out of a job is not much good to a loan shark to whom he owes money.

On the other hand, the reporter might have remarked that perhaps one reason why the loan shark hesitated to start legal action to recover was because he was sufficiently familiar with the "loan shark act" to know that if the borrower was not quite as dumb as he looked he might hire a competent lawyer to fight the suit, with the result that instead of collecting the loan shark would end up by "doing time."

COURTS TO ACT IN CASES

Above, there have been outlined just two cases of what happens when a borrower fails to pay. The Post has in its possession records of many more similar cases, many of which will be brought into the courts of the District in due time.

This article does not in any sense attempt to justify any borrower in failing to pay his obligations. If a borrower incurs such obligations, knowing in advance what he will have to pay for what he gets, it is his duty to meet those obligations. The real purpose of these articles is to inform the prospective borrower what he is up against, and to make it impossible for the loan shark to demand and get the exorbitant, usurious rates he now collects.

Even more pernicious than the straight money lender is the automobile finance wizard, who loans money and accepts title to the borrower's car as security.

These gentry operate on the same basis as the straight money lenders who lend to salaried persons on indorsed notes; that is, they collect at the rate of $40 fees plus 6 per cent interest. But they have the added advantage of being able, without any legal procedure whatever, of attaching the borrower's automobile the moment the borrower falls into arrears.

THEN TROUBLE STARTS

Once a borrower's automobile has been confiscated by one of these auto finance sharks, trouble starts, unless the borrower knows his rights, and even then he has plenty of difficulty.

Here is what happened in one case: A man earning a small salary borrowed $100 from a New York Avenue loan shark, giving deed to his automobile as security, and signing a note for $140, payable at the rate of $28 monthly for five months.

He was late on one payment, and his car was seized. To get back his car, the loan shark made him pay storage and hauling charges amounting to $59.30, bringing his total payment to $199.30 for $100 he borrowed. He has now brought suit against the company under the "loan shark law" to recover the usurious interest paid and one-fourth of the principal.

That was one alternative open to a borrower under such circumstances; he can pay the amount demanded and then sue to recover. On the other hand, he could have had the court issue a writ of replevin forcing the loan shark to return his car to him and placing upon the loan shark the burden of suing him to collect whatever he thought he could get.

WHEN BORROWER FAILS

What happens when a borrower fails to pay, then, is briefly this: If he has received a straight loan without other security than the indorsements of two salaried friends, the loan shark seeks first to obtain payment by blackmail, threatening to report him to his employer, and to circulate reports among his friends.

This is illustrated pointedly in the case of a policeman who found himself caught recently in the loan shark's meshes. The loan shark threatened to have him brought before the police trial board and, although it meant that his wife had to forego a much-needed serious major operation, the policeman paid up.

But when the blackmail fails—that's a strong word, but it is used advisedly—the loan shark actually does go to the borrower's employers and tries to make trouble. If the result is that the borrower loses his job and can't pay, then the loan shark starts action against the indorsers, following the same procedure.

In the case of an auto-finance loan, what happens has been told in preceding paragraphs.

Under date of September 22, 1930, the Washington Post printed an article dealing with the operations of illegal pawnbrokers which presents another business operation outlawed in the District of Columbia but, nevertheless, pursued secretly and by the usual skillful methods of evasion by which loan sharks circumvent or defeat the law and prey upon the needy.

PAWN OFFICES PLY LAWLESS TRADE IN CITY—BUSINESS IS CARRIED ON BEHIND SECOND-HAND CLOTHING FRONT—NO TICKETS GIVEN TO SAFEGUARD PATRON—CLIENTS HAVE DIFFICULTY IN REGAINING ARTICLES LEFT AS SECURITY—THREE HUNDRED PER CENT RATE OF INTEREST ASKED—DEALERS ACCEPT ANYTHING BUT ARTIFICIAL LIMBS AND FALSE TEETH

By Daniel B. Maher

Legally there are no pawnbrokers in the District of Columbia, but actually there are nearly 100 of them, who unblushingly extract money from their indigent patrons in a way that would make even Al Capone weep in shame.

Under the guise of second-hand stores these merchants carry on a business which is exactly that of a pawn shop. The only difference in their transactions is that no pawn tickets are given in return for articles offered as security for a loan. The patrons are evidently not to be trusted with a written record of their business transactions.

In contrast with these dealers, the loan sharks, who ask a mere pittance of 933 per cent interest for their money, are placed in a somewhat less unfavorable light. While patronizing the pawn shops you may be charged only 300 per cent interest for the loan you receive on your pledge; that is, if you happen to be unusually lucky.

MAY GET ARTICLES BACK

Then, if you are blessed with exceptional good fortune, you may even be permitted to redeem your own watch, diamond ring, glass eye, or whatever the case may be; providing, however, that some one else hasn't offered a more attractive price to the dealer.

If some one comes along and offers the dealer something in excess of your redemption price, he will sell. In that case you are just out of luck. You will be told that the dealer did not pawn your watch or diamond; he bought it from you and sold it at his own price. There is supposed to be no legal recourse for the victim. This aspect of the case remains to be seen.

Should you have the luck to locate your watch or diamond when you attempt to redeem it you will find that its value has soared tremendously. You may have to pay something approximating the original purchase price before you may regain possession of it.

MEMORIES BECOME HAZY

If you object to this procedure and explain that you meant the trinket to be merely a security for a loan, you will be emphatically told that the arrangement was entirely different. They bought the watch, they will say, and had every legal right to sell it if they so desired. If you remind them of an agreement of theirs to retain the article until the redemption date, their memories become very hazy.

These business houses, if one may dignify them by the name, are spread throughout the city. But most of them are clustered on Seventh, Ninth, and Eleventh Streets, between Pennsylvania Avenue and F Street, and on D and E Streets, between Seventh and Eleventh Streets.

Some time you may be walking down one of these thoroughfares, near this particular business mart. Rows of suits are strung in front of the store and leather goods clutter the sidewalk.

WILL TAKE ANYTHING

Then, if you feel as though an arm is being yanked from its socket and you pass through a mental convulsion in which dollars and cents and the great value you are receiving seem predominant, and finally you find yourself back on the sidewalk outfitted in an ill-fitting suit, you will know that you have been in a Capital pawnshop.

These dealers will offer to take from the prospective patron anything that an individual may use or wear, with the possible exceptions of false teeth and artificial limbs.

The shops are generally brilliantly lighted and gorged with household appliances, musical instruments, dice, jewelry, guns, scientific instruments, clothes, old coins, roulette wheels, etc.

GOLF COURSES MISSING

The only utility which the observer failed to find was a second-hand miniature golf course, and these have not yet fallen into disuse, although they may be expected to be found in due time.

On the windows are generally found the three gold balls which denote a pawn shop. Merchandise is boldly marked "unredeemed pledges." These articles, so marked, are supposed to be jewelry which has been bought from legitimate pawnbrokers beyond the District line.

Out of sheer benevolence, you may be told, this merchandise was purchased from some pawn dealer who was hard pressed for cash. Or they may become so mercenary as to tell you that it was bought at a bargain and intend to sell it in the District for a profit. If doubt is registered, they will point to the three gold balls on the window, surmounted by the sign "Pawnbrokers' exchange."

The persons who man these places are invariably of the type which compels one to look around for all the exits. When the client timorously approaches the dealer and asks for money on his pawn, the dealer immediately tries to put the customer at ease.

The impression is conveyed that he wants to be of great assistance to the penurious client. They will do right by you, they will say. Sure, they will hold the article as long as you want. Don't worry, we'll "do you good." And usually the credulous pawner discovers that he has been done well. Done to the extent of a valuable piece of jewelry and perhaps some interest for good measure.

Further in evidence of existing conditions in the District of Columbia, I insert the report of a local grand jury under date of July 2, 1929, as follows:

During its deliberations the grand jury has heard much testimony and considered much evidence with reference to the local situation concerning the lending of money, and finds a great need for appropriate legislation to cover this field of activity. At present, according to our information, there exists no effective penal statute to enforce the needed prohibition against usury in the District of Columbia. The local statute, as set forth in section 1180 of the District code, contains no penalty for usury but the forfeiture of the whole of the interest. The prohibitive effect of the statute is very slight. The so-called loan shark law specifically excepts national banks, licensed bankers, trust companies, savings banks, building-and-loan associations, and real-estate brokers, and we find that by the very simple subterfuge of procuring licenses as real-estate brokers persons are able to evade the penalties of this law. The situation that permits this evasion of the law should be remedied. This evasion is commonly practiced.

We find that there has arisen in this District a number of organizations which lend money on staple articles and finance the purchase of such articles. Rates much in excess of that permitted are charged for placing these loans and financing these purchases, and this is generally done under the guise of brokerage fees, which, by the admission of officials of these organizations themselves, are in no sense based upon service rendered in procuring the loans, but are based on the risks thought to be involved, and vary in many instances among the different loan organizations.

The grand jury also considered evidence concerning organizations lending money without security, the so-called character loans. These organizations, under the guise of being banks, are only in the business of lending money and this at excessive rates. The business of making small loans without security undoubtedly involves a great risk to the lender, and it would seem that the rate of interest permitted under the existing law is not sufficient to make this type of loan attractive as a legitimate business. The cost of making these small loans is too great to permit a profitable return if conducted in a legitimate manner, and money-lenders are forced to resort to subterfuge to make the business profitable, which practices too often result in extortionate charges.

We believe that in the matter of small loans to be made, with or without security, and for financing purchases, a greater rate of interest than that permitted under the present law should be provided by appropriate legislation, and that adequate penalty be provided to deter violation. We also believe that such legislation should be made to apply to all persons and organizations and that no particular class or type should be excluded.

We also recommend that violations of such law be indictable offenses and enforcement thereof be had by the United States.

EXISTING LAWS INEFFECTIVE

It may naturally be suggested that relief from these conditions is possible through more rigid enforcement of existing statutes. While, in my opinion, the mere prevention of illegal lending does not meet the undoubted need for small-loan services, it appears that there are serious difficulties in the way of adequate enforcement of existing laws against illegal lending. In this particular, I insert a letter addressed to Hon. F. N. ZIHLMAN, of Maryland, chairman of the Committee on the District of Columbia, written by Proctor L. Dougherty, president of the Board of Commissioners of the District of Columbia, under date of February 26, 1929.

SMALL LOAN LAW APPROVED BY DISTRICT COMMISSIONERS

FEBRUARY 26, 1929.

Hon. F. N. ZIHLMAN,
Chairman Committee on the District of Columbia,
House of Representatives, Washington, D. C.

SIR: The Commissioners of the District of Columbia have the honor to submit the following on House bill 16310, Seventieth Congress, second session, entitled "A bill to license and regulate the business of making loans in sums of $300 or less, secured or unsecured, prescribing the rate of interest and charge therefor and penalties for the violation thereof, and regulating assignments of wages and salaries when given as security for any such loans, and for other purposes," which you referred to them for consideration and report.

This is a bill to license and regulate the business of making loans in the sum of $300 or less, secured or unsecured, prescribing the rate of interest and charge therefor and penalties for the violation thereof, and regulating assignments of wages or salaries when given as security for such loans and for other purposes.

A similar bill has been enacted in some 24 States. Its constitutionality has been upheld on more than one occasion. It has the unqualified indorsement of the Russell Sage Foundation.

Experience has shown that the present small-loan law in the District of Columbia, namely, the act of February 4, 1913 (37 Stat. 657), is ineffective. This is largely due to the fact that the rate of interest which is permitted thereunder is so small as to prohibit persons from functioning pursuant to its terms. This is best evidenced by the fact that not one license has been taken out under this law since it came into existence. Persons and organizations which have made an exhaustive study in the field of small loans unanimously conclude that the rate therein prescribed is such as to make it impracticable for any organization to survive under its strict letter. Philanthropic associations and organizations which have gone into the field with a view to remedying the evil existing, and with a view to operating on a minimum-cost basis and with only a slight profit, have found that they can not successfully operate without charging 2½ per cent per month. In addition to this, in the adjoining States of Virginia and Maryland there are small-loan laws which permit organizations to charge 3½ per cent per month, hence another reason is presented making it infeasible for concerns to operate in this jurisdiction under the act of 1913. The result is that "loan sharks" have sprung up in the field and function without regulation and in such a manner as to get persons who are caused by this or that necessity to borrow into such financial entanglements as to never be able to free themselves.

Persons who have given considerable study to the matter of small loans have likewise come to the conclusion that they are absolutely necessary. This being so, it becomes necessary to see that the needs of these borrowers are met with as little drain on their already straitened circumstances as possible. For this reason the proposed bill is highly desirable. By making the permissible rate 3½ per cent per month, it is believed that reputable persons will enter the field, as they will thus be enabled to make a reasonable profit on their efforts and for money advanced. It is only through such legislation that the unscrupulous money lenders functioning now, without regulations, can be eliminated. This for the simple reason that persons will soon learn that by going to a duly authorized loan agency they will know exactly what they will be called upon to pay, and thus dispose of the hazard which they face under existing conditions when applying for a loan.

It might be suggested that prosecutions could be maintained against the present operators under the existing and similar acts, but experience here, as elsewhere, has shown this not to be effective. As a matter of fact, any such prosecution is not practicable for many reasons, the most important of which is the fact that the mentality of a great many of the victims, who through their unfortunate circumstances are compelled to borrow money, is such that they do not comprehend what the real transaction is, and when called upon by a prosecutor for information are completely at a loss as to what actually transpired. Further than this, these persons are not willing to come out in the open and complain because of the fact that they fear such action would prevent them from obtaining loans at some future time, and that their inability to do so might mean the loss of their homes or inability to get funds with which to obtain the dire necessities of life.

The commissioners recommend the passage of the bill.

Very truly yours,

BOARD OF COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
PROCTOR L. DOUGHERTY, *President*.

DOCTOR ROBINSON'S INVESTIGATION AND REPORT

The general situation which creates a vital need for legislation of the character proposed in H. R. 15982 is competently presented by Dr. Louis N. Robinson, of Swarthmore, Pa., a distinguished economist, whose observations and opinions are given weight in university circles throughout the country, in a report under date of December 15, 1929, addressed to Hon. Sidney F. Taliaferro, Commissioner of the District of Columbia. Doctor Robinson's complete report is too comprehensive for complete inclusion here. I insert only a digest of the said report prepared by Doctor Robinson for the District Commissioners.

SUMMARY OF FINDINGS AND RECOMMENDATIONS IN REPORT OF DR. LOUIS N. ROBINSON TO THE DISTRICT COMMISSIONERS

DECEMBER 15, 1929.

Hon. SIDNEY F. TALIAFERRO,
Office of the Commissioners of the District of Columbia,
Washington, D. C.

MY DEAR MR. TALIAFERRO: Under date of January 29, in response to your request, I presented a statement covering the "bootleg loaning" which is common in the District due to the legal limitations upon small loans, and outlining briefly the advantages of the Russell Sage Foundation's uniform small loan law in meeting such a situation, as proven by the experience of 24 States.

Since writing you I have taken occasion to make further investigation into conditions in the District, and am herewith presenting another side of the picture—the suffering and distress of families unable to secure funds needed in emergencies from any source.

When the legal interest rate prohibits the existence of finance companies making advances on the security of the family's chattels, the family in need of funds, without bankable security and unable to obtain indorsers, must either patronize the high rate "bootleg lender" or do without. While the depredations of the illegal lender are serious, as pointed out in the former statement, the number of families willing or able to seek him out in his clandestine haunts is limited, and a far greater number suffer because they must do without financial aid of any kind. A report covering this additional information is attached.

For your convenience the findings included in both communications may be summarized as follows:

First. Facing the high-pressure collection methods of creditors, families residing in States which have passed the uniform small loan law can borrow on the only security they possess—their chattels and wages—and make small repayments, adjusted to their financial ability, staggered over a period of 10 to 20 months. Thousands thus manage to pay bills and fight a way through calamity without loss of property or self-respect. This is not true in Washington.

Second. Facilities in Washington are limited to indorsement agencies; companies making advances on automobiles and home improvements, which conceal their real interest charges; and vest-pocket "bootleg lenders" charging over 100 per cent interest. Persons owning valuables may find pawn shops across the river in Virginia. Some Washington families find their way to loan companies in Maryland and Virginia, operating under the uniform loan law in those States, but the difficulties incident to this procedure limit the number to a very few.

Third. Therefore most small-income families in Washington are helpless in the face of high pressure debt collection agencies because unable to borrow. We do not assume that the small loan law with its maximum loan of $300 would relieve all such pressure, but we know that it has proven beneficial to the most needy classes in many States. The extent of this debt-collection pressure in Washington is illustrated by the following facts:

(a) Over 100,000 accounts in the hands of commercial collection agencies.

(b) Threats of garnishment and high-pressure collection methods prevalent.

(c) Suits numbering 18,824 for amounts under $500 filed in municipal court by grocers, bakers, clothiers, doctors, etc., last year.

(d) Several hundred suits by banks and discount companies against indorsers.

(e) Hundreds of families involved with so-called improvement finance companies which install needed home improvements on credit.

(f) Thousands of installment purchases repossessed and the purchaser's equity lost.

(g) Seventy-six different pieces of real estate foreclosed and advertised for sale in one month.

(h) Seven thousand one hundred and sixty different pieces of real estate sold for taxes this year. One thousand and sixty owners still unable to redeem property sold for 1926 taxes.

(i) Over 2,000 families submit to having gas and light service cut off during year because unable to pay bills.

(j) More than 24,000 families evicted during 1928 because of failure to pay rent.

(k) Over 15,000 industrial insurance policies lapsed and not reinstated.

Fourth. "Bootleg lenders" charging rates ranging above 120 per cent are active in Government departments and throughout the city. The small sums they lend—usually $10 and $25—are seldom sufficient to meet the debtor's need, but in a desperate situation people grab at straws and become seriously involved. These high rate lenders can be eliminated only by affording their victims access to legal supervised loan agencies charging reasonable rates, but high enough to attract capital into the business. Otherwise the person in desperate need of money forced by bitter necessity to borrow, will be served by underground agencies in spite of all efforts of the authorities.

Fifth. The underlying cause of family indebtedness is not improvidence, as might be surmised. Upwards of 65,000 families in the District have an annual income of less than $2,000. The cost of living is such that these families can not save against the rainy day.

Sixth. At least 30 per cent of Washington's families are affected during each year by serious interruption of income due to unemployment and sickness. Other thousands are embarrassed by large unexpected bills, particularly for medical service, funerals, and moving. They are thus overwhelmed with debt through no fault of their own.

Seventh. Charitable funds are insufficient to give adequate relief even to the 3 per cent of families which these relief organizations now serve. Hence charitable agencies are unable to care for the emergencies of the great majority of low-income families.

Eighth. The bill which was introduced in the last session of Congress by Representative Gilbert, of Kentucky, has the indorsement of the Russell Sage Foundation, a well-known philanthropic agency interested in bringing about better living conditions for the masses of the people.

Ninth. This law has been enacted by some 24 of the most important States in the Union, including among others Pennsylvania, New Jersey, Maryland, Virginia, Massachusetts, Rhode Island, Connecticut, Illinois, Indiana, Iowa, Michigan, and Missouri.

Tenth. The constitutionality of the uniform small loan law has been upheld by State courts.

Eleventh. There is no monopolistic feature in the law. Any properly qualified person can engage in the business, charging as

little interest as he deems wise. In other words, anyone who feels that large profits can be made under this law can, if he wishes to do so, start in business for himself, charging a rate less than the maximum and less than his competitors. The maximum rate will not be the sole rate charged if this bill becomes a law. One of the strongest concerns is now operating in a number of States at less than the maximum rate, and I am confident that it will enter the District of Columbia if the bill is passed.

Twelfth. The seemingly high rate allowed by the uniform law is not one-third what is charged by lenders who operate in the District and in States which do not have this law. The service rendered is appreciated by the customers. In a poll recently taken in Wisconsin by a neutral committee 93 per cent of 13,000 customers voted against the repeal of the law. My own investigations and others have proven conclusively that families have received great assistance through the uniform small loan law in paying their way out of emergencies.

Thirteenth. The maximum rate of 3½ per cent a month on unpaid balance is not $42 a year on $100, since principal is reduced each month, and the actual cost is only half that amount. The banks can charge a lower rate because they lend deposits and make loans only to depositors who lend them money at very low rates, while the bank checking system leaves much of the money loaned in the bank's possession so that the same dollar may be loaned several times. Also banks may rediscount their paper. But national and State banks are primarily for business men. They do not meet the needs of wage earners or those dependent on small salaries.

Fourteenth. When conducted in a capable manner the losses in the small-loan business are not very great, but to conduct it "in a capable manner" costs heavily. Small losses are the result of good and costly management.

Fifteenth. Under this law the transactions are all clear-cut open, and aboveboard. There is no concealment of the rate. Interest is calculated on the unpaid balance for the exact length of time the customer has the money. Supervision of the loan offices is provided and adequate protection given to the borrower. Legal-aid societies and charitable agencies will testify that the complaints of small debtors have practically ceased in those States where the uniform small loan law has been enacted.

Sincerely yours,

LOUIS N. ROBINSON.

WIDESPREAD NEED FOR SMALL LOANS

The conditions disclosed in the District of Columbia are typical of those found in any metropolitan area throughout the country, according to reliable information furnished me by economists and students of this problem. And I may add that similar situations, perhaps less distressful, often exist in our smaller urban communities, with their constantly closer business relations and influence over the adjacent rural communities.

It was this national character of the evil which caused the Russell Sage Foundation to make a study of the problem, which eventually led to its draft and continuing sponsorship in the several States of legislation identical with or fully equivalent to the proposal under consideration at this time.

THE RUSSELL SAGE FOUNDATION

I should emphasize that the Russell Sage Foundation is a philanthropic institution of outstanding character. It has no financial nor commercial interest in small-loan legislation. It has found that the excessive charge of "loan sharks" is one of the large contributing causes to poverty, and that the passage of regulatory legislation placing the lending of necessitous sums in the hands of decent lenders minimizes the family case work which is necessary on account of high-rate lending.

The Russell Sage Foundation promotes not only small-loan companies of the character which would be sanctioned in this legislation but it supports actively the organization, under appropriate statutes, of philanthropic remedial loan societies and of credit unions or similar mutual nonprofit savings and loan agencies. Mr. Leon Henderson, director of the department of remedial loans of the Russell Sage Foundation, made this clear in a communication to the Commissioners of the District of Columbia under date of January 30, 1929, in which he further pointed out the limitations of these agencies in meeting the great need for small-loan credit.

"Both these types of agencies are doing immense good," said Mr. Henderson, "but they can not meet a tithe of the legitimate demand for small loans."

I may add that Evans Clark, director of the Twentieth Century Fund, an endowed institution which devotes itself to the promotion of credit unions, places the annual total of credit union loans at $62,500,000; the annual total of loans extended by philanthropic nonprofit remedial loan societies at $60,000,000, while, as I have stated before, Mr. Clark declares that the "loan sharks" do an annual business of $750,000,000.

It seems useful at this point to present to the House some of the history of the uniform small loan law, after which H. R. 15982 is patterned, and further to inform the House of the painstaking effort made by the Russell Sage Foundation with the full cooperation of the national organization of licensed lenders to perfect this legislation. I insert here an article from the February, 1931, issue of Personal Finance News, the official publication of the American Association of Personal Finance Companies. This article deals with the recent revision of the uniform small loan law to cure certain administrative deficiencies. Substantially all of these new provisions, I may advise, have been written into the pending bill which it is my privilege here to discuss.

UNIFORM SMALL LOAN LAW—THE 1931 REVISION RECOMMENDED BY THE RUSSELL SAGE FOUNDATION

The Russell Sage Foundation has just released its revised uniform small loan law (1931) in preliminary form.

This general form of the law differs widely in some respects from its predecessors, but is based upon the same essential philosophy. Since it is the most comprehensive revision since that of 1923, it deserves careful analysis and a full understanding of the significance of its new provisions.

EXISTING LEGISLATION

Critical examination of this new form of the law requires a brief review of its history and development and, what is perhaps more important, of the underlying conditions which apparently have prompted the foundation to undertake this comprehensive revision.

The statute books contain numerous laws affecting various forms of consumer credit, and many such laws have been passed and repealed in the last hundred years. Nevertheless, there was no systematic or comprehensive plan of legislation on this difficult subject when the Russell Sage Foundation undertook a thorough study of the problem about 20 years ago. Out of its research came the first small-loan law founded on definite knowledge and carefully designed to accomplish definite results.

It is difficult to say which State passed the first uniform small-loan law. In fact, all State small loan laws differ materially in their terms, and the uniformity is found principally in their common basic intent. The small-loan laws which may fairly be said to express the underlying intent of the foundation's uniform law were originally enacted in the States and in the years as here stated:

Massachusetts, 1911; New Jersey, 1914; New York, 1915; Pennsylvania, 1915; Ohio, 1915; Oregon, 1915; Illinois, 1917; Indiana, 1917; Maine, 1917; New Hampshire, 1917; Utah, 1917; Maryland, 1918; Virginia, 1918; Arizona, 1919; Connecticut, 1919; Georgia, 1920; Iowa, 1921; Michigan, 1921; Rhode Island, 1923; Tennessee, 1925; West Virginia, 1925; Florida, 1925; Missouri, 1927; Wisconsin, 1927; Louisiana, 1928.

PERFECTING THE STATUTE

Many of these laws have been extensively amended since enactment. Of the laws first enacted, the original New Jersey and Pennsylvania statutes most closely approximated the form and substance of what is now known as the uniform law. Beginning with the laws passed in 1917, there appear very definite similarity of arrangement and identity of wording.

It is strikingly apparent from a close examination of all these State laws that each year's enactments incorporate the benefits of previous experience under prior laws. There has been consistent development based upon the lessons of the past. The advance toward perfection of detail has been steady and the application of accumulated knowledge has been general. Hence, it is easily possible to trace the constant influence of the purposeful agency which has contributed to each new law the benefit of all earlier experience. Seldom in the history of remedial legislation has any movement been guided so wisely and effectively as has the development of State small-loan laws under the sponsorship of the Russell Sage Foundation.

PURPOSE OF SMALL LOAN LAWS

Previous to the enactment of the uniform small loan laws the industrial population was without any legal agency from which it might obtain loans on personal security to meet urgent obligations. A void had been created by usury laws which ignored the cost factors in making and collecting small loans "at retail." Such laws effectually prohibited the legal operation of agencies specializing in small loans based on personal character and daily earnings. Families unable to raise their own food or to make their own clothing, dependent upon wages for existence, suffered serious embarrassment when income was reduced by sickness or unemployment or when necessary expenses increased.

The legislation necessary to establish the means to meet this social need was developed solely from the viewpoint of public welfare. As is well known, the Russell Sage Foundation has proceeded always with the interests of the borrower in mind.

The uniform small loan law is "the borrower's law." Its purpose is to provide a commercial source of consumer credit at the

lowest feasible cost to the borrower under the most desirable conditions. The only permissive feature is in the section prescribing the maximum rate of charge allowed to the lender; all else is prohibitory or regulatory.

These State laws can accomplish their ultimate purpose only when sufficient commercial capital is attracted into the business to satisfy legitimate needs for personal finance service in each community, under conditions which are socially and economically sound. The personal finance company is the means to this end. Viewed in this way, the lender's interests are of vital importance to the borrower. The means must be created and maintained or the end will not be accomplished.

PROBLEM OF REGULATION

Small loan laws, after creating lawful agencies, must provide adequate means for regulating them. Lenders operating under this law, in the view of the lawmakers, divide themselves into three classes: (1) Those who attempt to violate the letter of the law, (2) those who view the law principally as an opportunity to exploit a commercial field, and (3) those who make sincere effort to discharge their obligations to society while conducting a reasonably profitable business along sound commercial lines.

Fortunately the last class constitutes the very large majority in point of numbers, and, especially, in volume of business. Most of the licensees under small loan laws require little regulation because their personal and business purposes dictate sound policies and practices with far greater effectiveness than any written law could hope to enforce. Yet, as in many other fields, the few of different character require nine-tenths of the regulation and cause nine-tenths of the trouble.

To be effective, a small loan law must deal explicitly and definitely with the willful violator who can be relied on to find any loophole, no matter how small, to carry on his antisocial practices. The ingenuity and cunning of the usurer is axiomatic. They must be matched with an equal degree of care, knowledge, energy, and persistence in the framing of any usury law—more particularly in the field of small loans because the borrowers, whose interests it protects, are often the more necessitous and unskilled in financial affairs.

PROTECTING THE BORROWER

In addition to the provisions against intentional violation, any workable small loan law must provide for the possible existence of lenders who will obey the naked letter of the law, but who will violate its spirit and thus defeat its ultimate purposes. Such persons may be ignorant or inexperienced, short-sighted or foolish, calloused or vicious. In any event, an adequate small loan law must deal with all as possible factors in the situation.

It has not been an easy task for the Russell Sage Foundation to evolve a law which checkmates the violator and regulates the exploiter without at the same time crippling the reputable lender whose operations are essential to the ultimate purpose of the act. The statutory net spread to catch an evil always hinders some wholesome activity. The balancing of these considerations must have been a delicate task. The foundation has proceeded with care, understanding, and resolution to accomplish these purposes.

DEVELOPMENTS FROM EXPERIENCE

The new draft of the general form of the uniform small loan law is based upon the sum total of 20 years of experience in half the States of the Union. The regulatory features of the very first laws must have been largely "best guesses," even though based on considerable research and excellent judgment. They have worked admirably in the main and still do, even though to-day they are subject to the improvements cited in the present revision.

There have been abuses and evasions of these earliest laws. As these developed, means were found to correct or prevent them. These means were incorporated into subsequent laws and the process of refinement continued. Old provisions developed vagueness or ambiguity as the problems became more complex. They were made clear, definite, and enforceable. Constitutional questions arose and were resolved for the benefit of future drafts of the law. Industrial and social changes took place and introduced new problems; later laws contained provisions to meet the new conditions. While it is a far cry from the earliest to the latest forms of the uniform small-loan law, an interested observer can trace the growth and find a compelling reason for every change in its development.

Perhaps the most striking illustration of the growth of effectual regulation is to be found in the experience underlying the reasons for section 16. About 1923 a group of illegal lenders who had grown rich and bold through the old device of "salary buying" invaded uniform law States, causing great oppression and suffering. Hundreds of thousands of wage earners were paying charges of 10 per cent every two weeks. Existing laws forbade the practice, but practical enforcement was difficult and expensive. Section 16 was prepared by the foundation's attorneys to eliminate this practice, and was first enacted by Maryland in 1924. Other States then adopted it. Thereafter the constitutionality of the section was successfully sustained against attacks in the highest courts of Maryland, Virginia, Louisiana, and Ohio; and in the United States Supreme Court in 1930. Thus the practice of purchasing salaries was successfully brought under the regulations of the uniform small loan law.

THE REVISED LAW

Some years ago, to cite another illustration, a few licensees refused to accept from borrowers payments of principal in advance of the contract due dates. A new paragraph was promptly added to section 14. This was written into all subsequent laws and some prior ones. This required all licensees to accept any amount of principal from any borrower at any time. Thus exploitation of another kind was effectually prevented.

The constitutionality of small loan laws has been passed upon by the highest courts in eight States, and similarly many portions of the laws have been passed on or interpreted. From each of these legal decisions or opinions a lesson has been learned.

Out of all this accumulated experience the foundation has derived the 1931 revision of the uniform small loan law.

It is not intended here to dwell on the long-established and still unchanged provisions of the uniform small loan law. The general substance of existing laws, though not strictly uniform in the several States, is well known and needs no special elucidation. It is the purpose here to examine the new provisions in this revision.

The provision of the maximum rate of charge permitted, while of controlling importance, does not require attention in this analysis, which is to be devoted to the new regulatory and administrative provisions of the act.

The principal changes of substance fall into two classes: (1) The grant of wide discretionary powers to the supervising State official and (2) the addition of specific prohibitions and regulations. After general comment upon the nature of the first change, the new provisions will be taken up subject by subject.

Viewing the development of small loan laws and the personal finance business in a broad way, one fundamental change becomes apparent. The original problem was primarily to attract capital into the business to meet the urgent need of families for a reliable and reputable source of credit. Within the first few years of operation in every separate State the uniform law accomplished this purpose with notable success.

NEW SITUATION

Then, sometimes, a difficult situation arose. The lack of authority to limit the number of licensees in accord with the needs of communities, and even to apply standards of qualifications as to fitness and experience, became an apparent disadvantage adversely affecting the efficiency of supervision. Competition for business sometimes resulted in unfortunate practices. The problems of adequate regulation came to the forefront of attention.

The inevitable result has been a demand for flexibility in regulation. This means a measure of discretion vested in the supervising official. The very nature of the business minimizes the effectiveness of hard and fast rules or definitions. Some rigid requirements of the original laws have imposed hardships, and a few of them have tended to defeat the purposes of legislation. Experience has provided the gage by which such requirements have been tested and, in this revision, made more flexible or more binding, as the circumstances have required.

SUPERVISORY CONTROL

The most important new provision is that which permits the supervisor to determine what applicants shall be licensed, where they shall be permitted to do business, and how that permission shall be terminated. Any agency which determines these questions has complete indirect control over all operations of all licensees. To accomplish this, full discretionary powers are vested in the supervising State official to grant and revoke licenses according to general rules or tests which combine wholesome social considerations with adequate protection of the rights of licensees.

This is the only fundamental change in the 1931 revision; the others are collateral to it or mere refinements of the intent of provisions long existing in the law.

The language of many original provisions has been revised for greater clarity and completeness, but such points are not of substance and would interest only attorneys. They will be disregarded below, as will be all matters of form only.

OUTSTANDING REVISIONS

Application for license must be accompanied by an investigation fee of $50, which is retained by the State whether the license is granted or not. This is to provide the officials with means for the thorough inquiry which the law contemplates.

The applicant must have liquid assets of at least $25,000 available for use in the proposed office, and must maintain that amount in use or available for use in the office thereafter. This requirement will eliminate mere promoters without serious intention to operate a sound business; and will tend to prevent the establishment of supernumerary offices, or of offices in rural communities which have little or no need for this specialized financial service. It will help to concentrate responsibility for the proper conduct of the business in the hands of licensees whose personal investment is substantial enough to command earnest attention and to guarantee sound policies.

Granting of licenses: Under the old law it was mandatory to grant licenses to all applicants. Under the revised law no license shall be granted unless the supervising authority (usually the banking commissioner) shall affirmatively find that—

"The financial responsibility, experience, character, and general fitness of the applicant * * * are such as to command the confidence of the community and to warrant belief that the business will be operated honestly, fairly, and efficiently within the purposes of this act, and * * * that allowing such applicant to engage in business will promote the convenience and advantage of the community in which the business * * * is to be conducted."

Each of these several tests explains itself. They are plainly calculated to insure the operation of the personal finance business by the kind of licensees who will not abuse their privileges, who are most capable of rendering the best service, whose activities will be of advantage to the communities. The purpose of these tests is to stabilize an essential industry, thus accomplishing the ultimate purposes of the law itself.

The license: It is made a continuing one until revoked, suspended, or surrendered, contingent only on annual payment of the $100 fee and continuance of the bond. This is in place of annual issuance of a new license, which plan can not be adapted to the plan of discretionary granting. In addition to the stated fee, the licensee pays the actual cost of all examinations of his books and records.

Revocation of license: Upon proper opportunity to be heard and after due examination into the facts, the supervising authority shall revoke any license if the licensee has violated the law or any lawful regulation laid down by the supervisor or, what is most important, if "any fact or condition exists which, if it had existed at the time of the original application for such license, clearly would have warranted the (supervisor) in refusing originally to issue such license."

The importance of this is manifest. It is intended to guarantee continuous operation of the business on the same high plane that is achieved by the original selection of licensees without sacrificing flexibility or adaptability to changing conditions.

Adequate provision is made for suspension pending investigation for reinstatement of revoked licenses and for selective treatment of different licenses issued to the same licensee.

Rules and regulations: The supervising authority is explicitly empowered to—

"make such general rules and regulations and such specific rulings, demands, and findings as may be necessary for the proper conduct of such business and the enforcement of this act in addition hereto and not inconsistent herewith."

This provision supplements and makes effective the underlying theory of flexible control of the personal finance business in the joint interests of borrower and lender.

Judicial review: To protect the borrowing public as well as those engaged in the personal finance business, adequate provision is made for a right of appeal to the courts from any whimsical, prejudiced, or arbitrary decisions of the supervising authority if made in exercise of his discretionary powers.

Visitorial powers: The supervising authority is given greater powers to investigate the records and business of both licensed and unlicensed lenders. He is required to make a full examination of the business of each licensee at least once annually.

Annual reports: All licensees are required to file annually under oath a report containing such relevant information as the supervisor may require, and the supervisor is required to make and publish an analysis and recapitulation of these reports.

The healthy results of gathering and publishing all the facts about the personal finance business can hardly be exaggerated. One of the handicaps to the development of scientific regulation, heretofore, has been the lack of detailed knowledge of exact facts.

SUNDRY SPECIFIC PROVISIONS

(1) Licensees are not permitted to take liens on real estate as security for loans. This provision might be said to "average the probabilities." While many real-estate liens are of practically no value as security and many persons seeking to borrow on them may be highly necessitous and deserving of the benefits of the act, the average real-estate loan, probably, is of a class not within the intended scope of the small loan laws. It is submitted, however, that this provision is subject to critical examination in the light of conditions in each individual State.

(2) The revised law provides that no licensed personal finance business may be carried on in the same office with or in conjunction with any other business unless the supervising authority determines that such joint operation will not facilitate evasions of the act. Such violations of the small loan laws as there have been have centered largely about the joint operation of the personal finance business with other forms of business. The temptation to evade and the facilities for evasion exist to a high degree under such conditions. The spirit of the small loan laws has always called for the operation of the personal finance business by itself, separate and apart from all other enterprises, where it can render its service and be judged on its merits without confusion or obscurity. The new provision simply puts this into words.

(3) The section relating to monthly charges, or "interest," has been substantially refined and strengthened for clarity and ease of enforcement. The old provision permitting licensees to charge borrowers with the actual costs of recording papers in public offices has been eliminated. It occasionally permitted minor violations.

(4) Provision is made for the enforceability within the State of loans made outside the State under other regulatory small loan laws notwithstanding minor differences in maximums of the permitted monthly rate of charge.

IN CONCLUSION

A full discussion of the many refinements and minor changes in the revised law would occupy much space. It is sufficient to note that the present law has been drawn with due regard to all existing court decisions and to the rulings of supervising authorities, and to the opinions of the attorneys general of the several States. In these respects it is a finished statute.

The 1931 revision of the uniform small loan law is a complex legal machine, every part of which has been tested and found efficient. The parts fit together with nicety, each contributing an essential element toward the functioning of the whole. It meets the tests of accumulated knowledge and experience. It is entitled to take its place among the relatively few remedial laws of this country, drafted with technical precision and, at the same time, reflecting the full complement of human experience gained in this field of legislation.

Mr. Speaker, the mere fact that more than half the States in the Union have adopted in some form the uniform small loan law should satisfy us here that we are not dealing with an experimental legislative project. It is, however, of significant interest in reaching our conclusions in respect of the pending measure that we examine the opinions of some of those who, after full investigation and experience with the statute in operation, have indorsed the uniform small loan law.

VIEWS OF STATE SUPERVISORS

In my study of this legislation I sent a letter of inquiry to the supervising officials of those States which now have this form of legislation. In response I have received letters indorsing this legislation from Connecticut, Florida, Georgia, Illinois, Iowa, Maine, Maryland, Massachusetts, Missouri, New Hampshire, New Jersey, Ohio, Oregon, Pennsylvania, Rhode Island, Virginia, and Wisconsin.

These communications are too extensive to justify their inclusion here. They may be found printed on pages 45 to 62 of the report of the subcommittee on judiciary of the Committee on the District of Columbia, House of Representatives, Seventy-first Congress, second session, H. R. 7628.

NATIONAL LEGAL AID ASSOCIATION APPROVES UNIFORM LAW

The National Association of Legal Aid Organizations was formed in 1923. Its membership includes all the established legal-aid offices throughout the country and these offices handle over 170,000 cases a year. This organization seeks to discover those laws which protect the less fortunate classes of our citizens from injustice, to make those laws known; or, when legislative safeguards do not exist, to urge their enactment. It has been interested in workmen's compensation, small-claims courts, wage assignment laws, wage-payment laws, statutes protecting the small investor, and so forth.

The Chief Justice of the Supreme Court of the United States is honorary president of the National Association of Legal Aid Organizations.

From the nature of the work performed by this organization it was inevitable that it should examine fully the situation surrounding the uniform small-loan law. This it has done in substantially every important city throughout the country. In consequence, it has indorsed the uniform small-loan law, believing that legislation of the character proposed here safeguards the borrower through public supervision, and further, that the provision of credit in small sums is best served by attracting legitimate capital to do business under sanction of law and under the supervision of local administrative authorities.

REPORT OF LEGAL AID COMMITTEE

The committee on small loans and investments of the National Association of Legal Aid Organizations for the year 1929–30 in its report to the annual convention of this association made this statement:

Six months ago a questionnaire was mailed to all of the legal-aid societies belonging to the national association. We received 23 replies. In 21 of them the societies reported that the loan companies were observing the small loan laws and were cooperating with the societies in stamping out unscrupulous money lenders. In two of the questionnaires the directors stated that the loan companies were overcharging the borrower.

The small-loan business, as we observe it, serves the one major class, the wage earner. The wage earner is in constant need of the necessities of life. His cash resources are so small that it is essential for him to borrow money. In ninety-nine cases out of every hundred the wage earner does not have the credit standing and is not acceptable for a loan at any bank. He must therefore borrow money from a small-loan company. Such companies are financed by private capital. They are in business to make a profit. Naturally the wage earner's loan is subject to all charges on the invested capital. If there is to be any reduction in the interest rate, it must come from competition by the companies

in this field. When capital can be borrowed at low interest rates the cheaper will be the rate on loans to the wage earner.

The committee is informed that only 24 States have a law governing small loans. It is quite apparent that there is much to be done by the societies located in States where no such law exists.

We therefore recommend that the societies, located in States where no such legislation has been enacted, cooperate with the Russell Sage Foundation and induce local organizations to help in obtaining the enactment of such legislation.

We further recommend that the committee for the ensuing year be composed of members whose States do not have a small loan act.

OPINIONS OF DISTINGUISHED AMERICANS

Many men of distinction in both public and private life have indorsed the uniform small loan law. Obviously it would be impracticable to reproduce here such indorsements at length. I do wish, however, to insert at this point some brief excerpts from public statements made by distinguished Americans whose opinions merit the consideration of the House.

Hon. Frank O. Lowden, former Member of this House and later Governor of Illinois, in a letter dated January 3, 1927, to the Hon. James S. Baldwin, judge of the circuit court, Decatur, expressed his opinion as follows:

OREGON, ILL., *January 3, 1927.*

MY DEAR JUDGE BALDWIN: I am just in receipt of your letter of December 31, asking me for my views upon the small loan law which was passed in Illinois in 1917.

When the bill was first called to my attention my first impression was unfavorable because of the high rate of interest allowed under the law. However, upon examination I found that the class of borrowers the law was intended to serve was then paying from 15 to 25 per cent a month upon loans. It was represented to me that the only practical method for eliminating the loan sharks was to make available to the necessitous borrower a volume of decent capital at the lowest rate of interest consistent with a fair commercial return upon the investment.

In other words, it seemed clear that it was better for the needy borrower without security to be able to borrow through legal agencies, even though he had to pay as high as 3½ per cent per month, than to have to resort to the loan sharks and pay from 15 to 25 per cent a month—and in some cases even more. I, therefore, favored the legislation and it was enacted into a law.

The operation of the law in Illinois has justified its enactment. I am informed from reliable sources that the loan shark has practically disappeared from Chicago and from the smaller industrial cities of Illinois where he formerly preyed upon his victims.

The loan shark has confined his operations almost, if not quite, entirely to the large and middle-sized industrial cities. The problem is not a rural one. I am told that the operation of licensees under this law in Illinois are confined to the industrial cities. I do not know of any instances where the privileges given by the law are being abused by bankers in either the large or smaller cities. I know of no instance in which licensees under this law have any transactions with farmers.

Only the other day some one in Chicago in making some figures upon the operation of the law concluded that it was saving annually to this most needy class of borrowers something like four or five millions dollars a year in that city alone.

With personal regards, I am always,

Faithfully yours,

FRANK O. LOWDEN.

Former Gov. James M. Cox, of Ohio, in an address in 1917 said:

I make bold to say that the legalized loan business is more of a necessity in an industrial community than, perhaps, a bank, for this reason: It is the poor man who, when he needs money, needs it most.

William Green, president of the American Federation of Labor, in a letter to an agent of the Legal Reform Bureau, March 1, 1927, wrote as follows:

WASHINGTON, D. C., *March 1, 1927.*

MR. HAMILTON G. DEWEESE,
Care of the Madison Club, Madison, Wis.

DEAR MR. DEWEESE: I herewith make reply to your letter of recent date. I was not a member of the eighty-first session of the Ohio General Assembly. I served as a member of the Ohio State Senate during the seventy-ninth and eightieth sessions of the Ohio Legislature. While I was not a member of the Ohio General Assembly when the Lloyd regulation act, passed for the purpose of eliminating the loan-shark evil, was enacted, I know something of its beneficial features. This law was operated to the great advantage of the mass of the people, those who have been compelled to borrow in small sums and who have been required to pay very large interest charges. The Lloyd Act marks a great step forward in this character of legislation. It is not a perfect law, nor does it meet the urgency of the situation in a complete and satisfactory way. In my opinion, it may be further amended so as to offer a greater degree of protection to the people against the loan-shark evil. Public sentiment in Ohio will not permit it to be weakened or repealed.

As I understand it, the Russell Sage Foundation standard loan shark act embodies within it many of the essential provisions of the Lloyd Act. Besides, in many respects it is, as I understand it, an improvement over the Lloyd Act. There is certainly great need of the passage of legislation of this kind.

With every good wish, I am,

Very truly yours,

WILLIAM GREEN,
President American Federation of Labor.

A. F. Whitney, president of the Brotherhood of Railroad Trainmen, in an address before the American Association of Personal Finance Companies in Washington, on September 24, 1930, made the following statement:

The organization which I have the honor to represent favors legislation to afford relief from the evils of unconscionable money lending. It has generally accepted the uniform small loan law, under which the companies affiliated with your association operate, as the best present remedy for those evils. In so far as I am advised, the uniform small loan law, in principle and in legislative provision, is the best device thus far developed to combat the loan shark.

At the same time it would be idle for me to say that this law, however well adapted to present conditions, is the final word in dealing legislatively with this matter.

I do not wish to convey the impression that I desire to take a hedging position. My very presence here is assurance that I believe the members of this great association are devoting themselves honestly and purposefully to solving this problem of providing mass credit. I feel assured that when the time comes, and if it comes, for modifications in the provisions of the uniform small loan law, you gentlemen here will be found actively assisting such a project. (Note article from Personal Finance News preceding.)

Robert Fleming, president of the Riggs National Bank of Washington, in an address before the American Association of Personal Finance Companies on September 24, 1930, made the following statement:

Investigations which have been conducted in the many communities where the uniform small loan law is not upon the statute books reveals a pressing need for this class of credit and shows the demand for the sort of companies that comprise your national organization.

The Washington Post under date of February 7, 1931, expressed the following editorial opinion:

PROTECTING SMALL BORROWERS

The Senate District Committee has made an agreeable compromise on the question of interest charges on small loans in Washington. It reported favorably on both the small loan bill and the credit union bill.

Legislation on this subject is urgent. At present the law does not allow a sufficient interest charge on small loans to attract capital into that business. As a result the people are victimized by unregulated loan sharks who charge outrageous interest rates.

Opinion seems to have been divided on the two measures before the Senate. Advocates of the small loan bill, which would legalize interest as high as 3 per cent per month and institute strict regulations for the small-loan business, contend that a lower rate will not attract reliable firms into this field of finance. It is better to allow reputable firms to charge that rate than to leave the people of Washington without small-loan facilities and therefore at the mercy of loan sharks.

On the other hand, advocates of the Capper credit unions bill hope to establish an improved method of securing small loans through cooperative financial groups. The operation of this plan would not interfere with legitimate small-loan establishments, since it would offer credit on a different basis. If the Capper plan should prove successful, lending firms would be compelled to compete with cooperative associations, and their rates would have to be attractive to secure patronage. But whether or not credit unions are formed, the provisions of the small loan bill should protect residents of the District from extortion.

Apparently the interests of the people can be best served by enactment of both of these measures into law.

The Nation's Capital Magazine, published here in Washington and edited by Frank B. Lord, long a resident of Washington and a distinguished correspondent of metropolitan newspapers, in its February, 1931, issue indorsed this legislation in the following editorial comment:

THE BOWMAN BILL

Before Congress adjourns it should enact the Bowman bill for the establishment of the uniform small loan law in the District of Columbia. Ever since it was introduced by the West Virginia Member it has been the object of secret and cunningly devised attack on the part of "loan sharks" in Washington, whose nefarious business it would destroy.

The fact that this legislation is sponsored by the Russell Sage Foundation, which has not the slightest financial interest in its enactment, but is actuated solely by philanthropic motives, and the further fact that it has been written upon the statute books of 25 States, embracing more than one-half of the population of the country, during the past 10 years, and that nowhere has it been repealed, should warrant its favorable consideration by Congress and its application to the District.

Where the law has been made operative it makes the small-loan business commercially possible to the lender, authorizes proper supervision, and imposes adequate criminal penalties upon both licensed and unlicensed lenders who violate its provisions.

The objection most frequently raised against the bill is that it fixes an interest rate of 3½ per cent per month. This is mere camouflage. Unlicensed lenders, "loan sharks," now demand and are getting from 10 to 50 per cent per month interest, and not infrequently a borrower pays in interest five and even ten times the amount he borrowed, and continues to owe the principal. The uniform small loan bill would make this impossible. Under its operation interest is figured only upon unpaid balances.

The rate, of course, is high when compared to commercial loans made by banks, but the transactions are wholly different. In the case of the bank the borrower pledges ample security and the bank lends credit. In the case of the small loan the overhead expense involved in investigating the borrower is incomparably greater. It costs a bank nothing to determine that a bond has a certain market value and will warrant a loan of $10,000, but it may easily cost a loan company $10 to determine that a $100 loan is a reasonable risk. The security offered is not such as is acceptable generally elsewhere, and installment repayment likewise calls for increased overhead. Moreover, the account must afford a fair return to the lender who is putting out his own or his company's money, whereas the bank is chiefly lending the money of its depositors.

The following editorial from the Chicago Journal of Commerce, December 19, 1930, throws light on the customary methods employed by high-rate lenders throughout the country in opposing enactment of the uniform small loan law:

LOAN-SHARK TACTICS

The fate of the bills which are soon to be introduced in various State legislatures on behalf of loan sharks will depend on public information and the alertness of the legislators. As a general thing, any legislator who introduces one of these bills may be accurately classified as not very bright, unless he is really acting from an ulterior motive. Nor would his bill enjoy a chance to win if the public understood it.

A flank attack is being prepared on the uniform small loan law, which has been adopted by 25 States on a model devised by the Russell Sage Foundation. The law permits small-loan companies to charge 3½ per cent a month, because the credit risks which they accept are extraordinarily high. Now 3½ per cent a month is far less than loan sharks charge, and they can not operate on a large and lucrative scale in any State where the small-loan companies with their 3½ per cent limit are giving them competition. Therefore they want to prevent the spread of the small-loan companies into the 23 States where the uniform law has not yet been enacted, and moreover they want to repeal the law in the other 25 States. In keeping with this purpose a bill has been framed that would limit the interest charge on small loans to 1½ per cent. If enacted, it would eliminate the small-loan companies and restore the market of the loan sharks, who would manage by numerous devices to charge 10 or 20 per cent a month, or even more, despite the law.

The intention of the loan sharks is to incite public anger against the small-loan companies as profiteers at the expense of the poor; and to a certain extent this can probably be done, since people do not love to pay as high as 3½ per cent a month on their loans. But so many of the credit risks necessarily accepted by the small-loan companies turn out to be bad, and the costs of collections are so high, that a 3½ per cent limit is necessary if the companies are to operate. A 1½ per cent limit would drive them out of business and turn the customers over to the loan sharks, who would not hesitate to evade the limit—for example, by purchasing a customer's future pay envelope outright, or by lending him $100 for a month at 1½ per cent, but selling him a dollar watch for $10 at the same time. The choice before the legislatures is simply between the uniform small loan law and the loan sharks. Instead of being repealed anywhere, the law should be adopted by the 23 States that have not done so yet.

INVESTIGATION AND REPORT OF DR. WILLFORD I. KING

The most comprehensive study and report on the small-loan problem which has come to my attention is that pursued in the State of New Jersey, by Dr. Willford Isbell King, of New York University. Doctor King undertook this work, which embraced an examination of some 25,000 small loans made in 29 loan offices during the six months beginning April 1, 1929, at the invitation of the New Jersey Industrial Lenders' Association. The report which Doctor King published as a result of his survey is a volume of 100 pages. It is impracticable, of course, to reproduce this valuable document in its entirety here. I insert, therefore, merely a synopsis of Doctor King's report containing the principal tables and a summary of the conclusions which he derived from his study, all reproduced in his own language.

It is worthy of note that, when Doctor King was requested by the New Jersey Industrial Lenders' Association to undertake this survey, emphasis was placed upon the "express understanding that the writer was to be entirely untrammeled in ascertaining the facts and in reporting on the same." In regard to this matter Doctor King states:

This agreement has been carried out in spirit as well as in letter, and at no time has any suggestion been made that the investigators should do anything except endeavor to find and present the facts as they exist.

Any skeptic who is inclined to doubt the validity of any of the findings here set forth can readily convince himself of the truth of the statements made by looking into the facts personally. All records of the investigation are open to inspection by anyone interested.

The author wishes to express his appreciation of the splendid cooperation given by the managers and subordinates in the 29 loan offices selected as a sample for study. The arduous work of transcribing to cards records for all borrowers whose names have appeared on the books of these companies since March 31, 1929, was entered into with zest, and, in nearly all cases, the cards were turned in on schedule time. The books and records of the companies were thrown open to the investigation auditors, who were, in every instance, given carte blanche in verifying all returns. In no case was any obstacle placed in the way of the auditors; on the other hand, the personnel of the loan offices showed every disposition to aid the auditors in their work.

REPRESENTATIVE FACTS CONCERNING SMALL LOANS AND THE BORROWERS—SYNOPSIS OF A STUDY OF 25,000 SMALL LOANS

(By Dr. Willford Isbell King, professor of economics in New York University and secretary of the American Statistical Association)

Who are the people that borrow from the small-loan companies?
Are they few or numerous?
How much income do they have?
What leads them to borrow?
How much do they borrow?
How long do the loans run before being paid off?
What are the small-loan companies like?
Are the men who operate them "loan sharks"?
How do they treat their customers?
How do the customers feel toward the companies from which they borrow?
Why do they not borrow from the Morris Plan Banks or Wimsett Thrift Cos.
Do the small-loan companies take business away from the commercial banks?
Do they aid or injure merchants and professional men?
Where else can the poor man, without property or well-to-do friends, secure a loan when he is in dire need?

THE STATISTICAL INVESTIGATION

A statistical study was made of the records relating to 24,846 borrowers who were patrons of 29 offices. These offices were carefully selected in such a way as to assure that they constituted a sample as typical as possible of all the 429 offices in operation in the State. The numerical facts stated hereafter are based upon the analysis of the data from the 29 sample companies. The records were carefully audited in order to avoid any possibility that, in any case, they might be fraudulent. No indication of any attempt at deception was discovered. The mechanical work of tabulating and analyzing the records was done by the L. B. Recording & Statistical Corporation of New York City.

PLACE OF SMALL-LOAN COMPANY IN THE LOAN MARKET

Before proceeding to discuss the results of the statistical study just mentioned it seems desirable to analyze briefly the forces giving rise to a demand for loans and to note the place of the small-loan company in the satisfaction of this demand.

Loans may, in general, be divided into two broad categories:

1. Those made for business purposes.
2. Those made to meet personal needs.

To ascertain to what extent the commercial bankers of New Jersey are meeting each of these demands, the writer, in November, 1929, personally made inquiries of officials in several banks in each of a number of cities, large and small, situated in different parts of the State. From these inquiries he learned that the commercial banks of New Jersey specialize as a rule in loans of the first class mentioned. They do, it is true, make some loans of the latter type, but such loans form but an unimportant side line in their business. Few of the commercial banks are interested in making loans as small as $300. Borrowers of $300 or less must, therefore, under present conditions, depend in the main upon sources of supply other than the commercial banks.

Would-be borrowers of small sums may be classified into two divisions:

1. Those who have friends owning considerable real estate or readily marketable property, and who are not only willing to ask these friends to indorse their notes but are also able to induce these friends to comply with their request.

2. Those who do not have friends possessing property of the type mentioned, or if they do have such friends are either unwilling to ask these friends to indorse their notes, or are unable to secure such a favor.

COMMERCIAL BANKS AND THE SMALL-LOAN MARKET

When commercial banks do make small loans they make them only to regular customers of the bank, to persons owning real estate, or readily marketable collateral, such as stocks or bonds, or to persons who present notes indorsed by property owners of standing. Furthermore, they rarely loan money on a personal note unless the borrower has been personally known to the officials of the bank and has an established reputation for character and integrity. The restrictions just mentioned make it entirely impossible for hundreds of thousands of perfectly respectable citizens of New Jersey to obtain a loan from a commercial bank.

In many of the cities of New Jersey, even though a man is both honest and industrious, if he has not accumulated any considerable amount of property, he will find no commercial bank willing to lend him a small amount of money in case of misfortune. Even in those cities in which commercial banks do make such loans, they invariably require that the borrower have his note indorsed by a property owner of standing. When this is done the bank evidently runs little risk, for it is loaning money not on the credit of the borrower but on the credit of the indorser.

Even though he is able to secure indorsement of his note by a well-to-do friend, the commercial banks in most cities of New Jersey are extremely loath to loan any money to the ordinary workingman or salaried employee—in most cases, indeed, they will not give the slightest consideration to an application for such a loan coming from a nondepositor. When a man of the type mentioned finds himself in urgent need of a loan, where can he turn?

COMPANIES SPECIALIZING IN SMALL LOANS ON INDORSED NOTES

In a number of the cities of New Jersey there are in operation Morris Plan Banks. These banks specialize in small loans secured by personal notes indorsed by comakers who are property owners. The rates on such loans are very much higher than those charged by commercial banks but tend to be somewhat lower than the rates charged by the so-called small-loan companies. The same may be said of a chain of money-lending concerns known as the Wimsett Thrift & Loan Cos.

As matters actually stand, however, a very large proportion of respectable and diligent New Jersey citizens are either unable or unwilling to comply with the requirements necessary to obtain a loan under either the Morris or Wimsett plans. Many a workingman would seek in vain for any well-to-do person to indorse his note. Thousands upon thousands who might obtain indorsers feel that it is embarrassing, injurious to their interests, or humiliating to ask a friend for such a favor. Persons in this position much prefer, if it is necessary, to pay a higher rate of interest rather than to ask of friends favors which they feel sure will be granted only with great reluctance. They therefore turn by preference to the small-loan companies rather than to the commercial banks, the Morris Plan Banks, or the Wimsett Thrift & Loan Cos.

The advantage of borrowing from the licensed small-loan companies lies in the fact that the money can be obtained promptly with little red tape, that the loan can be paid off whenever funds become available, that interest is not taken out in advance but accrues only on unpaid balances and is not compounded, that no one but the borrower and his wife need to know that the money has been borrowed, and last, but by no means least, that it is unnecessary to ask favors of anyone outside the family. It appears that in the mind of the average borrower these considerations distinctly outweigh the disadvantage of paying an interest rate somewhat higher than that charged by the Morris Plan, Wimsett Thrift, or kindred companies.

SMALL-LOAN OFFICES AND THEIR PERSONNEL

The small-loan companies must be thought of as being the bankers of the common people. Their offices are unpretentious as compared to those of commercial banks but they are neat, orderly places of business. Their accounts are systematically kept. Their managers are, in general, a fine type of business men, drawn usually from the older American stocks. The subordinate employees are of about the same grade as those found in banks. Dealings with customers are, so far as observed, marked by courtesy and consideration.

WHO THE BORROWERS ARE

Who are the people upon whom the small-loan companies depend for patronage? Are they the flotsam and jetsam of humanity—the ne'er-do-wells, the shiftless, and the down-and-outers? Emphatically, no! The small-loan company is not a charity organization. Like a bank, it loans only when it expects the loan to be repaid. While it is willing to exert more effort in making collections than would be feasible in the case of the commercial bank, it scrutinizes with care the financial status of each would-be borrower, and, if the surplus income from which the loan must be paid is not in sight, the loan is not approved. The small-loan company officials refer to their business as the making of "character loans." While they take mortgages on household furniture as security, they have no desire to sell the furniture in order to liquidate the loan. Their aim is to loan only to persons who have both the necessary income and also a reputation for honesty and willingness to pay. Very rarely, indeed, are they compelled to seize the furniture. One manager reported he had been driven to this extreme but once in 10 years. As a rule, the furniture is taken only in those cases in which the family is broken up and the furniture either placed in storage or abandoned to the loan company when the remnants of the family move to some other part of the country. As one manager put it, no intact family gives up its furniture unless payment of the loan is practically impossible, and in such cases the company prefers to postpone collection until the fortunes of the family have improved, no matter how distant that date may be.

Clearly, then, the chief security behind the loan is not the chattels offered as collateral, but rather the earning power and character of the borrower, and only those who have established a reputation for being both willing and able to pay are likely to be numbered among the clientele of the small-loan companies.

PERCENTAGE OF BORROWERS PAYING

Companies differ in the carefulness with which they scrutinize the qualifications of applicants for loans. Naturally, those with the most exacting requirements have the least difficulty in collecting the interest and principal. The most conservative companies report that 90 per cent of their borrowers are rarely late in their payments. With some of the less conservative concerns, on the other hand, as large a proportion as 30 per cent of the borrowers become delinquent at times. The borrowers who eventually pay out are reported to range from 94 to 99 per cent of the total number, most of the companies apparently being able to collect in full in more than 96 per cent of all cases.

MAGNITUDE OF THE SMALL-LOAN BUSINESS

The best evidence that the borrowers do not represent the dregs of the population lies, however, in their number. On November 30, 1928, according to the report of the State commissioner of banking and insurance of New Jersey, the small-loan companies of that State had outstanding loans totaling almost exactly $19,000,000. Our sample study indicates the average size of the loan to be $169.81. On this basis, there were, at the date mentioned, 111,900 borrowers. Since the loan companies make every effort to prevent one man from borrowing from several different companies at once, this number of loans probably represents well over 100,000 individuals. Now, most of the small-loan companies lend only to married men living with their wives. In the State of New Jersey, in 1928, there were probably not over 800,000 such married men. The obvious conclusion is that, at the particular date mentioned, one married man in eight was a patron of some small-loan company.

The ratio just specified applies to a single specified date. The number of persons borrowing at some time during the year would probably be at least one-fourth and perhaps one-third or even one-half larger. Evidently a very considerable portion of the entire population of New Jersey are indebted to small-loan companies at some time during the year. A business affecting so large a proportion of the total population is evidently of great importance to the people of the State. The number of borrowers is in fact probably far greater than the number borrowing from the commercial banks. We now see that if you are a citizen of New Jersey the customers of the small-loan companies are not all strangers to you, but include in all probability your immediate neighbors, the man who sits at the next desk, or your own employees.

THE OCCUPATIONS OF THE BORROWERS

In the statistical investigation of the 29 sample companies an effort was made to classify all borrowers on an occupational basis. Reasonably accurate information on this point was obtained from 28 companies reporting for 23,716 borrowers. The occupational classification of borrowers appears in Table I.

The results of the investigation show that, of all borrowers, one-fifth were either employers or self-employed, the remaining four-fifths being employees. The entrepreneurial group, first mentioned, included 256 professional men, representing slightly over 1 per cent of all the borrowers. Those professional men and women who were employees accounted for 3.54 per cent of the entire number of persons securing loans. If we combine both those enterpreneurs and those employees who fall in the professional group, we find that 4.62 per cent of all borrowers, or about 1 in 24, were of the professional type.

The managerial class made up 5.69 per cent of the borrowers. It follows that entrepreneurs, including employers and those working on their own account, and professional and managerial workers made up three-tenths of all the borrowers. Manual workers, including servants, accounted for five-ninths of the number of borrowers, and nearly one-half of the total amount of loans. While, then, it is clear that the so-called upper classes are in the minority, it is nevertheless true that we find among the customers of the small-loan companies representatives of all the leading occupational groups constituting our industrial organization of society.

VARYING SIZES OF LOANS IN DIFFERENT OCCUPATIONS

As might be expected, the members of the different occupations do not, on the average, borrow identical sums of money. The professional classes take out the largest loans, the business men coming next in order, and the managerial group following close behind. At the end of the list are the servants, who borrow, on the average, only $139 as compared to the $217 making up the average loan of the professional entrepreneurs. The average loan of the manual workers is a little larger than that of the servants, amounting to $152. The smallest size of loan recorded for any single occupation is $119 for housemaids, while the largest loan for any occupational group went to two persons classified as "Army and Navy officers," who borrowed $300 each.

TABLE I.—*Average size of loan compared with average family income for different occupational classes of borrowers*[1]

[Both open and closed accounts included]

Status and occupation of borrower	Loans		Borrowers		Monthly family income		Average sum borrowed
	Total for class	Per cent of total for all classes	Number	Per cent of total in sample	Of all families in class	Average for class	
All occupations	$4,027,194.00	100.00	23,716	100.00	$3,995,116.00	$168.46	$169.81
I. Employers and self-employed	1,000,472.00	24.85	4,965	20.94	927,435.00	186.79	201.50
A. Nonprofessional	945,007.00	23.49	4,709	19.86	875,539.00	185.93	200.68
Agents	16,125.00	.40	74	.31	17,217.00	232.66	217.91
Barber-shop and bathhouse proprietors	31,036.00	.78	155	.65	28,466.00	183.65	200.23
Boarding-house keepers	44,513.00	1.11	244	1.03	39,315.00	161.13	182.43
Building contractors, including employing carpenters, plumbers, painters, etc	215,464.00	5.35	1,103	4.65	215,679.00	195.54	195.34
Dressmakers and milliners	13,975.00	.35	89	.38	12,149.00	136.51	157.02
Electricians, etc	14,655.00	.36	76	.32	15,925.00	209.54	192.83
Farmers	46,793.00	1.16	251	1.06	38,315.00	152.65	186.41
Fishermen and boatmen	3,805.00	.09	25	.11	3,833.00	153.32	152.20
Florists, nurserymen, etc	9,001.00	.22	44	.19	7,340.00	166.81	204.57
Garage and filling-station proprietors	20,031.00	.50	84	.35	13,862.00	165.02	238.46
Merchants	162,062.00	4.03	748	3.15	140,299.00	187.56	216.66
Hotel or restaurant keepers	44,080.00	1.09	182	.77	41,466.00	227.84	242.20
Jewelers (proprietors)	3,775.00	.09	15	.06	2,330.00	155.33	251.67
Mechanics (proprietors)	16,610.00	.40	84	.35	17,363.00	206.70	197.74
Realtors	26,485.00	.66	104	.44	19,984.00	192.15	254.66
Shoe repairers	15,830.00	.39	76	.32	14,126.00	185.87	208.29
Stock brokers	1,910.00	.05	8	.03	2,700.00	337.50	238.75
Tailor-shop proprietors	22,672.00	.57	113	.48	22,140.00	195.93	200.64
Taxi drivers	19,231.00	.49	96	.41	17,650.00	183.85	200.32
Truckmen	55,167.00	1.37	296	1.25	50,577.00	170.87	186.33
Unclassified	161,790.00	4.03	842	3.55	154,803.00	183.85	192.15
B. Professional	55,465.00	1.36	256	1.08	51,896.00	202.72	216.66
Accountants and auditors	3,221.00	.08	12	.05	3,640.00	303.33	268.42
Architects, etc	2,875.00	.07	10	.04	2,061.00	206.10	287.50
Artists, designers, etc	3,414.00	.08	14	.06	3,430.00	245.00	243.86
Authors, editors, etc	530.00	.01	2	.01	300.00	150.00	265.00
Dentists	3,700.00	.09	13	.05	4,625.00	355.76	284.61
Druggists and chemists	4,450.00	.11	17	.07	3,590.00	211.17	261.76
Educators	4,665.00	.12	26	.11	4,815.00	185.19	179.42
Engineers, surveyors, etc	1,900.00	.05	9	.04	1,680.00	186.67	211.11
Entertainers	3,660.00	.09	18	.08	4,150.00	230.56	203.33
Nurses, etc. (independent)	11,465.00	.28	69	.29	9,922.00	143.80	166.16
Physicians, osteopaths, etc	8,250.00	.20	36	.15	9,248.00	256.89	229.17
Lawyers, abstractors, notaries, etc	4,325.00	.11	18	.08	2,240.00	124.44	240.23
Undertakers	830.00	.02	4	.02	820.00	205.00	207.50
Unclassified	2,180.00	.05	8	.03	1,375.00	171.90	272.50
II. Employees	3,026,722.00	75.15	18,751	79.06	3,067,681.00	163.52	161.42
A. Professional	176,244.00	4.37	838	3.54	182,771.00	218.10	210.32
Accountants and auditors	13,580.00	.34	58	.24	15,745.00	271.47	234.14
Actors and entertainers	1,085.00	.03	7	.03	3,127.00	446.71	155.00
Architects	2,205.00	.05	12	.05	2,776.00	231.33	183.75
Army and Navy officers	600.00	.01	2	.01	565.00	282.50	300.00
Artists, designers, sculptors, etc	5,270.00	.13	22	.09	3,895.00	177.05	239.54
Chemists, assayers, etc	6,582.00	.16	34	.14	7,036.00	206.94	193.59
Clergymen	10,845.00	.27	58	.25	8,209.00	141.53	186.98
Editors, reporters, etc	4,535.00	.11	24	.10	5,722.00	238.42	188.96
Engineers, technical	22,285.00	.55	104	.44	28,241.00	271.55	214.28
Judges, lawyers, etc	2,680.00	.07	11	.05	1,635.00	148.64	243.64
Musicians	6,785.00	.17	41	.17	8,162.00	199.07	165.49
Officials, governmental and institutional	9,155.00	.23	42	.18	10,281.00	244.79	217.98
Secretaries and organizers	4,735.00	.12	22	.09	5,088.00	231.27	215.23
Statisticians	1,205.00	.03	6	.03	1,457.00	242.84	200.83
Teachers	71,477.00	1.77	322	1.36	66,968.00	207.98	221.98
Unclassified	13,220.00	.33	73	.31	13,864.00	189.92	181.10
B. Managerial	258,599.00	6.42	1,350	5.69	275,945.00	204.40	191.56
Superintendents and managers	79,400.00	1.97	356	1.50	92,410.00	259.75	223.03
Foremen, floorwalkers, etc	113,369.00	2.81	639	2.69	120,392.00	188.41	177.42
Officers of vessels	4,755.00	.12	26	.11	5,183.00	199.35	182.88
Others	61,075.00	1.52	329	1.39	57,960.00	176.17	185.64
C. Agents, solicitors, and commercial travelers	229,542.00	5.70	1,132	4.77	228,065.00	201.47	202.78
D. Sales people	55,344.00	1.37	341	1.44	49,382.00	144.82	162.30
E. Clerical employees	237,487.00	5.90	1,385	5.84	220,283.00	159.05	171.47
Accountants, bookkeepers, and cashiers	41,840.00	1.04	221	.93	39,212.00	177.43	189.32
Post office clerks and carriers	34,447.00	.86	199	.84	31,591.00	158.75	173.10
Shipping clerks	19,355.00	.48	130	.55	18,805.00	144.65	148.88
Stenographers, typists, etc	6,480.00	.16	40	.17	5,643.00	141.08	162.00
Telephone operators	5,605.00	.14	41	.17	4,922.00	120.05	137.80
Telegraphers	5,530.00	.14	29	.12	5,261.00	181.41	190.69
Other clerical	124,230.00	3.08	725	3.06	114,849.00	158.41	171.35
F. Guardians of public safety	115,221.00	2.86	682	2.88	116,890.00	171.39	168.95
Firemen	29,055.00	.72	178	.75	33,378.00	187.52	163.23
Policemen and watchmen	73,645.00	1.83	426	1.80	70,311.00	165.05	172.88
Soldiers, etc	885.00	.02	6	.03	903.00	150.50	147.50
Others	11,636.00	.29	72	.30	12,298.00	170.81	161.61
G. Manual workers	1,704,951.00	42.34	11,229	47.35	1,766,233.00	157.29	151.83
Bakers	14,542.00	.37	82	.35	14,063.00	171.50	177.34
Building workers	330,209.00	8.20	2,051	8.65	375,590.00	183.13	161.00
Butchers	15,261.00	.38	84	.36	13,239.00	157.61	181.68
Chauffeurs, taxi men, etc	48,061.00	1.19	326	1.37	51,023.00	156.51	147.43

[1] This tabulation includes data for those borrowers only for whom records of occupation, size of loan, and family income were all reported.

TABLE I.—*Average size of loan compared with average family income for different occupational classes of borrowers*—Continued

Status and occupation of borrower	Loans		Borrowers		Monthly family income		Average sum borrowed
	Total for class	Per cent of total for all classes	Number	Per cent of total in sample	Of all families in class	Average for class	
All occupations—Continued.							
II. Employees—Continued.							
G. Manual workers—Continued.							
Electricians	$40,534.00	1.01	231	0.97	$42,315.00	$183.18	$175.47
Expressmen and truckmen	180,262.00	4.48	1,221	5.15	174,177.00	142.65	147.63
Factory workers, skilled and semiskilled	360,994.00	8.96	2,303	9.71	375,471.00	163.04	156.75
Factory workers, unskilled	186,903.00	4.64	1,427	6.02	182,651.00	128.00	130.98
Fishermen and sailors	5,457.00	.13	38	.16	5,203.00	136.92	143.61
Garage employees and mechanics	55,115.00	1.37	363	1.53	56,453.00	155.52	151.83
Gardeners, agricultural laborers, etc	23,270.00	.58	162	.68	19,779.00	122.09	143.64
Messengers	1,170.00	.03	9	.04	1,392.00	154.67	130.00
Miners	353.00	.01	3	.01	498.00	166.00	116.67
Shovelers and miscellaneous laborers	121,328.00	3.01	923	3.89	120,851.00	130.93	131.45
Telephone linemen, etc	16,682.00	.42	108	.46	17,509.00	162.12	154.46
Railway trainmen and yardmen	87,438.00	2.17	540	2.28	96,450.00	178.61	161.92
Road and street builders	5,575.00	.14	32	.13	4,699.00	146.84	174.22
Stevedores, car loaders, etc	7,536.00	.19	57	.24	8,905.00	156.23	132.21
Street-car conductors and motormen	10,225.00	.25	71	.30	10,982.00	154.68	144.01
Street cleaners	3,762.00	.09	31	.13	3,783.00	122.03	121.35
Printing trade	36,105.00	.89	206	.87	38,477.00	186.78	175.26
Unclassified	154,172.00	3.83	961	4.05	152,723.00	158.92	160.43
H. Servants	249,334.00	6.19	1,794	7.55	228,112.00	127.15	138.98
Barbers and hairdressers	17,408.00	.44	102	.43	15,064.00	147.69	170.61
Chauffeurs, etc	16,232.00	.40	105	.44	14,627.00	139.30	154.59
Cooks	26,780.00	.66	176	.74	25,925.00	147.30	152.16
Elevator operators, bell boys, etc	6,675.00	.16	54	.23	7,264.00	134.52	123.61
Housemaids, etc	41,209.00	1.02	346	1.46	37,642.00	108.79	119.10
Janitors, firemen, etc	44,655.00	1.11	302	1.27	38,515.00	127.53	147.86
Launderers and cleaners	28,916.00	.72	231	.97	27,581.00	119.40	125.18
Nurses and midwives (unskilled)	9,165.00	.23	59	.25	8,302.00	140.71	155.34
Porters	20,649.00	.51	166	.70	19,377.00	116.73	124.39
Waiters, etc	24,417.00	.61	150	.63	21,630.00	144.20	162.78
Unclassified	13,228.00	.33	103	.43	12,185.00	118.30	128.43

SIZE OF LOAN VARIES DIRECTLY WITH SIZE OF INCOME

Table I also brings out the fact that the amount of money borrowed, on the average, by the various occupational groups depends, to a large extent, upon the average income of the respective groups. The larger the income, the larger, on the average, is the size of the loan. When all classes are taken into consideration, the average size of the loan is almost exactly equal to the average monthly income. Employing classes, however, tend, on the average, to borrow slightly more than a month's income, while employees, on the whole, borrow slightly less than a month's income.

SIZE OF LOAN AND INCOME OF BORROWER

Table V shows what close correlation there is between the size of the loan and the monthly family income of the borrower. Although there are a few irregularities in the plotted line, there is a most definite tendency for the size of the loan to increase as the income gets larger. However, the growth in the loan is not quite as rapid as the growth in the income. For instance, families having incomes around $100 tend to borrow a sum considerably larger than $100, while families having incomes in the neighborhood of $300 borrow, on the average, only slightly more than $200.

Table V also brings out the very interesting fact that the bulk of the loans issued by the small-loan companies are made to persons having monthly incomes between $100 and $220. The most common or model income is found to be represented by the class $140–$159.99. This is probably not very far from the model income figure for all the people of New Jersey. Borrowers can not, then, be said to be particularly nonrepresentative as regards income.

CONSUMERS' CREDIT—ITS GOOD AND BAD FEATURES

The small-loan companies of New Jersey undoubtedly play an important part in determining the amount and character of consumers' credit available and utilized in New Jersey. As we shall see, a large proportion of the money loaned by these companies goes directly or indirectly to pay for goods used for direct consumption. It seems wise, therefore, to devote some attention to the merits and demerits of credit of this type.

The question of consumer credit has recently been dragged from obscurity into the spot light, and students of economic science have been discussing it freely. While in the past most economists have been agreed that borrowing for business purposes is essential for industry, as it is at present organized, many of them have felt that it is socially undesirable for consumers to borrow extensively for personal needs. They have held that such borrowing leads to extravagance and overspending, thus preventing the borrower from accumulating the resources necessary to enable him to enter business or to tide him over in periods of disaster.

Recently, however, certain leading authorities have expressed the view that it is distinctly beneficial to the public to have credit extended freely to consumers. Advocates of the latter idea contend that abundant consumer credit is useful in tiding over emergencies, including unemployment; that it enables the newly established family to enjoy the comforts of life instead of skimping for years before it can furnish a home, and that, by keeping up spending in times of unemployment, it lessens the severity of business depressions.

TABLE V.—*Classification of borrowers*[1] *on the basis of the estimated monthly family income and the size of the loan*

Estimated monthly family income	Borrowers		Loans		
	Number	Per cent of all	Total for class	Per cent of aggregate	Average size of loan
All incomes	22,939	100.00	$3,859,571	100.00	$168.25
Under $100	1,214	5.29	137,860	3.57	113.56
$100–$119.99	2,141	9.33	269,402	6.98	125.83
$120–$139.99	3,164	13.79	441,654	11.44	139.59
$140–$159.99	3,799	16.56	588,862	15.25	155.00
$160–$179.99	3,166	13.80	518,964	13.45	163.92
$180–$199.99	1,718	7.49	292,762	7.58	170.40
$200–$219.99	3,296	14.37	651,609	16.88	197.70
$220–$239.99	695	3.03	132,999	3.45	191.37
$240–$259.99	1,348	5.88	275,998	7.15	204.74
$260–$279.99	435	1.90	87,160	2.26	200.37
$280–$299.99	247	1.08	51,698	1.34	209.30
$300 and over	1,716	7.48	410,603	10.65	239.28

[1] This table classifies the records of those borrowers only for whom information is available concerning both family income and the amount of money borrowed.

Presumably the truth lies somewhere between these two divergent views. While most of us probably feel that it is bad policy to buy luxuries on credit, there is no agreement as to what articles are to be classed as luxuries. Nearly everyone thinks it is sound policy to purchase a home without paying all cash. There are few people who have never been compelled to seek credit in the grave emergencies of life. This does not mean, however, that it is the part of wisdom to buy fine clothing, jewelry, and pianos on the installment plan.

Though, in every community, there are many persons to whom the idea of purchasing consumers' goods "on time" is anathema, the fact remains that, without regard to what may be the correct theory, a host of people habitually buy on credit. And this state of affairs is nothing new. In ancient Rome, the church fathers condemned interest, partially, doubtless, because the money lenders were the hated Jews, but mainly because most of the borrowers were poor people who had gone in debt to meet their dire needs. Buying on credit is, then, a practice which has been common for centuries. Certainly the oldest inhabitants can not re-

member a time when their local merchant did not have on his books a large fraction of the families of the neighborhood.

Recently, the chain store has popularized the idea of paying cash for groceries and many other types of merchandise. To a considerable extent, then, mercantile book credit has diminished in amount. The shrinkage in this field has, however, been accompanied by a great increase in installment buying. The advertisements in the magazines lead one to believe that the whole business world is engaged in an attempt to entice the consuming public into buying on credit. If purchasing consumers' goods on credit is unwise, we must, then, indict the great majority of the population for indulging in this foolish practice. If encouraging consumers to go into debt is a moral crime, practically the whole business world must be charged with unethical conduct.

WHY THE BORROWERS DESIRE LOANS

That consumers' credit plays an important part in the small-loan business of New Jersey has already been stated. However, the reason why people borrow from the small-loan companies have not yet been analyzed in any detail. The facts are brought out by Tables XIII and XIV.

It should be understood that the reasons for borrowing tabulated are those stated by the borrowers. In some cases, of course, the borrower may have concealed from the loan company the real reason for making the loan. In most cases, however, the reasons as given are probably approximately correct.

TABLE XIII.—*Absolute number and per cent of total number of borrowers assigning specified reason for making of loan*

(Classification includes data only for those 20 companies having adequate information concerning the reason of borrower for desiring loan, both open and paid-up accounts included)

Reason assigned for making loan	Number of borrowers			Per cent of all borrowers		
	All borrowers	White	Colored	All borrowers	White	Colored
All reasons	16,079	13,977	2,102	100.00	100.00	100.00
I. Expenses arising from illness or death	1,766	1,571	195	10.99	11.24	9.28
A. Funeral expenses	114	84	30	.71	.60	1.43
B. Confinement expenses	69	66	3	.43	.47	.14
C. Other payments to physicians, dentists, and hospitals	1,583	1,421	162	9.85	10.17	7.71
II. Liquidation of other debts	5,203	4,528	675	32.36	32.40	32.11
A. Consolidation of several debts	2,525	2,240	285	15.70	16.03	13.56
B. Payments on automobile	403	370	33	2.51	2.65	1.57
C. Payments on home or home site	521	447	74	3.24	3.20	3.52
D. Insurance	83	74	9	.52	.53	.43
E. Taxes	929	737	192	5.78	5.27	9.13
F. Others	742	660	82	4.61	4.72	3.90
III. Business expenses	1,612	1,468	144	10.03	10.50	6.85
IV. To assist friends or relatives	250	224	26	1.55	1.60	1.24
V. Current expenses	5,860	5,022	838	36.44	35.93	39.87
A. Christmas gifts	246	201	45	1.53	1.44	2.14
B. Clothing	312	277	35	1.94	1.98	1.67
C. Coal	317	285	32	1.97	2.04	1.52
D. Furniture and house furnishings	347	301	46	2.16	2.15	2.19
E. Moving expenses and rent	515	382	133	3.20	2.73	6.33
F. Repairs on automobile	119	102	17	.74	.73	.81
G. Repairs on home [1]	600	521	79	3.73	3.73	3.76

[1] This classification covers only those borrowers for whom both color and reason or making the loan are reported.

TABLE XIII.—*Absolute number and per cent of total number of borrowers assigning specified reason for making of loan*—Contd.

Reason assigned for making loan	Number of borrowers			Per cent of all borrowers		
	All borrowers	White	Colored	All borrowers	White	Colored
All reasons—Continued.						
V. Current expenses—Con.						
H. Travel and vacation	255	220	35	1.59	1.57	1.67
I. Wedding expenses	37	33	4	.23	.24	.19
J. Household and miscellaneous	3,112	2,700	412	19.35	19.32	19.59
VI. Combination of purposes	1,290	1,080	210	8.02	7.73	9.99
VII. Miscellaneous	98	84	14	.61	.60	.66

RACE DIFFERENCES IN REASONS FOR BORROWING

Table XIII differentiates the reasons for borrowing on the basis of the race of the borrower. The table shows clearly that the most important reason leading to the negotiation of a loan is to meet current household and miscellaneous expenses. Nearly one-fifth of all the borrowers gave this as their reason for desiring a loan. The percentages were approximately the same for the two races. The second reason, from the point of importance, was to consolidate and liquidate several debts. About one-sixth of the white borrowers and one-eighth of the colored borrowers assigned this as their reason for desiring to borrow. As to how these various debts arose, the investigation tells us nothing. If we had the facts, the 2,525 entered under this heading could all be distributed to other categories. The main reason for inserting this subtitle is that it assists in arriving at some idea of the total volume of loans made to pay off debts.

PROPORTION OF LOANS MADE TO LIQUIDATE EXISTING DEBTS

Our information indicates that approximately one-third of all loans made are for this purpose. It may, indeed, be said that the proportion of the total amount of loans going to pay debts is even greater, for, presumably, the larger proportion of the loans negotiated to pay expenses arising in connection with illness or death are also used to liquidate debts already incurred. Under the general heading of debt payments, it would also be legitimate to include a fraction of the loans of borrowers entered under the title "Combination of Purposes." The evidence, then, indicates that, of the total number of loans, not much fewer than one-half are made for the purpose of paying off other creditors. Clearly, then, the existence of the small-loan companies is a matter of marked importance to these creditors, for, otherwise, they would have to carry these claims on their books for a longer period of time and suffer all the expense, annoyance, and loss of good will incident to collecting from debtors.

PROPORTION OF LOANS MADE TO MEET OTHER EXPENSES

It is of interest to note that 1 colored borrower in 11 and 1 white borrower in 19, needed the money to pay taxes. Six per cent of the colored borrowers and nearly 3 per cent of the white borrowers borrowed the money in order to meet moving expenses and rent. These purposes play, then, a larger rôle in the case of the colored borrowers than they do in the case of the white borrowers. The colored people also borrow the more frequently to pay for funeral expenses. On the other hand, members of the white race borrow the more commonly to pay fees to physicians, dentists, and hospitals. More of the white borrowers secure the money to make payments on an automobile than is the case with the colored borrowers. Borrowing to meet business expenses is also a more important item for whites than for negroes.

OCCUPATIONAL GROUPS DIFFER IN REASONS FOR BORROWING

In Table XIV we find the borrowers divided, not on the basis of race but, instead, along broad occupational lines. Examination of the percentages here appearing indicates that occupational groups differ very noticeably as to their reasons for negotiating loans. One-third of all loans by nonprofessional business men are made for business purposes, while not one-fourth of the loans of self-employed professional men have this end in view. As one might expect, business purposes are of minor importance in the case of all classes of employees.

TABLE XIV.—*Absolute numbers and percentages of all borrowers* [1] *in different occupational groups classified according to the reason assigned for desiring loan*

(Classification includes data only for those companies having adequate information concerning the reason of borrower for desiring loan)

Reason assigned for making loan	Number of borrowers					Per cent of all borrowers				
	Employers or self-employed	Employees				Employers or self-employed	Employees			
	Nonprofessional	Professional		Clerical	Manual	Nonprofessional	Professional		Clerical	Manual
All reasons	3,257	172	541	2,753	9,107	100.00	100.00	100.00	100.00	100.00
I. Expenses arising from illness or death	147	9	52	355	1,172	4.51	5.23	9.62	12.89	12.86
A. Funeral expenses	8		1	18	85	.24		.19	.65	.93

[1] Both open and paid-up accounts included. Borrowers for whom occupations were not reported are not included in this tabulation.

TABLE XIV.—*Absolute numbers and percentages of all borrowers in different occupational groups classified according to the reason assigned for desiring loan*—Continued

Reason assigned for making loan	Number of borrowers					Per cent of all borrowers				
	Employers or self-employed	Employees				Employers or self-employed	Employees			
	Nonprofessional	Professional		Clerical	Manual	Nonprofessional	Professional		Clerical	Manual
All reasons—Continued.										
I. Expenses arising from illness or death—Continued.										
B. Confinement expenses	3	----------	1	11	53	0.09	----------	0.19	0.40	0.58
C. Other payments to physicians, dentists, and hospitals	136	9	50	326	1,034	4.18	5.23	9.24	11.84	11.35
II. Liquidation of other debts	957	58	179	957	2,979	29.38	33.71	32.16	34.77	32.71
A. Consolidation of several debts	432	30	84	487	1,454	13.26	17.44	15.53	17.69	15.97
B. Payments on automobile	41	----------	13	80	266	1.26	----------	2.40	2.91	2.92
C. Payments on home or home site	99	8	22	98	287	3.04	4.65	4.07	3.56	3.15
D. Insurance	15	2	3	16	44	.46	1.16	.55	.58	.48
E. Taxes	210	10	27	129	542	6.45	5.81	4.99	4.69	5.95
F. Others	160	8	25	147	386	4.91	4.65	4.62	5.34	4.24
III. Business expenses	1,070	40	17	143	324	32.85	23.26	3.14	5.20	3.56
IV. To assist friends or relatives	40	1	9	45	153	1.23	.58	1.66	1.64	1.68
V. Current expenses	799	55	249	1,012	3,655	24.53	31.99	46.03	36.76	40.13
A. Christmas gifts	31	2	7	28	178	.95	1.16	1.29	1.02	1.95
B. Clothing	19	1	8	52	225	.58	.58	1.48	1.89	2.47
C. Coal	36	1	3	38	226	1.10	.58	.56	1.38	2.48
D. Furniture and house furnishings	38	2	8	57	235	1.17	1.16	1.48	2.07	2.58
E. Moving expenses and rent	74	4	12	70	351	2.27	2.33	2.22	2.54	3.86
F. Repairs on automobile	15	3	2	23	72	.46	1.75	.37	.84	.79
G. Repairs on home	124	6	30	100	330	3.81	3.49	5.55	3.63	3.62
H. Travel and vacation	17	3	41	54	138	.52	1.75	7.58	1.96	1.52
I. Wedding expenses	7	----------	----------	7	22	.22	----------	----------	.25	.24
J. Household and miscellaneous	438	33	138	583	1,878	13.45	19.19	25.50	21.18	20.62
VI. Combination of purposes	227	9	34	215	780	6.98	5.23	6.28	7.80	8.58
VII. Miscellaneous	17	----------	6	26	44	.52	----------	1.11	.94	.48

Loans to cover expenses connected with sickness or death play a distinctly less frequent rôle among employers and self-employed than they do among employees. This reason is also less common with professional than with nonprofessional employees. Professional employees, more than any other class, borrow to meet current expenses, this type of loan being least common among nonprofessional men in business on their own account. The greatest degree of similarity among the various classes of borrowers appears in the case of loans made to liquidate existing indebtedness. About one-third of the loans of each class are reported as going for this purpose. Were a fraction of the loans reported as made for a combination of purposes, and most of the loans to pay expenses incurred in connection with illness and death, added to this percentage—a process necessary if we are to approximate the actual percentage going to pay debts—the proportion assignable to this cause would be found to account for between two-fifths and one-half of all cases of borrowing from the small-loan companies of New Jersey.

SERVICE RENDERED TO BORROWERS BY SMALL-LOAN COMPANIES

Reference to Table XIII shows us that nearly 11 per cent of all amounts borrowed were secured in order to meet hospital, medical, and funeral expenses. Nearly 10 per cent of all loans were negotiated in order to make payments due on the home or homesite, to meet insurance premiums or to cover taxes—all expenses which it is imperative to meet. Practically 2 per cent of the number of loans went to buy coal, a supply of which also frequently constitutes an urgent necessity. Nearly 3 per cent of the loans were used to cover moving expenses and rent, and nearly 4 per cent to pay for repairs on the home. All of the reasons just mentioned are obviously to be listed among necessities. Presumably a very large proportion of the 16 per cent of loans which were used to consolidate several debts, and the 19 per cent of the loans incurred to meet household and miscellaneous expenses also represented necessities rather than luxuries.

It is, of course, impossible for a statistical tabulation to show what percentage of these cases represented, for the families concerned, real emergencies. The probabilities are, however, that this percentage would be by no means small. Clearly, then, it is highly desirable from the standpoint of the poorer half of our population that there be at hand some source from which it is possible to obtain loans promptly in cases of emergency.

SMALL-LOAN COMPANIES SERVE BUSINESS AND THE PROFESSION

Popular discussion seems to indicate that, if small-loan companies render any service at all, it is to the poorer sections of the population who are obliged to borrow from them. While undoubtedly it is this type of service which meets the most urgent needs of the community, the fact should not be overlooked that the operations of the small-loan companies often are highly beneficial to the merchants, professional men, and other well-to-do classes of citizens. Not infrequently, of course, members of these classes are numbered among the borrowers. From the standpoint of the wealthier classes as a whole, however, the chief service of the small-loan companies is of a different type.

Reference to Table XIII shows that, of all loans made, 32 per cent were specified as being secured in order to pay off debts. Part of the 9 per cent listed under subheads VI and VII went for the same purpose. This means that of the $19,001,151 of loans outstanding in New Jersey on November 30, 1928, probably some $7,000,000 of the proceeds went to liquidate outstanding debts. Furthermore, the 11 per cent borrowed to pay for medical, hospital, and funeral expenses, or some $2,000,000, prevented the dragging along of these accounts for long periods. What does all this mean?

The answer is that, to no small extent, the small-loan companies are relieving the physicians, hospitals, lawyers, and merchants from the necessity of carrying accounts for long periods of time without any agreed-upon rate of interest. The carrying of such charge accounts obviously necessitates higher fees and higher charges for merchandise. These higher rates are as much a burden upon the man who pays cash as upon the man who is always a year behind. It follows that the custom of borrowing from the small-loan companies to pay the butcher, the baker, and the candlestick maker enables these worthies to keep down their prices and hence is advantageous not only to them but also to those of their customers who habitually pay cash for their purchases.

ATTITUDE OF BORROWERS TOWARD SMALL-LOAN COMPANIES

One of the best tests of the merit of a service is to ascertain how well it satisfies the person served. With a view to finding out just how the borrowers feel toward the small-loan companies of New Jersey, Mr. Arthur Brown visited, in their homes, 107 such borrowers, selected at random at my office, and Miss Emily Majer interviewed 13 such borrowers privately at the offices of the loan companies and 176 other borrowers, whom I selected at random, at their respective homes. Both Mr. Brown and Miss Majer find that, in no single instance, did a borrower cite any specific instance of unfair treatment by the loan companies and that, although some of them felt the rates charged to be too high, there was practical agreement that the small loan companies are rendering a service essential to the well-being of the community.

THE LOAN RATE

Commercial banks are wholesalers; small-loan companies are retailers of credit. The latter contend that their expenses of doing business are very heavy in comparison to the amount of money loaned.

The cost to the lender of making and collecting a loan is almost the same whether the loan is $50 or $300. Evidently, then, the expense per dollar loaned is much greater in the case of small than of large loans.

The cost of loaning and collecting money varies inversely with the reliability of the borrower.

It follows that if the lenders receive a high interest rate, they can afford to loan small amounts and to loan to persons who are fairly well down on the credit-risk scale. On the other hand, if the rate charged is low, they can not afford to loan small sums and they can not accept applications for loans from persons not having a high credit rating. The legislative policy in fixing the legal interest rate, therefore, determines how far down on the credit-risk scale of borrowers loans are to be available.

REPORT OF COMMITTEE OF MINNESOTA LEGISLATURE

The Members of this House are usually responsive in some degree to the observations and experience in the several States of legislative bodies dealing with similar problems. At this point, therefore, I insert passages from the report of the interim committee of the House of Representatives of Minnesota on small-loan legislation issued in 1929:

FINDINGS

1. That all classes of people, rich and poor alike, from time to time have not sufficient money to meet their immediate needs and must, therefore, resort to borrowing.

2. That for the purpose of protecting the borrower against extortionate rates of interest, laws have been enacted limiting the rate of interest which the lender may charge and receive.

3. That the general usury laws of this State and of other States are such as to render it impossible for the average consumptive borrower to obtain money at a rate of interest within the limit fixed by law.

4. That the necessitous borrower, unable to borrow at banks or elsewhere at legal interest rates, will and does borrow from other sources at higher rates.

5. That to meet the needs of this large class of borrowers who can not obtain money at legal rates of interest the loan shark has appeared, supplying the need, but at unreasonable and extortionate rates of interest.

6. That in the large industrial centers of Minnesota, as in similar centers of population in other States where effective legislation has not been enacted, loan sharks do a thriving business based upon rates of interest which range from 120 to 400 per cent per annum and higher.

7. That the loan shark by threats and intimidation preys upon the weakness and ignorance of the borrower with whom he deals.

8. That laws such as the general usury law of this State are ineffective in curbing the loan-shark evil, because they are arbitrary and unsound in principle, in that they do not make proper allowance for the various types of loans, the difference in credit and security possessed by borrowers, and the elements of expense involved in the making of loans.

9. That in theory there are four possible methods of dealing with the loan-shark evil:

(a) To repeal our general usury law, thereby lessening to some extent the risk assumed by the lender and leaving the matter of interest rates to unrestricted competition.

(b) To make the 8 per cent usury law more effective by prescribing that violation thereof shall constitute a criminal offense, punishable by imprisonment and by rigidly enforcing such a law.

(c) To provide for the making of small loans as a semiphilanthropic, noncommercial enterprise.

(d) To legalize commercial lending of small sums at prescribed rates in excess of the general maximum interest rate, fair both to lender and borrower, with provision for State licensing, inspection, and supervision.

10. The first method above suggested—i. e., the repeal of our general usury law—is impractical and would prove ineffective in operation.

11. The second method above suggested—i. e., that of attaching a criminal penalty to our general usury law—is inexpedient.

12. That the third method suggested—i. e., lending by semiphilanthropic and noncommercial agencies—has been tried and found inadequate.

13. That the fourth method suggested—i. e., to legalize the lending of small sums of money at prescribed rates in excess of the general maximum interest rate, fair both to lender and borrower, with provision for State licensing, inspection, and supervision of the lender—offers the only practical method of exterminating the loan shark.

14. That the necessity of allowing upon small loans a rate of interest in excess of the general maximum rate has been recognized in this State and provision therefor made by statute.

15. That a rate of 3½ per cent per month on unpaid balances to cover interest and expenses, with no fees in addition thereto on loans of $300 or less, offers the only practicable solution of this problem.

16. In addition to the authorization of this higher rate upon loans of this type adequate provisions must be made for State supervision of the business, and adequate penalties must be provided to make the enforcement of this law effective.

17. That the enactment of legislation allowing a charge of 3½ per cent per month, with proper safeguards to the borrower, has brought legitimate capital to the small-loan business and has elevated this business to a plane of decency and respectability where it properly belongs.

18. That while it is probably true that the average loan of the licensed lender is larger than the average loan of the loan shark, this does not indicate that the licensed lender will not make the small loans.

19. That the legalization of a rate of 3½ per cent per month on loans of $300 or less does not interfere with or jeopardize the borrower who now is capable of obtaining a loan at a bank or elsewhere at banking rates of interest.

20. That legislation of the character embodied in the uniform law has received the approval and indorsement everywhere of organizations and individuals who have given the matter consideration.

RECOMMENDATIONS

Upon the foregoing findings the committee submits the following recommendations:

1. That the extension of credit unions as authorized by chapter 206, laws of 1925, should be encouraged.

As hereinbefore stated, the committee finds that credit unions are capable of rendering valuable assistance in the small-loan field. Adequate provision for the organization of such unions having been made by statute, there is no further legislation which we can recommend along this line. Our existing credit union law has the approval and indorsement of the committee.

Some progress in the development of credit unions has been made in Minnesota. In the three years since the enactment of the statute about 38 such organizations have been formed. Doubtless many more will be formed, and this movement should be encouraged in every possible manner. Groups eligible under the law should be fully advised as to the manner of organization and the conduct of the business. The Russell Sage Foundation has made an extensive study of credit unions and is prepared to give full information regarding their establishment and operation.

The credit union being a cooperative rather than a commercial enterprise, and the overhead expense being relatively small, these organizations are able to lend money to members at a rate of 1 per cent per month. Certainly a man who can obtain a loan at that rate should not pay 3½ per cent per month. However extensive may be the development of the credit-union idea, there will always be borrowers who can not or will not become members of any credit union. For this class the only source of borrowing will be the commercial agency, with its higher rate. But the credit union can take care of many who would otherwise find it necessary to pay the higher rate necessarily charged by the commercial lender.

In just what manner the development of credit unions can be furthered in this State the committee is not at this time prepared to say. However, it is our opinion that welfare organizations can accomplish a great deal of good by obtaining and disseminating such information among those groups which are eligible under the law to form credit unions. Perhaps also provision can be made whereby the State will likewise assist in furthering the establishment of credit unions by giving publicity to the possibilities of this form of organization.

2. That the bill hereinafter set forth, being the uniform small loan law with slight modifications, be enacted by the Legislature of the State of Minnesota.

REPORT OF CITIZENS' COMMITTEE OF WISCONSIN

During 1929 a citizens' committee secured in the State of Wisconsin a referendum vote by the customers of the small-loan companies operating under the uniform law in that State. This document is too lengthy for complete inclusion here. I insert as follows only the body of the report and a few typical samples of the testimonial letters received by this committee in answer to the inquiry as to whether or not the customers of small-loan companies wished to have this small credit facility continued in that State:

To the PRESIDENT WISCONSIN INDUSTRIAL LENDERS ASSOCIATION:

The undersigned, members of the Citizens' Committee on the Uniform Small Loan Law, herewith submit their report of the result of the referendum vote by customers of the small-loan companies now operating in this State. The question was submitted by mail to all of the persons who have made loans of the companies included in your association. There are about 40,000 such borrowers in all.

The question presented to them was whether they want the existing law which authorizes these loans continued, or repealed as proposed in a bill now pending in the legislature. The form of ballot used follows:

CITIZENS' COMMITTEE ON THE
UNIFORM SMALL LOAN LAW,
Milwaukee, Wis., July 8, 1929.

This committee wants to know whether or not the customers of small-loan offices want the law to be changed so these offices must go out of business.

We have asked the company from which you have borrowed money to write your name at the top of this letter.

We ask you to send us your answer at once in the stamped and addressed envelope which is inclosed.

You should sign your name and address, but you may be perfectly sure that your name will not be made public.

It is our purpose to find out from the customers of this small-loan business whether they think it is a useful and necessary business, or whether they think this business as now conducted should be stopped entirely.

Please answer the question below by making a cross after the word "Yes" if you believe the business should continue; or by making a cross after the word "No" if you think the business ought to be stopped.

This is the question:

Do you want the legislature to retain the small loan law and to keep your chance to borrow money as you are now able to do at the office where you have made a loan?

Yes ☐ I want the business to be continued.
No ☐ I want the business to be stopped.

We thank you for sending your answer, which will help the people of the whole State to know whether the small loan law has helped or whether it has harmed those who, like yourself, have borrowed money at small-loan offices.

FRED D. GOLDSTONE,
Secretary of the Committee.

Your name.....
Your street and number.....
Your city or town.....

The canvass has been conducted from July 8 until noon of to-day, July 19. The results of the poll are as follows:

	Against repeal	For repeal	Total	Per cent against repeal
Votes from Milwaukee County	3,937	209	4,146	95.0
Votes from rest of State	8,640	701	9,341	92.5
Total votes cast	12,577	910	13,487	93.2

Accompanying the ballot on which these votes were cast were more than 300 voluntary expressions of opinion of which the great majority were in favor of the maintenance of the small-loan business. We have appended to this report representative copies of such letters.

The practical unanimity of these votes is all the more significant in view of the circumstances and conditions prevailing during the referendum.

First. The State senate had recently passed, by a vote of 23 to 5, a bill to repeal the small loan law here in question.

Second. In the course of the discussion of this measure in the senate, the law was bitterly assailed on the ground of authorizing usury and of permitting exorbitant profits to the lender. These statements were widely quoted in the public press.

Third. The business of loaning money, from Biblical days down to the present time, has never been a popular one.

Whatever others may think about the small loan law, the people who have taken advantage of it by borrowing from the agencies licensed in this State—the people, after all, most concerned—are unmistakably in favor of it.

Respectfully submitted.

FRANCIS E. MCGOVERN, *Chairman.*
WM. L. PIEPLOW.
FRED D. GOLDSTONE, *Secretary.*

TYPICAL VOLUNTARY LETTERS

These letters are printed here as they were written. They have not been edited except as it has been necessary to eliminate words that would serve to identify the writers.

There are times when a man of independent character prefers paying a high rate of interest to asking a friend to go security for him at a bank. Such a company affords a legitimate opportunity to get money and to pay for the loan.

There are times when a man has borrowed all that his credit will properly stand at the bank where he does business. Then sickness in his family or the necessities of a son or daughter in school make a demand upon him which must be met. Under this "small-loan" system he may meet the emergency without embarrassment and in a wholly legitimate way, and pay when the stress is over.

Also any man of independent character despises any plan which savors of charity or patronage; he would not consider a "charity" loan under any circumstances. The "charity" loan proposition under whatever disguise labeled is an insult to any self-supporting man or woman, and will not be used.

Again, there are many who do not have bank credit and who are entirely honest, and who get "up against" tragic conditions where some small amount as $25 or $50 will save happiness and perhaps life itself; this sort of a company gives them their chance. They get what they need, and they pay and pay gladly for what they get.

When I read of the extreme concern of some of the people who are worrying in the public prints about the sad, sad case of the poor borrower I am somehow reminded of good Ben Franklin's story of the man who had an ax to grind.

When I first went to make my loan I was just about as green in the business of loaning money as perhaps hundreds of other people were. Yet I have this to say, that every bit of information I asked for, and a great deal more besides, was given to me before I made my loan. I understood distinctly the way this business is transacted, the interest rates, and everything else.

The rate of interest charged—although a little high, in my opinion—is just a slight obstacle when one is in strained circumstances. It can easily be overcome when the party making a loan will, in the season when he fares a little better, make as large a payment on his loan as is possible. It is well understood that everybody at some time can use a little extra money. There is sickness, no work, and hundreds of other reasons why a person will be down and out at some time. I personally would rather make a loan than to charge a bill to a doctor, and that goes for a lot of other things also.

I sincerely believe that whoever is on the verge of making a lon knows just exactly how the situation is handled. It is really up to that party to decide whether he can afford it. Here is another thing I noticed. The people I deal with always discouraged me from making a large loan. They always were sincere about it, and made me understand I must be sure whether I could afford it.

I hope these few lines will help you to decide to keep the small loans act.

I have found this company a great help to me when I was in need, although the interest is high. But where can a nonproperty owner go and get money without a signer?

When I made a loan with these people I was out of employment; my house rent went on; I was too proud to let my own folks know I hadn't my rent, and furthermore they need everything they have for themselves. How could I tell my landlord I didn't have the rent? I knew I could not go to a bank and make a loan without a signer. Well, then, I would have to tell some one, and that I didn't want to do. I have always kept up my credit, yet I was in a position I couldn't get a loan unless I went to some one to sign for me. I knew when winter was over I would have employment again. And with the loan I got from the loan company I could get by without letting anyone know my business. And so there are lots of poor people too proud to tell their friends the position they are in, and are willing to pay for a little help over a rough place. I read the ad in the paper. I went to these people; they gave me a loan without a lot of red tape, and I for one can say I thank them.

I most certainly do not think this system of loaning money should be discontinued. It is the best way the middle class has of borrowing money without having the fact made public property.

I personally am very much in favor of keeping our local firm of this kind in existence. It has done much for me.

One reason I am in favor of the loan office continued is that I personally know of men who, if it were not for being able to borrow, would have been in very great trouble, garnisheed, and so on. I borrowed money to pay off a grocer who was charging me from 3 to 10 cents more on every article I bought of him.

My principles are to never quit a man owing him. So I borrowed in self-defense, one might say. And have saved many times the interest charged since getting the loan.

I have found it a boon for a small-wage-earning man. The only way to get taxes, hospital money, interest, etc., is to borrow it, and then hurry to pay it in larger amount than the required amount. For those poor folks that get tough breaks so often there is nothing like it; better any time than asking relatives. You borrow the money, pay your interest, and need feel under no obligations to more fortunate relatives or friends.

THE UNIFORM ANNUAL REPORT BY SMALL-LOAN COMPANIES

H. R. 15892 provides that the commissioner of insurance of the District of Columbia shall have the responsibility to issue licenses to small-loan companies operating in this jurisdiction and to supervise their business. Wide latitude is given in this matter of supervision.

The uniform small loan law generally imposes responsibility upon some official department in each State, usually the State department of banking, to grant licenses and to supervise licensees. This supervision is designed primarily to protect the borrower through rigid enforcement of the safeguards written into the law. In the several States in which the uniform small loan law is operative there has been active supervision of the business. Moreover, recognizing the public interest to be served, personal finance companies have diligently cooperated with the official supervisors, both individually and directly, and through the action of their national and State associations. I may further add that such other agencies as the Russell Sage Foundation, legal-aid associations, better-business bureaus, and local chambers of commerce have engaged cooperatively in seeing to it that the provisions of the uniform small loan law are being fully observed.

The small-loan business has been publicly commended on numerous occasions which have come to my attention by official supervisors in the several States by reason of its attitude of cooperation in assisting the enforcement of the administrative provisions of the law. The small-loan business, however, has voluntarily proceeded beyond mere compliance with legislative and administrative provisions and during the year 1930 has undertaken to make of public record comprehensive economic and social data concerning the business. The national and several State associations of

this industry have recommended to the respective supervising State officials that a uniform annual report be required from each licensee in each of the several States, the object being not only to secure an official record of all pertinent economic and social facts bearing upon the business but to secure this information in such form as will make possible its uniform compilation and comparison.

A uniform report of this character drafted by the American Association of Personal Finance Companies and indorsed by the Russell Sage Foundation has already been adopted with slight local modifications in more than a dozen States. Its general use will assure the collection of a body of information of authentic and official character such as no other industry, in so far as I am advised, has voluntarily placed at the disposal of the public.

MINORITY VIEWS

Minority views on this proposed legislation have been prepared and reported from the Committee on the District of Columbia by Messrs. HULL of Wisconsin and TARVER of Georgia. I am never disposed to brush aside lightly the opposing views of my colleagues of the House. They usually represent serious, painstaking study and are always worthy of respectful consideration.

I beg leave, however, to point out that the minority views reported from the Committee on the District of Columbia are based upon misapprehensions which constitute two of the principal difficulties encountered by the small-loan industry in establishing its position with the public. I refer primarily to the confusion between commercial banking interest rates and the charges for small-loan services. These are not properly comparable. Again, there is the belief that the loan-shark evil can be readily eradicated through vigorous enforcement of existing laws. The latter point has been covered already in these remarks. The former I will discuss briefly at this point.

HIGH COSTS OF SMALL-LOAN BUSINESS

The natural reaction to a law allowing a much higher rate to be charged for small loans of short duration than is paid by the substantial borrower is unfavorable, yet the very nature of the transaction so requires. To believe that a secured loan of $5,000 to 1 person is as costly to make and collect as 50 poorly secured or unsecured loans of $100 each to 50 persons is obviously fallacious, the latter requiring 50 times as much bookkeeping and more than 50 times as much investigation and collection effort and cost practically 50 times as much for overhead.

The cost factors per dollar loaned in making small loans at "retail" are quite different from those incident to large "wholesale" loans. In the first place, the licensed lender must pay the bank rate or more to investors for the money it lends; it has no depositors' funds. It then has heavy operating costs incident to making loans and collecting thousands of small monthly payments. The applicant for a small loan is not only a stranger but is usually facing a financial emergency. His character, income, habits, financial condition, employment, stability of his family relations, and general conditions must be ascertained without offending him or embarrassing him in his employment. Collection can not be effected by recourse upon indorsers or other good security, or lawsuits, foreclosures, or any of the collection methods employed by commercial collection agencies. The cost of collections is many times higher per dollar loaned than in any other type of credit agency.

Experience has demonstrated that even the small loans which are indorsed by two acceptable comakers can not be made and collected unless investigation fees are charged and interest for a full year is discounted in advance, although the principal is repaid in equal monthly payments during the year; the true interest charged by such agencies runs from 20 per cent a year up. Some commercial banks make small indorsed loans at a low rate, but such loans are few in number and are made without profit to accommodate present or potential depositors. The great majority of wage earners are unable to borrow from the most liberal banks because they can not furnish the required security of two acceptable indorsers.

However, the agencies which operate under the small loan laws do not compete with the banks or the Morris Plan agencies, all of which require comakers or indorsers. They lend to that large group of people who can not obtain acceptable indorsers, and who can only offer security with a cash value which is a small fraction of the amount loaned.

Such loans can be made on a noncommercial basis when workers are associated in a cooperative credit union whose officers serve without pay, lending the members' deposits to other members. Though such credit unions are valuable and desirable, especially for Government employees, they are limited in scope. Over half the gainfully employed in the District are not employed by the Government and most of these are not so situated as to be able to take advantage of credit unions.

RATE OF CHARGE

The uniform small loan law describes the rate as interest. This language has been found necessary in the pending measure. It should be stated that this frequently spreads and strengthens the misapprehension suffered by Messrs. HULL and TARVER, who signed minority views, i. e., that the rate of charge is real interest.

"Interest," as used in the language of this measure, is a legal fiction found necessary as a matter of legislative language. The rate might more fairly be described as the "rate of interest and charges." The permitted rate is, in fact, a gross charge for this small-loan service, out of which must be deducted many costs peculiar to the business as well as ordinary operating expenses before the remainder resembles interest in the sense of compensation for the use of money.

The common practice cited above to confuse the gross charges for this small-loan service with commercial banking interest rates has created much misunderstanding regarding the sanctioned maximum rate. It is commonly stated that the small-loan business charges from 30 to 42 per cent interest per annum. This statement obviously spreads public misconceptions. First of all, the permitted rate is levied only against unpaid balances, without other charges or fees whatever. It should be clearly understood that the permitted rate is a gross charge for the financial service rendered out of which must be deducted all operating costs before the remainder even approximates the accepted concept of interest, or develops that profit to the lender which is necessary to sustain the business as a commercial enterprise.

COST OF MONEY FOR LOAN PURPOSES

It is impractical to discuss here with any completeness the cost factors in the small-loan business. However, it seems permissible to point out to those who habitually confuse the rate of charge in the small-loan business with banking interest that a single item of cost in the small-loan business is usually greater than the customary regular bank interest rates. I refer to the cost of procuring capital for the business. In procuring capital for loan purposes commercial banks enjoy a wide advantage over other lending institutions. The bank, in exchange for its guarantees of security and its other accommodations and services, attracts the surplus capital of the individual, and thereby accumulates great reserves of deposit funds. Under banking regulations and subject to deductions for operating costs, these deposits are available for loan purposes without the intervention of customary charges for the use of money. The commercial bank with only nominal capital may possess, by reason of the accumulated deposits of its customers, a vast reservoir of loanable resources.

It is even possible for commercial banks, after all customary cost deductions are made, to employ the aggregate funds of their depositors within the general usury statutes and yet develop an income far in excess of returns from simple transactions under the so-called legal rate of interest. It is impractical here to trace in detail the life history of commercial-bank assets. However, through such common and accepted practices as discounts, maintenance of compensating balances, the mobile use of loanable funds in call money markets, and so forth, it is possible for the commer-

cial bank to realize gross returns not at all reflective of the simple legal-interest rate.

The commercial or industrial enterprise requiring capital must usually procure it from the banker, and it must pay the banker's charge for the use of the money. The banker's charge in such transactions can not be uniform, although the visible rate necessarily must not exceed the legal maximum. The old-established business, with every reasonable evidence of stability and permanence, gets the low rate. The new or unfamiliar enterprise usually pays the maximum charge.

While the small-loan business has achieved a business status which has already gained the favorable attention of substantial investment bankers, when compared with many other enterprises it is a relatively new business, the magnitude and economic influence of which is only now being discovered and appraised. It is not strange then that the loanable funds of personal-finance companies, or small-loan companies, which under this proposed measure can not be accumulated through deposits, must be procured from banks or other equivalent agencies at relatively high costs for the use of the money.

It seems a fair statement, based upon all the information available, to say that the average cost of money for loan purposes in the personal-finance business equals, or exceeds, the legal maximum bank interest rate in the District of Columbia.

A GRADUATED-RATE PLAN PROVIDED IN THIS LAW

While convinced that a maximum interest rate of 3 per cent a month on the unpaid balance is necessary to insure the provision of complete small-loan service, the committee has developed a graduated-rate plan which gradually reduces the rate permitted as the amount of the loan or loan balance increases.

The rate of 3 per cent is not to be permitted on all loans under $300, as in most of the States, but only on the loans of $100 and less, which experience and cost accounting has proven can not and will not be made at a lower rate. Persons borrowing the larger amounts from $100 to $300 are to obtain a lower rate; 3 per cent a month can be charged on only that part of the unpaid principal balance not exceeding $100, and 2½ per cent a month can be charged on the remainder of the principal balance of the loan. This results in a graduated reduction of the rate charged on each dollar from $100 to $300, and a substantial saving to borrowers. It discourages lenders from making only the larger loans, and assures the making of the smaller and more necessitous ones.

The actual cost of loans when interest is charged only on unpaid balances is not as great as it might seem at first thought. A loan of $100 repaid in three equal monthly payments would cost an average of $2 a month; if repaid in 10 equal monthly payments it would cost an average of $1.65 a month. A full examination of the books of 30 loan companies made by Dr. Willford I. King, the statistician and economist, showed that borrowers were paying the income from only three or four days' labor on their loans, which averaged $170 and were discharged, on the average, in 280 days. Many of the victims of illegal lenders in the District of Columbia are paying from one-fourth to three-eighths their income in interest and other charges. Doctor King's survey showed that the interest costs to borrowers from legal loan companies amounted to the moderate sum of 10 cents per day.

EXPERIMENTS WITH LOWER RATES WHERE ATTEMPTED HAVE FAILED

In Missouri, which has a rate of 2½ per cent a month, the loan shark is active in spite of strenuous efforts to curb him; various schemes to charge higher rates have been adopted; new capital is not coming into the business; reputable agencies are declining to make loans under $100, and all are charging the maximum rate.

In West Virginia, which has a rate of 2 per cent a month, no money is offered at this rate and the State is overrun with loan sharks.

In New York a rate equivalent to 2¼ per cent a month leaves all but a small fraction of the wage earners without small-loan facilities or at the mercy of loan sharks.

New Jersey last year reduced the rate to 1½ per cent a month which has resulted in eliminating most sources of decent personal credit. Only a few companies have remained in business, in the hope that the rate will be restored under which they can operate, and these are confining their loans to people who can secure indorsers or who borrow the largest sums.

EXISTING SMALL LOAN LAW INEFFECTIVE

I would respectfully call the attention of the House to the fact that the law passed in 1913 to regulate small loans in the District of Columbia is ineffective.

When President Taft signed the law in 1913 which now regulates the making of small loans in the District, he expressed doubt regarding the practicability of the maximum rate of 1 per cent a month prescribed by the law, but stated that in case this rate turned out to be too small Congress in its wisdom might increase it. Although the maximum fixed in the law of 1913 made it impossible for legitimate agencies to operate in the District, and deprived necessitous persons of desirable loan facilities, the situation is unchanged.

On many occasions since 1918, grand juries, District Commissioners, and citizens' groups have suggested the passage of a law which would provide legitimate loan service under strict regulation—the only practical means of defense against the horde of outlaw money lenders infesting the District. The nefarious practices of these loan sharks have frequently been exposed, and fruitless efforts expended in attempting to bring them to prosecution.

Yet the prosecution of loan sharks does not supply a dollar of money to a single family that must have emergency funds. Such families deserve assistance in meeting their bills, preserving their credit, and running their own affairs. The only remedy is to provide legal facilities for borrowing.

A legal rate of interest that is too low to attract capital into the business not only deprives the most necessitous persons, who need small amounts, of desirable loan facilities, but permits the loan shark to remain active with little or no competition. This is what the present 1 per cent a month law has done.

In this connection it is interesting to note the present conclusions of the author of this small-loan legislation adopted in 1913, the Hon. LEONIDAS C. DYER, of Missouri, who is still a Member of this body. On Friday, January 23, 1931, Mr. DYER appeared before the Committee on the District of Columbia of the Senate, which is considering legislation identical in its provisions with H. R. 15982 here under discussion, and there made the following statement:

My interest in this matter dates back to 1913, when I was the author of the legislation touching loan companies, which became a law in that year, and we reported the bill to the House with a rate of interest of 2 per cent. The "2" was stricken out in the House and 1 per cent was inserted. As the result all those engaged in the loan business in the District of Columbia left, and, so far as we know, quit the business entirely because of the fact that they could not operate under that rate of interest.

Since that time I have not been in close touch with matters of that kind in the District of Columbia. I have not been a member of the Committee on the District of Columbia for some 18 years, but I do know from the fact that I had this contact with the subject that people have come to me from time to time and said there was need in the District for a law governing the loaning of money to people who wanted to borrow in small amounts. So I feel that something ought to be done and it should be done now. It should have been done long ago, because there has been no law in the District other than the one to which I have referred that would enable anyone to borrow money in small amounts and be protected.

I have received many complaints from time to time of there being still in the District people who have been lending money, not openly, of course, but surreptitiously and otherwise, at high rates of interest. It is a matter that must be regulated strictly, and there must be a law governing it that will prevent injustice being done and exorbitant rates being charged.

A great many injustices are possible under the lending of money. When we had it up at that time, some 18 years ago, conditions in the District were intolerable in that respect. The companies were charging all kinds of exorbitant, usurious rates of interest. The bill which is before your committee, Mr. Chairman, I think is a

very fair and reasonable measure. I do not wish to go on record as saying that the rates of interest in that bill are the ones that ought to be adopted, because, as I say, I have not been in close touch with the subject for some years, but the rate ought to be around the amounts mentioned in this bill. That is the rate that is usually fixed in the various States, and one which it has been found has been necessary to be fixed in order to enable people to honestly loan money to people of small means and for short periods of time. You gentlemen will, no doubt, from the witnesses you have before you, determine just what is the proper rate. It ought to be around, I think, somewhat near the figures fixed in this bill.

I come only, Mr. Chairman, to say that I think legislation of this character is badly needed for the District. We have had nothing since the legislation to which I referred, and of which I was the author, was enacted into law, and which has never been workable. I understand from the corporation counsel and others that no license has ever been taken out under that act of mine, so I have no pride of authorship in it any more, since it is not working, and I would be glad to see some substitute that will be workable and will take care of the situation which I have indicated.

H. R. 15982 SHOULD BE APPROVED

Mr. Speaker, I believe there is real need for this legislation in the District of Columbia not only as a remedial measure to deal effectively with the loan-shark problem but further as an affirmative piece of legislation providing a necessary business facility to the individual citizen. After considerate attention to the views in opposition to this legislation I feel justified in stating that in my opinion this opposition largely rests upon misconceptions of the problem to be solved and unfounded misapprehensions regarding the remedy we here propose. The Committee on the District of Columbia held comprehensive hearings on this measure. They have reported overwhelmingly in favor of its passage. I desire to commend it to my colleagues of the House as a forward-looking legislative proposal, in harmony with progressive, economic, and social thought, and worthy of their favorable consideration and support. I respectfully urge upon the House early passage of this measure.

ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a statement prepared by three Members of Congress, the gentleman from Mississippi [Mr. RANKIN], the gentleman from Massachusetts [Mr. CONNERY], and myself.

The SPEAKER. The gentleman from Texas asks unanimous consent to extend his remarks in the RECORD by printing a statement prepared by the gentleman from Mississippi [Mr. RANKIN], the gentleman from Massachusetts [Mr. CONNERY], and himself. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement of JOHN E. RANKIN, of Mississippi; WILLIAM P. CONNERY, of Massachusetts, and WRIGHT PATMAN, of Texas, all Members of Congress; members of the Veterans' Committee in the House, ex-service men, and members of the American Legion, and three of the House Members, who have been leading the fight in Congress for the payment of the adjusted-service certificates in cash now protesting against statements reputed to have been made at Boston, Mass., Saturday, February 7, 1931, by John Thomas Taylor, temporary legislative representative of the American Legion in Washington, and Neal D. Williams, national vice commander of the Legion:

The rank and file of the American Legion desire the payment of the adjusted-service certificates in cash now. If paid, the $1 and $1.25 a day for services they rendered as of the time the services were rendered, with reasonable interest from that time, the face value of each certificate will be due this year.

The temporary legislative representative of the American Legion in Washington, John Thomas Taylor, is not only refusing to help the cause, although cash payment of the certificates was indorsed by the American Legion, at Indianapolis, Ind., recently, but is actually blocking the efforts of the proponents of the measure to get this payment made.

Mr. Taylor's activities here in Washington are injurious to the cause of the veterans of the World War, the disabled as well as those who are asking for the payment of this honest debt that has already been confessed by Congress.

Mr. Taylor is quoted as saying:

"The proposal is not a part of the program of the American Legion, that it was something it didn't want, and would not be tolerated."

This statement is made at a time when the Hon. Ralph T. O'Neil, National Commander of the American Legion, is ill and can not speak for the Legion, and also at the close of the session of Congress when such a statement will be most injurious.

A local paper states that Mr. Taylor is being considered for an appointment as Secretary to the President.

His statement appears to be a part of the scheme of the predatory interests to deny the veterans of the World War the payment of a just debt.

Several hundred thousand veterans are now suffering by reason of the lack of sufficient food and clothing for themselves and families; they are unemployed and can not find jobs; they are being thrown into the streets with their wives and sick children because of their inability to pay house rent. Yet the Government owes these men a sufficient amount of money which, if paid now, would tide them over in their distress, but Mr. Taylor has refused to turn his hand to obtain justice for them.

We are at a loss to know by what authority Taylor and National Vice Commander Neal D. Williams state that the proposal for immediate cash payment of adjusted-service certificates is not part of the program of the Legion and demands for it would not be tolerated by the American Legion.

THE AMERICAN DIESEL-ENGINE INDUSTRY AND THE NAVAL CONSTRUCTION BILL

Mr. COCHRAN of Missouri. Mr. Speaker, a few days ago I placed in the CONGRESSIONAL RECORD a statement opposing the paragraph in the naval construction bill which would permit the Navy Department to spend $500,000 for the purchase of Diesel engines abroad. The Secretary of the Navy under date of February 2 has written me at length in reference to my opposition to this paragraph and I have replied to his communication.

As my remarks seem to have excited considerable interest I am inserting at this point the letter I received from Secretary Adams as well as my reply. The letters follow:

THE SECRETARY OF THE NAVY,
Washington, February 2, 1931.

The Hon. JOHN J. COCHRAN, M. C.,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN COCHRAN: I have noted in the CONGRESSIONAL RECORD of Wednesday, January 28, 1931, a speech delivered by you on the subject of the naval construction bill and the provision for a sum of money for experimental purposes to enable the Navy Department to determine the best type of Diesel engine for naval purposes.

In view of the probable replacement of our submarine tonnage, it is incumbent upon the Navy Department to determine as far as possible the best and most reliable machinery to place in such vessels. Owing to the cost of such vessels it is not deemed wise to place experimental types of machinery in them until their reliability has been demonstrated.

The Navy Department fully concurs in the statement as to the necessity of encouraging Diesel-engine builders in this country to produce Diesel engines suitable for naval use. It is entirely true that in time of war the Navy must depend upon the commercial companies for such engines.

There are to-day in the United States a number of builders of Diesel engines for shore and merchant marine use whose product is noted for reliability and excellence of construction.

It is believed, however, that it is not clearly understood by those unfamiliar with the technical details of Diesel engines of the great variations that exist in the types for different purposes. In a Diesel engine built for shore power plants, conditions of weight and space are practically unlimited, and the engines designed for this purpose are entirely unsuited for naval use. In engines built for the merchant marine the considerations of weight and space apply to a far less extent than they do in those designed for naval use. The Diesel engines installed in the Shipping Board ships weighed from 250 to 350 pounds per horsepower, while those for naval purposes can not exceed 40 or 50 pounds per horsepower, and if they are to compete with present naval installations will have to be reduced to about 17 pounds per horsepower.

The main requirement for Diesel engines in the United States Navy is for submarine propulsion. In this field the Navy has had experience extending over a period of 20 years. An engine for submarine purposes must be very light, very reliable, and capable of operating over a wide range of speed for extended periods. The space in which it is installed is exceedingly limited and facilities for repair are difficult. The design of such an engine involves the greatest skill and experience if it is to result in a reliable engine. Reliability is undoubtedly the most important factor in such engines. The skill in design and increased cost of manufacture of such engines do not make them suitable for commercial use where a cheaper engine will generally serve the purpose.

The engines in our submarines built up to and including the World War were in some cases satisfactory and in other cases less than satisfactory. This was due to a number of causes, but the primary one was probably the fact that in each new type of submarine it was necessary to install an experimental type of engine. Also, the bulk of our submarines were built from 1914 to 1918 mainly under war conditions.

After the war several German submarines were turned over to our Navy, and it was found that they had developed an extremely

reliable and efficient type of engine considerably superior to those used in our service. Duplicates of these engines were built at the New York Navy Yard and have been installed in submarines *V-4, V-5, and V-6,* built since the war, and have rendered most satisfactory service. They are the most reliable submarine engines in service to-day.

I have tried to make it clear that a Diesel engine built for shore purposes and which may be capable of running for long periods of time without stopping is an entirely different engine from that required by the Navy, and the performance of such an engine is no criterion as to the performance of one which is required for submarine purposes.

Great advance has been made abroad in recent years in the design or lightweight high-speed engines, and it is the desire of the Navy Department to obtain the latest possible information, plans, and samples of such engines for test with the view of advancing the knowledge of design and construction of lightweight engines in this country suitable for naval use.

The clause in the proposed bill permitting the expenditure of not more than $500,000 abroad was for the purpose of obtaining plans and models of the best type of engine that has been developed in Europe. It is quite possible that the expenditure for this purpose will be considerably less, $500,000 being set as an outside limit. The proposed law was based on the existing law which permits experimental types of aviation material to be purchased abroad. This law has been of much service to naval aviation and to the commercial industry.

The department is of the belief that the acquisition of such models will be of benefit to the Diesel industry in the United States, and it is earnestly desirous of promoting in any way possible the development of the art of construction of Diesel engines suitable for naval purposes by our own makers.

Since the proposed bill has not yet come up for discussion in the House, I am taking the liberty of sending a copy of this letter to the chairman of the House Naval Committee.

Sincerely yours,

C. F. ADAMS.

FEBRUARY 7, 1931.

Hon. CHARLES F. ADAMS,
Secretary of the Navy.

MY DEAR MR. SECRETARY: I have read with intense interest your letter of the 2d instant referring to my remarks dated January 28, 1931, in the CONGRESSIONAL RECORD on the subject of the naval construction bill, with particular reference to the provision authorizing the purchase in Europe of Diesel engines for use in the Navy. I am especially impressed with the third paragraph of your letter, which reads as follows:

"The Navy Department fully concurs in the statement as to the necessity of encouraging Diesel-engine builders in this country to produce Diesel engines suitable for naval use. It is entirely true that in time of war the Navy must depend upon the commercial companies for such engines."

You state that after the war German submarines were turned over to the Navy and were found to contain extremely reliable and efficient types of engines; that your department has built duplicates of these engines at the New York Navy Yard; that you have installed them in the *V-4, V-5,* and *V-6,* and that they have rendered most satisfactory service.

It was this phase of the matter which resulted in my comments concerning the $500,000 appropriation. These engines may have been satisfactory engines at that time, but the request of your department for authorization to go to Europe to purchase an up-to-date engine establishes the fact that the department has not been able to keep pace with naval-engine development in Europe, and if you continue the policy which your department has pursued during the last 10 years you should be able now to get the most modern, up-to-date engines and duplicate them for submarines. How long will it be before you will have to come back to Congress for authorization to again go back to Europe and buy an engine which will be up to date then?

I am inclined to agree that the builders of Diesel engines for naval use in Europe have made more progress than in this country, but clearly that is due to the fact that the private Diesel industry in Europe, with all of its trained designers, mechanics, and workmen, has had the full cooperation and support of the governments in the various countries both for navy and merchant marine Diesels.

You state that certain Diesel engines built by private American builders were installed in some of our submarines up to and including the World War and that they were successful and satisfactory. During the intervening 15 years our American Diesel builders have certainly made a vast amount of progress in spite of lack of support of marine Diesel orders. The great advance in Diesel-engine design has occurred only during the past few years, and several American builders have kept fully abreast of Europe by purchasing technical collaboration from European builders who have been more fortunate in receiving substantial supporting orders from their governments. It is therefore unreasonable to condemn present American Diesels on the basis of performance of obsolete designs of 10 or more years ago.

If the Navy Department by inference places the stamp of inferiority on American-built Diesels by going abroad for Diesel engines and Diesel designs, it must be apparent that this will work a great handicap on the American Diesel industry. Certainly our shipowners do not want to buy "inferior Diesels," and European Diesel builders would be quick to take advantage of the value of a United States Navy Diesel order to claim superiority of their engines over American-built engines, not only in American merchant marine circles, but even for American stationary Diesel plants.

For your information, one German Diesel builder is now very actively competing in the American stationary Diesel engine field. It will certainly be more difficult for American builders to meet this German competition if the Navy Department advertises to the world that it must go to Germany to get a satisfactory Diesel engine.

I am utterly opposed to the Navy Department plans for strengthening the European Diesel industry with United States Government funds, which will react to further weaken the American Diesel-engine industry, already suffering from lack of past normal Government support. The American Diesel-engine industry should receive the advantage of all the money appropriated for supplying United States Navy Diesel requirements, and the only way this can be accomplished is to place your orders for the contemplated work with American Diesel-engine builders.

As stated in my remarks in the RECORD, some of our American Diesel engine builders are as well equipped to build engines of all types as any of the builders in Europe.

Several of these American builders have acquired rights from the outstanding European Diesel engine builders for building in America the latest design of Diesel engines produced abroad. These American license arrangements include such firms as M. A. N. and the great German General Electric Co., which is associated with the General Electric Co. in this country. The German General Electric Co. during the war built in large numbers the same type of engine that the Navy Department has recently been building at the New York Navy Yard for installation in our latest submarines, *V-4, V-5,* and *V-6,* which engines are, of course, of an obsolete pre-war design.

All of this combined vast engineering experience, including not only lightweight Diesel-engine construction but modern fabricated welded framing, use of special light alloy materials and improved solid injection features, is entirely at the disposal of the Navy Department for producing suitable Navy Diesel engines. It is not necessary at all, as I see it, for the Navy Department to pick out some particular late design of European Diesel and copy it. To-day there is no great mystery in weight reduction of machinery; and certainly in the production of machinery requiring technical knowledge, ingenuity, skill, workmanship, and special materials America is the leader of the world.

Suppose our Diesel engine builders, who built these successful submarine engines before the war, had been given the continuous support of the Navy Department since that time, American engineering skill would have enabled them to have kept pace with Europe in the building of modern Diesel engines suitable for naval use and it would not now be necessary for your department to be requesting authority and funds to go to Europe to buy up-to-date Diesel engines.

Your request for funds and authority to go to Europe indicates that you feel that the American Diesel-engine industry is totally unfit to build engines for the Navy. You have been building Diesel engines in your Navy Department for 10 years or more. Suppose war should be declared to-morrow. Who would build the Diesel engines for the Navy? Our Government during recent years has not cooperated in the training and equipping of private Diesel-engine builders to meet the requirements of the Government if a conflict should come, and if you continue during the next 10 or 20 years to carry out the policy which your department has pursued during the past 10 years, the private Diesel-engine builder in this country will continue to be totally unequipped to meet the naval needs in time of war. That is why I am especially impressed with your statement:

"It is entirely true that in time of war the Navy must depend upon the commercial companies for such engines."

Our Government has been trying to mobilize industry for military use in emergency. Certainly any policy of the Navy which does not train and equip the Diesel-engine industry in the United States to the highest degree of efficiency to insure its ability to produce engines suitable for the Navy in case of conflict is directly opposed to Federal mobilization of industry for war purposes and such a policy is not sound.

If it is possible for this Government to obtain information and designs of latest European navy Diesels more advantageously than such information and designs can be obtained by private American builders, I would not oppose the authorization, provided the purpose is to place this technical data at the disposal of the American Diesel builders who would build the engines and thereby become proficient in the construction of suitable Navy Diesels; but I am convinced that no time should be lost in changing the past policy of the Navy Department of developing and building its own naval Diesels. In order to equip private industry for emergencies, the department should place orders with qualified American Diesel builders covering special Navy Diesels for both submarine and surface vessels.

In direct contrast to the present Navy Department policy of building in Government plants duplicates of German war prize submarine engines for all of its requirements in recent years, the Bureau of Aeronautics has avoided development and manufacture of aircraft engines in Government plants and substantially aided private manufacturing plants in developing the wonderfully successful American designs of airplane engines, which could not have been developed without substantial governmental support.

By placing this Diesel development work with private builders in America, the Navy Department would encourage, support, and

build up Diesel development in this country. If American engineering skill, with Government aid and encouragement, can keep fully abreast with the rest of the world in building light, serviceable airplane engines, what reason is there to assume that the American Diesel industry could not keep abreast with the rest of the world in building engines for naval use if given governmental aid and support?

As my remarks have excited considerable interest among the Members as well as the American industry, I am taking the liberty of inserting your communication as well as my reply in the CONGRESSIONAL RECORD.

Sincerely yours,

JOHN J. COCHRAN.

Mr. Speaker, in my remarks of the 28th of January I mentioned Hooven, Owens, Rentschler Co., of Hamilton, Ohio; Busch Sulzer Diesel Engine Co., of St. Louis; Nordberg Manufacturing Co., of Milwaukee, Wis.; New London Ship & Engine Co., of New London, Conn.; Sun Building Co., of Chester, Pa.; and MacIntosh-Seymour Corporation, of Auburn, N. Y., as leading Diesel manufacturers of the United States. Since then I have been informed that other large companies are Fairbanks-Morse Co., of Chicago; Cooper-Bessemer Corporation, of Grove City, Pa., and Mount Vernon, Ohio; Winton Engine Corporation, of Cleveland, Ohio; Hill Diesel Engine Co., of Lansing, Mich.; Worthington Pump & Machinery Co., of Harrison, N. J.; Fulton Iron Works, of St. Louis; the Atlas Imperial Diesel Engine Co., and the Union Diesel Engine Co., both of Oakland, Calif.; and the Western Enterprise Engine Co., of Los Angeles, Calif., all manufacturers of Diesel engines.

HON. PLEAS T. CHAPMAN

Mr. PARSONS. Mr. Speaker, an honored former Member of this House, Hon. Pleas T. Chapman, has just fallen at his home at Vienna, Ill., and I ask unanimous consent to extend my remarks in the RECORD by printing a brief statement of his life and services.

The SPEAKER. The gentleman from Illinois asks unanimous consent to extend his own remarks in the RECORD. Is there objection?

There was no objection.

Mr. PARSONS. Mr. Speaker, Hon. Pleas T. Chapman is no more. The Grim Reaper called on him January 31, 1931, and he answered the summons bravely and serenely, as all great men do.

Pleas T. Chapman was the fourth generation of that name, a descendant from the revolutionary patriot, Daniel Chapman. His father and mother, D. C. and Mary Rose Chapman, were tillers of the soil, and it was on a farm 8 miles north of Vienna, Ill., where our hero opened his eyes to the light of day on October 8, 1854.

Pleas, as he was familiarly known, received his early education in the public schools of Johnson County, and afterwards attended McKendree College, where he graduated in 1876. Following the habit of most of the midwesterners, he taught school for several years and studied law between terms. He was admitted to the Illinois bar in 1879, and began the practice of law in his home county of Johnson.

Mr. Chapman possessed an active and analytical mind in the field of Republican politics, and his profession brought him in contact with the people, which quickly developed his political sagacity. He was elected county superintendent of schools of Johnson County in 1876 and served for five years, and later was its county judge, serving two terms, from 1882 to 1890. In 1890 he was elected to the State senate, where he served with distinction until 1902. In 1904 he was his party's choice for Congress from the twenty-fourth Illinois district, being elected to the Fifty-ninth Congress and successively to the Sixtieth and Sixty-first Congresses. During his six years' service in the National House of Representatives he was a member of the Committee on Invalid Pensions, Manufactures, and Agriculture. This was during the time that another Illinoisan was at the height of his career, Hon. Joseph G. Cannon, who was Speaker of the House, and there are many here today who served with Mr. Chapman and who remember his services to his country and are saddened by his passing.

He was a member of the Masonic Lodge, Knights Templar, and Mystic Shrine, and belonged to the Methodist Church and had served on the official board of that church for many years. He was a successful business man, possessing large holdings in real estate, and at the time of his death was president of the First National Bank, which he had helped to organize many years ago.

The body laid in state at his home, where a great concourse of friends from all sections of southern Illinois came to pay their last tribute and respect to one who had been mighty in their political councils, successful in the financial strength of his county, and honored as a citizen.

Funeral services were held at the home Monday afternoon, February 2, 1931, conducted by Dr. J. W. Cummins, of Marion, Ill., and assisted by Rev. A. A. Hagler, Vienna; C. S. Tritt, Litchfield; J. M. Clayton, Collinsville; and J. H. Morphis, of Creal Springs.

Fraternal Cemetery, located in the midst of his earlier triumphs, contains his last remains. People of all walks of life from great distances came to pay their last respects to their friend.

An editorial appearing in the Vienna Times, whose editor is Harry T. Bridges, sr., under date of February 5, 1931, has the following to say which more aptly describes the beautiful life of P. T. Chapman:

P. T. CHAPMAN

It is not too much to say of P. T. Chapman that in his passing Johnson County and southern Illinois have lost the greatest citizen in their history. Born in Johnson County, we see him as schoolboy, farm lad, teacher, county superintendent, lawyer, judge, mayor, legislator, Senator, Congressman, banker, financier, Christian, public-spirited citizen, and man among men.

We have had to witness his passing for our minds to grasp how big he was. It has been so with other men down through the ages, and so it was with him. So history will have to tell the generations that follow what P. T. Chapman was to Vienna, to Johnson County, to Illinois, and to the Nation. He served them privately, politically, and financially with honor and distinction to himself and to our own community. We are proud of his achievements during his busy, active life.

He was plain, modest, and unassuming in personality and manner, with a keen perception for the judging of men, and for those he trusted would go the limit and stand by them so long as his faith in them was not shattered. We who are left will never know the number of young men and women he helped to acquire an education nor those he helped financially to start and meet life's battles.

Not without faults and imperfection, nor without personal and political foes and jealousies. Every man who does things must have them. He met every issue of life pleasantly and peaceably if he could, but if he could not he had the courage and the ability to carry the fight even into the lion's den. We honor the memory of such a one.

Others will carry on where he left off, and we trust there are others undeveloped and unborn who will be able to bring again to Vienna, Johnson County, and southern Illinois records equal to that left by P. T. Chapman when he quit the walks of men.

WICHITA GAME PRESERVE

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a concurrent resolution from the Legislature of the State of Oklahoma.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to extend his remarks in the RECORD by printing a resolution from the Legislature of the State of Oklahoma. Is there objection?

There was no objection.

Mr. McCLINTIC of Oklahoma. Mr. Speaker, under permission granted me to-day by the House, I am submitting a concurrent resolution passed by the Oklahoma Legislature which relates to making certain improvements in the Wichita game preserve, which is a national playground for the people residing in the southwestern portion of the United States. Senator ELMER THOMAS and Congressman JED JOHNSON have sponsored certain legislation in this connection, and every member of the Oklahoma delegation is anxious to see Congress grant this relief at the earliest date possible.

STATE OF OKLAHOMA,
DEPARTMENT OF STATE.

To all to whom these presents shall come, greeting:

I, R. A. Sneed, secretary of state of the State of Oklahoma, do hereby certify that the following and hereto attached is a true copy of enrolled senate concurrent resolution memorializing Congress to pass Senate bills 2350 and 2351, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of State.

Done at the city of Oklahoma City this 5th day of February, A. D. 1931.

[SEAL.]

R. A. SNEED,
Secretary of State.
WM. LEE ROBERTS,
Assistant Secretary of State.

Enrolled Senate Concurrent Resolution No. 3 (by Boyer and Garvin, of the senate, and Reinwand and Weaver, of the house)

A concurrent resolution memorializing Congress to pass Senate bills 2350 and 2351

Whereas in 1905 the Government of the United States set aside the Wichita National Forest and Game Preserve of 61,500 acres, embracing a major portion of the Wichita Mountains in southwestern Oklahoma; and

Whereas an effort is being sponsored by the Oklahoma division of the Izaak Walton League of America to enlarge and improve said preserve and park so as to make it a real sanctuary for wild life and national playgrounds; and

Whereas there are now pending before the Congress of the United States S. 2350 and S. 2351, providing for appropriations for the purpose of increasing the size of said preserve, fencing the same, building a number of artificial lakes, and making needed improvements to properly take care of the wild life in the preserve: Now, therefore, be it

Resolved by the Senate and House of Representatives of the Thirteenth Legislature of the State of Oklahoma:

SECTION 1. That we do hereby approve the effort of the Oklahoma division of the Izaak Walton League of America in its efforts to enlarge and improve said preserve and to secure the necessary appropriations from the United States Congress.

SEC. 2. That we do hereby memorialize the Congress of the United States to pass said S. 2350 and S. 2351 at an early date.

SEC. 3. That we request that a copy of this resolution be sent to the members of the Oklahoma delegation in Congress.

Adopted by the Senate this the 30th day of January, 1931.

ROBERT BURNS,
President of the Senate.

Adopted by the house of representatives this the 2d day of February, 1931.

CARLTON WEAVER,
Speaker of the House of Representatives.

Correctly enrolled.

DAVE BOYER,
Chairman Committee on Engrossing and Enrolling.

DROUGHT RELIEF

Mr. GASQUE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a resolution passed by the Legislature of the State of South Carolina regarding relief for the drought-stricken areas.

The SPEAKER. The gentleman from South Carolina asks unanimous consent to extend his remarks in the RECORD by printing a resolution passed by the Legislature of the State of South Carolina. Is there objection?

There was no objection.

The resolution is as follows:

Whereas the House of Representatives of South Carolina recalling the generosity of the United States in appropriating $100,000,000 to help the war-stricken countries of Europe after the World War, and of that amount $80,000,000 was found sufficient. This we feel a just satisfaction in having helped those who were in distress. It is also with just commendation we recall the large appropriations and supplies furnished by the United States to the Porto Rico island people when the calamity laid siege these unfortunate people in the great storms of a few years ago; and

Whereas it is also gratifying when calamity of volcanic eruptions occurring in Italy laying in waste the country and killing many people, that the United States rushed considerable aid with the Navy transports to relieve the sore distress; and

Whereas, with these deeds in view, we wish to commend the Democrats and the Progressive Republicans in the United States Senate for their manly and just fight to secure $25,000,000 to relieve the drought-stricken section of our own people in the United States, believing that we should think and care as much for the welfare of our own people as we did for suffering people around the world. We know these Democrats and Progressive Republicans know that it is almost adding insult to injury to call on people who are suffering themselves from depression and great loss everywhere, and who need help themselves, to contribute amounts that will be necessary to relieve the distress: Now therefore be it

Resolved by the House of Representatives of South Carolina, That the Democrats and the Progressive Republicans in the United States Senate are hereby commended for their fight to secure aid from the United States by an appropriation, and if the Red Cross will not accept and distribute the appropriation, that this amount be disbursed from some organization competent to get relief to the people who so sorely need it.

Resolved further, That the house deems our own people as worthy of help as any people on earth, and we think as much of our people's welfare as extended to others across the seas and deplore the unjust discrimination against our own people.

Resolved further, That copies of this resolution be sent to all Congressmen and United States Senators from South Carolina and to the Hon. JOSEPH T. ROBINSON, the Democratic leader in the United States Senate.

IN THE HOUSE OF REPRESENTATIVES,
Columbia S. C., February 4, 1931.

I hereby certify that the foregoing is a true copy of a resolution adopted by the House of Representatives of South Carolina.

J. WILSON GIBBES,
Clerk of the House.

H. R. 15934, THE OLEO BILL

Mr. GLOVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a resolution passed by the Legislature of the State of Arkansas, advocating the passage of the bill (H. R. 15934) relating to oleomargarine.

The SPEAKER. The gentleman from Arkansas asks unanimous consent to extend his remarks in the RECORD by printing a resolution passed by the Legislature of the State of Arkansas. Is there objection?

There was no objection.

The resolution is as follows:

Resolution memorializing the Congress to enact that certain bill now pending, known as H. R. 15934, relating to the manufacture and sale of oleomargarine and restricting the use of palm oil in the manufacture thereof

Whereas there is now pending before the Congress of the United States a certain bill known as H. R. 15934, the purpose and intent of which is to prohibit the use of palm oil in the manufacture of oleomargarine and its products; and

Whereas the enactment of such bill by Congress will be of great benefit to the dairying interests of the State of Arkansas: Now, therefore be it

Resolved by the House of Representatives of the State of Arkansas (the Senate concurring herein), That we do hereby respectfully petition and urge the Congress to pass and enact said H. R. 15934.

Be it further resolved, That the chief clerk of this house be instructed to forward a copy hereof to each of the Senators and Representatives of the State of Arkansas in the Congress of the United States.

I. R. ROTHROCK.	J. I. PILKINGTON.
JAS. K. ADKINS.	W. B. GRAHAM.
J. ED THOMPSON.	TOM NEWTON.
W. J. BULLOCK.	CHARLES FLEMING.
W. H. TOLAND.	JOE THOMAS.
C. D. EWELL.	W. D. WALDROP.
GUY BOYETT	

February 6, 1931. Read and adopted.

W. H. PHIPPS, *Chief Clerk.*
W. C. BLACKWELL, *Chairman.*

NOMINATION OF EUGENE MEYER, JR., TO BE GOVERNOR OF FEDERAL RESERVE BOARD

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing two statements I recently made before a subcommittee of the Committee on Banking and Currency of the Senate.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extent his remarks in the RECORD by printing two statements made by him before a subcommittee of the Committee on Banking and Currency of the Senate. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, and I shall not object, I would like to ask the chairman of the Committee on Banking and Currency what chance there is, if any, to get any relief through the various bills pending before his committee to stop wholesale foreclosure of farm mortgages by Federal land banks?

Mr. McFADDEN. I will say to the gentleman from Texas there are several bills pending before the committee upon which quite extensive hearings have been held, as the gentleman well knows.

Mr. BLANTON. The press indicates that the matter is at a standstill and that there will not be any action taken at this session, is that correct?

Mr. McFADDEN. The committee is waiting now on additional information which we are seeking from the Federal Farm Loan Board.

Mr. BLANTON. Does the gentleman expect his committee to abide by whatever the Federal Farm Loan Board may say about it?

Mr. McFADDEN. Oh, no; not at all.

Mr. BLANTON. They have already had their say, and it is a matter now, as to what the people say.

Mr. ALMON. Reserving the right to object, Mr. Speaker, I would like to ask the chairman of the Banking and Currency Committee a question. Is it not a fact that bills pertaining to the question of extension of loans by the Federal farm loan banks has been pending before the committee since early in December?

Mr. McFADDEN. I think since the opening of the session; yes.

Mr. ALMON. And is it not the fact that the committee has a report from the Secretary of the Treasury opposing the legislation?

Mr. McFADDEN. We have; yes.

Mr. ALMON. And the Farm Loan Board, which the gentleman has called on for information, has its headquarters in the city of Washington?

Mr. McFADDEN. Yes.

Mr. ALMON. And up to this time the gentleman has not secured any recommendation or report from that board?

Mr. McFADDEN. Oh, yes; we have had members of the board before the committee who have dealt with this subject both in open session and in executive session. The committee has been giving very careful and thoughtful consideration to this most unfortunate situation.

Mr. ALMON. I was informed that no hearings had been held, and that is the reason I asked the question.

Mr. McFADDEN. Extensive hearings have been held by the committee.

Mr. ALMON. I will say to the gentleman that I am very pleased that the committee is giving the matter consideration, because it is a question of very great importance to the farmers of the country, especially in the South, where the farmers are unable to meet their payments on mortgages to the Federal land banks on account of the drought, the slump in the price of cotton and other agricultural products, and the financial depression. I hope the committee will report a bill in time to have it passed at this session.

Mr. McFADDEN. I realize that, and the committee is giving the matter its attention.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my statements before the subcommittee of the Committee on Banking and Currency, United States Senate, under dates of January 27, 1931, and February 6, 1931, on the consideration of the nomination of Eugene Meyer, jr., to be governor of the Federal Reserve Board.

The statements are in part, as follows:

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON
BANKING AND CURRENCY,
Washington, D. C., January 27, 1931.

The subcommittee met at 10 o'clock a. m., in room 212, Senate Office Building, Senator ROBERT D. CAREY presiding.

Present: Senators CAREY (chairman), GOLDSBOROUGH, BROOKHART, WAGNER, and FLETCHER.

Senator CAREY. The committee will please come to order. Senator BROOKHART, do you want the witnesses sworn?

Senator BROOKHART. Yes, sir.

Senator CAREY. I will call Congressman McFADDEN first.

TESTIMONY OF HON. LOUIS T. M'FADDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

(The witness was duly sworn by the chairman.)

Senator CAREY. You may proceed, Mr. McFADDEN.

Representative McFADDEN. Mr. Chairman and gentlemen of the committee, the statement that I am about to make I am submitting from information that has come to me as a Member of Congress and in connection with the work that I have had relating to matters that have come before the Banking and Currency Committee of the House.

I am not speaking as chairman of the Committee on Banking and Currency, but I am referring to information and knowledge which have come to me in the position to which I have been assigned in the House. It covers a period of approximately 16 years and for about 11 years as chairman of the Committee on Banking and Currency. During this period of time the committee have had many hearings and have been in a position to observe the operations of the Federal reserve system, the Federal farm loan system, and the intermediate credits act, because of the fact that the committee has the responsibility of passing on legislation pertaining to all of these systems; this also included the operation of the War Finance Corporation act.

As I say, the committee have held hearings at various times and have made a study of Federal reserve operations, Federal farm loan operations, intermediate credits operations, and War Finance Corporation activities. Much of what I shall say to you this morning, as I have previously said, has been gained from a careful study of these problems which have been presented to the committee.

I would like to say at the outset that I have no personal animosity toward Mr. Eugene Meyer and never have had; but I have come into possession of information and have formed some ideas in connection with these observations of the activities of the various organizations with which he has been connected here, beginning with the War Finance Corporation, and the Federal farm loan system, and as these activities have affected the Federal reserve system.

Mr. Meyer was a member of the board of the War Finance Corporation during its early days, and later, when the War Finance Corporation activities began to wane, Mr. Meyer made a trip out through the agricultural sections of the South and Middle West with Senator Calder, observing agricultural conditions, and worked up considerable sentiment in favor of the continuance of the War Finance Corporation. This activity on his part was largely responsible for the revival of the War Finance Corporation, and he was appointed manager-director.

It would appear from Mr. Meyer's activities from the time he came to Washington that he has been a seeker after public office. It was noticeable in the revival of the activities of the War Finance Corporation that he was looking toward leadership as the head of that institution. I do not care to go into more than one phase of the operations of the War Finance Corporation.

When again the activities of the War Finance Corporation began to decline it appeared that Mr. Meyer was seeking his next connection, and it so developed that this next connection was with the Federal farm-loan system.

The first acts which synchronized with earlier activities in securing his connection with the War Finance Corporation were apparent in the appointment of a Mr. Williams, of Texas, on the Federal Farm Loan Board at the instance of Mr. Meyer. Mr. Williams was a former employee of the War Finance Corporation in the State of Texas. At the inception of Mr. Williams into the Federal farm-loan system more or less turmoil was evident. Questions arose as to the administration of its operations. The other members of the board became exercised and alarmed with apparently no consultation back and forth except of an antagonistic nature, and it was readily understood among the people who knew of the operations there that Mr. Williams was Mr. Meyer's man and that there was to be brought about a reorganization of the Federal farm-loan system.

Senator CAREY. Whom did Mr. Williams succeed in that position?

Representative McFADDEN. I do not recall whom he did succeed, but subsequently there was a reorganization of the Federal farm-loan system; there were three resignations or dismissals from the Federal Farm Loan Board and members of the War Finance Corporation were made members of the board of the Federal farm-loan system. Mr. Meyer was made farm-loan commissioner, or head of the Federal farm-loan system.

These men who came in from the War Finance Corporation besides Mr. Williams were Mr. Harrison, Mr. Cooksey, and Mr. Meyer, a majority of the board. It was generally understood in and around Treasury circles that the old organization of the War Finance Corporation was taking over the operation of the Federal farm-loan system. Again you had an indication of Mr. Meyer's desire to hold public office in the operation of the Federal farm-loan system.

Almost immediately after the new board was organized a good deal of publicity was caused through the failure of the Kansas City Joint Stock Land Bank and the Ohio Joint Stock Land Bank. I am not going into any angle of that but it would be well, I think, for your committee, in connection with these hearings, to closely analyze the operations that I am referring to here, with particular reference to the failures of some of these joint-stock land banks.

Now, I want to pass from this to the situation in regard to the Federal reserve system, and to invite your attention to what appears to me to be a synchronization of effort to arrange a distribution of important financial positions in connection with these various bodies.

Senator BROOKHART. Before you go to that, would it be proper to inquire something of the intermediate credits acts?

Representative McFADDEN. The intermediate credits acts were passed and were operated by the Federal Farm Loan Board as a separate agency under the management for each of the 12 districts where the banks are located. I do not care to go into any of those operations at this time.

Senator FLETCHER. The membership of the Farm Loan Board was increased by two, making the membership of the board seven instead of five, as originally provided for in the act.

Representative McFADDEN. Yes; you are quite correct about that.

Senator FLETCHER. I think Mr. Williams went on at that time.

Senator WAGNER. Who increased it, Congress or Mr. Meyer?

Senator FLETCHER. Congress.

Senator WAGNER. I thought that Mr. Meyer did all of these things.

Senator FLETCHER. I do not know whether Mr. Meyer recommended it or not, but the board was increased from five to seven when the intermediate credits acts were passed.

Representative MCFADDEN. I think you will observe also that about that time, when this reorganization took place and the members of the board of the War Finance Corporation were moved into the Federal farm loan system, there was a large increase in the operating and general expenses of the Federal farm loan system. I am not criticizing that. It may have been necessary, but these costs doubled.

Senator BROOKHART. Did not the business of the association decline?

Representative MCFADDEN. I think it is fair to state that because of the situation that was created at that time the Federal farm loan system was tightening up all along the line and paying more attention to the collection of its obligations than to the extension of its facilities to the public. There are many statements that have been issued to indicate that. I have not made a detailed examination of it, but I think it is fair to say that at or about that time they began to tighten up on their loans and became more drastic on collections.

Senator BROOKHART. That is one thing that needs to be examined into by this committee in connection with this matter, is it not?

Representative MCFADDEN. I would presume so; yes.

Now, I want to place in the record at this time a copy of my letter to Hon. PETER NORBECK, chairman of the Senate Committee on Banking and Currency, under date of January 5, 1931; and, in addition to that, I want to place in the record, with the permission of the committee, two speeches that I made in the House on December 16 and also on the 20th, which have a bearing on certain things to which I have referred here before this committee in regard to the international relationship of our Federal reserve system with foreign countries and banks.

Senator CAREY. If there is no objection, they will be admitted.

Representative MCFADDEN. My letter to Hon. PETER NORBECK, under date of January 5, 1931, is as follows:

"JANUARY 5, 1931.

"Hon. PETER NORBECK,
"Chairman Committee on Banking and Currency,
"United States Senate, Washington, D. C.

"DEAR SENATOR NORBECK: In connection with the confirmation of the pending nomination of Eugene Meyer, jr., to be a member and governor of the Federal Reserve Board which was some days ago reported favorably by your committee and is now, I understand, by agreement to be voted on by the Senate on January 9:

"Before this matter is finally passed upon, should not your committee and the other members of the Senate ascertain the circumstances leading up to this appointment and to the resignation of Roy A. Young as governor of the Federal Reserve Board and Edmund Platt as vice governor of the board?

"At the time of the resignation of Governor Young he was appointed governor of the Federal Reserve Bank of Boston. Simultaneously with the resignation of Vice Governor Platt from the board he was made vice president of the Marine Midland group of banks, a new position created by this institution to fit the employment of Mr. Platt. I have been informed that the negotiations leading up to Mr. Platt's resignation and his appointment as vice president in charge of public relations of the Marine Midland group were largely conducted by Mr. Alfred A. Cook, a New York City lawyer, located at 20 Pine Street, who, I am told, is the brother-in-law of Eugene Meyer, jr., and Mr. George Blumenthal, who has long been a member of the international banking house of Lazard Freres & Co. I have already pointed out Mr. Blumenthal's activities with the French Government and J. P. Morgan & Co. Mr. Cook, I understand, is also attorney for the New York Times. It is perhaps, needless for me to explain that the New York Times is probably the strongest exponent in this country of the type of internationalism which is leading gradually to our involvement in international financial and political affairs through the Bank for International Settlements and its use of our Federal reserve system through J. P. Morgan & Co., who are and represent the American stockholders in this bank.

"I should like to restate here the expressed official position of this Government as set forth in the statement of Henry L. Stimson, Secretary of State, under date of May 16, 1929, in regard to participation by officers of the Federal reserve system in the Bank for International Settlements. I quote:

"'In respect to the statements which have appeared in the press in regard to the participation of any Federal reserve officials in the creation or management of the new proposed international bank, I wish to make clear the position of this Government:

"'While we look with interest and sympathy upon the efforts being made by the committee of experts to suggest a solution and a settlement of the vexing question of German reparations, this Government does not desire to have any American official, directly or indirectly, participate in the collection of German reparations through the agency of this bank or otherwise. * * * It does not now wish to take any step which would indicate a reversal of that attitude and for that reason it will not permit any officials of the Federal reserve systems either to themselves serve or to select American representatives as members of the proposed international bank.'

"Notwithstanding this definite prohibition, officers of the Federal reserve system and of the Federal Reserve Bank of New York are continuing conferences and apparently collaborating with the officers of the Bank for International Settlements.

"Under these circumstances, the Senate and the country are entitled to have the full facts.

"The position of governor of the Federal Reserve Board, as you know, at this time is one of the greatest positions of trust in the United States, and the procurement of an important position of trust like this should not be acquired in any doubtful manner.

"If this appointment has been secured through such methods, the country is entitled to know it, and these facts, if established, are sufficient basis for the rejection of this nomination.

"Do you not think the way to ascertain the truth is to call before your committee, prior to this confirmation, the following persons: Hon. Roy A. Young, governor Federal Reserve Bank of Boston; Hon. Edmund Platt, vice president of the Marine Midland group of banks; Mr. George F. Rand, president of the Marine Midland group of banks, Buffalo, N. Y.; Mr. Alfred A Cook, 20 Pine Street, New York; and Eugene Meyer, jr.?

"In further substantiation of what I am saying, I am closing copy of an address which I delivered in the House of Representatives under date of December 16, 1930.

"I should also like to make it clear to you that in the delivery of this speech and in the writing of this letter I am not assuming to lecture or direct your committee or the action of the United States Senate. I am thoroughly aware of the impropriety of such a course. What I am saying in this letter and what I have said in the inclosed speech is on my own responsibility as a Member of the House of Representatives. Because of the fact that I am so much concerned about the future welfare of the Federal reserve system, on account of its effect on the people in the United States, I am forced to resort to the only method at my command to bring this to the attention of those who have the responsibility now before them of the confirmation of this appointment.

"Respectfully yours,

(Signed) "L. T. MCFADDEN."

The speeches to which I referred are as follows:

SPEECH OF HON. LOUIS T. M'FADDEN, OF PENNSYLVANIA, IN THE HOUSE OF REPRESENTATIVES, DECEMBER 16, 1930

Mr. MCFADDEN. Mr. Chairman and ladies and gentlemen of the committee, this country is in the midst of a serious business, economic, and financial depression. Several times during the last session of Congress I took occasion to direct the attention of the House and of the country to the possible serious involvement of our Federal reserve system in not only international finance but in international politics.

I am now taking the time of the House to further direct the attention of this House to international finance, and I hope that the few remarks that I may make will be heard somewhat in the other end of the Capitol, because of the fact that before the Senate at this time are matters which tend to further involve the Federal reserve system in internationalism, particularly as regards such financial activities.

The seriousness of this situation is perfectly apparent. You Members heard several of the things that I said during the closing days of the last session of Congress about the involvement of the Federal reserve system, or possible involvement of it, in the organization of the Bank for International Settlements. Those people who attempted to answer my remarks in regard to this, attempted to minimize the importance of the operation of the Bank for International Settlements. Subsequent events, however, have confirmed everything that I said last spring as regards the magnitude of this important financial institution. We are now beginning to get the facts pertaining to the important part which this institution is to play with regard to international financial and political operations. I need only cite in this connection the recent visit to the Capitol and to the White House, to the Treasury, the Federal Reserve Board, and to the Department of State of the head of the Bank for International Settlements, Mr. Gates W. McGarrah.

I also call attention to a speech which that gentleman made in the city of New York only 10 days ago, in which he pointed out the important part which this institution is to play in the future in regard to world finances. He said it was the purpose to mobilize, and the reports indicate that mobilization of the world's gold is beginning. They propose to deal with international operations. He also told us in this New York speech of the important part which the Bank of International Settlements played in upholding the plan of the finance minister in Germany, Mr. Bruening, in the last session of the Reich. I want to point out to you just prior to that an important step that was taken by the same international banking group; that is, they financed and sold in this country $300,000,000, or a part of it, of the commercial reparation loan. You gentleman, I am sure, will remember my criticism of that and my attack upon the legality and the unwisdom of the sale of these securities in this market as a possible involvement of our people in international affairs to an extent that they did not realize.

This morning I simply want to point out the facts that those bonds have declined from a value of 91¾ to a low of 68. The market on Saturday was 70, representing a loss to American investors in these particular securities of over $20,000,000. The particular reference which I make to this financing is that it was a private undertaking. The syndicate was headed by Lee Higginson & Co., which is really the back door of J. P. Morgan & Co., who financed an additional loan of $125,000,000. This is a new loan that was given Germany subsequently to the sale of the $100,000,000 commercialized reparations loan—that was not even advertised locally in this country, but taken by nearly the same

group of banks that handled the first loan—but this time instead of the J. P. Morgan firm heading the syndicate it was headed by Lee Higginson & Co. This makes a total of apparently $225,000,000 given to Germany since the Young plan was adopted, and we do not now know how much more was granted by the Bank of International Settlements.

That last loan of $125,000,000 was made for the purpose of aiding Mr. Bruening in organizing the Reich, in order to put through his financial plan for the stabilization of Germany. Imagine, if you please, any financial house in Europe coming into this body and granting loans and bringing pressure to bear on the organization of the House of Representatives. Yet that is almost exactly what the Bank of International Settlements has done, and our banking houses here have been placing this tremendous financial power in the hands of the Bruening financial leader of the Reichstag.

In connection with what I have further to say here this morning, I want to point out to you the serious additional step that is about to be taken.

Mr. STAFFORD. Will the gentleman yield?

Mr. MCFADDEN. I yield.

Mr. STAFFORD. Do I understand the gentleman is criticizing American banking institutions for loaning money to the accredited representative of the Germany Government?

Mr. MCFADDEN. No; I am not suggesting that. I am suggesting that American financiers who are international financiers——

Mr. STAFFORD. And properly so.

Mr. MCFADDEN. Are using American money to help organize the Reichstag's financial operations.

Mr. STAFFORD. That was a governmental function—loaning money to the recognized representatives of the German Government. What is wrong with that?

Mr. MCFADDEN. I am speaking of the possible involvement of our Federal reserve system in internationalism. I would like to point out further to the gentleman, and to the Members of the House, that that which I am referring to here is a possible further involvement in this situation. There is pending before the Senate at this time, having been reported favorably by the Senate Banking and Currency Committee, the nomination to be a member of the Federal Reserve Board and its governor, the name of Mr. Eugene Meyer, jr. This appointment should not be confirmed by the United States Senate, and I want to make that just as positive as it is possible for me to make it. If you want to turn the Federal reserve system over to international financiers, place Mr. Meyer in that particular post at this time.

A careful analysis discloses the fact that Mr. Meyer has been very closely connected during his whole financial career with banking houses of international reputation. He has a very close connection with J. P. Morgan & Co., and as the head of the War Finance Corporation, and in carrying on its activities those close relationships were actively disclosed. He is a Wall Street man. I want to point out just what has happened in order to make that nomination and appointment possible. Gov. Roy Young, from Minnesota, was the governor of the Federal Reserve Board. His resignation was secured by appointing him as governor of the Federal Reserve Bank of Boston, and because of that clause in the Federal reserve act which prohibits two members serving on the Federal Reserve Board from one Federal reserve district, Mr. Edmund Platt, the vice governor of the Federal Reserve Board, with eight years yet to go, was likewise removed by giving him a position with the Marine Midland Bank in New York. I understand that a new position of vice president was created, and two operations had to be performed in order to create a vacancy which would permit of the appoinment of Mr. Meyer.

The Senate of the United States should not confirm his appointment without going into the details as to why these changes were made and why the appointment of Mr. Meyer was made necessary.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DICKINSON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. MCFADDEN. He is recognized as an international financier; he is a Wall Street banker and closely affiliated with these international banking groups.

I want to point out in connection with that that at the present time we have a particularly pertinent and interesting situation as regards the mobilization of the world's gold. Over 60 per cent of the world's gold is now in France and in the United States, controlled by the Bank of France and the Federal reserve system. I want you to understand that situation because of what I am going to say to you next. I want to point out the close relationship which exists between this proposed member of the Federal reserve system and the French at this time.

Mr. O'CONNOR of New York. Will the gentleman yield?

Mr. MCFADDEN. Yes.

Mr. O'CONNOR of New York. I have seen many contradictory statements as to where the gold reserve is throughout the world. The last figures I saw were that there was about $4,000,000,000 here and about $2,000,000,000 in France, but that there was about $4,000,000,000 or $5,000,000,000 distributed throughout the rest of the world. What are the gentleman's figures with respect to the gold reserve?

Mr. MCFADDEN. Between 60 and 62 per cent is deposited in the United States and in France.

Mr. O'CONNOR of New York. What are the figures in dollars?

Mr. MCFADDEN. Well, the total world's gold is something like $10,000,000,000, and 62 per cent would be something over $6,000,000,000.

Mr. O'CONNOR of New York. In both the United States and France, the gentleman means?

Mr. MCFADDEN. Yes. The gold in the United States is principally under the control of the Federal reserve system and the gold in France is largely under the control of the Bank of France, and that has an important bearing on this whole situation.

I want to point out that Mr. Meyer is a brother-in-law of Mr. George Blumenthal, a member of the firm of J. P. Morgan & Co., who, I understand, represents the Rothschild interests, and that he is liaison officer between the French Government and J. P. Morgan & Co. That has a very important bearing on this particular situation.

I want to make it perfectly plain that in placing Mr. Meyer at the head of the Federal reserve system you are turning it over completely to this international financial group. I do not believe that the people of the United States want this thing to happen. This is an unpleasant duty for me to perform. But, ladies and gentlemen of the House, I am interested in our country and its institutions, as is every man, woman, and child in the United States.

The Federal reserve system controls the credit system not only of the United States to-day but is the dominating factor in finance throughout the whole world.

I could not let this opportunity pass without at least directing this to the attention of this House, and, I hope, the attention of the Senate, before they take this additional step.

There is no question that the Federal reserve system is playing with international financial operations through the Bank for International Settlements. Otherwise, why would Mr. McGarrah be here reporting to the President of the United States, the Treasury Department, the governor of the Federal Reserve Board, and the State Department? Why would he be making statements with regard to the operations of the Bank for International Settlements?

I am simply throwing out these thoughts to you to show how extensively we are becoming involved and how our financial system is becoming involved in the affairs of international finance.

At the opening of my remarks I pointed to the fact that we are in the midst of a terrific business and financial depression in the United States, and it is just at such times that deals of this character are put over.

Gentlemen, I do not want to be too pessimistic with regard to our financial situation, but the fact remains that this year practically 1,100 banks will have failed in the United States. It is a serious financial crisis, and I am hoping that before this session is over the committee over which I preside as chairman may have an opportunity to look into the causes of the failure of these particular banks.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DICKINSON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. MCFADDEN. I may say to you that the analysis I have already made of the causes of the failure of some of these banks indicates clearly that these failures are not due entirely to agricultural depression in the country districts. An examination of the portfolios of these banks will disclose that in many instances the impairment in the capital of these banks is caused by the investments in their portfolios.

You are going to find that these large big-city financial institutions—that in the past few years have been floating and financing these various consolidated enterprises that we have been in a mad rush to put together, where practically every business throughout the country that has gained any standing or any basis of earnings has been merged or mobilized and financed in New York and elsewhere—have been emitting securities, after pulling out the cream of the values in securities, and unloading the remaining worthless securities not only on the banks but on innocent investors throughout the country; and in mentioning this I put at the top of the list the international banks who are financing these domestic operations and the large amount of foreign securities as a whole, many of which have depreciated in this country over 50 per cent. The failed banks are full of these worthless securities, and they have been sold to the banks and to the innocent investors in this country by banking houses of the type which I have just mentioned.

Mr. O'CONNOR of New York. Will the gentleman yield?

Mr. MCFADDEN. I yield.

Mr. O'CONNOR of New York. Does not the gentleman also think that one of the underlying causes for the condition of some of the banks is that they have left the strictly banking business and have gone into the financing business with their side companies, called finance, and so forth, companies?

Mr. MCFADDEN. The gentleman is quite correct. That is one of the serious phases of this question. Banks have not been content to do a legitimate banking business, but they have organized affiliated companies under State laws that have permitted them to do those things which are prohibited directly under the law. There is no doubt but that the matter which the gentleman has referred to is responsible for a lot of things that have been going on and for a large part of the losses that have been sustained: in fact, they are responsible for a lot of the speculation which occurred last year, where affiliates of some of these large houses were the violators.

They have been the sources from which hundreds of millions of dollars' worth of these fancy securities have been unloaded on the innocent public. This resulted in the wide speculation of last year; in fact, the very thing that caused the crash of last

October was the fact that early in the summer these reorganization and financing houses that had all of these reorganizations and financial operations in process became aware of the fact that pressure was on from the Federal reserve to reduce credit lines and that an economic depression was imminent, and they all tried to get rid of their securities at one and the same time. What happened? It was just like the meeting of two locomotives. The excess amount of the issues of these new securities to which I have referred and the tightening of the credit of the financial system brought them together exactly as two locomotives come together, and there was nothing to prevent a crash.

Mr. BLACK. Will the gentleman yield?

Mr. MCFADDEN. Yes.

Mr. BLACK. Does the gentleman's committee intend to do anything about all this?

Mr. MCFADDEN. So far as the chairman is concerned, I will say the committee is going to take up very actively a study of this particular phase of the financial troubles that confront this country. [Applause.]

WHY NOT AN AMERICAN POLICY?

[Speech of Hon. LOUIS T. MCFADDEN, of Pennsylvania, in the House of Representatives, December 20, 1930]

"Mr. MCFADDEN. Mr. Speaker, ladies and gentlemen of the House, at the outset I want to make it perfectly clear and reiterate what the gentleman from Maine has already said about the remarks I am about to make. I make them on my own responsibility as a Member of the House, as I always do, and I am not speaking for the Banking and Currency Committee, nor am I attempting to speak for anyone else who is a member of this body, nor have I in the past in any remarks I have ever uttered in this House attempted to convey that thought.

"Mr. JONES of Texas. Will the gentleman yield?

"Mr. MCFADDEN. Yes.

"Mr. JONES of Texas. Has the gentleman agreed to delete anything from his proposed remarks?

"Mr. MCFADDEN. I have not. They are going to be delivered exactly as I intended to deliver them when the objection was made.

"Mr. Speaker, there are times when it is peculiarly necessary for the Congress of the United States to consider from a broad and comprehensive standpoint the situation in which the country finds itself.

"At such times patriotic legislators will diligently examine the multiplicity of forces that are at work and study the effect of their influence upon the general welfare and the state of the Union. It is precisely at such times that the spirit of controversy will be subordinated and partisan prejudice set aside. It is light that is needed, and its beneficent rays may be depended upon to bring satisfactory solutions and point the way to national policies upon which all parties and factions who are actuated by love of country may unite.

"Such, Mr. Speaker, are the times in which we are now meeting. Their problems are not bounded by our frontiers, as they frequently were in an older day. On the contrary, the forces which are now making themselves felt in our daily lives come in large measure from without, and these distant though powerful influences are sometimes obscure and baffling because cause and effect are not clearly visible and the motives which set them in motion are not understood.

"These world forces are primarily political. They fall within the purview of this body, and it is the Congress of the United States that must cope with them, and legislate intelligently with reference to them, if the United States is to control them consciously and not be drawn unwittingly into the sweep of policies determined for it from without or privately by the Government's executive branch alone.

"Since the New Haven address which Secretary Hughes made in 1921, and increasingly with the passage of the years, we have been exhorted to leave the settlement of foreign problems to the economic experts. There is a school of leadership, very vocal and insistent, which points to the failure of political leadership everywhere, and asks that the financiers and economists in private life be permitted to do well what the politicians can only do badly.

"So urgent have been their exhortations that they have, in fact, been given carte blanche by successive administrations to represent the United States abroad, where they have wielded enormous power because the Europeans thought that they spoke for the American Government, and where they have put their mark upon the Europe of to-day as effectively as any overlord could do.

"Where did the idea come from that American financiers and economic experts could properly adjust the political relationships of the European States among themselves or of those States with the United States? What type of man is there who has less interest in political principles, and less regard for political sensibilities, than the international financier?

"The particular gentlemen who, in regard to postwar Europe have represented American financial prestige in the treaty settlements there, have succeeded in leaving that distracted continent in a worse condition than that in which they found it.

"They proceeded on the assumption that the settlements of the treaty of Versailles were final and were to be put into integral execution, notwithstanding the fact that their own country had refused to become a party to that treaty.

"In their financial negotiations the treaty of Versailles became their bible, and in their interpretations of the reparation obligations of Germany they have shown themselves more English than the English and more French than the French.

"It has been their endeavor, through the successive steps of the London ultimatum, the Dawes plan, and the Young plan, to commit their own country to settlements which in their essence are no whit different from the treaty of Versailles itself. This would have been an enormous service to the allied states of Europe, for without the support of the United States they are not strong enough to enforce the unjust treaty, and a radical revision becomes necessary. They have sought by economic means to guarantee the political settlements made at Versailles, instead of inquiring whether political readjustments were not a condition precedent to economic improvement.

"For this reason their activities in Europe have been worse than useless. They have without doubt complicated and entangled the international situation and perpetuated the fatal errors of the peace settlement to such an extent that no recovery has been possible in Europe.

"There is not a single political wrong to whose solution they have contributed. They have assumed that there were no political wrongs in the peace treaty that must first be corrected, and they have proceeded to capitalize the blood money of a vast war tribute into billions-of-dollar bonds which they have brought home with them and offered for sale to the American people with the assurance that Europe's political troubles have been healed by their masterly statesmanship and, incidentally, that the bonds are an excellent investment for the American purchaser.

"But the bonds are not an excellent investment for the American purchaser, and the American purchaser does not want them. Some other treatment must be found for the invalid than this comprehensive transfusion of American financial blood.

"Mr. Speaker, the financiers and economic experts have had their turn. It is time for them to retire and relinquish the responsibility of determining the policy of the United States Government to the Representatives in Congress where it belongs. [Applause.] It is time that the control of the Federal Reserve Bank of New York be taken out of their hands and that, by legislation, its activities be brought into line with a national policy which the Congress of the United States will fix.

"The war in Europe profoundly altered the relationship of that Continent to the rest of the world, and particularly its relationship to our own country. This fact did not become visible until some years after the war. It was consciously concealed by the European negotiators in the peace conference, and the treaty of Versailles recited the obligation of the vanquished in that war to pay $30,000,000,000 to the victors. Were the makers of that peace treaty under the spell of an illusion that Europe's pre-war wealth remained intact? That the financial settlements of that treaty as between the European States had any connection with reality?

"Knowing the undoubtedly high intellectual quality of the minds of the European negotiators we can not believe it. They knew that all Europe must begin the new postwar era in dire poverty and burdened with debt; that the power of stored-up capital had passed from it.

"Why, then, did they saddle upon the enemy an utterly impossible war tribute of $33,000,000,000 to be paid in annual installments over a period of 37 years?

"It is a strange fact that it is only in recent years that public attention in the United States has been drawn to that provision in the treaty of Versailles which permits the allied states to offer their respective shares of the $33,000,000,000 indemnity to private purchasers in the form of bonds.

"Even if discreet statesmanship did not desire to stress this provision publicly, it bears so directly on the interests of the American people, and it was such a powerful means of new postwar adjustments which concerned them, that it would seem that the American mind would have been alive to its significance.

"It has, however, remained the most obscure feature of the treaty of Versailles, although its influence runs like a red thread through all the postwar negotiations.

"The financial illusions upon which the treaty of Versailles were based in 1919 were accepted as realities here. Because of the energy and enterprise of the allied statesmen in presenting their case, we accepted their version of the postwar situation which followed the cessation of hostilities. As a consequence, the information coming to the Congress and to the American public was not sufficient to enable them to understand the situation in Europe.

"When, therefore, Secretary Hughes in 1921 accepted the German indemnity of $33,000,000,000 as a reality and approved of the London ultimatum which imposed it upon Germany, there was no realization that a mere war mirage was being written into world law.

"The fact that the London ultimatum provided that $12,000,000,000 in reparation bonds were to be immediately commercialized did not attract the slightest popular attention in the United States.

"The suggestion that the settlement in Europe be left to eminent American financiers followed, and the era of the economic expert in politics was ushered in.

"They proceeded to bend their efforts to making the United States a party to settlements which would permit of the reparation bonds in their billions being offered, almost exclusively, to the American investor.

"It was not, however, until this year that the economic experts by the Young plan succeeded in getting into the United States with the reparation bonds. With their sale actually imminent in the United States I undertook in this House last spring to examine in the light of reality what had actually transpired in Europe at the end of the war.

"It was necessary to examine the events from the preliminary agreement which brought hostilities to a close in November, 1918, to the settlements of the definitive treaty seven months later. It was found that the terms of the preliminary agreement, which in international law were binding on both sides, had afterwards been almost wholly discarded; that their terms did not permit of punitive damages, afterwards called reparations; but that, nevertheless, the most crushing tribute ever imposed after war was incorporated later in the settlements of the treaty of Versailles.

"It was also found that in order to effect this the real conquest of Germany was attained in the six months following the armistice by means of a ruthless food blockade which was maintained throughout the period during which the peace conference sat. All this was done in violation of the preliminary peace agreement.

"Undoubtedly, under international law, the German State today is not morally or legally bound to carry out the provisions of the treaty of Versailles. It is a pity that this was not perceived by our State Department in 1921 at the time of the London ultimatum, when it entangled us in the postwar mirage and implanted deeply in the minds of the European statesmen fond hopes that Europe might be reestablished through the commercialization of the German indemnity in the United States.

"Even if Germany had in fact been conquered on the field of battle before the armistice, in which case the settlement would have had some elements of honesty, it would not have been a rational act for the United States to have permitted the commercialization of the indemnity among its citizens. But when, as actually happened, an unconquered enemy, giving up his arms in reliance upon the good faith of an armistice agreement, is afterwards tricked into the power of his adversary, who thereupon reduces him to unconditional surrender by the pressure of starvation and compels him to accept the burden of a colossal war tribute for 37 years, the obligation is fraudulently imposed, and the bonds which are afterwards issued are tainted with illegality.

"Such are the reparation bonds of the treaty of Versailles, and it is inconceivable when the real facts of the peace settlement are known that the Government of the United States could open its doors to the sale of those bonds among the American people.

"That it has now done so is wholly due to the influence through the years that a small and powerful group of our international bankers, and through them the allied governments, have been able to exercise continuously upon the policy of our executives.

"Cunning, grapevine methods have placed willing agents at the head of great executive departments and in important subordinate governmental positions, and financial control of newspapers and magazines has made it possible to lead public opinion far astray.

"The tangled web of deception in the treaty of Versailles was directed against the American people, who were to become the victims of the clever reparations clauses. To carry out the financial settlements it was a necessary condition that this state of deception be not disturbed; that it be made permanent and allowed to dominate the postwar policy of the United States Government. The hypnotic trance in which the paid American publicists and the political college professors have lived for a decade has enabled the international financiers to use their voices and pens to keep the political deception alive.

"Because the definite allied postwar policy has been to secure the quick return from America of the gold stock lost by Europe in the war, and to secure it through application of the provisions of annex 2 to the reparations clauses of the treaty of Versailles, the perpetuation in America of the illusions of 1919 has been essential.

"Systematic deception, therefore, has characterized this period, and it is because this deception is not being unmasked that the futility of the Versailles settlements are at last becoming apparent.

"Before taking up the financial and economic condition that confronts us to-day, which is a part of the direct result of the Versailles settlements, I wish to review briefly the unfolding of allied policy in Europe during the past 10 years.

"In 1921, when allied exasperation was wreaking senseless vengeance upon Germany because the latter refused to acquiesce in the financial settlements of the treaty, Gustav Stresemann, not yet in office, conceived of a policy which might at once save Germany and unify Europe.

"Lord D'Abernon, who was then British ambassador at Berlin, has with some naivete disclosed the beginning of the 'Stresemann policy.' He says that Stresemann called on him in 1922 and requested him to put four blunt questions to Lord Curzon, who was then British Foreign Minister.

"With some hestitation D'Abernon did so, and, to his surprise, he received frank answers to them, which he transmitted to Stresemann. Thereupon Stresemann set to work with unflagging persistence to found a German policy upon these answers, to attain public office, and as German Minister of Foreign Affairs to put this policy into effect. There is little doubt that these four questions were as follows:

"First. If a way could be found for the economic rehabilitation of Europe by means coming from outside Europe, would Britain be willing to see Germany recuperate?

"Second. Would Britain restrain France from aggressions against Germany?

"Third. If the commercialization of the German reparation bonds outside of Europe could be effected, would Britain accept this as such a means?

"Fourth. Would Britain see to it that Germany should receive a substantial share in the proceeds?

"Stresemann did not attain office until 1925. The German governments which preceded him fought stubbornly against commercialization of the German reparations. The Dawes plan, effected in 1924, provided for the commercialization of $4,000,000,000 worth of the bonds, but necessary cooperation failed to come from Germany. The international bankers made repeated efforts to obtain the consent of the Coolidge administration to commercialize the bonds here, but relations on the opposite sides of the Rhine were so threatening that their appeals had little force.

"The next year, 1925, witnessed the inauguration of the Stresemann policy. Reconciliation in Europe was announced. On board the *Orange Blossom*, floating on the shimmering waters of Locarno, the personal friends, Stresemann and Briant, reached an understanding for their respective countries. The treaty of Locarno was signed in which France and Germany made peace and Britain agreed impartially to support either party in case of military aggression by the other.

"The publicity given this treaty in the United States was thorough and complete. There was not a town or village to which the news was not carried that peace had now come in Europe, and that that continent was bathed in the sunshine of Locarno. With stable peace effected in Europe, why should there be any further hesitation about American investments in European securities?

"Evidencing the new accord Germany, a few months later, in September, 1926, was duly admitted to good standing as a member of the League of Nations. Only one step more at the European end of the stage was now needed to bring the Stresemann policies to fruition.

"This step was taken immediately after Germany was admitted to the League of Nations. The two personal friends, Stresemann and Briant, met, not unostentatiously, at the rustic inn at Thoiry in the Vosges. Here it was agreed—

"First. That Germany would agree to the commercialization of the reparation bonds outside of Europe.

"Second. That France would cease the pin-pricking policy, evacuate the Rhine, and agree that Germany should receive a substantial share of the proceeds from commercialization—one-third, as it afterwards became known.

"The next year, 1927, Poincaré promised the French people that if he were returned to power the 'bankers' plan,' which was to put the Thoiry agreement into execution, would be accepted by France. Stresemann continued to mold policy in Germany in accordance with this purpose. The movement had the support of the British Foreign Office.

"In September, 1928, the powers met at Geneva and in solemn conclave took measures for the 'final and complete settlement of the reparation question' by the method already adopted in the French elections the preceding year. To this end the appointment of a committee of 'experts' was provided for in the following December. This was the Young committee, which assembled in February, 1929, and completed its labors the following June, bringing forth the Young plan, which to-day lies at the heart of any discussion of the world-wide depression which is now with us.

"So much for the winding course of postwar diplomacy as it disclosed itself on the other side of the Atlantic. It will be seen that this entire conception presupposes the justice, the adequacy, and the permanency of the settlements of the Versailles treaty in their entirety. The part that the United States is to play under the Young plan is to guarantee by its preponderating power the settlements of the Versailles treaty and to dig deeply into its superabundant financial resources to rehabilitate the depleted treasuries of Europe.

"But Stresemann has passed away and a new spirit is coming over the German dreams. The sunshine of Locarno was artificially produced and Briand is discredited in France. Last July marked a rapid and profound change in the political scene in Europe. New combinations are forming, of which I will speak later. The Stresemann policy, universally discarded, has vanished almost overnight. Its disappearance coincides with the rejection by the American investing public of the German international 5½ per cent bonds.

"Mr. Speaker, let us return to the United States and observe, so far as we can, the impact of these forces from abroad upon our domestic economy.

"Simultaneously with the collapse of the Stresemann policy in Europe comes the depression in the United States. When the Young plan was drawn up it was intended that it should go into operation by putting the bonds on sale in the United States not later than November 1, 1929. Their successful flotation, followed by new slices of the loan, would, it was hoped, draw billions out of America's plentiful investment capital into Europe. This would at once give Europe a new purchasing power of billions and stave off its threatening industrial collapse. Languishing trans-Atlantic trade and world trade would revive, production for export in the United States would increase, and the threatening industrial recession here would be checked. The waning confidence of the American public in New York financial leadership would be revived and psychological causes, or in plain words, lack of confidence in financial leadership, would not supervene to cause domestic industrial depression.

"But the American investing public have declined to absorb the Young-plan bonds and Europe has abandoned the Stresemann policies. Foreign purchasing power came to an end last year because new loans in America, which would have permitted its continuance, could no longer be made. The fall in investment values took place in the autumn of 1929 and the industrial depression, which is still with us, began.

"Mr. Speaker, the liquidation of the war in accordance with the principles of the treaty of Versailles has failed. It is time to discard them and make new adjustments.

"Simultaneously with the abdication by Washington of its governmental powers in favor of 'economic experts' several years ago it practically abandoned control of the Federal Reserve Bank of New York to the private international financiers. Last February I called attention here to the ambitious policies of that bank, to the frequent visits here of Mr. Montague Norman, governor of the Bank of England, for conferences with the head of that bank, to the advance of a credit of $200,000,000 from the Federal reserve system to the Bank of England, made in 1923.

"And right here I desire to digress and call attention to the fact that another one of these conferences has just taken place, when the governor of the Federal Reserve Bank of New York was abroad conferring in London, Paris, and Berlin with J. P. Morgan, Owen D. Young, and the heads of the various central banks of issue of the countries of the world, and upon their return to New York a meeting was held in the Federal Reserve Bank of New York, where a report was made by Mr. Owen D. Young, Mr. George L. Harrison, and Mr. J. P. Morgan as to the results of their conferences abroad. The public, however, know nothing about the changes that have been decided upon in connection with these various conferences. All we know is the fact that after the other conferences held in this country in 1927 a change in the discount policy was made and money was made cheap, which resulted in the shipment out of this country of $500,000,000 worth of gold, which, at the same time, released a superabundant amount of credit, which resulted in stimulating the beginning of the stock speculation which ended so disastrously last year.

"Since that date it has more and more been the practice of the Federal Reserve Bank of New York to make gold loans to the central banks of Europe and to buy foreign bills on a large scale. The extensions of the powers of this bank have appeared to be a matter of indifference to the Federal Reserve Board in Washington, who profess to have but little knowledge of what it is doing.

"These loans have all been made to the national banks of the allied governments whose policies have been the integral execution of the provisions of the treaty of Versailles, and the proceeds have been used exclusively to that end. The United States Government has never avowed the policy of upholding the treaty of Versailles. There is a discrepancy here between the financial policy of the Federal Reserve Bank of New York and the policy of the United States Government. The policy of the Federal Reserve Bank of New York has been that of upholding and furthering the Stresemann policy in accordance with the wishes of the 'economic experts' to whose control that bank has been abandoned.

"This is not as it should be. America's foreign financial policy should be fixed for the Federal reserve banks by the Federal Reserve Board at Washington and not by one of the 12 coordinate Federal reserve banks. And the Federal Reserve Board in Washington should mold its policies in accordance with the foreign policy of the United States Government, whose creature the Federal Reserve Board is.

"What is the foreign policy of the United States Government at this time? Is it a policy primarily directed to the maintenance of the national interests, to the protection of the Nation's wealth, and to the conserving of the Nation's strength, or is it a policy of timidity and drift which follows the line of least resistance? In view of its tolerance of the London ultimatum and the Dawes plan, and of the hospitality which it now gives to the Young plan and the World Bank, with the implication which these acts carry of choosing sides in Europe and throwing the support of the United States Government to the integral execution of the treaty of Versailles, while at the same time assuring the public that it is having nothing to do with political quarrels in Europe and takes no interest in German reparations, it is to be questioned whether its policy has been in the interests of the American people and whether it has shown that ingenuous quality which ought to characterize the government of a republic.

"At the end of the last session I introduced a bill which is intended to prohibit traffic in German reparation bonds in this country. The Congress should pass this bill as a first step in the establishment of a definite policy. Its passage will prevent any possible revival of the Stresemann policy in some other guise and bring to an end the dangerous financial heresies of the treaty of Versailles.

"We must recognize that a 12-year policy for the financial settlement of the war in Europe has failed and has come to an end. It depended for its success upon the rapid shifting of a large part of the American gold stock into Europe. In spite of the weakness of our executive branch we have succeeded in preventing this. But to protect our gold in future legislation is needed here to guide the Secretary of the Treasury and the Federal Reserve Board in Washington.

"We must admit that it has been the veiled support by successive administrations in Washington of allied policies in Europe that has concentrated power in the hands of the French and is now bringing the entire Continent into revolt against her military dominance. We must admit, too, that the primary purpose of the French power, which we were supporting, was to rivet the reparation obligation upon Germany, so that the Stresemann policy could be carried out and the reparation bonds disposed of in the United States.

"Events in Europe since last July indicate clearly that combinations are forming against Anglo-French dominance. Simultaneously with the failure of the German international 5½'s on the American investment market Mussolini called for a revision of the treaty of Versailles and led Italy out of the allied ranks. Italy is making alliances with the countries who were defeated in the war, and an Italian-Russian-Germany understanding is taking form, which might become formidable in certain eventualities.

"And only yesterday my attention was called to a speech by Mussolini in Italy in which he dealt with the financial and economic depression in the United States, and to a great extent laid the economic and financial troubles of Italy to the stock crash in the United States, and to the development of the plan of mass production in this country which has resulted in creating such enormous surpluses. I was asked to comment upon this, and in this connection I recall that on July 3 last in this House I had something to say on this same question, and also in my remarks in the House last Tuesday I confirmed my previous statement as regards this speculation and mass production and its effect in this country and the whole world.

"Reports have recently emanated from Washington to the effect that the State Department has refused to have anything to say in regard to any foreign loans. Only yesterday, at the other end of the Capitol, one of the leading Senators introduced a resolution and is pressing for action upon it, forbidding the State Department from having anything to say concerning the placing of foreign loans in the United States.

"Under these circumstances the chronic weakness of our executive policy is making itself manifest again. It is obviously being led by Anglo-French suggestion.

"By what right has Ambassador Hugh Gibson, sitting in a meeting of the disarmament conference, recently signed this agreement on behalf of the United States:

"'The present convention shall not in any way diminish the obligations of previous treaties under which certain of the high contracting parties agreed to limit their military, naval, and air armaments and thus fixed in relation to one another their respective rights and obligations in this convention.'

"Is this to become a treaty settlement by which the United States compels Germany to remain disarmed?

"And along with this comes press reports that the United States Government has frowned upon a loan to Italy in order to bring pressure upon that country to follow certain policies.

"The tendency of these things, Mr. Speaker, is to draw us into alliance with France and Britain to maintain the status quo of the treaty of Versailles. All the indications point to the fact that unless the treaty of Versailles is radically revised there will be war in Europe. Does the administration contemplate with equanimity the fact that what we are doing to-day will inevitably draw us into that war on the side of the allied States?

"It is possible and logical for the United States Government to follow a policy which will keep us out of these entangling alliances, but it is quite obvious that the intervention of the Congress is necessary if this is to be done. The intervention of the Congress is necessary to undo the work of our economic experts in blindly acquiescing in the Stresemann policy, going halfway into the World Court, and accepting the Young plan and the World Bank.

"All of these devices were measures to strengthen and bolster the treaty of Versailles and insure French domination of the Continent of Europe under the provisions of that treaty. They fall and crumble into dust if the moral support of the United States is not believed to be behind them.

"The industrial stagnation in this country to-day is largely due to the distrust of the people in the foreign policy of our Government and in the financial policies of the Federal reserve system. They do not want entangling alliances, but they have seen an increasing tendency toward entangling alliances as the years have passed. They do not want to see their financial system weakened by too great extensions in its commitments abroad, but that is exactly what they fear is happening to-day.

"As I said a little while ago, the economic experts have had their turn and they have led us upon the search for a will-o'-the-wisp. They have bogged us deep in the slough of German reparations. Let them return now to their true field of strictly private activities. Let them cease to dream of fixing the foreign policies of the United States. Let us set ourselves to the fixing of fundamental principle and to the formulation of legislation which is made in America and will conserve and safeguard the interests of the American people. [Applause.]

"Mr. RAMSEYER. Will the gentleman yield?

"Mr. MCFADDEN. I yield.

"Mr. RAMSEYER. The gentleman discussed the morality and legality of the Versailles treaty, and I think more and more informed people are taking the view that the gentleman has expressed here. I do not know whether the gentleman remembers a speech on the Versailles treaty made by the late Senator from his own State, Senator Knox, soon after that treaty was laid before the Senate, in which he analyzed the treaty very carefully and came to the conclusion that the treaty would not maintain peace, but on the other hand would provoke wars.

"Now, as to the worthlessness of these reparation bonds, I have grave doubts myself as to the advisability of Americans investing in those foreign bonds. It is true that since the war we have lent each year a great deal of money to Europe, something around $1,000,000,000 annually, is it not?

"Mr. MCFADDEN. It is a total of more than they have paid on the war debts.

"Mr. RAMSEYER. Yes at any rate we have lent each year more to Europe than the balance of trade in our favor amounted to; is not that true?

"Mr. MCFADDEN. The records of that show.

"Mr. RAMSEYER. And that has helped stimulate our trade and helped a great deal in keeping up the prosperity in this country and in the world that we enjoyed during that period, and undoubtedly our failure last year to continue making loans in the

same volume had something to do with bringing about this world depression. That is the gentleman's view, is it not?

"Mr. McFADDEN. And the loss of money by foreigners in the New York stock market.

"Mr. RAMSEYER. The two combined. Now, the gentleman stated at some place in his address that the Versailles treaty and the other settlements had to be scrapped and something else substituted for them, and I thought the gentleman was going to discuss what should be substituted. I listened for that very carefully. If the gentleman said anything in that connection to convey the idea there was something he wanted to substitute, I did not get it. Does the gentleman care to elaborate on that phase?

"Mr. McFADDEN. I did not make such a suggestion, because that will only come after conferences between the interested parties, when a plan will be worked out that will more appropriately fit the case than does the carrying out of the now obsolete Stresemann policies, evidenced by the treaty of Versailles and subsequent Dawes and Young plans.

"Mr. RAMSEYER. Is it the gentleman's opinion that before we can get peace in the world and restore prosperity in the world we have to scrap the Versailles treaty and the Young plan and substitute something else in the place of them?

"Mr. McFADDEN. I do not think we will get a proper solution of this whole matter in Europe until we go back to the very foundation.

"If the foundation is faulty, you can not build a safe structure on top of it.

"Mr. RAMSEYER. What is the foundation, the Versailles treaty?

"Mr. McFADDEN. The Versailles treaty. [Applause.]"

In connection with this letter to Chairman NORBECK——

Senator WAGNER. May I interrupt a moment?

Representative McFADDEN. You may.

Senator WAGNER. I want to ask whether or not the speech that you made was a discussion of the qualifications of Mr. Meyer for this office?

Representative McFADDEN. No; it was not, but it had to do with the international connection of the Federal reserve system referred to in this letter. It is part and parcel of this argument that I will present to this committee and I thought it would serve the purpose and save time to insert it in the record.

Senator WAGNER. I do not want to be technical about this, Mr. Chairman, but I was hopeful that to some extent at least we would confine this inquiry to the qualifications of Mr. Meyer rather than have a discussion of the whole system. I do not think this committee should go into the whole Federal reserve system. There are other subcommittees doing that now.

Senator BROOKHART. I agree with that, but the question of Mr. Meyer's administration of these institutions is certainly material in determining his qualifications.

Senator WAGNER. That is why I asked the Congressman whether this is a criticism of Mr. Meyer in that administration of his offices.

Representative McFADDEN. No; it is not, but it shows what we are coming to in Federal reserve operations, which Mr. Meyer, if he is confirmed, will administer. I believe it is material to this particular subject.

Senator WAGNER. You mean as to whether it should be Mr. Meyer or somebody else?

Representative McFADDEN. Yes.

Senator WAGNER. You are going to connect that up, are you?

Representative McFADDEN. I think I have connected it up already. It is connected up at this time.

Because of the common reports, and because of the things that I have just stated to you about the various movements of Mr. Meyer since he came to Washington in connection with these positions which he has held, it is rather interesting to note the matters to which I have referred in this letter to Senator Norbeck, in which I have pointed out the fact that Governor Roy A. Young, who came to Washington from Minneapolis as governor of the Federal reserve bank at Minneapolis, retired as Governor of the Federal Reserve Board just at the particular time that Mr. Meyer was to be appointed.

I call your attention to and emphasize the fact of this vacancy at that time and also the resignation of the Vice Governor of the Federal Reserve Board, Mr. Edmund Platt, because there is a provision in the Federal reserve act that only one member of the Federal Reserve Board may be appointed from any one Federal reserve district. Mr. Platt was representing the same Federal reserve district in which Mr. Meyer has his official residence, and, of course, even with the resignation of Governor Young, it did not make a vacancy so that Mr. Meyer, if he were appointed, could be Governor of the Federal Reserve Board. In fact, he was prohibited from being a member of the Federal Reserve Board because of the residence restriction in the law.

My attention was directed to the fact that Mr. Platt was appointed by President Coolidge a member of the Federal Reserve Board to succeed himself about two years ago for a term of 10 years. He had eight years yet to serve as a member of the Federal Reserve Board; and it is a well-known fact in Federal reserve circles—and I do not care to have you feel that I am reporting rumors in this connection—that Mr. Meyer was after the job on the Federal Reserve Board.

I had personal knowledge of his ambitions in that respect several years ago. In a conversation with Mr. Meyer he expressed the desire to be Governor of the Federal Reserve Board and to sell this board to the country, stating that it never had been properly sold to the country. And in connection with this whole matter these notices which appeared in the press at that time are of particular significance.

I want to call attention to a notice in the New York Times, under date of September 5, 1930, reading: "Meyer to get post; Platt will resign. Selection of New Yorker for Governor of Federal Reserve Board announced."

Then an item in connection with that says:

"The law creating the Federal reserve system provides that no two members of the board shall be from the same reserve banking district.

"Officials explained informally that Mr. Platt had been contemplating resigning from the Federal Reserve Board for a long time, with a view to accepting an important position with what they described as an organization having headquarters in New York, but which was not a New York organization. The understanding obtained was that only within the past few days Mr. Platt had decided to accept the position mentioned.

"PLATT ON VACATION

"It was said at the Treasury that Vice Governor Platt was on vacation in Connecticut. The identity of the organization with which he is expected to become affiliated could not be ascertained."

Here is a clipping from the New York Times under date of September 3, 1930. It is headed: "Hoover for Meyer on Reserve Board. Appointment of ex-war finance chief hinges on a legal point. Way likely to be cleared. Difficulty lies in fact that another New Yorker, Edmund Platt, is also a member." It goes on to say:

"Eugene Meyer, jr., of Mount Kisco, Westchester County, N. Y., will be appointed governor of the Federal Reserve Board if a legal difficulty offered by the fact that another New Yorker is a member of the board can be overcome.

"While on the surface this legal difficulty appears to be insuperable, it is significant that the present vacancy will remain unfilled pending an effort on the part of the administration to clear the way for Mr. Meyer's appointment to this important position if it is possible to do so. What is known of the situation indicates that the ultimate appointment of Mr. Meyer appears to be assured."

Then under date of September 4, 1930, this item appears in the Washington Post:

"Meyer Will Head Federal Reserve. Hoover Reported Decided on Selection of New Yorker.

"Edmund Platt, vice chairman of the board, like Mr. Meyer, is from New York district. However, without disclosing what steps are to be taken to meet this legal restriction, Government authorities indicate that they believe a solution can be found."

It would be interesting to the committee to know what Government authorities are referred to in a statement like that. I have suggested that a plan was introduced here for the deliberate removal of Mr. Platt from the board. I do not believe that Mr. Platt voluntarily resigned from the Federal Reserve Board. I think this committee should ascertain just what the circumstances were that led up to that.

I know something of the pleasant affiliations that Mr. Platt had with the board from many conversations I have had with him, and I know how highly he regarded his opportunity to serve the country on the board; he liked his job.

Then in the United States Daily of September 5, 1930, there appeared this item:

"Mr. Meyer selected for Reserve Board. When Mr. Platt retires, according to the information which the Treasury has, Mr. Meyer will be given a recess appointment as a board member and will immediately be designated by the President as governor under the procedure regularly followed heretofore. The formal nomination to the board then will be forwarded to the Senate when Congress convenes again in December."

Then, under date of September 6, 1930, this additional statement appears in the New York Times, headed: "Names Meyer Head of Reserve Board. President States Resignation of Vice Governor Platt Removes Obstacle." The article says:

"Following the announcement earlier in the week that the appointment would be made if certain legal obstacles could be overcome * * *.

"These were surmounted through the resignation of Edmund Platt of Poughkeepsie from membership on the Reserve Board, also announced to-day.

"Mr. Meyer will succeed Roy A. Young, who retired from the governorship of the Federal Reserve Board to become governor of the Federal reserve bank at Boston.

"Under the law creating the reserve system no members of the board may be from the same reserve district. Shortly before President Hoover gave out the news of Mr. Meyer's appointment it was announced in Buffalo that Mr. Platt, who was vice governor of the Federal Reserve Board, would become a vice president of the Marine Midland Corporation of that city."

Under date of September 15, 1930, in the United States Daily, there is this heading: "Mr. Platt explains resignation in letter." The letter from Mr. Platt is as follows:

"DEAR MR. PRESIDENT: In submitting my resignation as a member of the Federal Reserve Board, effective September 15, and of the vice governorship, which I have had the honor to hold under four Presidents, may I say that it is not easy to sever the pleasant relationships that have continued for more than 10 years. While it is true that the salary of members of the Reserve Board is not in purchasing power as much as was expected when the Sixty-third Congress, of which I was a Member, passed the Federal reserve act, and probably should be increased, there are compensations which to some of us have more than made up for the deficiency.

"INTERESTING WORK

"The participation in conferences and in important decisions on matters of credit policy, the study of banking and economic problems, of domestic and world-wide business conditions, and of the policies of the central banks of other countries, involved in the board's work, have been to me most interesting and inspiring. Since my reappointment about two years ago by President Coolidge I have not given much consideration to propositions that involve resignation from the board; but comes now an offer to take some part in the development of a system of banking in which I have been greatly interested, a system which gives promise of solving some of our most serious banking problems.

"I have long studied branch and group banking with special reference to preventing bank failures, believing that only by some extension of branches beyond city limits from strong institutions, or by some grouping together or consolidation of small banks in rural communities so as to form larger corporate entities, can anything substantial be done toward giving adequate and safe service to the smaller centers.

"SECOND RESIGNATION

"The offer of a vice presidency of the Marine-Midland Corporation, one of the largest and strongest of the recently formed group systems, appealed to me as an opportunity for useful service in the practical operation of branch and group banking, and I have, accordingly, accepted it, having received assurance that you are prepared to appoint my successor and that my resignation following so closely upon that of Governor Young will not cause you embarrassment."

The President's letter in reply is as follows:

"MY DEAR MR. PLATT: I have received your letter of resignation in confirmation of information previously conveyed to me."

It is important to know what that previous information was, if it is possible for this committee to obtain it. Apparently this resignation of Mr. Platt's was a matter of discussion between Federal reserve authorities, perhaps the Treasury Department, the White House, and Mr. Meyer.

I have intimated in this letter to Senator NORBECK that in addition to the calling of Mr. Meyer and Mr. Platt before this committee Governor Young, of the Federal Reserve Bank of Boston might also be called. Governor Young is a very able banker and is experienced in Federal-reserve operations, coming from a section of the country which has indicated that representation on the Federal Reserve Board for a man like-minded to him was important rather than a man who is interested in Wall Street finance and international financial and business operations.

In that connection I would like to point out also that Mr. Meyer, before he came to Washington, was a stockbroker in the city of New York. His associations indicate that the type of business he did was confined largely to the business of brokerage. He was a very active man in the market. So far as I have been able to learn, that is his only qualification to be termed a banker, except the experience which he has gained since he came to Washington in the operations of the War Finance Corporation and the Federal farm loan system.

It is pertinent to know in that connection what some of these stockbrokers engaged in New York do. I would make particular reference to some of Mr. Meyer's early operations in stocks in New York, because it has considerable bearing on his operations as manager-director of the War Finance Corporation and as the farm loan commissioner. The policies carried out in previous operations indicate to me that they will be carried into the Federal reserve system.

I want to point out that his mind is more that of a stockbroker than that of a banker. I am led to this conclusion because of the fact of his operations as a stockbroker before he came to Washington and the operations incident to the purchase and sale of Government securities in the War Finance Corporation, where he carried on what is well known in stock-brokerage circles as maintaining a market.

In connection with the hearings which the subcommittee of my committee carried on we had ample opportunity to look into the operations of the War Finance Corporation's activities.

Senator BROOKHART. Have those hearings ever been printed?

Representative MCFADDEN. The particular hearings to which I am referring now have not been printed.

Senator WAGNER. The Senate committee went into this whole question, as I recall, when Mr. Meyer's nomination was then up for a member of the Farm Loan Board.

Senator BROOKHART. It only made a very casual inquiry into it. As far as getting at the bottom of it is concerned, we never did.

Senator WAGNER. Everybody was at liberty to ask any questions in connection with it. I am wondering what our function here is, whether we are going to rehash all these matters which the committee passed on before and so did the Senate.

Senator BROOKHART. There are some important phases of this that were not brought out that I want to bring out at this time. I do not think there is a lot of detail, either, when we get to it.

Senator FLETCHER. The subcommittee, in connection with the Farm Loan Board membership, did not undertake to go into any great detail.

Senator WAGNER. We did not go into the operations of the War Finance Corporation at the time of the hearing.

Senator FLETCHER. To a considerable extent.

Senator WAGNER. Were not you and Senator BROOKHART at liberty to ask any questions and call any witnesses?

Senator FLETCHER. We had a subcommittee appointed and the subcommittee gave very little attention to it. The fact is, that I had to move as a member of the subcommittee that two of the members be excused from attendance because they protested against an inquiry of these almost disgraceful performances.

Representative MCFADDEN. I say to the Senators that apparently what is being referred to here now is the inquiry into the supposed duplication of Government bonds. That is not the part of this particular hearing to which I am referring, and from my observation of the conduct of the hearings before the committee previously I do not believe that the matter I am referring to here has ever been before a committee of the Senate.

Senator BROOKHART. I am afraid it is new to me.

Senator FLETCHER. What the committee inquired about was the War Finance transactions, the purchase and sale of Government bonds by the War Finance Corporation, of which Mr. Meyer was the head, through Eugene Meyer's office in New York. We went into that to some extent. That was the purpose of the inquiry there. Mr. Meyer was doing business not as a broker, I believe, but as an investment banker. That is the term he used instead of broker; and as an investment banker his house in New York bought and sold, at his instance here, Government securities from time to time. That was the extent of our inquiry at that time.

Senator WAGNER. As I recall it, Senator FLETCHER, that was gone into very thoroughly, including an audit which was presented, and everything that was established at that time was very creditable to Mr. Meyer.

Senator FLETCHER. Those hearings were printed.

Representative MCFADDEN. During the closing days of the Wilson administration the then Secretary of the Treasury presented to the Ways and Means Committee a request to give the Treasury the right to buy and sell Government securities below par. The Ways and Means Committee very properly refused that authority to the Treasury. The War Finance Corporation being organized, and in order to give it legal status and make it constitutional, was given the right to act in a fiduciary capacity and to buy and sell Government securities.

It so happened that under the administration of Mr. Meyer—I do not want to prolong this—Government securities were somewhat below par. The Treasury, instead of placing orders direct with the bankers and investment dealers for the purchase and sale of bonds for the sinking fund, saw fit to place these orders for purchase and sale by and through the War Finance Corporation. These transactions were handled almost exclusively by Mr. Meyer as manager of the War Finance Corporation.

During a period of six months to a year our hearing disclosed, as I recall it, that they ran into, I am safe in saying, I think, $2,000,000,000 worth of these securities that were bought and sold. I mention that because of the fact that it was well known, and I think so stated from time to time, that this was a stabilizing of the market program on Government securities.

Senator CAREY. Did I understand you to say that Mr. Meyer handled this business through his own offices in New York?

Representative MCFADDEN. I have not said that; but the hearings in the committee disclosed, very much to the surprise of the committee, that Mr. Eugene Meyer, as manager of the War Finance Corporation, engaged in these important Treasury operations placed those orders, many of them, if not all of them, first, with the banking house in New York located at 14 Wall Street, in the name of Eugene Meyer.

When the committee's activities were stopped, because of the ending of the session of Congress, Mr. Meyer was engaged in explaining to the committee the fact that Eugene Meyer, jr., got no commissions on these transactions. He had not at that time convinced the committee of that fact, but had convinced the committee of the fact that commissions were paid in the usual manner on transactions of that kind coming about because of the purchase and sale of securities.

Those hearings should have been completed, but they were not completed; they were stopped at that very interesting phase of this undertaking.

Senator WAGNER. Are you speaking of the Senate hearings now?

Representative MCFADDEN. No. I am speaking of the hearings of the Subcommittee of the Committee on Banking and Currency of the House.

I would like to mention in this respect that I have no knowledge, except by hearsay, of the hearings that were held by the Senate committee, which have been referred to here, but I do not believe that any members of the subcommittee of the House that had that particular matter in charge were heard before the Senate committee in regard to this particular proposition.

I mention this because of the fact that it carries through the same kind of operations which stock brokers in the market in New York often carry on. It is a practice with people who have securities that they want to float on the market to go to brokers and brokers help them to make a market. Sometimes we have wash sales. But they organize a group of brokers and they begin to send out favorable reports in regard to securities, making the matter attractive to the public. I do not need to go into detail because the Senators are familiar with those transactions.

Those same practices were largely introduced in these transactions that were carried on with Mr. Meyer under the Treasury undertakings, the purchase and sale of these securities. That is a matter which the Senators who are to pass on the fitness of Mr. Meyer to be Governor of the Federal Reserve Board should have explained fully and in detail.

It seems to me to be most unethical for a man holding such a Government position to carry on Government transactions, even with the consent and approval of the Treasury, to use his own private brokerage house in New York for the purpose of carrying on these transactions. It is fair to say that in connection with these

orders his house in New York distributed to other brokerage houses; as I recall it, six were favored in that connection, and they passed out these orders to something like 75 or 80 houses.

Senator BROOKHART. Can you name those six?

Representative MCFADDEN. I can not now. These unfinished hearings will disclose that full information.

Senator WAGNER. My recollection is that the evidence established clearly that the hearings to which you refer showed that the board had no accommodations in New York, and Mr. Meyer gave over to them his old office space and charged nothing to the Government for the use thereof. That is how the transactions happened to take place in that office.

Representative MCFADDEN. Even if that were the case, I am sure that the Senator is not attempting to defend the ethics of that.

Senator WAGNER. If he did not occupy them himself and gave his own offices to the Government free of charge, I should call that a contribution.

Representative MCFADDEN. I would say that it was very unethical for the manager-director of the War Finance Corporation to carry on transactions, either gratuitously or otherwise, with his own brokerage house in New York.

Senator BROOKHART. Would not any other brokerage house have welcomed the Government coming in in that sort of way, and would it not be improper for a Government officer to go into any brokerage house in that way?

Senator WAGNER. Where the offices are used exclusively for the use of the Government?

Senator BROOKHART. They were not used exclusively for the use of the Government.

Senator CAREY. I think we can question Mr. Meyer on that part of it.

Senator FLETCHER. Mr. Meyer's office in New York was not known as the War Finance Corporation office at all. It was Eugene Meyer's office.

Representative MCFADDEN. In connection with these operations the unprinted minutes will show that millions of dollars' worth of these securities were bought and sold through this channel daily; transactions were recorded of sales in the morning of millions of dollars' worth of these securities and repurchased in the afternoon at different prices. The whole thing was a clear indication of the process of manipulating the Government bond market, and the hearings show that losses were frequently sustained and profits were made. It is fair to Mr. Meyer to say that in whatever profits were made or losses incurred the Treasury of the United States was the beneficiary or the loser. I mentioned that because of the fact that it is a manipulation of securities markets, this time for the benefit supposedly of the United States Treasury, but, nevertheless, it shows that the facilities, the activities, and the knowledge of Mr. Meyer were put to work in this particular case.

Senator BROOKHART. I believe you said that the Treasury had asked authority to do this from the Ways and Means Committee of the House.

Representative MCFADDEN. And it had been directly refused to the Treasury.

Senator BROOKHART. Then they carried it out through Mr. Meyer?

Representative MCFADDEN. Through the War Finance Corporation that provided capital out of the Treasury of $500,000,000, which was used to carry on practically the same operations that the Ways and Means Committee had refused to the Treasury.

Senator CAREY. Mr. McFadden, did you not state that the Treasury asked the Ways and Means Committee for consent to sell securities below par?

Representative MCFADDEN. Yes.

Senator CAREY. This effort on the part of Mr. Meyer and the Treasury Department was to keep the Government securities above par, was it not?

Representative MCFADDEN. That was the effort; yes.

Senator CAREY. And the Treasury Department was back of whatever Mr. Meyer did in this particular instance?

Representative MCFADDEN. Yes. The point that I am making in this connection is that his knowledge and acquaintance with the manipulation of the securities market was utilized in this particular transaction. The record of the hearings, which have not been printed, will disclose the details of these various transactions to which I am referring here.

Senator BROOKHART. It is your theory that the Treasury should not go into that gambling up and down the market at all?

Representative MCFADDEN. I am not expressing here an opinion as to what the Treasury should do or should not do. I am attempting to deal with the kind of service that Mr. Meyer has rendered and is finding readily available to carry on these transactions.

Senator CAREY. Was not the Government attempting to stabilize Government securities?

Representative MCFADDEN. Apparently so; yes, Senator.

The Whaley-Eaton Service, which is a news service, on September 6, 1930, had a very interesting article which I desire to read. It referred to the matter under consideration here before the committee at this time. It follows:

"New York, on the other hand, needs help and was embarrassed when Mr. Platt, representing that district, did not, for a period, see eye to eye with the metropolis."

Then, on page 4 of this same letter of September 6, 1930, this significant statement occurs; and it has a bearing on that which I have just been saying:

"Mr. Meyer knows the security markets; he is one of the best bond men in America; he is intimately acquainted with international finance; he has learned to love public service and he mixes well. He is independently wealthy and salary considerations do not weigh with him."

That checks up with what I have been saying about his qualifications for carrying on the well-known stabilization processes.

In the Whaley-Eaton Service letter which came out under date of January 17, 1931, on page 3, there appears the following:

"The way is being made ready for some substantial international financing. If it is in the power of financiers to do so, therefore, the bond market is going to be strengthened. International bank elements continue to discuss the possibility of stabilizing the commodity markets, and they may be able to get somewhere."

That is a clear indication that in the future operations of the Federal reserve under Mr. Meyer these previous practices are going to be put into play and the Federal reserve system is going to be operated largely as a securities bond market, and the international situation rather than serve the great business interests of the country and the rank and file of the people of this country. I mention this because it has a bearing on the future operations of the Federal reserve system.

Among the gentlemen that I suggested that you call before the committee was Mr. George F. Rand, the president of the Marine Midland group of banks, and Mr. Alfred A. Cook, a lawyer of New York, who I understand is attorney for the Marine Midland group. They might be able to give you additional information pertaining to the suggestion that Mr. Platt's resignation as vice governor of the Federal reserve board was an arranged affair.

Regarding this whole matter of these various connections with the international situation, I desire to make a few observations here referring to some of my previous statements.

I desire to call attention to the fact that under the emergency of war, which demanded the extension of almost unlimited credits to the allied governments, the Government at Washington permitted the growth of power in the Federal reserve system until it became almost autonomous. This power was not reduced or curbed after the war by Government action. So far as its exercise has been restrained, it has been restrained only by the influence of public opinion.

A year ago I invited the attention of the Congress to this fact and to the need for supervision of the policy of the Federal Reserve Bank of New York.

Last spring I called attention to the developments of the Stresemann policy in Europe, which disclosed itself primarily as an Anglo-French political policy having for its object the floating of over $3,000,000,000 worth of German reparation bonds chiefly on the American investment market.

I showed that circumstances plainly indicated that the Federal Reserve Bank of New York was entirely willing to see the consummation of this policy and that the private international bankers of New York, who were in intimate association with the board of the Federal Reserve Bank of New York, were among the chief movers in the development of the Stresemann policy, and were strenuously endeavoring to float the reparation bonds on this market. It was quite clear that under the guise of an economic transaction this was an attempt to commit the United States Government to a political policy which it had avoided taking up when the treaty of Versailles was signed. It was an attempted usurpation of the prerogatives of the Congress.

I also called attention to the progressive use by the Federal reserve bank since 1923 of credits to the Bank of England, the Bank of Belgium, and the Bank of Italy, and to its practice of buying bills abroad in order to enable foreign banks to avoid shipment of gold to the United States.

Every transaction of this kind ought to come before the Congress for its action because the political elements involved are invariably paramount.

Unchecked by the political Government at Washington, the Federal Reserve Bank of New York has extended its commitments in Europe progressively over a period of 10 years and is now following a course where the political status quo in Europe is dependent upon its will. It deals with political considerations in Europe upon a vast scale.

Undoubtedly Europe can make use of colossal credits. It is expecting them to come from the Federal Reserve Bank of New York. It is the inclination of the Federal Reserve Bank of New York to make them. Following the stock collapse of 1929, the bulk of the liquid wealth of the country has been drawn into the New York banks. As the situation is to-day, the Federal Reserve Bank of New York has the power to pour this great fountain of credit into Europe instead of pouring it back into the interior of this country.

Mr. Eugene Meyer belongs to the school of financiers who would make liberal use of this fountain of credit for the states of Europe. His training and associations are such that he could follow no other school of financial thought. The confirmation of this appointment by the Senate would mean more than approval of the personal and professional qualifications of the nominee. It would fix a national political policy.

The decision of the questions involved ought not to be made indirectly, off-hand, and without consideration of their merits, as it would be in taking favorable action in this case.

No man of the school of finance to which Mr. Meyer belongs ought to be appointed Governor of the Federal Reserve Board at this time. The Federal Reserve Board ought now to await the settlement of certain questions by the Congress before seeking to determine its future policy. A governor of that board should be appointed at this time who is willing to await congressional action upon questions which will determine the future policies of that board.

The question 'What are the purposes of the Federal reserve system?" calls for decision by the Congress now. What use is to be made at this time of the bulk of the country's liquid wealth which has been drawn into the Federal Reserve District of New York? Is it to be sent out of the country, reducing industrial activity here in order that industrial activity may be revived abroad, or is it to go back to revive trade in the interior? This is a political question to be decided by the Congress of the United States.

Now I want to point out in this connection that there was observed during the hearings had by this subcommittee in the House the close business relationship by and between Mr. Meyer and these various brokerage houses in New York, and particularly the association and connection with J. P. Morgan & Co. All through the study of these transactions that were carried on in connection with this so-called stabilizing of the bond market, the relationship between the managing director and the house of Morgan was very intimate and close, in that when certain issues of securities that were designated by letter were desired to be called by the Treasury, invariably these bonds were always ready and available by and through the cooperation of the Morgan firm and the Federal Reserve Bank of New York.

In this connection there has already gone before the Senate—I think it was referred to in Senator BROOKHART's statement on the floor of the Senate—a clipping from the New York Times of December 5, 1930, in which Harrison reports conditions abroad, and states that the governor of the Federal reserve bank meets the directors after a trip to Europe; that J. P. Morgan makes a call, and that Owen D. Young joins Harrison in telling of a conversation with foreign bankers.

I would like to suggest right here that along with other things that should be gone into in connection with Mr. Meyer's qualifications, or his business connections and his affiliations at the present time, is the report that Mr. Meyer is one of the large stockholders of the Allied Chemical Co. and that the Morgans are also very largely interested.

The qualifications of the governor of the Federal Reserve Board, so far as his business relationships, directly or indirectly, are concerned, are vitally important to the Federal reserve system and to the people of this country, particularly so when we review the experiences of the past two years in which great readjustments have taken place in regard to transactions of New York financial houses and the stock market and the debacle of October, 1929.

I want particularly to direct the attention of the committee to this item in the Times to which I have just referred. This news item avoids very carefully any reference to what Mr. Morgan said at this meeting. Mr. Morgan had no more business attending a meeting of the board of directors of the Federal reserve bank in New York than one of these newspaper boys present here at this meeting. I mention this to show how completely that affiliation is working out.

Mr. MEYER. Mr. Chairman, may I interrupt for just one second? Mr. Morgan was not at a meeting of the board of directors of the Federal Reserve Bank of New York.

Representative MCFADDEN. I am very glad to know that. This newspaper article indicated that he was present.

Mr. MEYER. I was at the meeting and Mr. Morgan was not present. If Mr. Morgan was in that bank that day I did not see him. He was not at the meeting and the only information I have is what is in the newspaper item to which Mr. MCFADDEN referred. I might say for the benefit of the committee that I have not seen Mr. Morgan since 1921, to my knowledge, when I called him down to Washington to the office of the Secretary to organize a cattle livestock loan pool of $50,000,000 for the benefit of the stock raisers in the West.

Senator BROOKHART. Was that what ruined the stock raisers in the West?

Mr. MEYER. I do not know what ruined them. It saved a great many that would have been ruined.

Representative MCFADDEN. I want to call the committee's attention to a colloquy that appears on page 273 of the hearings on H. R. 7895 relative to a loan which was made to Great Britain by J. P. Morgan & Co. contributing $100,000,000 and the Federal Reserve Bank of New York $200,000,000. I desire to read for your benefit this information.

"The CHAIRMAN. Are you of the opinion that it is the spirit of the Federal reserve act that there might be invested these legal reserve deposits or the capital of the Federal reserve system to the extent of $200,000,000 in foreign securities such as is provided in this agreement?

"Mr. SEAY. Beyond any question; we have that right to deal at home or abroad.

"The CHAIRMAN. Under section 4?

"Mr. SEAY. Yes, sir; at home or abroad in foreign exchange, and no limit is placed on that.

"The CHAIRMAN. The newspaper reports of this loan indicate that when this credit was granted the Federal reserve banks participated to the extent of $200,000,000 to either the Bank of England or Great Britain, and it indicated at the same time there was a credit of similar nature granted by J. P. Morgan & Co. The newspapers also reported that J. P. Morgan & Co. was getting a commission on that transaction, so far as their loan is concerned, but that the Federal reserve system was getting no profit from the transaction; and I have here a newspaper clipping from a recent issue of the New York Times which I want to read to the committee [reading]:

"'MORGAN SILENT ON FEE—REFUSES TO TALK ON $1,125,000 CHARGE FOR $100,000,000 CREDIT TO BRITAIN

"'Officials of J. P. Morgan & Co. refused to comment yesterday on the statement of Winston Churchill, British chancellor of the exchequer, that the cost of the $100,000,000 credit which Great Britain obtained from the Morgan firm at the time of the return to the gold standard was $1,125,000 to the end of the first year.

"'The interest charge in connection with the credit never has been announced here, but it was said yesterday that it was a matter of public record in London and was published there when the credit was obtained last April. The Bank of England obtained a $200,000,000 credit from the New York Federal Reserve Bank at the same time the British Government arranged the Morgan credit. Neither credit has been drawn upon. Both were obtained as a precaution against exchange pressure when Great Britain resumed gold payments.'

"That naturally raises the question as to who negotiated this $200,000,000 credit; whether J. P. Morgan & Co. or whether it was arranged jointly with the Federal Reserve Bank of New York; and if the Federal Reserve Bank of New York arranged their part of it why didn't they make a charge for this service, the same as J. P. Morgan & Co.? Is there any agreement as regards payment for this service?

"Mr. STRONG. Because J. P. Morgan & Co. got all the traffic would bear; there would be nothing left."

Now, since this loan was made by the Federal Reserve Bank of New York, which tied each one of the other 11 banks into a participation in this, the Federal reserve, prior to this date, was carrying on conferences with the central banks of Europe in regard to gold movements, international exchange, and so forth, a part of which was probably all right. This relationship, however, was not contemplated in the law and much of it is being carried on without considering a strict interpretation of the law.

I am not attempting to criticize or to say that the Federal reserve system should not have relationships with these central banks of issue in the major countries of the world. There is much that this country has to do financially and in a business way with these countries, and relationships of a financial nature are necessary.

I do say this, and I want to stress this to the committee, that there is plenty of evidence to show that all international financial transactions, many of which have a bearing on the political angles of the disputes in the various countries of Europe, are carried on by and through these international banking houses, principally J. P. Morgan & Co., who are not under the law in any respect whatsoever authorized to act for this Government or any of its branches.

I want to point out clearly to you that J. P. Morgan & Co. constitute a private banking house engaged in the business of financing and investment banking, both domestic and international, for the purpose of making money. They have at times rendered great public service to this country.

It has been repeatedly asserted that they were also the fiscal agents of Great Britain, France, Belgium, and Italy. They have connections both in London and in Paris, and I presume in other central financial markets of the other countries of Europe. I do say this, however, that in many of these financial transactions there is involved financial, economic, and political issues, and oftentimes, and practically at all times, when this firm appears in Europe on financial operations they are speaking, maybe by acquisition or by deference, for the combined financial resources of the entire United States. That is the way they are regarded by the financial interests and the countries abroad. I want to point out the danger of the tendency of those kinds of relationship and the carrying on of them clandestinely.

If those relationships are essential to the best interests of the people of the United States they should be authorized by law, and if they are authorized by law they should be supervised.

This question of foreign loans, this question of these great financial operations, has a bearing and effect on the Federal reserve system. They have a bearing and an effect on other international financial transactions and a direct bearing on the welfare of 120,000,000 people living in the United States.

I have no quarrel with J. P. Morgan & Co. as such in this matter, but I do think it is of the utmost importance to the people who have regard for the maintenance of this country's welfare and the welfare of the Federal reserve system that these kinds of financial operations, which involve the shipment of gold, the political determinations of the countries of the world, the determinations of the welfare of the people of this country, should have some supervision. They can not be carried on without effective operations of the Federal reserve system and the business structure of this country, and I point out that they are being conducted to-day without that authority.

It has a direct bearing on the particular financial and economic operation which confronts this country to-day because of the fact that the savings and the equities of probably 20,000,000 people have been taken from them through this orgy of speculation which to those who are best qualified to speak is indicated as having been brought about, to a very large extent, by the mistakes in the operations of our financial system.

I do not need to go any further than to point out to you the evidence that was submitted to the Glass committee last week when Mr. George L. Harrison admitted these mistakes.

I have repeatedly pointed out how in the summer of 1927 the heads of the foreign banks of Europe came over here and persuaded the heads of the Federal reserve bank to the idea of lower

discount rates which stimulated the stock speculation which resulted so disastrously in the fall of 1929.

That is now admitted by the Federal reserve. They have also confirmed the statements which I have repeatedly made, and which have been disputed from time to time, as to the other change of policy in the spring of 1929, in February, when they announced a complete change, which was the beginning of the decline, not only in business but in the prices of securities, that led up to the catastrophe in 1929.

The influences of the international group and the manipulation of securities in the so-called well-known plan of the stabilizing of securities are important in connection with this very matter here, because you have here the question as to the type of man who is going to guide the future of the Federal reserve system. My observation of Mr. Meyer is that he is a dominating influence. The experience of the different boards on which he has served has been that he is a strong power in all of these operations.

I want to go a step further in connection with this particular situation in which the country and the people of the country find themselves in regard to the present financial position; and that is, that during this period of inflation, which started back in 1922, and gradually worked up to a period of extreme height when the credit was released in 1927, these financial houses located in New York and elsewhere, principally in New York, under the system that had been developed by mass production saw an opportunity to consolidate and reorganize thousands of institutions of this country, and they did not lose their opportunity; they reached out all over the country, and every concern practically that had arrived at a point where it had an earning power and ability was picked up at a price. They took them over and reorganized them into new institutions and financed them through these houses in New York, issuing, oftentimes, twice the amount of securities of the value of the property. They developed this well-known basis of the value of securities depending on the number of so many times their net earnings, and they took out the cream by their operations and sold the residue to the investing public of this country at the high prices.

We now find that the banks of the country are holding the bag and are holding these investment-adulterated securities. It is a situation with which the Congress or some authority should have something to do, because it has deflated the purchasing power of the public to the extent of billions of dollars.

Now, I want to make this suggestion that has a bearing on this whole matter: There has to be some kind of regulation over that angle of things, and I want to ask you whether the type of man that is being suggested here as governor of the Federal Reserve Board is the type of man to direct this situation?

My own thought is that we should have a re-creation of a board in this country along the lines of the old Capital Issues Board, which was a part of the War Finance Corporation act. That board should have supervision over the issuance and sale not only of domestic but of foreign securities in the United States. I do not believe you are going to correct this situation in the United States until there is re-created some supervisory board or power over the sale in this country of not only domestic but foreign securities.

Perhaps I am taking altogether too much of the committee's time, Mr. Chairman.

Senator CAREY. There are several witnesses here out of town that would like to be heard to-day.

Representative MCFADDEN. If it is agreeable to you, then, after these other witnesses that I have suggested have been heard, perhaps I can complete other phases of this statement. If that is agreeable to the committee, I will take my leave at this moment.

Senator GOLDSBOROUGH. I would suggest that Mr. MCFADDEN proceed.

Representative MCFADDEN. In this international relationship I want to point out that the firm of Morgan & Co. have been interested in all of these great international problems which are so vital now to a solution of the world situation, and they have a bearing and effect on our own domestic, economical, and financial situation. They financed and sold in this country one-third of the reparations loan a year ago. Those bonds were floated at 90, and they are now selling in the 70's. Subsequently to that Lee Higginson & Co., closely affiliated with the Morgan house, with foreign connections, floated a loan to Germany of $125,000,000, and now the same house is in negotiation to grant an additional loan of $40,000,000 to Germany.

These relationships are made possible by the assent of the management of the Federal reserve system, and they have a vital bearing, as I have said previously, on all of these international relationships.

Mr. MEYER. Under what authority has the Federal reserve system control of the floating of bonds of banking houses?

Representative MCFADDEN. They have not any authority.

Mr. MEYER. But you said they had.

Representative MCFADDEN. When did I say that?

Senator BROOKHART. I did not understand that. I understood him to say that there should be a board that should have such authority.

Mr. MEYER. That is a different question. Will the reporter read the remarks of the Congressman on that subject?

(The reporter thereupon read from the record as follows:)

"These relationships are made possible by the assent of the management of the Federal reserve system, and they have a vital bearing, as I have said previously, on all of these international relationships."

Mr. MEYER. That is what I am talking about.

Representative MCFADDEN. I do not mean to infer that they have the legal authority vested in the law.

Mr. MEYER. You used the word "assent." That permission is asked and given.

Representative MCFADDEN. Not necessarily.

Mr. MEYER. What does "assent" mean?

Representative MCFADDEN. It means that the Federal reserve are sympathetic to the carrying on of these transactions by this group.

Mr. MEYER. Assent does not mean sympathetic. Assent means authority. It implies authority.

Representative MCFADDEN. I do not care to get into an acrimonious discussion on this, but I would point out, however, that the Federal reserve system is first charged with the responsibility of maintaining a gold standard and supervision of the total volume of credit in the United States. Those are two main functions of the Federal reserve system.

Senator BROOKHART. Would it not be worse if the Federal reserve assented to this without authority than if they had authority?

Representative MCFADDEN. Yes. The point that I do want to emphasize here is that during all of this inflationary period the operations of the Federal reserve system synchronized in such manner with all of these houses that were handling international operations and domestic flotations that they had access to the credit facilities of the Federal reserve system, and Federal reserve credit was made readily available to this class of financing or dealing. I reiterate that statement now, and I can say to you that under the change of policy that was recently announced by the Federal reserve system an inflationary policy is now again being established and those in authority are being admonished to use it for purposes of improving the market; so that these houses that are engaged in these transactions are synchronizing their operations now to use these Federal reserve credits which are available at this time. It may be worthy and it may not. I am not saying that it is not.

I want to see business stimulated in this country and put back to normal, but at the present time the policy of the Federal reserve is that all inflation and all of the powers are to be used to improve the bond market. I am not saying that it is detrimental, but I am showing how under the well-known plans of stabilizing that policy is being carried out at the present time.

Senator WAGNER. Are you criticizing it, although you do not know whether it is good or not?

Representative MCFADDEN. I am not criticizing it. I am just pointing out that the administration is admonishing the investment houses to do everything they can to improve the bond market.

Senator BROOKHART. Are you familiar with the fact that these stocks in New York on Prof. Irving Fisher's Review are still 208 per cent above the level of 1914?

Representative MCFADDEN. I have not made that comparison.

Senator BROOKHART. And that the 1914 level was 33 per cent above the 1904 level, all of which would indicate that we are still on top of a volcano, so far as this stock booming is concerned.

Representative MCFADDEN. In connection with the examination which the committee are to make, inasmuch as I have suggested the calling of these various witnesses, may I outline to the committee certain phases of this on which I think it would be proper to question these witnesses? I do not want to attempt to suggest to the committee, but there are certain angles on which I think it would be well to have information.

I have already referred to the possible business connections, financial connections, of Mr. Meyer, and have stated that they should be set forth fully to this committee as having a bearing on the future operations of the Federal reserve system.

I will take these up in order: First, there is Mr. Alfred A. Cook. I know that Mr. Cook was special counsel of the War Finance Corporation in railroad matters here in 1919. He is now attorney for the Marine Midland Corporation, formerly with the Fidelity Trust Co., which was merged with the Midland, and is attorney for the brother-in-law of George Blumenthal, Lazard-Freres & Co., referred to in my speech, and is attorney for the New York Times, and is a brother-in-law of Mr. Meyer.

Senator WAGNER. Are you now suggesting questions that should be asked?

Representative MCFADDEN. I was giving an outline here.

Senator WAGNER. Those questions should be submitted to the chairman.

Mr. COOK. I should like to submit to the fullest examination, Mr. Chairman.

Mr. MEYER. I do not know whether it is out of order or not, but Mr. STRONG just happened to come into the room. I did not ask him to come, but he was a member of the subcommittee that studied bond matters about which Mr. MCFADDEN expatiated so much, and I would like to ask the chairman to let Mr. STRONG speak for five minutes on that matter at this time.

Senator CAREY. I would rather defer calling Mr. STRONG, if I could, because some of these men who have been brought here are very busy and would like to get back.

Senator WAGNER. I think we owe it to a Congressman, who is a busy man, and I suggest that we call Mr. STRONG after we get through with Congressman MCFADDEN.

Representative MCFADDEN. I was going to suggest that you not only call Representative STRONG, but that you call Representative STEAGALL and Representative STEVENSON, who are also members of the committee. If you are going into that matter, these other gentlemen should be here to make their statements as well.

Senator CAREY. I would like to go ahead with these hearings to-day, if the other members can sit here, on account of these witnesses from out of town, and at least get through with them to-day.

Senator GOLDSBOROUGH. That is agreeable to me, sir.

Senator BROOKHART. Mr. Chairman, I am interested in a matter before the Senate to-day.

Senator CAREY. The Senate convenes at 12 o'clock noon, but these gentlemen are here, and they would like to get away. I think we should hear them to-day, if possible.

Senator BROOKHART. Suppose we go as far as we can.

Senator GOLDSBOROUGH. Suppose we let the witness proceed and then we can hear Mr. STRONG.

Representative MCFADDEN. To ascertain what part Mr. Cook took in the employment of Mr. Platt by the Marine Midland you should know whom he saw and what connections and what conversations were had either between Mr. Platt or Mr. Cook or the Marine Midland people, or anyone else connected with the Federal reserve, the Treasury, or anyone who had anything whatsoever to do with these negotiations.

The question of salary and consideration should also be fairly known in this matter, because in Mr. Platt's letter he refers to the fact that the Federal reserve members are drawing a small salary, and that one of the considerations of his change was that he was paid a much larger salary.

You should also understand and know whether any bonuses were given to Mr. Platt, or whatever other inducements were given to him to retire from the membership of the Federal Reserve Board, which to my mind is one of the outstanding positions in the country, almost equal to a membership on the Supreme Court of the United States.

You should also know what stock holdings are held or what changes took place in connection with stock holdings, if any.

You should also know if the resignation of Mr. Young was discussed with Mr. Meyer and Mr. Platt. It might be interesting to know, although I realize how difficult it would be to know, whether a suggestion of the retirement of Mr. Platt was made by the President or whether it was a voluntary matter. The press reports indicate that it was a matter of consideration in the Treasury and the Federal reserve and the White House. It should be known also to the committee how long this resignation had been in contemplation, or whether it was a decision promptly arrived at and executed.

In connection with Mr. Young's appointment it might clarify the situation to know whether or not when Mr. Young left the position of governor of the Federal Reserve Bank of Minneapolis at twice the salary he was drawing and came here, he had any arrangement as to future salary after he retired from the Federal Reserve Board.

This all has a tendency to show whether the Federal reserve system is being used other than for purposes of carrying out their functions under the law.

In that connection I am reminded that the governorship of the Federal Reserve Bank at Boston is being largely used for retirement positions of the Federal Reserve Board. It may be all right and it may not.

I think it is important to know what conversations took place between Mr. Platt and Mr. Meyer or Mr. Rand or anyone else who may have had anything to do with this matter. I think that covers all I have to say this morning, Mr. Chairman.

Senator BROOKHART. Mr. Chairman, there are some questions that I would like at some time to ask Mr. MCFADDEN.

Senator CAREY. Can you return, Mr. MCFADDEN?

Representative MCFADDEN. Yes; I would be very glad to. May I be excused now?

Senator CAREY. Yes.

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UNITED STATES SENATE,
SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C., Friday, February 6, 1931.

STATEMENT OF HON. LOUIS T. M'FADDEN, A REPRESENTATIVE IN CONGRESS FROM THE FIFTEENTH DISTRICT OF PENNSYLVANIA

Representative MCFADDEN. Mr. Chairman and gentlemen of the committee, supplementing what I said when I appeared before the committee last week, in my letter to Senator NORBECK under date of January 5, I said of Mr. Cook that he was a lawyer and a brother-in-law of Eugene Meyer, jr., and George Blumenthal. These relationships he admitted, and he admitted that he was attorney for Lazard-Freres and that he was attorney for the New York Times. All of these he confirmed by his testimony before your committee, and admitted that he was a director of and attorney for the Fidelity Trust Co. on a retainer up to December 30, 1930, and is retained without salary until July 1, 1931.

He told you that he organized the Fidelity Trust Co., and that the purchase of the control of the stock of that company by the Marine Midland Corporation was consummated in his office, and that the Fidelity Trust Co. is now a subsidiary of the Marine Midland Corporation, and that he was a stockholder in the Marine Midland Corporation.

He denied only that part pertaining to activity in the appointment of Mr. Platt as vice president of the Marine Midland Corporation.

I am making this clear to you now because of the statement made by Mr. Cook when he appeared before your committee as follows:

"All of the statements made in this letter by Mr. MCFADDEN are founded on whole cloth and are untrue so far as any reference to me is concerned directly or indirectly in any way, shape, manner, or form."

I feel that I should correct that reference in his testimony which tended to indicate that he was in the employ of J. P. Morgan & Co. in the colloquy that took place between Senator BROOKHART and Mr. Cook. If this supposition came from my letter, it is entirely without foundation. I never stated that Cook was in the employ of or connected with J. P. Morgan & Co.

Senator BROOKHART. I think that was my mistake in asking the question.

Representative MCFADDEN. What I did say was that his brother-in-law, Mr. George Blumenthal, was connected with Lazard-Freres, and was the liaison between J. P. Morgan & Co. and the French Government. Mr. Cook made no reference whatsoever in his testimony in regard to this, and it is for the purpose of correcting a wrong impression that might be gained from this colloquy that I make this statement.

I feel also that I should say that my reference to Mr. Cook's employment as counsel for the War Finance Corporation did not embody any question of ethics whatsoever. It was simply a recital of the fact that he had had experience with the War Finance Corporation here in Washington when it was being managed by his brother-in-law, Mr. Meyer. It was more for the purpose of identifying Mr. Cook that I made this reference than for anything else.

I am glad, however, that Mr. Cook disclosed to the committee his and Mr. Meyer's connections with Kuhn, Loeb & Co. and other affiliated brokerage houses in New York in this sale of $200,000,000 worth of equipment-trust notes which the Government was desirous of financing for the Director General of Railroads. This relationship disclosed by Mr. Cook is important in connection with the future operations of the Federal reserve system under the management of Mr. Meyer; and I will have more to say concerning it later on.

Referring to the statement before this committee of Mr. George F. Rand, Arthur A. Cook, and Roy A. Young as regards their participation in any of the negotiations or incidents leading up to Mr. Edmund Platt's resignation as a member of the Federal Reserve Board and vice governor and his employment as vice president of the Marine Midland Corporation at a salary practically double that which he was receiving as a member of the Federal Reserve Board whose term of office would not expire for eight years, it is a well-known fact that since the death last March of W. P. G. Harding, who was governor of the Federal Reserve Bank of Boston, this position was being held open for Roy A. Young if and when he resigned as governor of the Federal Reserve Board, which resignation was being withheld until such time as his successor could be named and could be qualified. It was also equally as well known that if Mr. Platt's resignation could be secured Mr. Eugene Meyer would be appointed a member of the Federal Reserve Board and designated its governor.

The obstacle to this was Mr. Platt.

The testimony given by these men to your committee conveys the information that on September 1 Mr. Platt was on vacation in Connecticut; that Governor Young had not seen him since July. Mr. Platt says he came to Washington September 2 to attend a meeting of the Federal Reserve Board for the purpose of fixing Governor Young's salary as governor of the Federal Reserve Bank of Boston. Governor Young disclaims having seen Mr. Platt at this time and knew nothing of his resignation.

I would point out that Governor Young's resignation was followed immediately by the resignation of Mr. Platt, and that on September 3 an item appearing in the New York Times, in which it was definitely stated that Eugene Meyer, jr., "would be appointed governor of the Federal Reserve Board" and that "the legal difficulty offered by the fact that another New Yorker was a member of the board could be overcome," proves conclusively that negotiations were pending to eliminate Mr. Platt and evidently had been successful.

I would call your attention to an article appearing the following day, September 4, in the Washington Post, which says: "Government authorities indicate that they believe a solution can be found, and acting in this belief President Hoover is said to have eliminated all others than Mr. Meyer for consideration."

It is apparent that Mr. Platt came to Washington for other reasons than to attend the meeting of the Federal Reserve Board for the purpose of fixing Mr. Young's salary. It is perfectly clear from the testimony before your committee that Mr. Platt's definite assurance of resignation and acceptance of Mr. Rand's offer was secured while he was in Washington between September 2 and September 5, the definite date of the announcement, and the Government authorities who had this matter in charge were at this time properly informed and did report that the impediment had been removed. The final result of this is that Mr. Platt resigned as vice governor and a member of the Federal Reserve Board and accepted a position at practically double the salary (besides employment of his secretary) as vice president of the Marine Midland Corporation a newly created position to fit his particular employment. As to who or how negotiated, this still remains undisclosed.

It is significant, however, that the man who could furnish the best information on this particular matter, Mr. Edmund Platt, has not been called before this committee.

It is significant also that while Mr. Meyer has been before your committee two days explaining his own activities in the administration of the War Finance Corporation as regards loans to cooperatives and cattle loan companies and his administration of the Federal farm loan system, he has made no statement or explanation as to his own activities in securing this appoint-

ment. Why is he silent? He is the one man who could tell you about the incidents leading up to this appointment.

Senator CAREY. As to why Mr. Platt was not called: The reason was that the afternoon that I went to the House to see you regarding this hearing, which was before this committee met, I asked you the names of witnesses that you thought should be called, and you did not include Mr. Platt among those that you mentioned. I wired all the others. That is how that happened that Mr. Platt was not called.

Representative McFADDEN. It was mentioned in my letter to Senator NORBECK.

Senator CAREY. I had not seen your letter to Senator NORBECK; but I went to see you in the cloakroom of the House and made a list of the names that you suggested. For some reason or other you failed to include Mr. Platt.

Representative McFADDEN. I want now to call your attention to the fact that the Marine Midland Corporation is a public utility bank. It is interested, and its board of directors and stockholders are to a large extent engaged, in the development of water power, chemicals, and public utilities, and I refer for my information in this respect to a statement made by George F. Rand, the president of the Marine Midland Corporation, before the Committee on Banking and Currency of the House in connection with House Resolution 1451, on April 23, 24, and 25, 1930. The Niagara power interests are closely identified and affiliated with this institution.

The New York Times of February 3 gives some very interesting information in this respect. This article is headed "big depreciation for Niagara share. Asset value off $29,001,834 in 1930 to $9.75 a share, against $13.07 in 1929."

Then it goes on and says that the balance sheet shows investments in stock and bonds costing $141,684,245, with a market value on December 31 of $78,283,208. It states that the net income for the year, after all charges, was $3,075,388, "which includes income from assets acquired from Marine Union investors"—

Marine Union Investors is a subsidiary of the Marine Midland Corporation—

"And the Union Rochester Corporation."

The Union Rochester Share Corporation I do not know about.

It refers also to the income from Schoellkopf, Hutton & Pomeroy, closely affiliated with the Marine Midland Corporation. The article says further:

"The portfolio of investments reveals holdings of 347,774 shares of the Marine Midland Corporation, making Niagara Share the largest stockholder in the bank-holding company. The trust also owns 3,602,183 shares and 1,000,204 class A warrants of the Niagara Hudson Corporation."

The balance sheet shows the other assets.

The common-stock holdings as printed in this article are what I desire particularly to call your attention to. Among them is Consolidated Gas of New York, 29,100 shares; Electric Bond & Share, 7,330 shares; Stone & Webster, 7,120 shares; Du Pont de Nemours, 1,500 shares; General Electric, 4,400 shares; St. Regis Paper, 35,000 shares; Standard Brands, 22,000 shares; National Investors Equity, 17,200 shares; Marine Midland, 347,774 shares; Niagara Securities, 48,000 shares; Bank of Manhattan Trust, 4,300 shares; Public National Bank & Trust, 3,800 shares——

Senator BROOKHART. I did not quite get the connection there with the Marine Midland Corporation. What is this?

Representative McFADDEN. This is the annual report of the Niagara Share Corporation. It shows that the Niagara Share Corporation is a controlling interest in the Marine Midland Corporation.

Senator BROOKHART. It has a controlling interest in the Marine Midland, or the Marine Midland has a controlling interest in the Niagara Sha ? Which is that? That is where I am confused.

Representative McFADDEN (reading). "The portfolio of investments reveals holdings of 347,774 shares of the Marine Midland Corporation "——

Senator BROOKHART. Oh, I see.

Representative McFADDEN (continuing). "Making Niagara Share the largest stockholder in the bank-holding company."

Then it goes on with the other interests.

I want to point out clearly to you, Senators, that the Marine Midland Corporation is a public-utility bank. It is interested, and its board of directors and stockholders are to a large extent engaged, in the development of water power, chemicals, and public utilities; and I refer for my information in this respect to a statement which Mr. Rand made, in addition to what I have already read to you here from the clipping from the New York Times. His statement, which is fully set forth in hearings before our committee on April 23, 24, and 25, 1930, shows that the Niagara power interests are closely identified and affiliated with this institution.

These same interests are closely allied and affiliated with the United Corporation, which is the superpower creation of J. P. Morgan & Co., which organization ties in with the Mellon group, the United Gas Improvement group, the Consolidated Gas-Brooklyn Edison and Brady group, Niagara & Hudson Power Co., the Carlisle group, and the Du Pont interests. It was these interests that gave Mr. Platt his new job. It is these interests which have prevailed upon Mr. Platt to retire from the Federal Reserve Board, which created a vacancy in the only district from which Mr. Meyer could be appointed. They want Mr. Meyer to be Governor of the Federal Reserve Board. He is their man—he is one of them.

Senator WAGNER. Congressman, on what do you base that? Is there any statement made by any responsible source that any such arrangement was made between all these groups and the President of the United States? You must base this statement upon some evidence, I take it, or you would not make it.

Representative McFADDEN. I want to follow that up, Senator.

Senator WAGNER. Is it of the same type?

Representative McFADDEN. I want to call your attention to the fact, as Mr. Meyer told you yesterday, that he is still interested in the Allied Chemical Co.

Senator WAGNER. Is that your basis?

Representative McFADDEN. That is part of my basis; yes.

It is interesting also to bear in mind that I have already called your attention to the fact that you should ascertain Mr. Meyer's connection with big business and big finance and with Allied Chemical Co. You should know how he became interested initially in the Allied Chemical Co. Yesterday he disclosed the fact that he was a stockholder in that company.

We have a provision in the law that forbids the Secretary of the Treasury being identified in any manner whatsoever with financial institutions or business undertakings that in any wise contact the Government. You are all familiar with that, and the oath.

There is also a provision forbidding a member of the Federal Reserve Board from being connected with a national bank or member banks. Here is an instance where power and chemical interests control a bank.

It is important that you know what private bank affiliations, if any, Mr. Meyer has. This is particularly pertinent because during his career in the Government service he has maintained these close relationships with important private financial interests as well as with the big important groups of banks. I want to call your attention now to the fact that the Allied Chemical Co. is a consolidation of several important chemical companies. The principal companies that went into this Chemical combination were the Niagara Falls companies owned and controlled by the Schoellkopfs, who control the water power at Niagara Falls and are directors of the Marine Midland group of banks, and the Du Pont chemical and water-power interests, who are tied in with the United Co.

I also want to call your attention to the close relationship of the General Electric Co., the Electric Bond & Share Co., the Niagara & Hudson Power Co., American Super Power, and of their affiliated groups, both foreign and domestic, as a part and parcel of this water power and chemical control all under this same financial control. And, then, also, the Aluminum Co. of America is affiliated with the Marine Midland group, which is controlled by the Mellon group, of which the present Secretary of the Treasury, Andrew W. Mellon, is the head and dominating influence, and Mr. Mellon is chairman ex officio of the Federal Reserve Board.

Senator CAREY. The Marine Midland is a member of the Federal reserve system, is it not?

Representative McFADDEN. Yes.

Now, to make more clear what I am saying to you, I want to point out the names and connections of the directors of the Marine Midland Corporation as proof of what I am saying to you, and I am placing in the record at this point a list of the board of directors of the Marine Midland Corporation, which was furnished me by Mr. Rand when he appeared before our committee.

(The list of board of directors of the Marine Midland Corporation is here printed in full, as follows:)

George G. Allen, president Duke Power Co.

John L. Clawson, chairman of the board, Clawson & Wilson Co.

Walter P. Cooke, chairman of the board, the Marine Trust Co. of Buffalo.

Arthur V. Davis, chairman of the board, Aluminum Co. of America.

William C. Feathers, president the Manufacturers' National Bank of Troy.

Seymour H. Knox, president Marine Union Investors (Inc.).

Edward H. Letchworth, director and general counsel, the Marine Trust Co. of Buffalo.

Raymond V. V. Miller, White, Weld & Co.

George O. Muhlfeld, vice president, Stone & Webster (Inc.).

Bayard F. Pope, president Stone & Webster & Blodgett (Inc.).

George F. Rand, president the Marine Trust Co. of Buffalo.

Faris R. Russell, White, Weld & Co.

J. F. Schoellkopf, jr., vice president, Schoellkopf, Hutton & Pomeroy (Inc.).

Paul A. Schoellkopf, president Niagara-Hudson Power Corporation.

Eustace Seligman, Sullivan & Cromwell.

Ernest Stauffen, jr., chairman of the board.

Charles Winslow Smith, treasurer Sherwood Shoe Co.

Harral S. Tenney, vice president, Marine Midland Corporation.

Thomas A. Wilson, president Peoples Trust Co., Binghamton, N. Y.

Frederick W. Zoller, president Union Trust Co. of Rochester.

These are important circumstances, to say the least, when it was so desirable for Mr. Platt to resign, and instead of having to go out and hunt a position that one comes to him out of a clear sky from a group which is so largely controlled by friends of Mr. Meyer, both in and out of the administration.

I point to the interests in the Marine Midland group of the Mellons through representation on the board of Arthur V. Davis, chairman of the Board of the Aluminum Co. of America, the Bank of Manhattan interests now represented on the board by George Murnane, who is also a partner in Lee, Higginson & Co. and a

director of the American & Continental Corporation, owned and controlled by the Warburgs and the Bank of Manhattan Co., and the stockholding interest of the Public National Bank of New York in the Marine Midland group of banks, on which board of directors is Mr. Meyer's brother, Walter E. Meyer, and Alfred A. Cook, a stockholder and attorney for an affiliate of the Marine Midland Corporation. These family relationships I am emphasizing and would call your attention to the further fact that Lazard-Freres, the international banking house of New York and Paris, seems to have been a Meyer family banking house, and it is important now because of the fact that whether Mr. Meyer personally is still interested in this banking house, the family relationship is, and I am stressing the importance of this connection because of the important position that this international house occupies in French finance in Paris. It is a well-known fact in financial circles in the city of New York that this is one of the most important international financial houses in New York, whose international transactions are very carefully guarded at all times. This house frequently figures in imports and exports of gold, and one of the important functions of the Federal reserve system has to do with gold movements in the maintenance of its own operations.

In looking over the notes of the hearing which was held last Tuesday I desire to refer to the testimony, on page 413 of the stenographer's note, when Mr. Meyer was questioned by Senator FLETCHER.

Prior to the question that Senator FLETCHER had asked Mr. Meyer, to wit, "Do you think that the Federal Reserve Board can have much to do with foreign financing and international financing?"

To which Mr. Meyer answered:

"The Federal Reserve Board has not anything to do with it under the law, so far as I know, Senator."

Senator FLETCHER asked Mr. Meyer:

"Have you any connection with international banking?"

Mr. Meyer answered:

"Me? Not personally."

This last question and answer do not appear in the stenographic transcript. I have consulted with Senator FLETCHER with reference to this situation, and Senator FLETCHER remembers asking the question, and the answer. It is an odd omission; and this omission——

Senator FLETCHER. I have not seen the transcript.

Senator CAREY. I have not seen it.

Representative MCFADDEN. I was furnished a copy of it from Senator NORBECK's office.

Senator FLETCHER. I do not know how the question was omitted unless the stenographer just left it out.

Representative MCFADDEN. It may have been left out in the correction of the record. I do not think a thing like that ought to be left out in correcting the record.

Senator CAREY. You can put it in the record now.

Representative MCFADDEN. I have seen the stenographic report——

Senator BROOKHART. I understand that Mr. Meyer looked over it for correction.

Mr. MEYER. You are saying that the uncorrected copy is what you saw, and, therefore, it is not a question of its being corrected. It is the uncorrected copy as shown from the notes of the stenographer.

Representative MCFADDEN. Of course, it may have been an oversight on the part of the stenographer, but the incident should be clarified.

Senator GOLDSBOROUGH. Somebody left it out?

Representative MCFADDEN. Yes.

Senator GOLDSBOROUGH. Who is the somebody?

Representative MCFADDEN. There is nobody but the stenographer that makes the record, Senator.

Senator CAREY. The question was, "Have you any connection with international banking?"

Representative MCFADDEN. Yes; and Mr. Meyer's answer was: "Me? Not personally."

Mr. MEYER. The conversation had been about various other people. I have no interest in international banking, and I have never had except when I was an employee, a clerk in the firm that my father resigned and retired from in 1901.

Senator CAREY. That firm was what?

Mr. MEYER. Lazard-Freres. My father retired from business 30 years ago.

Senator CAREY. Did you ever have any interest in that firm?

Mr. MEYER. I never had any.

Senator CAREY. Since your father died?

Mr. MEYER. I never had any then. I was a salaried employee. The maximum salary I received up to the time I left, was $2,500 a year, and I did not think I was getting enough, and that was one of the reasons why I left. You don't get enough from your own relatives—that is what I thought. My brother-in-law and my father were there, and I did not think I was getting a square deal. But they both retired from the firm and from business, Senator. My father retired permanently from business in 1901, and he died in January, 1925. My brother-in-law retired five or six years ago on account of the health of his wife, who died a few months ago, and he has been out of business since then.

Representative MCFADDEN. And has no interest in Lazard-Freres?

Mr. MEYER. Absolutely none, and has not had for five years. It has been stated already in these hearings. I told the committee that the reason I got out, among other things, was that I did not want to be interested in international banking because I thought, when I was a young man, the future of banking was going to be in America and not anywhere else.

Representative MCFADDEN. And you have no interest, directly or indirectly, in the firm of Lazard-Freres at this time?

Mr. MEYER. No; and never had, other than my salary check, which I got regularly twice a month when I was working for them.

Representative MCFADDEN. On April 24, 1930, Mr. Rand appeared before the House Banking and Currency Committee and explained to the committee the character and type of interests which constitute the Marine Midland financial group. Included in his list of directors as given during his testimony before the committee are the following:

George G. Allen, president Duke Power Co. The Duke Power Co. is one of the power companies developed in the South. This is the only one connection that I have been able to see between the Duke power interests and the northern power interests that I am referring to here. I have already mentioned to you that Arthur V. Davis, chairman of the board of the Aluminum Co. of America, is a director also of the Mohawk Hudson Power Co. The Aluminum Co. of America is controlled by the so-called Mellon group, and he is also a director of the Mellon National Bank.

Paul A. Schoellkopf, president Niagara Hudson Power Corporation, is also a director of the Duke Power Co., also Allied Chemical Co., also associated with J. P. Morgan & Co. in the United Corporation, representing combination of power and utility interests in which are merged the Mellon interests, the Du Pont interests, the Brady interests, etc.

The Aluminum Co. and the Allied Chemical Co. are among the heaviest users of water power in the United States. As I have pointed out previously, Mr. Meyer is one of the large stockholders of Allied Chemical Co. He told you yesterday of his stockholding interests.

George O. Muhlfeld and Bayard F. Pope are president and vice president of Stone & Webster and Stone, Webster & Blodgett (Inc.), one of the largest operators and financiers of public utilities in the United States.

Raymond V. V. Miller and Faris R. Russell are of the firm of White, Weld & Co., New York City, an investment banking house engaged, together with Stone, Webster & Blodgett, in the sale and distribution of the stock of the Marine Midland Corporation and other public-utility securities.

J. F. Schoellkopf, jr., of Schoellkopf, Hutton & Pomeroy (Inc.), and Seymour H. Knox, president Marine Union Investors (Inc.), are distributors in a like manner.

This power and bank group control or largely dominate many of the important distributing houses and banks in the United States, and, of course, the house of J. P. Morgan & Co.; Lazard-Freres; Kuhn, Loeb & Co.; International Manhattan Co; Lee, Higginson & Co. head this list.

And what I am saying here not only applies to the distribution of the securities herein referred to but applies as well to the issuance of foreign securities in which this group is interested and in which their banking groups are more materially interested.

The best illustration of this affiliation is gained from the list of banks which handled the last issue of commercialized reparation loans in the United States. I will insert that without reading it.

(The list of banks referred to and submitted by the witness is here printed in full, as follows:)

Kuhn, Loeb & Co.; Guaranty Co. of New York; Harris, Forbes & Co.; Dillon, Read & Co.; International Manhattan Co. (Inc.); Corn Exchange Bank Trust Co.; Bonbright & Co. (Inc.); Field, Glore & Co.; Stone & Webster & Blodget (Inc.); Ladenburg, Thalmann & Co.; Kountze Bros.; Hornblower & Weeks; J. P. Morgan & Co.; First National Bank; Bankers Co. of New York; Lee, Higginson & Co.; Halsey, Stuart & Co. (Inc.); The New York Trust Co.; Bancamerica-Blair Corporation; Spencer Trask & Co.; Hayden, Stone & Co.; E. H. Rollins & Sons; Edward B. Smith & Co.; J. G. White & Co. (Inc.); Callaway, Fish & Co.; Kissel, Kinnicutt & Co.; W. A. Harriman & Co. (Inc.); The National City Co.; Chase Securities Corporation; Kidder, Peabody & Co.; Brown Bros. & Co.; Chemical National Co. (Inc.); Chatham Phenix Corporation; J. & W. Seligman & Co.; White, Weld & Co.; Goldman, Sachs & Co.; Chas. D. Barney & Co.; Kean, Taylor & Co.; Dominick & Dominick; Lazard-Freres; Clark, Dodge & Co.; Hallgarten & Co.; Hemphill, Noyes & Co.; A. Iselin & Co.; Redmond & Co.

Mr. Rand is a director of the American Studebaker Corporation. The interlocking situation in that respect is that another director of the Studebaker Corporation and a close associate of Mr. Rand is Matthew Brush, president of the American International Corporation, who is a director of the bank of the Manhattan Co., of which Paul M. Warburg is chairman. Before the merger he was a director of the International Acceptance Bank, of which Paul Warburg was chairman.

The name of George Murnane was recently added to the list of the directors of the Marine Midland Corporation on November 10, 1930, shortly after Mr. Platt became an officer of the Marine Midland. He is also a director of the following companies:

The Bankers Trust Co., a Morgan company; Swedish-American Investment Trust; American Steel; Rockefeller Medical; Lee, Higginson & Co. Lee, Higginson & Co., I have pointed out to you, was closely associated with J. P. Morgan & Co. and, I understand, is the representative of the Rothschilds of Paris in this country. Just at this time this morning's papers are saying that they are about to float a loan, or to join with the syndicate to float a loan to Germany, and a portion of that is to be sold and distributed in the United States with the French bankers. The other connection of Mr. Murnane is the American & Continental Corporation.

The Swedish-American Investment Trust is a holding corporation for the Kruger & Toll interests which own the Swedish match monopolies and have various foreign governments for their partners. Lee, Higginson & Co. have distributed their securities in this country.

The American & Continental Corporation is a subsidiary of the Bank of the Manhattan Co. of which Paul M. Warburg is chairman. The International Acceptance Bank and the Bank of the Manhattan Co. merged in 1929.

Herman A. Metz, a director of the Bank of Manhattan is also, I believe, heavily interested in Allied Chemical.

Senator FLETCHER has called your attention to a group of 25 of the so-called Morgan stocks that have, during the panic, depreciated over $17,000,000,000. The names of these companies, the number of shares outstanding, the highs of 1929 and the recent lows, loss per share, and gross shrinkage, I am placing in the record at this point. These figures are taken from an authoritative source and I believe are correct in every particular. Senator FLETCHER did not put the whole story in in regard to it.

(The list of stocks referred to and submitted by the witness is here printed in full, as follows:)

Name of company	Shares outstanding	1929 highs	Recent lows	Loss per share	Gross shrinkage
Alleghany Corporation	4,152,500	56	8	$48	$199,300,000
American Super Power [1]	8,243,000	71	10	61	502,800,000
American Telephone & Telegraph [2]	17,635,000	310	179	131	2,309,600,000
Bendix Aviation [1]	2,007,000	104	15	89	186,600,000
Case Threshing Machine [3]	194,000	467	104	363	70,400,000
Cerro de Pasco	1,123,000	120	26	94	105,500,000
Columbia Graphophone	2,565,000	89	10	79	203,000,000
Commonwealth Southern	34,000,000	29	8	21	714,000,000
Congoleum Nairn	1,641,000	36	8	28	46,000,000
Consolidated Gas [2]	11,460,000	183	80	103	1,180,000,000
Continental Oil	4,473,000	38	10	28	124,700,000
Electric Bond & Share [1]	9,500,000	180	39	141	1,339,500,000
Erie R. R.	1,511,000	93	27	66	99,700,000
General Electric	28,846,000	101	45	56	1,589,000,000
General Motors	43,500,000	92	32	60	2,610,000,000
Gold Dust [2]	1,795,000	82	30	52	93,300,000
International Telephone & Telegraph	6,572,000	149	25	124	815,000,000
Johns-Manville	750,000	242	62	180	135,000,000
Kennecott Copper	9,391,000	105	25	80	751,200,000
Montgomery Ward [3]	4,600,000	156	16	140	644,000,000
Nevada Copper	4,850,000	63	10	53	257,000,000
Radio Corporation of America [3]	13,160,000	115	13	102	1,342,300,000
Standard Brands	12,634,000	44	14	30	379,000,000
United States Steel (common)	8,560,000	261	138	123	1,053,000,000
United Corporation	7,000,000	75	16	59	413,000,000
Total					17,162,900,000

[1] Curb Exchange stocks, floated through Bonbright.
[2] Joint sponsors with First National.
[3] Joint sponsors with other houses.

Above is of Dec. 1, 1930.

It would be equally interesting to have similar comparisons of the securities sponsored and sold by these other affiliations with whom Mr. Meyer is so closely affiliated.

Showing Mr. Meyer's views and connections, Mr. Meyer wrote an article which is published in the Yale Review of May, 1909, entitled: "The Stock Exchange and the Panic of 1907." This is a special pleading for the New York Stock Exchange. He defends the practice of short selling. He says speculation on the stock exchange did not cause the panic of 1907 because the banks had quietly liquidated months before. He avers that the New York Stock Exchange is an indispensable adjunct of American business life, and so forth. He says it is better than other (foreign) stock exchanges because it is less regulated than they are.

I recall his testimony before this committee in which he had no idea of what caused the panic of 1929. It is rather strange that Mr. Meyer seemed competent to offer a diagnosis of the panic of 1907 and can not even guess what caused the crash of 1929. Your committee should know whether Mr. Meyer still holds the opinions he expressed in this article. It has a bearing on the future conduct of the Federal reserve system and has to do with his qualifications.

Referring to the stock crash of 1929, the report to the stockholders of the International Acceptance Bank (Inc.), for the year 1928, under date of March 7, 1929, by Paul M. Warburg, chairman of the board of directors, is significant and was a large factor. Congress should know the details of the causes of this crash in order to guard against a future recurrence. The way to get the facts is for Congress to call upon the New York Stock Exchange for full facts and records of brokers who were placing big orders to sell short or actually selling short and know definitely from whence these tremendous orders for sale of important securities came. This is a matter which is easily obtainable and goes to the crux of this whole situation, disclosure of which will involve the associations of Mr. Meyer and his friends that I am referring to here, and I am stating this as further evidence to you, gentlemen, as to why Mr. Meyer should not be placed in this responsible position at the head of the banking and credit system of the United States.

Senator BROOKHART. I would like a little more detailed explanation of that, if you can make it orally.

Representative MCFADDEN. I will put in the record, Senator, the report that I have referred to by Mr. Warburg, in March of 1929, and I will also call your attention to and put into the record an editorial in the New York Times commenting on that report. Those two things together were a tremendous factor in the beginning of the crash in 1929.

Senator BROOKHART. The two particular items referred to are what?

Representative MCFADDEN. The report of the chairman of the board of the International Acceptance Bank for the year 1928, which was published, I think, on March 7, 1929——

Senator BROOKHART. The idea being that the report——

Representative MCFADDEN. If you would like to have me read some of it, Senator, I would be glad to do so.

Senator BROOKHART. No; I want to get the bearing of the report on the panic. Did it help cause the panic? Is that the idea you suggest?

Representative MCFADDEN. It was one of the most potential influences in creating in the public mind a feeling of insecurity, and you will find that tremendous selling orders immediately followed the issuance of this statement and the editorial in the New York Times of the same date.

Senator BROOKHART. Is the report of such a nature as to cause great selling orders?

Representative MCFADDEN. I would say so; yes. I mention that to show that this has a bearing on the whole situation of Mr. Meyer's fitness to serve as governor of the Federal Reserve Board because of these close associations.

(The report to the stockholders of the International Acceptance Bank for the year 1928, referred to and submitted by the witness, is here printed in part, as follows:)

["From report to the stockholders of the International Acceptance Bank (Inc.)—for the year 1928—p. 3]

"In order fully to understand the considerations moving your officers and directors in recommending the amalgamation, one has to analyze the conditions and tendencies prevailing to-day in the broad field of banking. It is a fact that, not only in industry but also in finance, we are living in the age of the horizontal and vertical trusts. Branch banking (and chain banking) express the horizontal tendency; while 'a complete service,' including domestic and foreign banking, acceptance facilities, the origination and distribution of securities, as well as the services of fiduciary departments, evidence the vertical tendencies corresponding to the industrialists' ambition to cover the whole reach from the raw material to the finished article, from the producer to the consumer. I believe it is safe to say that the evolution in the industrial field, to a certain degree at least, is directly responsible for the similar development in the field of banking, because the gigantic form assumed by industrial corporations on both sides of the Atlantic render their banking requirements so large and so all-encompassing that only banks with gigantic resources of their own are able to offer them commensurate facilities. Whether or not one may regret the abandonment of 'specialized banking,' the trend toward 'departmental banking' seems irresistible at the present time."

* * * * * * *

"GENERAL REMARKS

"We have already advanced so far into 1929 that it is too late to offer you my customary review of the past year. Suffice it to say that writers upon economics and finance are likely to record the following four events as the outstanding of occurrences of 1928:

"First. France's return, not only to complete exchange stability but to a dominant position amongst the financial powers of the world.

"Second. The absorption of the British currency notes by the Bank of England, accompanied by a far-reaching reconstruction of the latter's issuing department.

"Third. The loss of control by the Federal reserve system over the American money market.

"Fourth. The agreement by the nations concerned to convoke a conference of experts for the purpose of developing a plan for the final settlement of the reparations problem.

The first two events will require no further elaboration; with regard to the third and fourth some brief observations may perhaps be opportune.

In aeronautics the public is generally inclined to look upon the art of rising into the air as the sole accomplishment. The layman is apt to overlook the fact that the mastery of the art of descending is of equal, if not greater, importance. No central banking system may safely permit its facilities to expand unless it is certain of its determination and ability to bring about contraction when the circumstances require. If Doctor Eckner had not been possessed of the unrestricted authority to shape the course of his Zeppelin according to the meteorological conditions he would meet and to give his orders for landing within the fraction of the second that circumstances required, if he had not been certain of the prompt response of his engines and his crew, he never could have ventured to rise. Had his maneuvers been dependent upon the directions of 120 men, acting through 12 separate boards of directors, and operating "subject to the review and determination" of a central board of 8 men, who may be wide apart in their views and bewildered by political influences and attacks, his ship would have been wrecked.

Now, while it is obvious that we could not and should not give to one man or to one single set of men the wide autocratic powers that would assure the greatest efficiency in the administration of our central banking system, it is equally clear that as at present constituted, the machinery of Government, its steering apparatus is too complicated to be either safe or efficient. The Federal reserve system, pursuing a well-conceived and far-sighted policy, rose to a position of world leadership. Yet within the short span of a year it lost that leadership owing to its failure promptly and effectively to reverse the engines at the critical moment. The rudder then passed into the hands of stock-exchange operators, who have now for many months governed the flow of money, not only in the United States but in the principal marts of the world. History, which has a painful way of repeating itself, has taught mankind that speculative overexpansion invariably ends in overcontraction and distress. If a stock-exchange debauch is quickly arrested by prompt and determined action, it is not too much to hope that a shrinkage of inflated spot prices may be brought about without seriously affecting the wider circle of general business. If orgies of unrestrained speculation are permitted to spread too far, however, the ultimate collapse is certain not only to affect the speculators themselves but also to bring about a general depression involving the entire country.

From the economic lessons taught by the aftermath of the great war we learned that the excessive creation of money or bank credit without an equivalent production of assets spells inflation. Yet the public mind does not appear to realize that the creation of an inflated purchasing power is not a monopoly enjoyed by governments. When we consider that the market value of the 50 industrial stocks, the 20 public stocks, and the 20 railway shares, which are used in computing the Standard Statistics Co.'s index of the prices of stocks, has grown within two years from approximately $17,500,000,000 to $33,000,000,000, we find an accretion of approximately $15,500,000,000, an accretion, in the majority of cases, quite unrelated to respective increases in plant property or earning power. Yet this stupendous bulge in "value" covers only a limited number of corporations, and it does not include bank stocks or some of the subtlest elements of inflation—incorporated stock pools, called "investment trusts." Nor does it comprise the gigantic enhancement of real-estate values. One can only leave it to the imagination to guess the amount of which the inflation of values such as these exceeds the entire war debt of the United States. In order to grasp the vastness of the sums involved it way be well to remember that the total value of our cotton, wheat, and corn crops combined would amount to approximately $4,000,000,000. There are those who claim that the increase in the market value of our securities is warranted by their intrinsic value. One might be more inclined to agree with that view if the present level of our stocks were not sustained by a colossal volume of loans carrying unabsorbed securities, of which $6,000,000,000 of brokers' loans form only a part; and if the banking structure carried this inflated inverted pyramid did not rest upon a basis of Federal reserve credit, which within these last two years has been stretched by an increase in the earning assets of about half a billion dollars over what used to be their approximately normal size. Conditions such as these recall to our minds the painful events of the years 1919–1921. Yet the parallelism between that period and the present does not seem to be properly appreciated by the general public on account of the fact that billions of dollars poured into the stock exchange by domestic corporations and from across the seas are not revealed by the barometer indicating the Federal reserve system's condition and because the index does not register the same striking rise of commodity prices shown in the inflation period of 1919 to 1920. It should be remembered, however, that in those years there prevailed a shortage of commodities and a passionate demand for them, while at present the world is craving for the ownership of shares and for the satisfaction of new wants.

Nobody would object to a fulfillment of these desires so long as the necessary funds were provided from savings. But when the savings of the masses are deposited as margins for stock exchange speculations, and when the extravagant use of funds for speculative purposes absorbs so much of the Nation's credit supply that it threatens to cripple the country's regular business, then there does not seem to be any doubt as to the direction in which the Federal reserve system ought to exercise its influence quickly and forcefully. People who express the fear that increases in the Federal reserve bank's rediscount rates might hurt business overlook the far greater hurt the country will have to suffer if their advice to permit the situation "to work itself out" were followed. Moreover, for approximately the last six months, we have had, in effect, a bank rate of 7 or 8 per cent; for it is that rate which during that period has directed the flow of gold to our shores and which has exercised a decisive influence in the fashioning of our domestic rate structure. When commercial paper commands 5¾ per cent, and when bankers' acceptances sell at 5⅜ per cent, rediscount rate of 4½ and 5 per cent seem grotesquely impotent and out of line. Procrastination in bringing such rediscount rates into a proper relation to actualities, hesitation in taking effectual means to reassert the Federal reserve system leadership, place a grave responsibility on those in charge of its administration. It is true that our inability to develop a country-wide bill market and our failure to establish on our stock exchange a system of term-settlement dealings aggravate the difficulties of our problem. But these defects of our system render the need for determined leadership all the more imperative. That the country's banking system is tossing about to-day without its helm being under the control of its pilots gives cause for deep concern. Yet the fault does not seem to lie so much with the men in charge of it as with the structural defect of its administrative organization. The banking fraternity would be well advised to anticipate radical congressional proposals by taking the lead in seeking the lines along which reform may be brought about.

With regard to the fourth of the principal events of 1928, the calling of the conference of experts for the final settlement of the reparations problem, one might well say that in the realm not only of economics and finance but also, indeed, of international relations, nothing could prove of greater benefit than the finding of a fair and permanent solution of this puzzling question. The exceptional qualification of the representatives delegated by the countries involved warrants the highest hopes and expectations for a favorable outcome of their deliberations. On the other hand, we must remain mindful of the appalling difficulties of the task.

It would not be surprising if in the end the experts should find that, aside from "deliveries in kind," "Germany's capacity to pay" will largely depend upon "Germany's capacity to borrow." In that case, the experts' principal problem would resolve itself into gaging the ability and willingness of international markets to absorb German loans for a given number of years and into estimating the amount up to which Germany, from year to year, by borrowing for productive purposes, might increase her foreign indebtedness without destroying the credit which obviously forms the basis of her "capacity to borrow."

In spite of the wide gap which, in the public mind, separates hopes from realities, the character and ability of the men struggling with the problem encourages the belief that a proper solution will be found and that the prestige of its sponsors may enable the governments concerned to carry it into effect.

[The New York Times, Saturday, March 9, 1929]

"MR. WARBURG'S PLAIN WORDS

"When speculation in stocks had lately reached a pitch of exceptional violence, and the money market appeared to be raising danger signals, it was often asked why financiers of light and leading did not speak out and say frankly what was happening and what its consequences were likely to be. The absence of such declarations, with the mild circumlocutions on the question, even in last October's bankers' convention, were largely responsible for the speculative markets' attitude toward the Federal reserve. If the reserve board's warnings actually reflected the belief of the great body of serious and enlightened men of affairs, why did not those men come into the open and lend their personal support to the reserve board's contentions?

"Under such circumstances the plain talk of Mr. Paul M. Warburg to the shareholders of the International Acceptance Bank comes like a breath of fresh air. He is among our highest practical authorities on finance. His judgment is cool and his financial experience wide; he was one of the high officials who steered the Federal reserve through the perilous waters of war-time finance. Probably he was reluctant as any company manager could have been to utter public warnings which might indirectly make more difficult the path of enterprises with which he is himself identified. But he speaks with candor and courage.

"In the present phenomena of speculation Mr. Warburg finds disquieting reminders of 1919 and 1920. The parallel has been commonly overlooked because there has been no such rise in commodity prices as occurred in the markets of that time. But this merely means that the focus of speculation has shifted from commodities to stocks. Mr. Warburg does not deny that 'craving for the ownership of shares and for the satisfaction of new wants' is legitimate, but he shows that another question must arise, 'when the savings of the masses are deposited as margins for stock-exchange speculations, and when the extravagant use of funds for speculative purposes absorbs so much of the Nation's credit supply that it threatens to cripple the country's regular business.'

"We learned 9 or 10 years ago, he proceeds, that creation of excessive bank credit 'without an equivalent production of assets spells inflation.' But to-day we have the picture of a stock market in which the average valuation of 90 typical shares has risen $15,500,000,000 in two years, or something like 88 per cent, 'an accretion, in the majority of cases, quite unrelated to respective increases in plant, property, or earning power.' Moreover, the list of stocks which shows this stupendous marking-up of prices does not include bank stocks or some of the subtlest elements of inflation—incorporated stock pools, called 'investment trusts.' To those who argue that this increase is market valuation is warranted by enhancement of intrinsic worth, Mr. Warburg replies that the high-price level is 'sustained by a colossal volume of loans carrying unabsorbed securities, of which $6,000,000,000 of brokers' loans form only a part.'

"He expresses the positive judgment that reserve-bank rates ought to have been raised higher; that a 4½ or 5 per cent rediscount rate is 'impotent and out of line' with commercial paper bringing 5¾ per cent and bankers' acceptances 5⅜. Under existing circumstances it is the stock exchange operators 'who have now for many months governed the flow of money, not only in the United States but in the principal marts of the world.' If what Mr. Warburg frankly describes as 'the orgies of unrestrained speculation' are permitted to spread too far, he considers that 'the ultimate collapse is certain not only to affect the speculators themselves, but also to bring about a general depression involving the entire country.'

"These are serious and weighty words. Coming from so eminently practical and highly conservative a source, their account of the existing situation and its meaning can hardly fail to have some effect in clearing up the financial mind?"

Senator CAREY. You referred to these allied companies that Mr. Meyer was connected with. How do you connect him with them? On account of his being a stockholder of the company he mentioned the other day, the Allied Chemical Co.?

Representative MCFADDEN. That is one; and on account of his close associations of the past. I am going to cover that as I proceed.

Again I desire to emphasize that which I have previously stated, that is, the manner by which the Federal reserve credit is utilized by this particular group, which group controls the largest financial institutions in the United States. Their controlled companies and banks are the borrowers and lenders, and now they want to make sure that they absolutely control the Federal reserve system and its operations. They were defeated in their attempt to put a man on the Supreme Court, by the United States Senate, and now these same interests, always alert and this time "with a most willing subject," are trying to put a man on the Federal Reserve Board. It is the duty of your committee and the United States Senate to see to it that this is not done.

This financial crowd—and I am referring to them in this manner because sometimes they work together and sometimes separately—it is my observation that they always have their key men in key positions in banks and industry and in the various departments here that can and will carry out their bidding.

In the twilight zone in this respect are Mr. S. Parker Gilbert, Mr. Roscoe C. Leffingwell, and Mr. Paul Warburg. Messrs. Gilbert and Leffingwell were the undersecretaries of the Treasury during Mr. Meyer's government bond operations in the War Finance Corporation to which I have previously referred. Both of these men came to the Treasury from, and when they left the Treasury returned to, the firm of Cravath, Henderson and so forth, attorneys for Kuhn, Loeb & Co. They are now both members of the banking house of J. P. Morgan & Co. At or about the time when they were undersecretaries of the Treasury, Mr. Paul Warburg was a member of the Federal Reserve Board. He resigned May 12, 1918.

I am quoting from the New York Times of that date, which said:

"In his resignation to the President, Paul Warburg tenders his resignation on grounds of kinship with two brothers, one with German International Bank, and one in Switzerland, supposed to be in Secret Service."

Paul Warburg has always been a unique influence in Federal reserve circles. I invite you, Senators, to read the two books he has recently published on the Federal reserve system. These books will open your eyes. It is plain from Warburg's public criticism of the Federal Reserve Board's policies, and his views and recommendations that there should be bank representation on the board, etc., that he is the person who wishes to dominate the Federal reserve system. I believe that he would prefer it to be a central bank in the European sense, with reserve districts consolidated to increase concentration of reserve funds. This would be fatal.

I read with a great deal of interest yesterday the statement that was made by Owen D. Young. Mr. Young is certainly an outstanding man in this particular group. He suggests that all banks of the United States should be made members of the Federal reserve system.

Senator BROOKHART. I have been reading Warburg's books.

Representative MCFADDEN. I do not care to comment further on it, but it has a bearing upon the centralization of the finances of this country within the control of this particular group.

Senator BROOKHART. That was the idea, no doubt.

Representative MCFADDEN. It seems to me there is coming to be altogether too much concentration. If concentration is increased, access to the reserve funds will be made easier for banks and individuals who wish to use the system as a whole; that is, as a central bank, a supergovernment.

Now, to show the activity of Mr. Warburg in regard to these various companies during the period of Mr. Meyer's activities here in the War Finance Corporation which led up to that period which Mr. Meyer described to you the other day, the period of 1920, when he retired from the Federal Reserve Board because of differences with the Secretary of the Treasury and the Governor of the Federal Reserve Board——

Senator BROOKHART. You mean, the War Finance Corporation.

Representative MCFADDEN. Yes; I said, War Finance Corporation—the New York Times of December 5, 1919, said: "P. M. Warburg opposes money plan, New York Stock Exchange."

New York Times, November 5, 1919: "P. M. Warburg returns from Europe."

New York Times, September 27, 1920: "P. M. Warburg returns to New York on board the *Rotterdam*."

May 1, 1920: "P. M. Warburg at meeting of Academy of Political Science pleads for sound banking principles."

April 15, 1917: "P. M. Warburg suggests allowing savings banks to join Federal reserve system."

New York Times, February 7, 1919: "P. M. Warburg, chamber of commerce speech, favors Government control of railroads."

New York Times, March 14, 1919: "P. M. Warburg heads American Acceptance Council."

The various amendments in the organization incident to the financing of acceptances were a most interesting part of this whole situation. I will deal with certain phases of that a little bit later on.

The New York Times reports on April 3, 1919, that Mr. Warburg addresses Council of Foreign Relations at Metropolis Club, New York.

May 24, 1919, discussed problems of railroads before Bar Club, New York.

June 10, 1919, Senators call J. P. Morgan, J. H. Schiff, P. M. Warburg and Thomas Lamont.

New York Times, April 19, 1917. At the suggestion of P. M. Warburg, move is made by Federal Reserve Board to take over financial direction of New York Stock Exchange.

I mention that to show the activities of Mr. Warburg. He has written and published many speeches and volumes of books, and recently the two new books which he has published are of particular importance and show his continuing interest in Federal reserve operations.

To show the foreign relationship of this group it is interesting to note—

Senator BROOKHART. In a recent book of his he quotes somebody as saying that Congress has no more to do with making the laws than a bookbinder has to do with making a book; it is outside influences altogether that make our laws. That is one of Mr. Warburg's philosophies.

Representative MCFADDEN. To show the foreign relationship of this group, it is interesting to note an article in the New York Herald, July 15, 1921, entitled, "Foreign Relations Council Launched." Among the incorporators we find the following names listed: George W. Wickersham and Paul M. Warburg. This article tells of the incorporation of this council and among the petitioners' names mentioned are: Paul D. Cravath, Oscar S. Strauss, Hamilton Holt, Mortimer L. Schiff, Otto H. Kahn, Henry L. Stimson.

The day before, July 14, in the same paper appears an item: "German credit is plan of bankers." From this article we learn of negotiations for $49,000,000 to cover purchase of grain, etc. The American negotiators of this loan are given as: International Acceptance Bank, Paul M. Warburg, chairman, and the First National Bank of Boston, which is closely affiliated with the International Acceptance Bank. Among other interesting notes of this article, we read: "A recent reserve board ruling permits the purchase by reserve banks of six months paper required by overseas usages."

That connects up with this particular situation which Mr. Meyer has related to you in the beginning of these hearings, incident to his resignation in 1920.

The New York Herald of July 22, 1921, tells of another financial syndicate operation in which the International Acceptance Bank, First National Bank of Boston, and N. M. Rothschild & Sons, London, participated.

Here is a quotation from the report to the stockholders of the International Acceptance Bank dated March 7, 1929:

"The activities of the bank in the issuing of securities have further developed during the past year, exceeding by a very satisfactory margin the volume of such business undertaken in 1926 and 1927. In 1928 the bank participated in the public offering of 22 issues, totaling approximately $300,000,000, and originating in the following countries: 11 in Germany, 3 in Scandinavia, 3 in South America, 1 in Japan, and 4 in the United States. * * * In addition to the issues in which the bank appeared publicly during 1928, there were also a large number of syndicates in which the bank had a silent interest."

The history of the International Acceptance Bank is a most interesting one. Some years ago the American Bankers Association, after having made a careful study of international trade relationships, concluded that it would be helpful to have an international acceptance company owned and operated by the larger banks of the association who were located in the principal cities of the country, with $100,000,000 capital, and they started to organize such an institution. Notwithstanding this fact, the organization was delayed, and finally the plan was headed off and died, what was supposed to have been, a natural death. I have been reliably informed that this project was headed off deliberately by Mr. Paul Warburg, and shortly thereafter he established his own company under the title "International Acceptance Bank" which institution now is one of the most important international acceptance banks in the world and is a part of the Manhattan group which is controlled by Mr. Warburg and his brother, Mr. Felix Warburg, and those associated with him. Acceptances of this institution were a long time ago made eligible for rediscount directly with the Federal reserve banks. An interesting connection of the New York Warburgs is their partnership in Warburg Bros., a German banking house of many years standing belonging to the Warburg family.

Now, I want to enumerate, as I have just enumerated to you Mr. Warburg's activities, the activities of Mr. Meyer during this same particular period of his operations, which will give you a bearing on the kind of activities with which Mr. Meyer has been associated and which have a direct bearing on his fitness to be a member of the Federal Reserve Board and its governor.

The New York World, under date of December 3, 1910, page 11, column 2, has this heading:

"Market demoralized by heavy liquidation—bear attacks upon Steel (common), Union Pacific, and Reading accompanying it."

Then the article proceeds:

"Heavy liquidation and an attack on United States Steel, Union Pacific, and Reading, the pool specialties, demoralized the stock market yesterday. Steel broke to 72⅝, the lowest point since October, Union Pacific declined to 168¼, and Reading to 144⅜. Over 256,000 shares of steel were dealt in. There was a widespread report that the pool was liquidating. Near the close

bankers steadied the market with buying orders. The break was purely speculative.

"Whether the so-called steel syndicate has made losses in its campaign is a matter of conjecture. The men credited with being the syndicate deny that there is one. The report for nearly six weeks has been that Eugene Meyer, jr., George Blumenthal, and Bernard M. Baruch, with a French syndicate, bought an enormous block of Steel below 70, with a determination to put the price to par. This alleged pool carried about 600,000 shares and about the time its speculations began a bet of $20,000 was said to have been made that Steel (common) would sell at par before January 10 next."

Senator BROOKHART. What date was this?

Representative MCFADDEN. December 3, 1910.

Senator GOLDSBOROUGH. Who made the bet?

Representative MCFADDEN. It does not say. Did you want to cover it, Senator?

Senator GOLDSBOROUGH. You would not expect a Senator to cover it, would you? It takes international bankers to do that.

Representative MCFADDEN (reading further). "Among those credited in Wall Street rumors with being active in the pool is George W. Perkins, of J. P. Morgan & Co., but this is not generally believed. Wall Street was filled with gloom yesterday and all hope of a big Christmas market seemed to have been dissipated for the time being at least."

On September 14, 1910, Meyer gave a dinner for leading copper men of the United States and J. P. Morgan for the purpose of planning a copper consolidation similar to the United States Steel Corporation.

The New York Times February 28, 1919, stated that Meyer started advocating a policy of unloading Europe's troubles on the United States; explains the need of a section of foreign trade in the Victory loan bill. December 14 he proposes alien loan markets for foreign investment in the United States. On January 4, 1920, he urges a world market for foreign bonds. On October 9, 1920, he said excess-profits tax was unfair. That was said at a Senate hearing.

The New York World May 28, 1911, said:

"George W. Perkins, who retired last January from the firm of J. P. Morgan & Co., is credited in Wall Street gossip with having reorganized the steel pool which put the stock up two years ago from 41 to the neighborhood of 95. Among the other members of the pool are said to be Frank A. Munsey, who made millions out of the last big rise in steel, and Eugene Meyer, jr. The new syndicate is said to be closely allied with a French banking interest and there is renewed talk of an attempt to list the stock on the Paris Bourse. In view of the great prostration in the steel industry many Wall Street men are skeptical of the pool's ability to induce public support to a bull campaign in steel common. The last movement did distribute a very large amount of the stock among the public. After the campaign was over it transpired that Wall Street brokerage houses owned about one-third of the entire outstanding common stock of the United States Steel Corporation. There has been very little opportunity during the last two years for these firms to decrease their commitments in the stock."

Mr. Meyer was a member of the New York Stock Exchange from 1901; also a member of the New York Cotton Exchange. The Boston stock exchange firm of Eugene Meyer & Co. was organized in May, 1912. His partner was Charles I. Thurnauer, a French citizen.

On February 18, 1920, he resigned as a director of the National Aniline & Dye Co. This is one of the companies taken over by Allied Chemical Co.

In 1918 he was a director of Consolidated & Utah Copper Co. On January 30, 1919, he was made managing director of the War Finance Corporation.

The New York World, August 24, 1917, page 4, column 6, carried this heading:

"Baruch sells his seat on exchange.

"Well-known operator may be made Federal purchasing agent, so quits trading."

I mention this because Mr. Baruch was closely associated with Mr. Meyer during his activities in the New York market. The article then proceeds:

"Bernard M. Baruch has sold his seat on the stock exchange to Francis W. Welch for $58,000 and will retire from Wall Street activities—at least during the war. Mr. Baruch will devote himself entirely to the duties of his position on the buying committee of the War Industries Board and then may become the purchasing agent of the Federal Government, if such a position is created.

"It is expected that Eugene Meyer, jr., who was a big operator on the exchange and close associate of Mr. Baruch in his speculation, will become assistant purchasing agent of the Government. Mr. Meyer recently retired with a big fortune."

New York Times, December 10, 1919: "Mr. Eugene Meyer, jr., advocates history of foreign international loans in American markets."

New York Times, December 14, 1919: "Eugene Meyer, jr., would make foreign investments easy here as means of stabilizing international commerce and finance."

New York Times, May 25, 1920: "Eugene Meyer resigns over differences with Secretary of Treasury on account of foreign financing."

New York Times, March 27, 1920: "E. Meyer, jr., wants action to fix policy on German trade by political parties. Sees great opportunities."

Senator BROOKHART. Who was the Secretary of the Treasury at that time?

Representative MCFADDEN. March, 1920? Mr. Mellon.

Senator BROOKHART. No; he went in in 1921.

Representative MCFADDEN. That is right. CARTER GLASS was Secretary of the Treasury, then.

Senator BROOKHART. When did Houston go in?

Senator CAREY. It must have been Houston at that time.

Representative MCFADDEN. It was either Houston or GLASS. I do not recall which one.

I stated when I was before the committee the other day that Mr. Meyer was a professional office seeker. I call your attention to the fact that Mr. Meyer contributed $25,000 to the Republican National Committee in 1928, in the Hoover campaign; $5,000 as a resident of Washington, and $20,000 as of 14 Wall Street, where his offices had been located for many years——

Senator BROOKHART. I have a list showing most of these other Wall Streeters contributed a great deal to the Republican campaign fund.

Representative MCFADDEN. Here is a quotation from the New York World of April 28, 1918, page 12, column 6, headed "Ticker Talk":

"In connection with the purchase of the remainder of the Treasury bonds of the Chile Copper Co."——

Senator GOLDSBOROUGH. Bernard Baruch did not give anything to that fund, did he?

Senator BROOKHART. I do not know whether he contributed to both of them or not. Most of them do, to get in on both sides.

Representative MCFADDEN. This article in the New York World of April 28 is of particular interest. It says:

"In connection with the purchase of the remainder of the Treasury bonds of the Chile Copper Co., amounting to $1,500,000 of the par value of the bonds, Eugene Meyer, jr., & Co., and B. M. Baruch have purchased from Daniel Guggenheim and associates 150,000 shares of Chile Copper Co. stock, all of which has already been placed."

Mr. Meyer at one time, I am told, had joint offices in New York. Mr. Meyer still has, I understand—at least he did have two years ago—offices at 14 Wall Street, New York, where he carried on in his own personal name the Government bond operations for the United States Treasury, with the name of the War Finance Corporation on the door.

Why, Senators, how long would you permit the present able Secretary of the Treasury to carry on the purchase and sale of Government bonds for the bond purchase and sinking fund operations of the United States Treasury in his private office in Wall Street, in his own personal name, even though he did donate the rent and have the name "Treasury Department" on the door? I venture to say to you he would not do such a thing nor would you permit it.

As disclosing further operations of Mr. Meyer during this particular period of his activities in the stock market in New York, the New York World of November 24, 1904, discloses:

"No city bonds for small bidders.

"Issue of $25,000,000 goes to syndicates at premiums of 102.4.

"When the bids for $25,000,000 of 3½ per cent New York City bonds were opened yesterday by Comptroller Grout, it was found that banks and syndicates had offered a price beyond the bids of the citizens who had been invited to invest in '$10 lots.' The loan was oversubscribed eight times at an average price of 102.4.

"Exactly eight private citizens got small lots of the bonds. Nearly $24,000,000 was awarded to William Salomon & Co. and Lazard Freres, conjointly at 102.401, and $750,000 went to Eugene Meyer & Co. There were 167 bidders, and the issue was divided among 18 of them."

Among this list of bidders I notice that the Meyer name appears, also William Salomon & Co., and Lazard Freres, $23,837,750.

"It was said in Wall Street after the sale that Kuhn, Loeb & Co. and the National City Bank had arranged with Lazard Freres to take over the $23,800,000 allotment and divide it between them."

Now, to point out to you some of the further activities of Mr. Warburg, I want to mention the American I. G.

This is the so-called American branch of the great German chemical trust, otherwise known as the Farben Industrie and commonly called the I. G.

The American I. G. came into being in 1929. Bonds to the amount of $30,000,000 were distributed for this company late in the spring of 1929. These bonds were unsecured by mortgage. At that time, so far as we know, the company had no real estate in this country. The purpose of the issue was to buy up American companies, dealing in chemical and allied lines (including medicines), and to foster and finance, and so forth. A queer purpose.

The placing of these bonds on the New York Stock Exchange was denounced and charges were made to the authorities, but so far nothing has come of the complaint. Joseph Choate, attorney for the American Chemical Foundation, has the facts at his command and will tell you about it. See New York Times, January 29, 1930.

Paul M. Warburg is a director of this company. I believe he is one of the incorporators, and that he participated in the distribution of the bonds.

I will place in the RECORD some further statements with regard to this company, including the quotations for its stock.

(The matter referred to is as follows:)

"Am IG Ch 5½s '49 . . . 14 100 99½ 100"

[The German Chemical Trust, commonly known as the I. G.]

TRUSTS CREATED TO SAVE INDUSTRY

Applied individually by various separate manufacturing enterprises, however, even these radical reforms proved insufficient to meet the stern requirements of the financial situation. The industrial overlords, under their bankers' lash, soon saw that, to escape the catastrophe that had befallen Hugo Stinnes's sons and heirs, they would have to get together and regulate both production and prices.

Thus there came into being such mighty conglomerations of industrial productivity as Vereinigte Stahlwerke A. G., commonly called the Ruhr Steel Trust; I. G. Farbenindustrie, its equivalent in the field of dyes and other synthetic chemical products; and the Potash Syndicate, a sales organization embracing all German potash mines. In the electrical industry the A. E. G. (General Electric Co.) and Siemens & Halske, both of which had working arrangements with American interests—the former with the American General Electric Co. and the latter with the Westinghouse Co.—virtually formed an electrical trust.

In the machinery, textile, and other lesser industries similar amalgamations of capital took place. Official estimates placed the total number of German cartels in 1925 at some 3,000, of which 2,500 were industrial and the remainder commercial.

From the international standpoint, Vereinigte Stahlwerke (United Steel Works), with a capital of more than one billion marks, was the most important at the start, for its creation paved the way for the coming of the European steel and iron cartel that established a rational partnership between Lorraine ore beds and Ruhr collieries.

Framed after the model of the United States Steel Corporation, this huge concern was founded in January, 1926. It comprised seven of the most important steel companies in the Ruhr and Rhineland, including the powerful Deutsch-Luxemburg, Thyssen, and Phoenix groups. In its first year Vereinigte Stahlwerke produced 7.4 million tons out of the total of 15.8 million tons of raw steel produced in Germany, or 46.8 per cent of that total. It also mined 22 per cent of the total coal production and close to one-half of the iron production.

The influence of the Ruhr trust on international steel relations has been far-reaching. It is through its efforts chiefly that the steel and iron production of most of the Continent has been aligned on a common front ostensibly directed against nobody in particular, but obviously threatening to the British and American steel industries.

INTERNATIONAL STEEL COMBINE ASSESSES PENALTIES FOR OVERPRODUCTION

Germany, with her Vereinigte Stahlwerke, provides the lion's share of the European steel cartel's annual output, 43 per cent. The Germans were most active in organizing this cartel, which came into existence in September, 1926, with France, Belgium, and Luxemburg as its other members. Primarily it is an organization for the international control of steel production. Representatives of the member States, which now also include Czechoslovakia, Austria, and Hungary, and which may shortly be joined by Poland, meet every three months to fix the total production for the ensuing three months.

Originally the first productive quotas were fixed on the basis of each members State in the first quarter of 1926. The national industry of each member State obligates itself to limit its output to the quota assigned it. Each nation whose product exceeded its quota originally contributed $4 to the cartel's common fund for every excess ton of steel produced. Any nation whose production fell below its quota received from this fund $2 a ton. This scale is modified from time to time. The cartel's quarterly output now aggregates about 30,000,000 tons.

It is interesting to note that Germany thus far has consistently produced more steel than the quota assigned to her by the cartel.

The cartel exercises no control over prices, either domestic or foreign. Thus competition in the export market exists normally among its member nations.

MORE THAN 20 TRUSTS NOW OPERATING INTERNATIONALLY

The other mutual benefit organizations internationally uniting the European industry in general follow the principles of the steel cartel. There are more than 20 such trusts in official existence to-day.

They cover the following trades: Raw steel, steel rails, tubes, roll wire, rayon (artificial silk), chemicals, potash, linoleum, borax, white lead, quinine, calcium carbonate, zinc, ferromanganese, tanning extracts, activated carbon, aluminum, enameled ware, glue, plate glass, bottles, superphosphate, incandescent lamps, and copper. Germany belongs to all of them with the exception of Plate Glass and Copper Trusts. Incidentally, the former and the bottle cartel are the only ones that were founded before the war.

France is a member of most of them, but Great Britain of only seven of the lesser ones. The United States thus far has joined only the copper and incandescent-lamp organizations.

Like the British, American industry has held aloof from the more powerful cartels, such as steel and chemicals. The former of these two offers the most direct competitive danger both to Britain and to America.

As regards the chemical cartel, the backbone of which is the formidable I. G. Farbenindustrie, or German Dye Trust, there have been numerous negotiations between the Germans and Imperial Chemical Industries (Ltd.), the foremost British concern in that trade; but thus far they have been inconclusive.

GERMAN AND FRENCH CHEMICAL INDUSTRIES COMBINE

American policy, at least as interpreted by European observers, appears to consist of establishing contacts with individual members of the cartels while holding aloof from membership in them.

Prior to the war, Germany was in virtual control of the world's dyestuff markets. But during the war dye industries were built up by other great powers, including the United States and Great Britain. The consequence of this was that Germany's exports of this product dwindled dangerously. The total export of aniline dyes, for instance, dropped from 64,000 tons in 1913 to 17,000 in 1925.

In that year German dye manufacturers saw the rocks looming ahead. They lost no time in organizing a united national defense against the economic catastrophe confronting them.

Under the leadership of the former Badische Anilin-und-soda-Fabrik, whose poison-gas plant at Ludwigshafen was the objective of so many allied air raids in the World War, and of the equally prominent Friedrich Bayer Co., internationally known as the maker of aspirin, a merger of the eight foremost chemical concerns was carried through and the German Dye Trust, capitalized at 1,000,000,000 marks, came into being.

In the year after its formation Germany exported 21,000 tons of aniline dyes, and in the first 11 months of 1927, 26,000 tons. During the latter year negotiations were begun in Paris for the organization of the International Chemicals cartel.

In 1927 the signing of a Franco-Germany dyestuffs entente as the basis of a billion-dollar European cartel was reported.

Since the value of American chemical exports is almost $200,000,000 per annum, the menace of a pan-European combine can readily be perceived.

THE GERMAN CHEMICAL TRUST

[From The Saturday Evening Post, November 1, 1930]

The limitations of space prevent any detailed account of German industry. One significant advance this year must be emphasized, however. It is the working partnership between the North German Lloyd and the Hamburg-American Lines. The pact, which at the start is a comprehensive pooling agreement, is on a strict parity basis and runs for 50 years. Each concern gets half of the profits. The arrangement will end the costly rivalry between the two leading German shipping companies and will make for reduction of overhead in the shape of single offices everywhere.

Two final details have a distinct bearing on American exports. The first grows out of the continued expansion of the German Dye Trust, the vast corporation called "I. G." for short, whose production in 1929 amounted to the equivalent of $1,000,000,000. No phase of its work is more significant than the progress made in the manufacture of synthetic gasoline. From 100 tons a day the output has grown to more than 300 tons. The process has long since reached the commercial stage. You can see tank wagons hauling the synthetic gasoline on the streets of Berlin and other cities. Though the price is not yet lower than that of gasoline made from real crude petroleum, it is giving Germany an increasing independence of American juice.

Now, Senators, I want you to recall Mr. Meyer's statement to you last week concerning his resignation from the War Finance Corporation on May 31, 1920.

It will be remembered that the Victory loan was being raised in the last months of the war. The armistice came somewhat unexpectedly, and the billions raised in the Victory loan were utilized as a postarmistice loan to the Allies, supplementing the war loans previously made to them. This vast postarmistice credit temporarily supported their financial structures and their exchanges did not begin to fall until the latter part of 1919. Their credits from America then became exhausted, and their growing adverse trade balance would have to be settled in the normal way by the shipment of gold unless new credits were received from America.

Such new credits were not made. The allied governments continued to maintain embargoes on the exportation of gold. Therefore, through most of 1920, the adverse trade balance resulting from their importations from the United States grew by leaps and bounds and by the middle of 1920 nearly reached the enormous figure of $5,000,000,000. American exporters and manufacturers could not have continued their exportations without bank credit here. The banks continued to extend more and more credit and the Government increased the inflation through the operations of the War Finance Corporation. In 1920 we were on the high road to national ruin if the $5,000,000,000 trade balance were not settled in gold.

There is no reason why in 1920, or even in 1919, high Government officials should have been misled about the situation. We possessed, in the middle of 1920 less than $2,000,000,000 in gold. The Treasury knew that the world's gold stock was seven or eight billion dollars at least. Europe owed but little gold to South America or Asia, because its pre-war credits there were more than sufficient to meet these debts. No gold shipments from Europe had been made during the war. The allied states, after the armistice, acquired the gold stocks of the central Empires. They were amply able to pay their postwar trade balance to America in gold. It was imperative, if the American people were not to be ruined, that this gold be shipped.

But those who dominated financial policies in the United States denied all these facts and were able to influence Government policy throughout 1919 to enter upon the unlimited and ruinous extensions of credit to finance exports to Europe regardless of

its effect upon our credit structure. In the same breath in which they advocated continued inflation of American credit, they declared that Europe could not pay in gold.

In a speech which Mr. Meyer delivered he said that Europe could not pay in gold, and he advocated that we take note and extend further credits to Germany. That is the basis of his resignation which he stated to you the other day.

Yet it is obvious that if in 1920 the policy of credit inflation were to be continued with no expectation of settlement of the foreign trade debts in gold, the gold value of the American dollar would be wholly destroyed. The unit of measurement for determining the amount of foreign debts to the United States would no longer exist. European indebtedness to the United States could virtually be wiped out.

There probably has never been a period in history in which confusion of thought was so complete as in the two years following the armistice. This was due to the rapidity and magnitude of the happenings and was enormously increased by the misrepresentation of facts by those who were responsible for the treaty of Versailles. This misrepresentation of facts completely deceived public opinion in America, but there is no reason why it should have deceived the responsible officials of government. They were deceived throughout 1919, but awoke in the nick of time in 1920.

The financial fallacies which were preached throughout 1919 stampeded the American business world into a strenuous campaign of production for export. Everybody who was producing for export expected to be paid in due course.

The vague optimism of the financial leadership which marshaled the industrial forces of the country into action at the beginning of 1919 can not be better illustrated than in the address which Mr. Eugene Meyer, jr., made to the National Council of Foreign Trade at Chicago on April 24, 1919.

The substance of this address was as follows:

"If the war has taught us anything, it is the conviction that our country's welfare is inextricably bound up with the welfare of the last and least of the other peoples, that both politically and economically we are no longer the detached unit we formerly thought ourselves, but an important power in the constantly interacting forces of the life of the nations.

"I urge economic liberalism, not from the sentimental point of view but from the point of view of self-interest.

"America as the world creditor, instead of the debtor nation of before the war, must fill a new and broader rôle in future economic developments.

"Events have thrust leadership upon us. We must meet our enlarged responsibilities toward our fellow nations and toward ourselves.

"England depleted and stagnant, as are the other continental nations.

"What, then, are the methods of resuming trade relations? They can not exchange goods and services. Our former international business associates have used their resources so freely during the long struggle that they now temporarily lack the means to pay in the ordinary way. With their tremendous obligations, and with their depleted reserves, they can spare no gold in exchange for goods which we might sell."

That is the basis of the reasons for the resignation of Mr. Meyer in 1920.

Senator GOLDSBOROUGH. May I ask a question? Did I understand you to say that the article written in the Yale Review by Mr. Meyer was in 1909?

Mr. MCFADDEN. Yes.

Senator GOLDSBOROUGH. He spoke of the panic of 1907, but the article was written in 1909.

Mr. MCFADDEN. Yes; about the same distance away from that panic as we are at this time from the 1929 panic. To quote him further:

"The indebtedness they held against us in 1914 has been liquidated by the sale of their holdings of our securities as part of the purchase price for the munitions and materials we supplied before we came into the war. Great debts have been piled up with our Government by England, France, and Italy. Their industries are still very far from being restored to the pre-war condition of production that would enable them to pay us in goods.

"It is to our advantage promptly to restore our export trade in the lines of war materials and manufactured goods. I believe it is to their advantage to acquire these materials except such as may be classed strictly as luxuries, so that they may restore their plants, equip their transportation systems, and obtain our raw materials which their industries need for domestic consumption and for export.

"Mutual interest determines the right policy. From our point of view it is in our interest to market our products and to restore the commercial standing and prosperity of our customers. It is in their interest to restore their normal economic operations and their employment of labor."

I wonder what position we would be in at this time if we had followed Mr. Meyer's advice and shipped eight or ten billion dollars' worth of goods over there. They have not paid us anything on that old debt, except that which they have borrowed from us, and they have borrowed in excess of what they have paid.

I will not bother you, Senators, to read the balance of this, but it is all very interesting, and I direct your attention to the balance of it.

(The balance of the matter referred to is as follows:)

"Obviously it is in our interest to sell, and theirs to buy, and if they are unable to pay in the ordinary way, unusual and extraordinary methods must be devised to suit the emergency.

"With this in mind the Treasury Department asked, and Congress passed, an amendment to the War Finance Corporation Act whereby the corporation is authorized to lend $1,000,000,000 to American exporters to enable them to sell American goods abroad on long-term credits, or to bankers financing such exporters.

"The possible application of the funds can easily be seen to lie along a few well-defined lines—large enough credits to give the foreign nations time to restore their productive organization and to renew their normal selling connections. This may take one year or it may take several. * * *

"Obviously the goods which can be purchased and paid for in the ordinary way within a year will be small compared with the needs of the situation. Later on there will be the transfer of large holdings of securities to our investment market.

"These transfers of securities may be either in the form of European holdings of investments in neutral countries or in the flotation on our investment market of large foreign industrial issues or national loans. The old-fashioned and well-known financial trust of England and Scotland is a form of organization that may prove useful in marketing securities. * * *

"The power to loan to promote trade has not yet been used to any extent. At first the European countries felt that rigid economy rather than borrowing should be their principle, but later they are beginning to take a different view, and I believe the necessary mechanisms will be devised to make operative this governmental aid. * * *

"The amendment by Congress has served to stimulate the consideration of the necessary credit mechanism on the part of private interests. It will stimulate our merchants and bankers to greater courage and prompter action in offering credits to foreigners. * * *

"I hope that every facility that has been proved suited to the conditions may be provided by private enterprise, but if these methods can not be made effective the War Finance Corporation stands ready to support any plan that it considers sound and within the provisions of the act. * * *

"Specially trained men are needed. * * * We must create specially trained organizations which look to the future. The great trading countries of Europe had institutions and had people with a record of years of gradual development and training to equip them for their tasks. Our problems have been thrust upon us in an instant. With a few exceptions our bankers may be described as national and not international. The foreign languages are known to only a few. Knowledge of the various countries, of their methods of industry and finance, is now necessary for the direction of our industry and finance, but at present our knowledge is theoretical rather than practical when it exists at all. It behooves us, then, to give immediate attention to the training of men who will be able to carry on this economic leadership. We must study the economic structure and social conditions of other countries. Without such knowledge we shall not be able to act effectively.

"The present crisis finds us with an economic organization in which the highest rank of 'captains of industry,' and we need promptly to proceed to the training of majors, colonels, and generals of industry and finance and a general staff capable of conceiving large policies and directing great operations in the spirit of world economics."

Senator BROOKHART. I do not understand yet why that became the basis of his resignation.

Mr. MCFADDEN. I will make that clear to you in a moment.

This estimate of international relationships dominated policy throughout 1919. The inevitable crisis culminated in 1920. Stagnation set in in the United States, and the banking and currency structure was tottering. The Government reversed its policy and began restricting credit.

When exportation to Europe suddenly ceased the unsatiated demand of the European populations for American goods was so great that the European Governments were forced to consent to the export of gold in payment in order that importations might begin again.

I want to say here that great credit is due Senator CARTER GLASS. Senator CARTER GLASS was in opposition to the views of Mr. Meyer at that time, and he went as far as he could go to notify Europe that they had got to begin to pay, and it was as a result of his edict conveyed to them that $2,000,000,000 worth of gold came into this country. I think that answers your question.

Mr. MEYER. I would like to correct the chairman of the committee on that. It was Secretary Houston who was Secretary of the Treasury, and not Senator GLASS.

Mr. MCFADDEN. Secretary Houston will be given the credit, then.

Mr. MEYER. Senator GLASS resigned early in 1920.

Mr. MCFADDEN. The gold importations into the United States during the next two years saved the American banking structure and the integrity of the American dollar, and permitted industrial recovery.

When the Government adopted the new policy in 1920 Mr. Meyer was director of the War Finance Corporation. He strenuously opposed any change from the policy of 1919. So determined was his opposition that he refused to cooperate in the new policy, and, as I have said, resigned.

Senator BROOKHART. That is different from the reason he gave us for his resignation.

Mr. MCFADDEN. Mr. Meyer, in his testimony, I will say to you, Senator, has opened up a line of questioning which is well worth following up. It is connected with these statements which he made then before your committee.

He said that differences with the Wilson administration over the policy of stimulating European credit led to his resignation as managing director of the War Finance Corporation in 1920.

He said that he had wished to continue the practice of making loans to American bankers and exporters in order to give credit to foreign interests, because he feared a collapse of prices, due to a drop in foreign exchange, and that the Treasury disagreed.

"Most people on Capitol Hill," he said, "thought the danger was inflation, but I thought the danger was a fall in prices as a result of the drop in European buying, and I resigned. In the autumn the fears I had of collapse were rapidly realized. Foreign exchange dropped."

When Congress attempted to check the inflationary tendency in 1920 he disagreed because he had "a profound conviction that we were facing a collapse in prices and that inflation was short-lived."

As stated here, there was no reason why men in a position to know the facts, as Mr. Meyer was, should have been deceived about the conditions and about the forces that were at work. In the continuation of the policy of 1919 the United States was facing the destruction of its entire monetary wealth. The above statement shows that Mr. Meyer was wholly and completely identified with this policy in 1920.

The significance of the fact should not be overlooked that since 1920 Mr. Meyer has not changed his views. Although 10 years have passed, a period of time permitting ample reflection, his testimony on January 28, 1931, indicates the same state of mind to-day.

Just at this period of 1920, about which he was talking to you, many people were beginning to wonder why the international financiers were urging, and stimulating others to urge, American financial and economic unity with bankrupt Europe. The answer to this in the language of that day, which still holds good, was that financial and economic unity meant America's absolute partnership, with all she had and all she was, with bankrupt Europe. It involved the pooling not merely of America's credit but all of America's land, food, wares, and merchandise with bankrupt Europe. And this pooling, or financial and economic communism, was to be under bankrupt Europe's and Asia's majority control. Suppose all the war bonds of bankrupt Europe had been canceled, the debt they represented would remain, and America would be severally liable for that just as she would have been severally liable for all of the European legal tender war paper money, all of which the United States would have been bound to have stabilized had she gone into partnership with bankrupt Europe. This is the situation that Mr. Meyer told you the other day is the reason why he differed with the policy of the Secretary of the Treasury, who by an order forbade further loans to Europe, directly or indirectly, and issued the ultimatum that Europe should pay their trade balances to the United States.

It is interesting to note also the comments of Mr. Paul Warburg on this situation.

Mr. Paul Warburg and other international financiers were entirely in accord with Mr. Meyer's views at that time. It is interesting to note, however, that he succumbed to the inevitable, which is indicated by the comment he made in December, 1920, upon the action of the Government which he then indorsed. Mr. Warburg said in an article in the Political Science Quarterly, in 1920:

"We all know the cruel sufferings and the social unrest that follow in the wake of a prolonged, unreasonable, and unhealthy increase of prices. For six years the consumer has been trying in vain to catch up with the rising cost of living, while the producer and trader have had their innings.

"We have now entered upon a period when the producer and trader will have to try to catch up with falling prices and when the consumer—particularly the person with small fixed income—will come back more nearly into his own.

"As the rise was painful, so must be the fall. To have been the first to arrest this crazy and destructive rise in prices before it took still graver forms, was a real contribution on the part of the United States, for which the world owes us a debt of gratitude, even though our farmers and producers may find it hard to reconcile themselves to that view.

"I think we are most fortunate at this time in having a Secretary of the Treasury and a governor of the Federal Reserve Board who are courageous and conscientious enough to disregard the political point of view and to hold to the course that clearly is best for the country, even though it may be unpopular and subject them to bitter and unfair attacks."

While Mr. Meyer went quite into detail in his voluntary statement to the committee as regards his attitude of mind in this particular situation, explaining how he differed with the Treasury policy to the extent that he resigned, his memory, day before yesterday, when he was asked pertinent questions, the correct answers of which would have been at variance with his statement, he was evasive. I refer to Senator BROOKHART's question, as follows:

"Senator BROOKHART. There are a few general questions on international matters, before I take up the matter of the remedy of this situation.

"How much money did Europe owe the United States on trade balances in 1920?

"Mr. MEYER. Senator, you do not want me to walk around with those figures in my head, do you?

"Senator BROOKHART. I thought probably you would know that big figure.

"Mr. MEYER. I could not tell you offhand how much it was. How much did they owe on trade balances?

"Senator BROOKHART. You kept track of the trade balances, did you not, all the time?

"Mr. MEYER. I used to, and whenever I want to know, I look it up; but I can not give you the balance of trade for years back. I feel very highly flattered at your asking me.

"Senator BROOKHART. I did not mean to hold you to any absolutely accurate statement.

"Mr. MEYER. I have no idea what it was, Senator, in 1920.

"Senator BROOKHART. Was Europe in a position to pay that?

"Mr. MEYER. The Bureau of Foreign and Domestic Commerce publishes figures on that point. Of course there are many other items in the balance besides the merchandise trade balance.

"Senator BROOKHART. Was Europe in position to pay this balance in gold?

"Mr. MEYER. In 1920?

"Senator BROOKHART. Yes.

"Mr. MEYER. I do not know what the balance was, so I can not discuss it.

"Senator BROOKHART. You know the general situation with reference to gold, do you not?

"Mr. MEYER. Yes, but I can not talk about the ability to pay an amount that I do not know.

"Senator BROOKHART. Should it have been the policy of the Government to demand that this trade balance be settled in gold?

"Mr. MEYER. Our Government does not settle trade balances in gold. The Government does not control the settlement of trade balances. I will put it that way.

"Senator BROOKHART. So they should say nothing about it?

"Mr. MEYER. They can not do very much about something that they do not have any control over.

"Senator BROOKHART. The Federal reserve system has something to do with that. What about it?

"Mr. MEYER. The Federal reserve system settles merchandise trade balances?

"Senator BROOKHART. It might. Doesn't it handle some of those things? Should it require the payment in gold?

"Mr. MEYER. Everybody who owes money to the United States—I mean by that, the merchants and business men, and farmers, indirectly—has to pay in United States money ultimately, and that is the equivalent of gold. Would you want a cotton farmer to take his money in marks or lire? What would he do with it? He would have to sell it and turn it into dollars."

I do not think that kind of testimony before your committee, on a pertinent question like that, needs any further reference by me when taken into consideration with the statement of the reasons heretofore set forth by Mr. Meyer to your committee. It is absolutely evasive.

What policies will Mr. Meyer put into operation if he is confirmed as governor of the Federal Reserve Board in 1931?

If attention be given to what was happening both in the United States and in Europe in 1920, it will be seen that Mr. Meyer was advocating a policy which would have been permanently ruinous for the United States. He wished to continue the practice of making loans to American bankers and exporters in order to give credit to foreign interests. He would have taken this means to prevent a drop in the foreign exchanges.

But in 1920 the only salvation for the United States was a drop in the European exchanges resulting from a settlement of their adverse trade balances to us. The enormous industrial activity in the United States in 1919 and the first part of 1920 went into the production of goods and commodities for export to Europe. The unpaid trade balance in the middle of 1920 was nearly $5,000,000,000. During that year and a half, nothing had been paid for. Our entire banking structure, if it were to continue to be related to gold, was hopelessly ruined unless that trade balance were paid.

An important incident like that must have been known to Mr. Meyer, and certainly, if he remembered all the details of these other things, he should have been able to tell Mr. BROOKHART what that trade balance was at that time.

The United States Treasury and the Federal Reserve Board acted in time. They began withholding credit from industries exporting to Europe. The public speeches of Governor Harding of the Federal Reserve Board at that time will show this.

He made a statement before our committee in the House, reaffirming his position at that time. Probably no statement Governor Harding has made has had so many favorable and unfavorable comments and criticisms as that particular speech.

The evidence all indicates that the United States Government had for months been urging the European governments to lift their embargoes on the shipment of gold and that they had refused. It was widely stated that they did not have the gold to ship. A financial congress was called to meet at Brussels in September, 1920, at which the presence of the United States was urged, to effect some means of settlement of international debts without the shipment of gold.

It was at this point that the then Secretary of the Treasury acted and acted very wisely.

The United States Government refused to attend. Roland W. Boyden in a roundabout way was directed to inform that congress at Brussels that if Europe wanted more goods from America, Europe would have to settle its trade balance in gold.

As a result of Government policy, exportation to Europe on credit was brought to a sudden end in 1920. The European populations felt a compelling necessity for more importations from America, and in order to have exportation from America resumed, the governments had to lift their embargoes on gold exportation.

Europe did have the gold. Beginning with the autumn of 1920, it poured into the United States in an unprecedented continuous flow for two years. It came just in time to save the American people from ruin. The hard times lasted only through 1921. The receipt of two billions in gold saved the Federal reserve system and the banks of the country and brought the postwar welath which the country enjoys to-day.

This is a statement of economic phenomena only. It is only a part of the picture of 1920. Economic forces were being artificially controlled by political forces. The political settlements of the war had been made in the treaty of Versailles which had created a financial obligation on the part of Germany to pay the Allies $33,000,000,000. It was out of this asset of 33,000,000,000 imaginary dollars that they contemplated paying their obligations to America, including their unpaid postwar trade balance.

If the European politicians could have staved off the American demand in 1920 that the unpaid trade balance be settled in gold until financial collapse had come to the American banking system, they might then have succeeded in forcing the war settlement upon America which the treaty of Versailles contemplated, and could have permanently retained the $2,000,000,000 and more of gold which remained in Europe after the war.

Mr. Meyer has testified that in 1920 he differed so radically from the policy of the United States Treasury and the Federal reserve system that he resigned his position. If the Government had followed his leadership at that time the European policies in their fullness would have prevailed and the United States would never have attained the economic power which it now possesses.

Mr. Meyer also stated to your committee the other day that he had no opinion on the subject of branch banking. He did not hesitate to express his favorable opinion of branch banking a few years ago when he appeared before the House Committee on Banking and Currency over which I presided as chairman, at which time he offered as a solution of the stressed banking situation in the Southern, Middle, and Western States branch banking in county-wide form, suggested that the county-seat bank should be a member of the Federal reserve system, and it did not matter whether the other banks of the county were members or not—they would have access to the Federal reserve system through the county-seat bank.

This is somewhat along the line of the plan that is now advocated by the Comptroller of the Currency Pole, in his proposal of trade-area banking.

This was clearly an indication that Mr. Meyer was in favor of a centralized banking system. His opinion and his future action on the subject of centralized, unit, or branch banking are now of the greatest importance.

Banking in the United States at the present time is in an undetermined condition. We are in the midst of a conflict, the basic elements of which are whether we shall have a centralized banking system dominated and controlled by one or two groups in the city of New York, or whether we shall have an independent banking system. Both banking committees of the House and Senate are engaged now in a study of this situation. The factions are at the present time glaring at each other and struggling for a determination.

The larger city banks, principally in New York, have their friendly contacts with, if not control of, many of the larger banks in the larger cities, and we are witnessing now the building up of trade-area groups of banks in which we are beginning to notice a stockholding ownership by some of these larger groups in New York which will eventually mean beyond all question of a doubt that these trade-area groups will be controlled from one or two sources in New York.

In confirmation of that, I again invite your attention to the fact that the Marine Midland group is just one of those groups. That is trade-area banking. It has its main office in Buffalo, N. Y., and its territory comprises the seven northwestern counties of Pennsylvania and the State of New York. In taking over the Fidelity Trust Co. in the city of New York, they have a clearing house member bank, and it presents in this respect a little different situation than probably any of the other groups.

I might cite also that the organization of the Mellon Bank Corporation in Pittsburgh is another establishment of trade-area banking in Pittsburgh. In Minneapolis we have two of these chains or groups. We have one in Milwaukee. We have them on the Pacific coast. We have the Trans-America group on the Pacific coast with its New York connections, and we have the Caldwell group in Tennessee.

Senator BROOKHART. It has blown up, has it not?

Mr. MCFADDEN. Yes; it has blown up. In that blow-up there are probably some observations which would be beneficial to Congress if they should go into it, because the disclosures which have come about since the failure of the Caldwell group indicate a monopolistic control over banking, finance, insurance, newspapers, the governor, and both branches of the legislature.

As a great aid to this centralization of banking assets which is taking place, we have witnessed the weakening of the independent banks of the country through the various processes of deflation which have been taking place over a period of the past 10 years. This comes about through readjustments since 1920, the development of mass production, consolidation, mergers, and construction of industrial plants and railroads. The larger the units the more accessible is the credit of the Federal reserve system and less is the credit of the Federal reserve system to the individual or small operator in any line whatsoever he undertakes, all of which tends to the creation of classes of master and servant in this country, a case of the survival of the fittest.

The spirit of craftsmanship has already passed out and been superseded by mass production. There is nothing to stimulate individual initiative in any new line. All of this has resulted in the vast unemployment situation which we are now witnessing. In addition to this, we are in the midst of a similar situation so far as banking is concerned in our international relationships. In this respect, the Bank for International Settlements at Basle, Switzerland, has been organized.

There is a very interesting situation in regard to——

Senator BROOKHART. Who owns the stock in that bank?

Mr. MCFADDEN. Mr. Mellon, the Secretary of the Treasury, when he was before the House Banking and Currency Committee last summer, when we were holding hearings in regard to the sale of German reparation bonds in this country, stated that the stock in this bank was privately held. So far as my information goes, the stock was taken by the group headed by J. P. Morgan & Co. and the First National Bank of New York and Chicago. I presume the list of bankers I have inserted here in the record as being the sponsors of the sale of the $100,000,000 part of the commercialized German reparation loan that was floated here last year are the stockholders. I do not know definitely, nor have I been able to find out who the stockholders are.

In that connection I want to call to the attention of this committee—because it has a serious bearing on the very matters that are now before you—the fact that the Department of State assumed an attitude in regard to this quite unexpectedly.

Those who have been watching the situation, as I have been and some others because of matters that had come before our committee in connection with the various hearings and studies we had made of the Federal reserve system and its operations, had observed, since the close of the war, a tendency to involve the Federal reserve system in these international financial affairs, to the extent that conferences were taking place between the governor of the Federal Reserve Bank of New York and the heads of the central banks of the various major countries of the world, which finally culminated in the setting up of a loan of $200,000,000 or gold credit to the Bank of England. Simultaneously with that was the loan granted by J. P. Morgan & Co. to England of $100,000,000, negotiations for which were conducted, as was shown by the hearings before our committee, by J. P. Morgan & Co. Since that occurrence members of our committee have been actively interested in observing the further contacts which the Federal reserve was making. Some of us felt at that time that the Federal Reserve Bank of New York, in negotiating and carrying through these negotiations with these banks, had exceeded their rights under the law. We found, however, that that permission had been given, as interpreted by clever lawyers, under section 14, I think it is, of the Federal reserve act, and it was under this interpretation that they acted. Of course, you Senators who were here during the formation of that act, I know full well, did not expect that, hidden in that particular section, was the authority to grant loans of the sacred reserves of the Federal reserve banks to foreign banks or countries. This particular loan to the Bank of England was guaranteed by an act of Parliament, and was the obligation of the British Government. I am not questioning whether or not a loan should have been made, but I am questioning the usurpation of authority, or the interpretation of the Federal reserve act in assuming to loan abroad the gold reserves of the member banks. It is true that the 12 Federal reserve banks were consulted, and were a part of this group, but the banks who are the member banks themselves were never asked whether their reserves should be loaned to Great Britain or not. Since that time these relationships have been growing closer and closer, and at the time of the adoption of the Young plan, which was later put into operation, the committee in charge of that was J. P. Morgan, Thomas N. Perkins, Thomas W. Lamont, and Owen D. Young. In that plan that was formulated as the Young plan was the outline for the Bank for International Settlements, and when the Young plan went into operation the Bank for International Settlements was established. As an organizing committee there went over from the United States Mr. Jackson Reynolds, president of the First National Bank of New York, and Mr. Melvin A. Traylor, of the First National Bank of Chicago, banks closely affiliated with the American group and a part of the underwriting syndicate who drew up the rules and by-laws for the operation of this bank.

Just when these announcements were being made everbody here who knew anything about it—although it was carried on quite under cover by the Federal Reserve Bank of New York and its officers—knew that this plan had largely grown up in the Federal Reserve Bank of New York and was patterned somewhat along the lines, so far as mobilization is concerned, of the gold settlement fund of the Federal reserve system.

Collaborating with Mr. Young in the formulation of that plan was Dr. Randolph Burgess, deputy governor of the Federal Reserve Bank of New York. He is the economist of the bank, and has been with it for a good many years. He was with Mr. Young in Paris at these various sessions, and it was generally understood that this was a Federal reserve move.

It was a very interesting period about that time, and it was very difficult to get any information from anybody pertaining to it.

Senator CAREY. Mr. MCFADDEN, I do not want to interrupt you, but are we not getting a little beyond Mr. Meyer in this matter here?

Mr. McFADDEN. I think we are not, Senator.

Senator CAREY. What is the connection here?

Mr. McFADDEN. As governor of the Federal Reserve Board, he is going to have a very vital connection with this, which is very material.

Senator CAREY. You said something about the State Department.

Senator BROOKHART. Senator GLASS has claimed that the State Department was exceeding its authority in putting its O. K. on these foreign loans.

Mr. McFADDEN. I was going to read that order of the State Department. It has a very material bearing on Mr. Meyer's fitness to be governor.

Senator CAREY. Make it as brief as you can.

Mr. McFADDEN. I do not want to take up an undue amount of time of the Senators here, but this is an important matter.

Senator CAREY. I know it is important, but I just can not quite get the connection with Mr. Meyer.

Mr. McFADDEN. The connection with Mr. Meyer will be that he will have a large part of the determination, as governor of the Federal Reserve Board, as to these international transactions in which the Federal reserve is involved.

Senator CAREY. But you do not know that he has done any of that.

Mr. McFADDEN. Not as yet.

Senator CAREY. I do not see where anything he has done in the past ties in here.

Mr. McFADDEN. I think it has a very material bearing. I have shown Mr. Meyer's international observations and connections and his attitude when he was in operation here in the War Finance Corporation. I have shown these close relationships, which all have a bearing on this question, Senator. It is a very difficult thing to put down in black and white, but if you had been observing the operations of the Federal reserve system with these various interests to which I have referred as I have during the 16 years I have been here and the 11 years as chairman of the Banking and Currency Committee of the House, you would see a very pronounced connection.

Senator FLETCHER. The Bank for International Settlements has its headquarters where?

Mr. McFADDEN. In Basle, Switzerland, and it is exempted from all——

Senator FLETCHER. Who represents it over here, if anybody? Is there any agency?

Mr. McFADDEN. I do not know exactly J. P. Morgan's group, but I suppose the Federal reserve itself does business with them, as it does with other central banks of issue. At least this is my understanding.

This complication, as regards the Federal reserve system at this time with this Bank for International Settlements, is important in this connection. This Bank for International Settlements, I might point out, is a bank controlled by the central banks of issue of the major countries of the world, with the exception of the United States. Here the representation is by and through J. P. Morgan & Co., a private banking house conducting international business, and its operations can not be carried on without affecting the operations and the policies of the Federal reserve system. That is the reason for my presentation along these lines, Senator.

Senator CAREY. Do you hold that an American bank should not have anything to do with foreign securities?

Mr. McFADDEN. I am not suggesting that, Senator.

Senator CAREY. Or a member bank of the Federal reserve system?

Mr. McFADDEN. I am suggesting that we should have an American independent financial system here.

Senator CAREY. I do not see why a bank should be denied the right to do foreign business, if it is good business.

Mr. McFADDEN. The Federal reserve system, by this ruling of the State Department here, has been deprived of that opportunity, Senator. I am going to read that now.

Senator WAGNER. Whose edict is this?

Mr. McFADDEN. The edict of Hon. Henry M. Stimson, Secretary of State. It is dated May 16, 1929:

"In response to the statements which have appeared in the press in regard to the participation of any Federal reserve officials in the creation or management of the new proposed international bank, I wish to make clear the position of this Government:

"While we look with interest and sympathy upon the efforts being made by the committee of experts to suggest a solution and a settlement of the vexing question of German reparations, this Government does not desire to have any American official, directly or indirectly, participate in the collection of German reparations through the agency of this bank or otherwise. Ever since the close of the war the American Government has consistently taken this position; it has never accepted membership on the Reparation Commission; it declined to join the allied powers in the confiscation of the sequestered German property and the application of that property to its war claims. The comparatively small sums which it receives under the Dawes plan are applied solely to the settlement of the claims judicially ascertained by the Mixed Claims Commission (United States-Germany) in fulfillment of an agreement with Germany, and to the repayment of the expenses of the American army of occupation in Coblenz, which remained in such occupation on the request of both the allied nations and Germany. It does not now wish to take any step which would indicate a reversal of that attitude, and for that reason it will not permit any officials of the Federal reserve system either to themselves serve or to select American representatives as members of the proposed international bank."

Senator CAREY. Does that refer to members of the Federal Reserve Board or an officer of a bank that is a member of the Federal reserve system?

Mr. McFADDEN. "Any officials of the Federal reserve system either to themselves serve or to select American representatives." That would include all of them, Senator.

Senator CAREY. That would not include an officer of a national bank, for instance, that was a member of the Federal reserve, would it? That would only refer to men occupying Government positions, would it not?

Mr. McFADDEN. It would pertain to all officers of the Federal reserve banks—any one of the 12 banks or the Federal Reserve Board.

Senator CAREY. That is what I mean; just the Federal reserve banks.

Mr. McFADDEN. Yes.

Senator CAREY. It would not refer to an individual bank, such as the National City Bank?

Mr. McFADDEN. That question has never been raised. I do not imagine it would.

Senator WAGNER. Suppose that edict was proclaimed; what has that to do with this question here, as to whether Mr. Meyer is fit for this position or not?

Mr. McFADDEN. I am showing you that the policy Mr. Meyer advocated in 1920, which he reaffirmed to you here the other day, has a very material bearing on that.

Senator WAGNER. You have stated that you have shown something——

Mr. McFADDEN. You are going to find the Federal reserve system synchronizing with these European banks to an extent that may be very disturbing—that is, if he carries out his policies—and he is very consistent, according to my observations.

Senator BROOKHART. Of course, in his examination here he did not have any idea about any of these things, but the Congressman has found out that he really did have some ideas.

Senator WAGNER. I do not think you ought to make the statement that Mr. Meyer stated anything falsely or withheld any information from the committee. I think that is a very unfair implication.

Senator BROOKHART. He said he did not have any opinion about them, and that is his statement. I find that he did have an opinion.

Senator WAGNER. So far as I have been able to observe he has been very candid.

Senator BROOKHART. He did not so impress me.

Mr. MEYER. I would like to say this, that when I advocated the export authority of the War Finance Corporation before the committees of Congress in January or February, 1919, the Congress voted, practically without any opposition to the measure, because it did not want the Government to continue to make loans to foreign governments. The loans of the War Finance Corporation in its export trade were not loans to foreigners. They were loans to American exporters and loans to American banks that financed American exporters. When I advocated that I called attention to the fact that our production during the war period, before we were in the war and during the period we were in the war, had been turned to an unusual and extraordinary degree in the direction of supplying the people of Europe, military and civil, and that the armistice meant that unless we did something to make a bridge of a temporary character a breakdown in the exports of American products would come. I advocated that as a temporary expedient, limited for a period, I think of a year, but the loans to be for an unusual period from a banking point of view, too long for the ordinary banker to carry, namely, from one to five years; and in advocating that the emphasis was on the temporary character of the situation, and this was intended as a temporary and emergency measure and was passed as such. My testimony before the Senate Committee on Finance at that time makes that point perfectly clear, so that whatever my attitude was at that time it concerned the peculiar conditions of that period and has nothing at all to do with my views at the present time in connection with international banking or finance, and it can not be made to be connected with it, however strenuous the endeavor may be. I would like permission, Mr. Chairman, to introduce into the record my testimony before the Senate Committee on Finance at that time. It will make my view as to the temporary character of that very clear.

So far as lending money to Europe and other countries is concerned, I think I stated already before the committee that I think we loaned much too much money in 1927 and 1928 to foreign countries for the good of the people of this country.

Senator CAREY. Can you supply the part of the other hearings you want in the record?

Mr. MEYER. I would like the privilege of putting that part of my testimony in the record.

Mr. McFADDEN. I would like to add in connection with that——

Mr. MEYER. What I had in mind was that until the buying power of Europe was restored to some degree, we ought to sell them more goods on credit, and I think at the time that the activity was discontinued we had applications from thoroughly responsible borrowers, American institutions financing American exporters in the American interest, and for the cotton producers of this country, to the extent of $75,000,000, and that was stopped when the activity was stopped. I thought at the time, and I still think, that that had a great deal to do with the suddenness and the extent of the breakdown in the cotton market which followed not long after. I think a decline in commodity prices to some

extent at that time was unavoidable. I did not think it had to be so fast or so great. I did not expect that it could be avoided entirely, but I felt that some exceptional measures were warranted by the exceptional conditions of a temporary character.

Senator CAREY. Proceed, Mr. MCFADDEN.

Mr. MCFADDEN. It is loudly asserted to-day that the Federal Reserve Board should be autonomous. Great fear is expressed of political control over it. It is asserted that it should not be under the control of the Secretary of the Treasury or any other Government official; that it should not be an instrumentality of Government; and that its policy should not be a concern of the President's Cabinet. It is this view that Mr. Meyer takes when he refuses to answer questions in a Senate committee as to his conception of the proper scope of the Federal reserve system.

Furthermore, the holders of this view believe that—

"It must be our aim, whenever we can safely do so, to place our vast banking strength freely at the disposal of other countries; this is but fair to the rest of the world and to ourselves."

Suppose the Senate confirms the nomination of a governor of the Federal Reserve Board without inquiring whether this is his view. And suppose that it is his view.

Then, as governor, he "will place our vast banking strength freely at the disposal of other countries," because he has the power to do so under the law as it now is.

At the disposal of what countries will he place this vast banking strength? Britain? France? Italy? Germany?

If he places it at the disposal of Britain and France, they will use it to give sanctions to the treaty of Versailles and to impose high reparation obligations upon Germany.

If he gives it to Germany, she can use it to free herself from the unjust obligations of the Versailles treaty.

He may give it to Italy to induce her to remain in political agreement with Britain and France—or to break with Britain and France and make some other combination.

He may come to the conclusion that Soviet Russia is worthy of being helped, and may place our vast banking strength freely at its disposal.

It may be used, in fact, to change the political map of the world if the governor of the Federal Reserve Board so desires—provided he does not have to subordinate his policies to the expressed will of the Congress or of the President, acting through the Secretary of the Treasury.

The question of American support of foreign governments, and of what foreign governments, is a political question. The decision is a function of political authority. How far "our vast banking credit" ought to be diverted from interior needs to foreign needs is also a political question.

If the United States Senate has definite views upon all these matters, then it is its right to know whether a candidate for the position of governor of the Federal Reserve Board is or is not in accordance with its views. If it finds that he is not in accordance with these views, then the Senate has the right to refuse confirmation. Under any circumstances it has the right to know his views.

That Mr. Meyer is a person who will assume an aggressive leadership is described in the New York Times articles of September 5 and 6, 1930, at the time of Mr. Platt's resignation and Mr. Meyer's appointment, where it was stated that he is a person who will assume an aggressive leadership in having centralized policies carried out. Although repeatedly unwilling to tell you Senators what his policies are, he has evidently communicated them to other people. There is no reason why Mr. Meyer should not outline to you his contemplated plans. You have a right to know. His fitness for this job is being questioned, and his proposed operations are a determining factor. There are no such relationships, as has been argued in these hearings, in this instance as are comparable to that of the Supreme Court. There is much that this committee should know, and the Senate should know, in connection with this nomination, and your committee have been very mild and most unusually considerate in connection with this examination. It is my opinion that Mr. Meyer's policies will be very much like those of a person who wishes to dominate the system. That, I think, is the reason he does not care to tell this subcommittee what his policies are.

This is the first time a man with these monopolistic affiliations has been selected for governor or a member of the Federal Reserve Board. Mr. Meyer will completely dominate any board on which he sits. And I call your attention to the fact in this connection that he has repeatedly been pointing out to you the fact that he was simply one member of the board. I have observed closely and have been in a position to observe his domination of the War Finance Corporation activities, and, as Federal farm loan commissioner, the activities of the Federal Farm Loan Board. There was complete acquiescence and domination of the activities of both of these operations during his term of office. And we are facing now a complete reorganization of the Federal Reserve Board, one vacancy and another predicted, the filling of which, I believe, is being deferred until Mr. Meyer's nomination has been disposed of. If Mr. Meyer should be confirmed, these men will have to be men of whom Mr. Meyer approves.

Senator WAGNER. What do you mean by that? You say that these will have to be men of whom Mr. Meyer approves. Do you mean that Mr. Meyer is going to tell the President and the Senate whom to appoint?

Mr. MCFADDEN. No; not that.

Senator WAGNER. What?

Mr. MCFADDEN. There will not be harmony on the board unless he does approve of them. I only need to cite the other instances of the War Finance Corporation activities and the Federal Farm Loan Board in that respect.

Senator WAGNER. A lot of general statements have been made here without any support.

Mr. MCFADDEN. That is a very specific statement, Senator.

Senator WAGNER. Just what do you mean? You say nobody can be appointed to that board unless Mr. Meyer approves. Just how is that going to be brought about? The President appoints, does he not?

Mr. MCFADDEN. Yes.

Senator WAGNER. You mean that he will direct the President whom to appoint?

Mr. MCFADDEN. I mean that a man will not be comfortable on that board that does not agree with Mr. Meyer.

Senator WAGNER. That does not happen until after he enters on his duties, does it?

Mr. MCFADDEN. No, sir; it does not.

Senator BROOKHART. In that connection I remember the Congressman from Kansas, Mr. STRONG, said that he was a candidate, and thought he would have been appointed if Mr. Meyer had been for him.

Mr. MCFADDEN. As a matter of fact, the practice, I think, heretofore has been that the governor of the Federal Reserve Board is consulted with regard to appointments of members on the board, Senator.

In closing, Mr. Meyer should not be confirmed as governor of the Federal Reserve Board because of his intimate relationship with Wall Street as a stockbroker, speculator, promoter; because of his dominating position in the chemical and power industry, both personally and through his close family and business and financial relationship; and because of his close affiliations with Paul M. Warburg; Kuhn, Loeb & Co.; Lazard-Freres; and J. P. Morgan & Co.

I am sorry I have taken so much time, Senators.

PERMISSION TO ADDRESS THE HOUSE

Mr. PARKS. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

Mr. TILSON. Mr. Speaker, we are going into the Committee of the Whole House on the state of the Union immediately and the gentleman may then have such time as he may desire.

Mr. PARKS. When?

Mr. TILSON. So far as I know, immediately, if the gentleman in charge of the time on his side is willing.

Mr. PARKS. I do not want to be unreasonable, Mr Speaker, and I withdraw the request.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed the bills of the House of the following titles:

On February 7, 1931:

H. R. 14043. An act to authorize the Secretary of War to lease Governors Island, Mass., to the city of Boston, Mass., and for other purposes.

On February 9, 1931:

H. R. 2335. An act providing for the promotion of Chief Boatswain Edward Sweeney, United States Navy, retired, to the rank of lieutenant (junior grade) on the retired list of the Navy.

NAVY DEPARTMENT APPROPRIATION BILL

Mr. FRENCH. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 16969) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1932, and for other purposes; and pending that I ask unanimous consent that the time for general debate be equally divided and controlled by my colleague, the gentleman from Kansas [Mr. AYRES] and myself. I think we should proceed without fixing the time, in view of the fact there is considerable demand for time on both sides, and we do not know at this time how great the demand will be.

May I also say that in view of the fact this bill has been reported to-day, and while the hearings as well as the committee print of the bill and the report are available, the official copy of the bill and the report are not. Therefore I suggest we proceed with general debate and do not take up consideration of the items in the bill until to-morrow. I make this statement so that Members of the House may feel free to make their plans and be present when the bill itself may be taken up.

The SPEAKER. The gentleman from Idaho moves 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. 16969; and pending that asks unanimous consent that general debate to-day be equally divided and controlled by himself and the gentleman from Kansas [Mr. AYRES]. Is there objection?

There was no objection.

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. 16969, with Mr. HOCH in the chair.

The Clerk read the title of the bill.

Mr. FRENCH. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. AYRES. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. PARKS]. [Applause.]

Mr. PARKS. Mr. Chairman, I do not want to impose upon the patience of this House, but I want it to be understood that while the leaders in this body and the leaders in the other body may surrender, they can not compromise me. I want you to know that I still maintain that while 500,000 and more people—and the number is increasing daily—are compelled to be fed by charity in Arkansas, this Government, by its agents in the White House, in the Department of Agriculture, in this body, and in the Senate have agreed upon a so-called compromise that will not give a dime to any starving man in my State.

I want you to-day to turn your attention to this pathetic page [indicating] and see the line of men, women, and children that are being fed by the Red Cross. One month from now, in my judgment, I will be facing that line and talking to those people and stating the heartlessness of those who refused them a loan or a gift to relieve them of starvation.

What is your compromise? Your Secretary of Agriculture says there are two means. The first can be fed by the Red Cross, and the next can be given a loan, on adequate security, for rehabilitation.

Think of it! Five hundred and odd thousand people in my State in a bread line and you talk about adequate security.

I rise for one purpose only—to say to the starving millions in America that I am not bound by any such sham and fraud and fake. [Applause.]

Mr. HOLADAY. Will the gentleman yield?

Mr. PARKS. I yield with a great deal of pleasure.

Mr. HOLADAY. I noticed in the press a day or two ago that one of the houses of the Legislature of Arkansas had refused to pass a bill providing for State aid. Is that correct?

Mr. PARKS. I do not know whether it is correct or not, but it is sensible. How in the wide world could a starving people pay a $15,000,000 loan? They could not do it to save their lives?

Mr. HOLADAY. Could not the State make the effort if the condition is as the gentleman has outlined it?

Mr. PARKS. Yes; they are making the attempt.

Mr. HOLADAY. Well, is it or is it not a fact that the legislature, Friday or Saturday, definitely turned down the bill that had been passed by one house?

Mr. PARKS. The house of representatives passed a bill to issue $15,000,000 in bonds and they could not sell them, whether the senate passed it or not.

Mr. HOLADAY. Will the gentleman yield further?

Mr. PARKS. Yes.

Mr. HOLADAY. The gentleman says the house passed that bill. Did the senate take action a day or two ago refusing to pass a bill?

Mr. PARKS. If they did, I have not heard about it. The papers from my State of that date have not reached me.

Mr. HOLADAY. I saw that statement in the press.

Mr. PARKS. The gentleman is probably correct, because the senate knew it was utterly impossible for the State, with more than one-third of its people being fed by the Red Cross to issue $15,000,000 of bonds and sell them.

Mr. COLLINS. Will the gentleman yield?

Mr. PARKS. Yes.

Mr. COLLINS. I also saw in the papers a statement that an aide of the President had gone to Arkansas and found that there was no one starving in that State.

Mr. PARKS. Yes; the President's aide left here, and, in my judgment, his report was written before he left. And the day he left here one of the great citizens of the State of Arkansas left there and came to Washington, and this compromise was effected.

Mr. GLOVER. Will the gentleman yield?

Mr. PARKS. I will be glad to.

Mr. GLOVER. In response to the question directed from the other side of the Chamber, I will say that Arkansas has a substitute proposition for the one he spoke of which will give and make available, it is understood, $12,000,000 through a different source than that, by placing one-half of 1 per cent tax on the entire visible property in the State of Arkansas.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. AYRES. I yield the gentleman three minutes more.

Mr. PARKS. Listen to this:

Hyde taking no chances on Federal money in Arkansas; loans hedged with red tape.

That is the headline in the News, one of the most courageous papers printed in the city of Washington. [Applause.]

I do not often take the time of the House. All here will uphold me in that. But I tell you as one Member you can not compromise the rights of my people away without a fight on this floor. I do not want to protract this session. I am told there are two men that can not be compromised—one from the State of Idaho and one from the State of Wisconsin. If they start a battle for humanity, as they claim they will, with all the feeble power I have I am going to stand on the floor and support them every hour of the day. [Applause.]

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. PARKS. I will.

Mr. CHIPERFIELD. I would like to ask the gentleman if the bonds of the State of Arkansas for $15,000,000, backed by its faith and credit, could not be readily sold?

Mr. PARKS. They have reached their limit in bonds today. They have gone beyond what they ought to have gone, and now they find themselves in this unfortunate situation when I do not believe their credit can stand a dollar more.

This compromise may stand and I may go down, but by the eternal I am going down flying the flag of my people in their distress. [Applause.]

Mr. FRENCH. I yield five minutes to the gentleman from New York [Mr. CLARKE].

Mr. CLARKE of New York. Mr. Chairman, ladies, and gentlemen, I take this five minutes to read a letter showing the attitude of many of the Legion in my district on the bonus bill. It comes from a veteran who himself has been so tied up with red tape that injustice has been done him. It shows his fair spirit, which I believe characterizes the Legion in my district.

Hon. JOHN D. CLARKE,
House of Representatives, Washington, D. C.

DEAR JOHN: Many thanks for your letter explaining your stand for increased loan on adjusted-service compensation certificates rather than full cash payment. A Congressman who has the guts to take a stand he thinks is right will gain more esteem in his district than one who tries to truckle to each lobby. "Time" said it feared the cash payment would go through for lack of guts to refuse; we have always counted on you for the necessary abdominal force to do the right thing as you saw it. My personal opinion is that it would be better yet to leave the endowment untouched and concentrate upon bettering the existing laws for veterans.

The national convention of the American Legion did not recommend cash payment, but the executive committee has since weaseled. The Veterans of Foreign Wars has also come out for it. The rank and file have always been, and I'm afraid always will be,

for all the cash they can get. In this you can not altogether blame them, however, for they are merely following the shining lead of hundreds of others trying to get special doles for wheat, agriculture, pest control, flood control, fatter tariff, unemployment, drought relief, more navy, more prohibition enforcement, and so on ad infinitum. The ex-soldier says, "Congress can appropriate millions for these other birds, so why don't they pay us our lousy compensation?" As you say, Uncle Sam is having his troubles raising all the money required. The fact is that things are apt to grow much worse now that it is universally accepted that anything got from the Government is all velvet and doesn't have to be paid for.

The danger of the "cash payment" is that it will lead to a general and senseless and extravagant pension law. The Civil War pensions were finally paid to some men who had been in the Army hardly long enough to do "squads east" and had never heard a gun fired. On the other hand there is no doubt that fighting men of the United States have something coming to them. If a country wants to make war, God forbid, it must be prepared to pay the consequences for years on end.

General Hines said, within the last few days, that more attention should be given to the widows and orphans together with the disabled veterans and let the able-bodied veterans shift for themselves as everyone else has to do. Those have been the sentiments of the more far-seeing ex-service men ever since the armistice. In fact, we once had an Ex-Service Men's Antibonus League, whose principle was "For the disabled, everything; for the able-bodied, nothing." I was a member of that league. Its idea is still good.

To many of us it would seem that the best thing is to let the adjusted-service certificates ride in status quo. They provide a small paid-up endowment which will bury the veteran and leave a nest egg for the widow and children, even giving them, as you suggest, more ready cash in some cases than when the veteran lived.

Assuming, of course, that General Hines is sincere, let him start a vigorous house cleaning in his Veterans' Bureau to better the lot of the disabled. As you know, many have a prolonged fight to get their just dues against the great odds of red tape and chiseling. The Veterans' Bureau should—

(1) Add to hospital facilities: The law allows veterans to use Government hospitals, but only when space is available; it isn't.

(2) Stop quibbling: It takes two weeks at the shortest to get through the necessary papers to get a veteran into a Government hospital. In that time he is dead if it is an emergency operation. Let them take him and fill out his papers there. We had a couple of these cases where the man had to become a county charge.

(3) Stop chiseling: At each loophole the Veterans' Bureau will try to do a veteran or widow out of compensation on a technicality. Take, for example, the flagrant case in this town of the widow and two children who were to be cut off without a cent because one word appeared upon the veteran's death certificate instead of another word. It took a year of your good effort to straighten it out.

(4) Stop pettifogging: When several physicians declare that a veteran is suffering from a certain disease let the Veterans' Bureau take their word in preference to that of a doctor of their own who is paid to disallow claims. Claim 1,467,568 is a good instance as any of this. In addition the bureau might well take into consideration outside factors, such as whether the veteran is making an effort, what his financial and home life are, sobriety, mentality, and the like. These facts could be ascertained from the veterans' organizations, local banks, clergy, and other responsible sources.

(5) Dismount its high horse: The bureau should cease to be so hard-boiled and inhuman, remembering that it is the hired man of the veterans themselves, among other taxpayers. If its policy could be a bit more liberal there possibly would not be such a hue and cry for "cash payment of certificates."

Then, too, there are legislative defects as well as administrative. One instance is well exemplified in the case of a friend of mine who served with the Groupe des Chasses, "Les Cigoynes," with such verve as fighting pilot that even the Veterans' Bureau now admits he has shattered nerves to the extent of 30 per cent and gives him his $40 per month. But he is entitled to 75 per cent retirement pay except for one knot in the red tape of the "emergency officers' retirement act," which states as its joker: "No person shall be entitled to benefits * * * except * * * his application is received in the United States Veterans' Bureau within 12 months after the passage of this act." These time-limit clauses to me are a clear example of chiseling; the Government makes the open-handed gesture of granting a just compensation and at the same time puts on a time limit to save expense. If his claim is just in 12 months, isn't it equally just in 13 months? How can the Government maintain it is not "holding out" on the veterans when it has these unfair time limits? Do you agree with me? Can you do anything about it?

My purpose in writing at such great length, risking the chance of boring you, is that I assumed from your letter that you would like to know how the veterans stand on this proposed legislation.

As far as your standing with the veterans is concerned, it will remain high whether you come out against the cash plan or not. The reason is that you have helped so many individual cases and we have let it be known. The fact that you voted against the adjusted-service compensation in the first place did not militate against you with the veterans because of your many instances of help. When they really stop to think, as we are helping them to do, they realize that a compensation for the disabled is more to be desired than temporary riches.

You understated the case when you said, "Every once in awhile some of the soldier boys show appreciation." They are not only deeply grateful to you for what you have done but they proved it at the polls by supporting you against one of their own men. And they would do it again, because they believe you are "on the up and up with them."

In addition to what you have done for individual veterans, they are all for you because they think of you as hard-headed, independent, and unafraid—a champion who will do their fighting for them now that many of their fighting spirits are broken.

Mr. FRENCH. Mr. Chairman, I yield six minutes to the gentleman from Connecticut [Mr. TILSON].

Mr. TILSON. Mr. Chairman, so that I may be sure to stick close to what I have intended to say, I ask to not be interrupted during my remarks.

In order that the heat and passion generated last week during the controversy over the proposed $25,000,000 dole might have time to cool off, and that I might be sure of not contributing in any manner to the acrimonious discussion, I have deliberately waited an entire week before making even a statement of fact in connection with certain extraneous matters lugged into the controversy. Kipling in the first two lines of his immortal "If" says in his description of a man:

> If you can keep your head when all about you
> Are losing theirs and blaming it on you—

Under what must be agreed was considerable provocation, I have been able thus far in this matter to conform to this portion of Kipling's formula for the stature of a man.

Among the extraneous matters having no proper place in the dole discussion a reference to a completely innocent outsider was so unfair and misleading as to do serious injustice to an able and upright public servant. The House will bear me witness that I have indulged in no personalities throughout this controversy, and I shall not do so now, but since the person whose good name and standing as a public servant has been called in question is my own brother, blood of my blood, I deem it only a measure of simple justice to here state a few pertinent facts relating to his appointment to judicial office.

The plain and necessary inference from the statements made concerning him was that through my influence my brother was named as a judge and that he was unfit for the position, having no knowledge of the law, except what he had acquired in the course of business as an insurance agent. While doubtless experience as an insurance agent would be a valuable asset in making up the qualifications of a good judge, the fact is that my brother did not have the benefit of any experience along this line. It is only fair, however, to say for my brother that he had other rather unusual preparation and qualifications for judicial office. After a preliminary education in the schools of his native State of Tennessee, he studied seven years at Yale, receiving three degrees, two of them in the law. Returning home to the South, he went to Georgia, first living in the territory later included in the new judicial district in which he was eventually nominated as judge. He soon moved up to Atlanta where he successfully practiced law for 28 years. During all of this time he was prominent in Republican politics. He was frequently a delegate to Republican national conventions, and was universally regarded as one of the party leaders. When a new judicial district was created no other name was considered by the Republican organization of Georgia for the judgeship, and he was unanimously indorsed for the position by the entire party organization of his State, and up to the time he was named by President Coolidge I had never spoken to the President or to anyone else regarding his appointment.

His confirmation was opposed upon the technical ground that prior to his nomination he did not actually reside within the new judicial district. Later when it was proposed to appoint him to the United States Customs Court in New York he was confirmed by the Senate without a dissenting vote.

During the time his nomination for the district judgeship was under consideration in the Senate Judiciary Committee full and complete hearings were held covering every possible question as to his character, qualifications, and fitness

for judicial office. I wish it were practicable for every Member of this House, and everyone who heard or read what was recently said of my brother in the Senate, to read these hearings and the indorsements then filed, which are now a matter of public record. Reading these, any fair-minded man must admit that few records ever made on behalf of a nominee for judicial appointment were more overwhelmingly favorable to the nominee, while not a line or a sentence was even offered to the contrary.

Among those who gave the most flattering indorsements as to my brother's character, professional qualifications, and standing at the bar were included members of the Supreme Court and Court of Appeals of Georgia, 33 superior and city court judges, 90 per cent of the bar of the district served, and a host of other substantial citizens of Georgia. It is needless to say that the Georgia judges referred to and probably 75 per cent of the lawyers included are members of a political party different from that in which my brother was prominent, but they are all men of character far too lofty to subscribe to any indorsement not believed by them to be just, true, and accurate.

Summing up the case of my brother, it must be said in all fairness that there never was an appointment made more clearly upon the merit of the appointee himself than in this instance. Nearly four years of distinguished service on the bench since his first appointment have fully confirmed the very high and quite unusual encomiums heaped upon him by the distinguished jurists gracing the Georgia bench and by so large a number of his associates of the Georgia bar.

Only a passing reference to my own part in connection with my brother's appointment: As I have stated, my own part was nil so far as his original appointment by the President is concerned. For any interest I felt or showed thereafter in his confirmation I have no apologies to make. He was my own brother, and stood in serious danger of being unjustly treated, perhaps on my account, and having our common good name brought into question. Should any better reason be required of me for coming to his assistance in every honorable way that presented itself?

Just a word further personal to myself in closing. Although I have shown that I had nothing to say or to do with the original selection of my brother, and came to his assistance only when unfairly attacked—for doing which I think I was justified—and, although I am furthest of all men from criticizing others for aiding their relatives in securing positions for which they are properly qualified, nevertheless, I wish to make perfectly clear that there is no relative of mine in all the public service whose appointment was brought about by me or through my initiation or influence. I do not attempt to arrogate to myself undue credit on this account for the reason that no relative of mine lives in my district or State; while as to appointments from elsewhere I have invariably and scrupulously refrained, as in my brother's case, from making recommendations or even suggestions of appointment.

Mr. BRAND of Georgia. Mr. Chairman, will the gentleman yield?

Mr. TILSON. Yes.

Mr. BRAND of Georgia. I know every member of the Supreme Court and the Court of Appeals of Georgia and I am well known to every member of these courts and have been for the last 40 years. I know a large majority of the members of the bar of the city of Atlanta, practically all of whom indorsed Judge Tilson—besides many outstanding business men. I personally knew the father-in-law of the gentleman's brother. I have seen and read his indorsements for judge of the northern district of Georgia. I have been a member of its bar for over 48 years.

I rise to say that I have never seen a record in my life in behalf of any lawyer for the office of judge of any court or any other judicial office that equaled the record and indorsements of the gentleman's brother for the position to which he was appointed. [Applause.]

Mr. TILSON. I thank the gentleman from Georgia, himself a distinguished jurist who knows whereof he speaks.

Mr. AYRES. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Mr. Chairman, since I addressed the House on January 5 in favor of the payment of the face value of the adjusted-service certificates issued to the World War veterans the sentiment has grown so strong in favor of something being done that the administration leaders decided to hold hearings and report some legislation on this subject.

It is reported through the newspapers that the committee will recommend that provision be made for an increased loan on these certificates, amounting to probably 50 per cent. This is probably as much as could be expected, with the President, Mr. Andrew Mellon, Secretary of the Treasury, and the Republican leaders in both Houses of Congress being opposed to the cash payment of all, or any part of these certificates.

I have no patience with all of the talk of the inability of the Government to make a cash settlement. Bonds could be issued for the three and one-half billion dollars at a low rate of interest, probably less than 2 per cent, without in any way disturbing the business of the country. This is a mere excuse or subterfuge of the administration for a failure to comply with the wishes of the ex-service men.

If we require them to borrow money and pay 4 per cent interest on what they borrow up to 1945, there will be but little left for the ex-service men, because the interest will practically eat it up.

Mr. CONNERY. Mr. Chairman, will the gentleman yield.

Mr. ALMON. Yes.

Mr. CONNERY. If they do bring in this bill and the interest rate is fixed at 4 per cent in a pretense that they want to take care of these men who need this money now, in 15 years the interest will be $300, and the men will never be able to pay it back. The result will be that we are simply going to take $300 interest from men who are desperately in need of assistance now.

Mr. ALMON. I thank the gentleman for his suggestion. By 1945, if you require them to make a loan of 50 per cent of the face value of the certificate, there will be but little left for the ex-service men. I believe we ought to make a cash payment of all, or at least up to 80 per cent of the value of these certificates to those who desire such a payment.

There never was nor ever will be a time when cash payment would be of more service to the ex-service men and the business interests of the country generally. However, we who favor cash payment may be forced to support a bill for increased loans, as it may be that or nothing. I voted for a cash bonus and voted to pass it over the veto of President Coolidge. I am now heartily in favor of the cash payment of the adjusted certificates. I introduced a bill early in the session providing for the cash payment. I do not deem it necessary to make any extended argument in addition to what I have said on a former occasion.

I sincerely hope that the Ways and Means Committee will report a bill providing for a cash payment in full or in part, at least, of these certificates. [Applause.]

Under leave to extend my remarks I include a letter which I have just received from Mr. Rufus Bethea, commander American Legion of Alabama, from which it appears that a referendum on this question has been held in Alabama, and that 90 per cent favor the cash payment. Said letter is as follows:

THE AMERICAN LEGION,
DEPARTMENT OF ALABAMA,
Montgomery, February 7, 1931.

Mr. EDWARD B. ALMON, M. C.,
Washington, D. C.

DEAR MR. ALMON: So that you may know my estimate of the sentiment throughout Alabama with reference to cash payment of the adjusted-service certificates, I wish to give you the following facts:

A poll of the Legion in Alabama has been held, and out of a total of more than 5,000 votes only 11 legionnaires have voted against payment. Approximately 5,000 have voted for payment. A majority of the 5,000 voted for full payment, a large minority for 80 per cent. Our membership at this time is approximately 9,000.

Mass meetings of ex-servicemen have been held in practically every city and town in the State. In Birmingham, January 25, 2,000 ex-servicemen gathered in the Alabama Theater and voted unanimously for full cash payment. In Tuscaloosa, on February 1, 1,200 ex-servicemen voted unanimously for full cash payment, with one dissenting voice on the floor. In Troy about 600 attended and voted unanimously for full cash payment. Meetings have been held in practically every county in the State with the same results. Petitions have been signed by some 10,000 ex-servicemen, according to my estimate.

Among the general citizens, a petition has been circulated to the business men of Birmingham, mostly the merchants and small manufacturers. In practically every case these men have been more than willing to sign. Expressed sentiments throughout the State by the average run of business men is in favor of full cash payment.

To-morrow meetings will be held in every congressional district, except the sixth, and I predict that in each district these meetings will go on record for full cash payment. The sixth district held a meeting on Sunday, February 1, and went on record for cash payment.

The sentiment throughout the State indicates that the ex-service men and the citizens of the State as a whole are not in a humor to accept a compromise such as the Hamilton Fish, Garner, or Owen D. Young proposals. I recognize the position you hold as a member of the minority, but I wish to urge that you do everything possible to bring about the best settlement of this question. It is my opinion that the minimum that will be acceptable to the ex-service men of the State of Alabama and their friends is 80 per cent of face value, without any strings.

Pure justice would indicate that 80 per cent of the face value is really what the Government owes the ex-service men. While legislation was finally passed in 1924 acknowledging the debt, this debt was undoubtedly due November 11, 1918.

Taking the original method of computation of these certificates and dating them from November 11, 1918, would make approximately 80 per cent of the face value due at the present date. The 80 per cent basis would not require a bond issue for payment. The amount necessary could be raised by utilizing the funds that are available for retirement and by cessation of payments on war debts for a period of years, together with the flotation of the necessary short-term loans to bridge the gap. The present low interest rates available on short-term loans would permit the Government to make this adjustment by merely passing along the savings.

With my very best wishes, I am

Yours sincerely,

RUFUS BETHEA,
Commander American Legion of Alabama.

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

Mr. LAGUARDIA. Mr. Chairman, when we came back in December last the gentleman from Indiana [Mr. WOOD] was good enough to yield me time on the first general debate we had in the session. I pointed out then the necessity of this Congress giving some thought and study to measures which would prevent distress in periods of depression and unemployment. It will certainly be a sad commentary upon the genius of American statesmanship and political economists if we can not profit by the experience of the past and the situation in which we find ourselves at this time. The distinguished gentleman from Connecticut [Mr. TILSON] a few moments ago quoted Kipling in saying that a man should not lose his head when all others about him are losing theirs. I hope I have not lost my head, but on the other hand, I see no reason why we should lose our hearts, and at this time it seems to me that the heart beat is as necessary as the brain impulse.

We have two distinct propositions before us. One is to provide relief in the real sense of the word, and the other to provide constructive legislation planned in advance to prevent suffering in periods of depression and unemployment. If I have studied correctly constitutional limitations in the light of the past 150 years of actual experience, I fail to find any limitation which prevents the Federal Government from taking hold of the situation. Something was said about a compromise on this question of relief. Why compromise? What is the compromise? To provide funds to make loans to impoverished destitute farmers in the drought area. No one seems to question the power of the Federal Government to make loans to individuals. I construe the power to make a loan—I may be wrong—is the power to grant relief. One of two alternatives must be met. If the loan idea is to be carried out, surely with the information we have, we must know that the chances of recovery on those loans in the immediate future are very remote.

A mortgage will have already been placed upon the crop of the farmer if he borrows for feed and seed, and now it is proposed to appropriate more funds to be loaned on security. If it is the intention to be liberal in the loans, with the idea that they are not to be paid back, then why put this self-respecting American farmer in the position of signing a note which he knows he can not pay back? [Applause.] On the other hand, if it is intended to collect on these loans, then permit me to say that instead of granting relief to that farmer, instead of his being impoverished for one year, the loan will keep him impoverished and destitute for 10 years or longer, during the time necessary to pay that loan.

Mr. EVANS of Montana. We have rehabilitated him.

Mr. LAGUARDIA. Yes. Rehabilitated him by keeping him in debt.

Now, gentlemen, let us be frank about this situation. I have taken the attitude heretofore that if relief had to be given to rural sections I would insist upon relief being given to the unemployed of the city. I am justified in taking that position. However, I say now, at this stage of the proceedings, with destitution in the cities and destitution in rural districts, I am not going to pull the chestnuts out of the fire, and if we can give real relief to the drought-stricken farmers with our vote, you can count upon mine. I will go along [applause], because it is time the residents of the rural districts and the workers of the cities stood together in this common bond of misery and poverty which united them. [Applause.]

I do not mean by that that I would vote to take over some bonds that some bankers may want to dump and use the farmer as a leverage. We will come to that at a later time.

Mr. LINTHICUM. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. LINTHICUM. I construed the matter to be that the President does not seem to be willing to submit to what we suggest, and that this loan is to be made simply to relieve the President from agreeing with us, and that the loan is never expected to be paid. Certainly there would be no security received for it.

Mr. LAGUARDIA. If that is the purpose, then I want an opportunity of recording my protest by voting against it.

Mr. LINTHICUM. I take it the gentleman is entirely right, but that is the way it looked to me.

Mr. LAGUARDIA. Now, as to conditions in New York City. There is a real crisis in our city. We have several hundred thousand unemployed. All needy cases are not getting relief. I have a telegram from Mr. Lawson Purdy, president of the Charity Organization Society, one of the largest charitable organizations in New York City, in which he says:

NEW YORK, N. Y., *February 7, 1931.*

Hon. F. H. LAGUARDIA,
House of Representatives:

Emergency work bureau now employs about 24,000. Can not take on more. After bureau ceased to employ additional men it continued to register and in about 10 days registered 6,200. No one knows how many more would accept such employment if available. This society is now spending in east Harlem for relief alone about $20,000 per month. This is in addition to expenditures by emergency work bureau, which totaled over $1,600,000 in January for the whole city. At present rate of expenditure funds of emergency work bureau will be nearly exhausted by April 1. Resources of this society are strained but not exhausted. Number of unemployed in New York is estimated at between 400,000 and 500,000 people. The number of persons whose savings are exhausted and whose families and friends can not relieve their need we do not know. We know that relief expenditures from private funds exceed $2,000,000 per month.

LAWSON PURDY.

Here is a telegram from the commissioner of public welfare of the city of New York which gives an idea of the extent of unemployment in my city:

NEW YORK, N. Y., *February 9, 1931.*

Hon. F. H. LAGUARDIA,
House Office Building:

Understand 3-day relief employment quota set by emergency unemployment committee entirely filled until April. Funds for this avenue of relief entirely allocated and limited. Can refer no other agency to obtain 3-day employment. Estimated number of

persons receiving relief, 400,000 through mayor's committee; emergency unemployment committee and the various private welfare and relief agency, 90,000. Meals served daily on bread line; persons needing relief and not obtaining same. Difficult to obtain number unless application is made, and many persons do not apply because receiving relief from relatives and friends. Relief budget funds are available to April 30. If the present crisis has serious continuation plans will necessarily have to be extended. Relief for old-age security, veterans' relief, child-welfare allowances, blind, and dependent children not included.

FRANK J. TAYLOR,
Commissioner Department of Public Welfare.

Gentlemen, are we to stand idly by in a condition of that kind and discuss State rights and argue about constitutional limitations? I have said before that when these unemployed and drought-stricken farmers are stricken with sickness by reason of undernourishment, so as to create an epidemic, then no one will question the power of the Government to step in and help. There is no question about it. If they became disorderly in their protest, then the Government can step in and preserve order with bayonets; but it seems incredible to me that we can not do something before we get to a crisis. Why could we not grant preventive aid instead of waiting the need of granting curative aid or the necessity of sending punitive assistance?

Now, gentlemen, I am going to quote to-day, not from a radical but from a real conservative one of the best-known clergymen of this country. He happens to be the personal pastor of one of the richest men in this country. I am going to quote from Dr. Harry Emerson Fosdick, of the Riverside Church, from a sermon he preached on December 28, 1930, the last Sunday of last year.

Doctor Fosdick said:

Once more, we still have a chance to build a humane and decent economic life that will minister to the welfare of all people. I do not see how anyone can look across the world to-day without perceiving that it is a narrow chance. For, see the picture: Communism rising as a prodigious world power and all the capitalistic nations arming themselves to the teeth to fly at each other's throats and tear each other to pieces. I suspect that folks are generally tempted to think of ministers of religion as visionary idealists and business men as hard-headed realists. Upon the contrary, I should like nothing better than to help some of my business friends to be hard-headed realists just now. For capitalism is on trial. That is the realistic situation. Our whole capitalistic society is on trial; first within itself, for obviously there is something the matter with the operation of a system that over the western world leaves millions upon millions of people out of work who want work and millions more in the sinister shadows of poverty. Second, capitalism is on trial with communism for its world competitor. Now, I do not like communism. I love liberty too much. I can not stomach such oppression of free speech, free assembly, free labor as communism involves. But this verbal damning of communism now prevalently popular in the United States will get us nowhere. The decision between communism and capitalism hinges on one point. Can capitalism adjust itself to this new age? Can it move out from its old individualism, dominated by the selfish profit motive, and so create a new cooperative epoch with social planning and social control, that it can serve, better than it has, the welfare of all the people? If it can, it can survive. If it can not, some form of communism will be forced upon our children. Be sure of that! To-day our chance to build a more decent economic life, but, if we lose it, to-morrow our children wanting a ghost of that chance back again.

The issue of all this is a deep need, which I urge on my conscience just as I urge it on yours. We need a rebirth of citizenship, a rebirth of public spirit, a renaissance of spiritual life and ethical Christianity that will issue in social-mindedness. With prosperity, selfish individualism is natural. When wealth is plentiful each one struggles for as large a share as possible for himself. But that is not our situation now. Some of you here this morning are suffering cruelly in this depression. Some of you here whom I know personally accustomed to plenty are in a situation where penury is lurking around the corner. And the factors that caused that are not individual but social; they are not even national—they are world-wide.

Selfish individualism for man or nation in this New World is downright insanity. There was a time, on the frontier, when a man could be the master of his own fate, but now a man's welfare or a man's disaster depends so on world-wide conditions which he can not handle for himself that only social-mindedness, cooperatively handling them together for the good of all, can meet the issue. John Wesley said once, "The world is my parish." Unless we can get that kind of public spirit, with some intelligence to make it effective, nothing else can save us.

That, gentlemen, coming from one of the most representative men of the pulpit, as I said before, Dr. Emerson Fosdick, of the Riverside Church of New York City.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. HUDDLESTON. He did not mention the other alternative of Fascism? If we are not driven to communism, perhaps we will be driven to Fascism.

Mr. LAGUARDIA. The gentleman has his choice.

Mr. GARBER of Oklahoma. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. GARBER of Oklahoma. The gentleman suggested the need of relief in the cities. I have conversed with many Members representing the rural districts of this country, and I want to assure the gentleman that it is their disposition—they are not only willing but anxious—to afford the same relief to the cities that has been extended to the country.

Whenever that need is shown and the local authorities are unable to furnish an adequate degree of relief I am sure they will be very glad indeed to support the gentleman's suggestion.

Mr. LAGUARDIA. I do not doubt that in the least, I want to say to my colleague from Oklahoma.

I divide the problem now before us. One, the need of providing relief wherever it is necessary. Gentlemen, this is too big a question to be sectional. If you have an epidemic of disease or if you have an epidemic of pellagra, it is not going to stop at sectional or State lines. If you have a part of the American people losing faith in their Government, it is not going to be sectional; it is going to be universal. The other task before us is to provide now against these periods of suffering when we have industrial depression and unemployment. It can be avoided.

Some of you gentlemen who are older than I will remember the fight waged against employers' liability insurance. It was called socialistic; it was called paternalistic; it was argued that men would purposely stick their hands in the cogs of machinery and injure themselves in order to draw the insurance, and yet to-day no civilized State or industry with any self-respect would think of operating without providing protection for their workmen when injured while in their employ. We then abolished the centuries-old common-law principle of assumption of risk, the fellow-servant rule, and the principle of contributory negligence. They were all brushed aside in providing proper injury insurance. Old-age insurance is fast coming to the front.

There is no industry but what provides for the depreciation of its machinery. You will not find a factory that is closed to-day putting its machinery out in the rain or abandoning it so it will rust and deteriorate. Not at all. They will conserve that machinery; they will keep it oiled; they will keep it in good condition; and they put aside every year an amount necessary to replace that machinery when it becomes obsolete or worn out. Yet when we suggest the same thing for human folks we are damned; we are called ridiculous and we are called everything. I propose as prudent provision for the care of human workers as industries take of machinery. Yet, gentlemen, we have arrived at that stage in our history when we can not take our surplus man power and destroy it. We must conserve and protect human life.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. FRENCH. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. LAGUARDIA. With the introduction of machinery, as I have said on this floor so many times as to become tiresome, we can produce more than we need. We can produce more each year with improved machinery and employ less workers each year.

So we must face the situation. We must cooperate with the States, if necessary, but we must provide insurance against unemployment for all workers who are willing to work, but who can not find work through no fault of their own. Once we remove this fear, this terror of want and of need, we will have solved 75 per cent of our problem, because as we approach these periods, with the resulting discharge of workers and unemployment, we destroy the purchasing

power of the country and we put all industry and commerce out of balance.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. SUMMERS of Washington. Referring to Doctor Fosdick's statement, does not the gentleman think that any system might better be judged over a decade or generation rather than over a period of greater depression than the world has perhaps ever known in peace times and with a new element affecting that condition that has never heretofore been thought of, namely, conscript and convict labor?

Mr. LAGUARDIA. I think the gentleman will agree that Doctor Fosdick is a keen observer and a scholar. He is a student of social and economic conditions. The statement made by Doctor Fosdick was not the impulsive statement of a candidate running for office offering a quack panacea for a temporary disorder, made on the impulse of the moment. It was the result of due deliberation with applied vision prophesying what the future may bring forth. The gentleman can readily see Doctor Fosdick's position in making a speech of this kind from the pulpit of the church in New York known as the Rockefeller Church.

I think that it is indeed a sad commentary on our genius for government if in 1931, after all the progress we made in science, in mechanics, in chemistry, in electricity, and in transportation, we have progressed so slowly in social-welfare and economics legislation as not to be able to meet these changed conditions. I do want to get this House to feel that it is possible to discuss these economic questions without necessarily being a radical. These problems must be solved. The longer they are delayed the more difficult will be a constructive solution. I quoted Doctor Fosdick to encourage the timid in our midst. I say to my colleagues to-day that if we can not pass at this session of Congress measures which will prevent hunger, poverty, and suffering in the future, I hope we will at least give the question some thought and some study, because very soon we must meet the situation. I say let us do it now constructively while the American people still have confidence in their Government and in their elected Representatives. [Applause.]

Mr. BUCHANAN. Mr. Chairman, I yield 30 minutes to my colleague from Texas [Mr. Box].

Mr. BOX. Mr. Chairman, ladies and gentlemen of the committee, present conditions and tendencies in the United States disturb me deeply. In the midst of a nation-wide depression and demoralization which all have been forced to recognize near famine conditions have developed in certain areas.

Many farmers among my own constituents have appealed to me to help them get some of the loans the Government proposes to make. One community of my constituents is being partly fed by near-by towns and the National Red Cross Society. From another county cries of hunger have reached me. I immediately asked several responsible officers of the county to investigate and report to me quick. They promptly informed me that there are some hundreds of hungry people in the county who could get no work and had no relief in sight. I took it up with Judge Payne, who promptly promised attention to conditions in that locality. This whole situation, made more acute by recent developments, moves me to speak now.

The depressed conditions in America involve every part of the country's life. The magnitude and wide distribution of this distress tend to confuse us who are in the midst of it. I shall try to speak of it mainly as exhibited in three larger sections of the country's being and activity. These are business conditions, the employment situation, and the state of farming people. I, of course, recognize the intertwining relationships of these with each other and with other parts of the country's life.

Recognizing my inequality to the task of adequately presenting and accounting for the situation and proposing remedies for it, I am nevertheless moved to discuss it in an effort to contribute to the necessary undertaking to find remedies for the situation.

BUSINESS DEPRESSION

The extent to which business is demoralized and paralyzed is indicated, but not fully shown, by the number of bank failures in the country during the last 20 years. I present a list copied by me from the Statistical Abstract, published by our Department of Commerce, and from Bradstreet's and Dun's statements, showing the number of bank failures, 1911 to 1930, inclusive.

Year:	Number
1911	107
1912	79
1913	120
1914	212
1915	133
1916	50
1917	42
1918	20
1919	50
1920	119
1921	404
1922	277
1923	578
1924	613
1925	464
1926	608
1927	394
1928	372
1929	437
1930	1,188

My information is that there are areas embracing several adjoining counties in which there is not a single bank left within the whole area.

Next I present a table showing the number of commercial failures and the amounts of assets involved during each of the past 20 years, prepared from the Statistical Abstract and Bradstreet's:

Number of commercial failures and amounts of assets, 1911–1930, inclusive

Year	Number	Assets
1911	13,441	$124,517,000
1912	15,452	126,287,000
1913	16,037	174,688,000
1914	18,280	265,293,000
1915	22,156	183,454,000
1916	16,993	113,599,000
1917	13,855	103,465,000
1918	9,982	101,638,000
1919	6,451	67,038,000
1920	8,881	195,504,000
1921	19,652	409,038,000
1922	23,676	413,358,000
1923	18,718	388,382,000
1924	20,615	337,945,000
1925	21,214	248,067,000
1926	21,773	202,345,000
1927	23,146	256,740,000
1928	23,842	255,478,000
1929	22,909	226,028,000
1930	24,209	988,389,000

These do not tell the worst of the story of stagnant, decaying business at crossroads stores, in the villages, country towns, and the cities, nor the widespread dejection which these conditions have created. In the midst of this, not as its cause, but incident to it and one of the results of the causes producing the situation, is the long decline in the value of industrial, banking, and transportation securities, with occasional market crashes, adding to the demoralization and creating conditions bordering on terror.

EXTENT OF UNEMPLOYMENT

The masses of unemployed in practically every industrial section and city, small and great, the soup houses and bread lines, in which some millions are seen daily, make tragic presentations of the existence of unemployment in industry, generally involving both the capital and labor. Nearly all country towns and cities, and most of the States, are burdening themselves with further taxes or bond issues or other forms of indebtedness or otherwise making special efforts at public expense to create jobs to be distributed in inadequate portions among distressed workers. We of the Congress are devoting much of our time in efforts to find ways to use taxes collected or to be collected for this same necessary, almost compelling, purpose. Individuals unnumbered and all charitable organizations, from the smaller ones in remote sections

to the great National Red Cross, are pleading through the churches, lodges, the press, and spreading their earnest voices over the radio on the night air, soliciting funds and working feverishly by night and day to clothe the naked, nurse the sick, and feed the hungry. Recently the National Red Cross Society appealed through the churches to Christian women to make garments for the bodies of American men, women, and children. Immediately after that I saw an American woman who has never felt actual want herself, taxing her strength sewing together garments for chilled little American bodies.

The third central group in the picture which America presents to its economists, business men, captains of industry, educational leaders, lawmakers, governors, and President is filled with farmers and their families. The farm people of the drought-smitten spots do not fill anything like all of the farmers' section of the picture.

Farmers and their organizations have been voicing their distress for many years. Both the great political parties have heard their distress calls and have made promises to pacify them. Candidates for President have promised relief. This nation-wide distress of farmers has been a live topic of discussion in this Chamber and the occasion of much legislation and the appropriation of hundreds of millions of dollars by the two branches of Congress.

NOT TEMPORARY PANIC BUT LONG DECLINE

The statement of bank and commercial failures just presented shows that this business decline has continued and grown worse through a series of years. The country knows the same fact.

Unemployment exists in some degree nearly always, but for several years even the official reports on the subject, which I believe have, for party purposes, concealed part of the situation, have shown increased unemployment. On February 21, 1928, the gentleman now speaking made a statement to the House Committee on Immigration and Naturalization in which he said:

> There is an alarming state of unemployment in the United States. I could give reports from many cities, but I shall make only a few general quotations, which will help you see the situation.
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> * * * * * * *

The following are short excerpts from quotations made in support of that statement:

> State Industrial Commissioner James A. Hamilton went to Albany yesterday to present to Governor Smith the results of the survey asked by the governor as the first move in a program to relieve an unemployment situation in New York State, said to be worse than in the postwar depression period.
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> The Illinois State Department of Labor reported that employment in all industries in that State during January was at the lowest level since the war.
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> * * * * * * *
>
> Unemployment in Pennsylvania is also on the increase, according to a report of the Federal Reserve Bank of Philadelphia for January. * * * The volume of employment is now 10 per cent below the level of January, 1927, the report says, and wage payments likewise show a falling off of 12.3 per cent from a year ago.
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> * * * * * * *
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> There are tens of thousands of men and women seeking employment in California to-day. Those in close touch with this problem say that the situation is worse now than for many years past. (Will H. French, of the California Industrial Research Committee, speaking in 1928.)
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> * * * * * * *
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> The municipality of Sacramento is at present purchasing 1,000 rations for the Salvation Army, who are cooking it free and handing it out to the unemployed, one meal a day per man, white Americans only, the said army would be very glad to have some of the 4,000,000 cases of peaches that the farmers let rot in the "Nation's peach bowl" last season.
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> * * * * * * *
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> The number of unemployed in the United States is estimated at 4,000,000, or nearly 10 per cent of the total number of workers by the Labor Bureau (Inc.), 2 West Forty-third Street, in its monthly publication, Facts for Workers, for February, which was made public yesterday.

Remember that these statements were made three to four years ago.

That statement was based on all information obtainable by him from many official sources, including numerous reports by business men, the press, and a great number of citizens, including workers from many sections. The estimate of the number now unemployed varies from below 5,000,000 to above that figure. The actual number is probably considerably more than 5,000,000.

The bad plight of the American farmer extends through many years. At the end of every considerable period during that decline agriculture finds its condition having grown worse during the period.

Without adopting their viewpoint as to many propositions, I shall quote from the reports of the Industrial Conference Board (Inc.), to show that the American farmer has not been complaining merely because he loves to complain. That authority represents a very extensive and able group of large manufacturing and other industrial and transportation concerns. For economic and other vital reasons they have made and reported a special study of American agriculture. In 1925, six years ago, that organization published a work entitled "Agricultural Problem in the United States." I quote from page 68 of that report:

> * * * Analysis of the long-time trends of the basic economic factors in the industry (agriculture) suggests that since the beginning of the century, conditions have arisen which have tended unfavorably to affect the relative position of the industry as a whole. This is reflected in the contraction of our agricultural "plant," and its output in relation to our population growth, in the increasing effectiveness of foreign competition in both foreign and domestic markets; in the relatively greater increase in production costs per unit than in prices per unit; and in the declining relative per capita share in the national income of persons engaged in agriculture.
>
> * * * It is reflected in the decrease in real agricultural wealth, in the comparatively low rate of return for investment, in the disparity between the labor rewards and per capita income of those engaged in agriculture and other groups, and in the steady and rapid growth of farm bankruptcies since the pre-war period.

In 1927, four years ago, the Industrial Conference Board, already quoted, and the United States Chamber of Commerce, both tremendously interested in any condition so important as the decline of American agriculture, jointly constituted "The Business Men's Commission," composed of many able men, to study and report upon "the condition of agriculture in the United States and measures for its improvement." Without indorsing all of the conclusions in that report, I quote from it at this point to prove that the woeful plight of agriculture is not new.

> * * * There seem, however, to be other factors in the situation which may be immensely more important in the long run, and which give rise to the disquieting suspicion that an interpretation in terms of a temporary slump does not tell the whole story. Agriculture in this country appears to be subject to certain deep-lying ills which time alone can not safely be relied upon to cure, but may even accentuate, * * * there is evidence * * * that we are not keeping our old superiority over competitors; * * * that many, if not most, farmers are year after year failing to secure a return equivalent to that which can be obtained in the city by workers of no greater ability; that the comparative advantage of other industries is rapidly increasing; * * * that tenancy is increasing; and that the quality of the farm population is undergoing a progressive deterioration. (p. 128.)

FARMS, MORTGAGES, AND BANKRUPTCIES

> The mortgage indebtedness of farmers has shown a considerable increase since 1920, in spite of strenuous efforts to curtail agricultural loans. It is estimated that the total mortgage debt of the agricultural industry rose from $7,860,000,000 in 1920 to $8,500,000,000 in 1925. This increase in debt has been laid upon lands which have been rapidly declining in value so that the farmers' equity has been shrinking at a very rapid rate. * * * Another indication of the difficulties under which agriculture has been laboring in recent years is to be seen in the high rate of failure of farm enterprises. These failures are reflected in foreclosure of mortgage, bankruptcy, default of contract, or other transfers to avoid foreclosure, and forced sales for delinquent taxes. Studies made by the United States Department of Agriculture showed that in 1924 and 1925 forced transfers of farms for these reasons constituted slightly over one-third of all transfers of farm property. (Business men's commission, pp. 61–62.)

The Industrial Conference Board traced the beginning of these conditions back to the beginning of the century. The Business Men's Commission says that a "temporary slump does not tell the whole story"; "that there are deep-lying ills which time alone can not safely be relied on to cure but may even accentuate."

This whole hour could be consumed in marshaling indisputable facts, showing that these conditions are not new and will probably continue to grow worse unless remedied.

Here I pause to remind, gentlemen, that neither the present business depression, existing unemployment, nor want now in the cities and industrial centers, nor hunger now felt among farmers, is an isolated situation unaffected by other conditions mentioned.

It is generally true that where hunger among farm people is reported now that the districts involved suffered from drought last year. It is likewise true that in some of the places of most acute and general hunger the drought of last year followed devastating floods during immediately preceding years. But the present hunger-smitten area is not confined to regions formerly devastated by floods.

Heretofore when drought has visited sections of America there have been calls for help, to which organized private charity and the Government have, in some instances, responded with aid, but the extent and severity of human hunger have never before approached their present proportions. A prosperous farm population is not so quickly reduced to the point of starvation as a poverty-stricken population. We hear almost annually of starving millions in such countries as China and India, when floods or droughts visit them, because poverty has already driven millions of them to the borderland of want. The extent and severity of the famines in those countries is due in great measure to the extreme poverty of large sections of their populations. For like reasons the populations of drought or flood stricken areas in America are now on the verge of famine, or in the midst of it, to a much greater extent, than would have been true had those people and their sections of the country and the Nation itself been enjoying a good measure of prosperity.

Directing attention to present hunger-smitten conditions of our farm population, I remind you that, following a long period of agricultural depression and decline the country over, they were able to obtain only very low prices for such scant crops as the drought permitted them to produce. These preceding conditions impoverished landowners, merchants, and banks, many of which had already become bankrupt, and made them unable to care for the poorer people of their counties and communities. In many of these sections there have been in the past industries to which many farm workers went when not busy making or gathering their crops. In regions which are now calling for help, I have seen farmers busy throughout the summer season in the mills and in the forest, where they were making and hauling piling, crossties, mine props, and other timber products for which there is a demand in even moderately prosperous times. But the lack of prosperity and industrial activity has impaired the demand for these timbers and closed many of the mills, leaving no work for such farm people to do while not in their crops. Moreover, unemployment and other incidents to lack of prosperity during the last few years have impaired the purchasing power of people in the local industrial communities and in the markets all over the United States to which vegetables and other crops produced by these people have been shipped. We have only to know these facts and fix our attention upon them to be able to realize that the present near-famine conditions in these localities are very much extended and aggravated by the general industrial and business distress which all recognize as having prevailed for some years.

PERMANENT CAUSES

Among the "deep lying" causes, in the language of the capable Business Men's Commission, constituted by the United States Chamber of Commerce and Industrial Conference Board, already referred to, I presume to name some. In the hope that these suggestions will not be taken as originating in partisan bias, I shall quote rather freely from authorities known not to be prejudiced against American business, against the present majority party, or in favor of the present minority party.

The agricultural interests of the United States are of major importance to the welfare of every wholesome element of the Nation's life. To neglect and discriminate against the farming people of America means the ultimate depression of nearly every line of business. It threatens now to enervate the Nation's life and may bring a series of consequences too fearful to be complacently viewed.

In one of the reports just mentioned, in discussing the importance of finding a solution of the agricultural problem, it is said:

> In the first place, there is the reason of direct self-interest.
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> * * * * * * *
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> Secondly, it must be realized that in the agricultural problem we are dealing not only with the economic position but with the physical and social welfare of nearly 32,000,000 people, who constitute nearly one-third of our total population.
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> * * * * * * *
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> Thirdly, it must be emphasized that economic and social conditions among this large group are inevitably reflected in the national political life. American history bears ample evidence of the significance of this fact.
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> * * * * * * *
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> * * * It would be economically, socially, and politically disastrous to the Nation if, through neglect or indifference, any remediable disparity that may be found to exist in the position of so large a group as our farm population be permitted to continue or to become progressively sharper. Equality of opportunity for all is vital to the prosperity of each (pp. 2, 3, 4, and 6).

If the United States could and would reestablish prosperity and independence among its agricultural people, prosperity would soon be rewarding the legitimate efforts of business in industry, while a greater degree of political soundness would characterize its social and governmental life. Therefore the remedies for the plight of American agriculture, if any are to be found, will work toward the cure of all the major ills to which our industry and commerce are subject.

In neglecting this all-supporting agricultural interest, in discriminating against it by taking from its substance for the overenrichment of other interests, we have gone so far as to overstimulate, overboost, and thereby seriously injure the groups which we have made our favorites. The Business Men's Commission referred to above say in their report in 1927, page 7:

> The situation which we now have to meet has crept upon us without full or timely appreciation of its significance to our system in its entirety. Agriculture was left largely to the mercy of laissez faire, while governmental support went to the building up of commercial and industrial enterprises. To all intents and purposes, one was taken for granted, while the others were fostered and nursed.

This very conservative statement, though true, falls far short of the whole truth. Agriculture has been and is milked for the substance which nursed the favored interests.

In an unpretentious effort to appeal to that port of Congress and the American public which is business minded, I am endeavoring to present expressions of well-considered opinion upon the American farmers' plight and the causes and remedies for it. Again I quote from the report of the Business Men's Commission on Agriculture, page 169:

> The existing system of protective tariffs on manufactured products and agricultural commodities unquestionably has definite effects upon the extent of the market for farm products and upon the costs of their production, and in these ways undoubtedly had considerable influence upon the economic position of the American farmer. These effects are not simple or single in character, and the problems to which they give rise can not be disposed of in any sweeping or summary way.

After remarking upon the strong points of the protective tariff system as these industrial leaders saw it, they said, page 170:

> * * * It enabled us to develop what is perhaps the greatest industrial system in the world, but it inevitably reduced the relative importance of agriculture in our national economy. The great question of the future, in the view of this commission, is whether this policy has not fully served its purpose, and whether, indeed, it has not been pushed so far as to endanger the balance between agriculture and industry and so warrant such readjustment as may distribute its advantages and burdens more fairly. In answering this question there are three distinct aspects of the tariff problem to be considered: First, the influence of tariff and trade restrictions upon the extent of the foreign market for farm products; second, their influence upon the domestic market for farm products; third, their influence upon production costs in agriculture.

* * * In the meantime, our manufactures have grown until we not only supply the bulk of our own vastly increased requirements for a high standard of living but are able to export large quantities of manufactured goods in competition with the producers of other nations. As our productive power has increased in certain branches of industry we have sold increasing quantities of these products abroad. But as we have raised a tariff wall against those foreign manufactured products which we could not produce as cheaply as foreign manufacturers, the ability of European markets to purchase American farm products has diminished.

Again they said, page 95:

This (there) is little doubt that the steady extension of tariff protection to manufacturing industries, and particularly the increase in the tariff level in postwar years, has on the whole affected agriculture unfavorably in comparison with manufacturing industry.

HIGH TARIFF INJURES FARMERS' FOREIGN MARKETS

Closely, inseparably connected with this system of artificial stimulation of industrial and commercial effort just presented is a serious impairment of the foreign market for American farm products, which constitute a major part of the Nation's export trade.

Again I quote from the report of the business men's commission, page 93:

The unfavorable conditions which faced the export market for farm products as a result of our shift to a creditor status and the increase in our tariffs after the war were accompanied and intensified by marked falling off in European demand, due to the decline in purchasing power and the increased domestic production of the principal consuming countries.

In the case of foodstuffs any decrease in demand under such circumstances tends to be concentrated upon the more expensive articles of food, since consumption is diverted to the cheapest materials available. This has hit our exports very hard.

Another phase of the unwise and unjust policy by which agriculture was neglected "while governmental support went to the building up of commercial and industrial enterprises" was an increase in the transportation rates which farmers were poorly able to pay. Transportation companies were among the interests "fostered and nursed" at the expense of agriculture. When an essential interest like agriculture was operating either at a loss or on a starvation margin its plight was of course made worse when it was taxed with transportation rates designed to assure a good rate of income to railway companies and the holders of their securities.

I read from what these leaders in business, banking, industry, and transportation say about this as one of the causes of the distress of American agriculture, pages 83–84:

Another harmful consequence of deflation to agriculture was the relative increase in the freight burden of the farmer which it caused. * * * Unfortunately it so happened that, as shown in Table 10, railroad freight rates, which under the artificial conditions of Government operation had been kept relatively low all through the war period when other prices were rising, were greatly increased and brought up to about the level of the war prices just at that moment when the general price level, and with it the prices of agricultural commodities, were sharply falling. * * * Necessary as the rate increases were, therefore, they came at a peculiarly inopportune time. Farmers found themselves compelled to pay higher prices at the very moment that they were being forced to accept lower prices for their products, and they sometimes found that the price received was insufficient even to cover the railroad's bill * * *.

This situation gave support to the deep-grounded belief that freight charges fall on the farmer both on what he buys and on what he sells, for when freight charges were raised the farmer was not only unable to shift the increase to consumers but could not even get as good a price as he had been obtaining before the increases went into effect.

In this enumeration of some of the causes of the farmers' plight, I have already stated the high protective tariff rates, the demoralized condition of the farmers' market for his exported commodities, and the freight-making rule which required a boost in transportation rates out of the farmers' income, which was already near or below the minus point and going lower. For lack of time I shall name but two or three of the remaining causes.

FARMERS COMPELLED TO PAY TOO HIGH INTEREST RATES

High interest rate is one of the farmers' misfortunes. Another quotation from the high business sources already referred to will present this, pages 241, 242.

Farmers as a class, especially in the Northwest and South, are burdened with the unnecessarily high interest charges. A study made in 1921 by the United States Department of Agriculture, showed prevailing average interest rates to farmers on short-time loans of over $100 to be: In North Dakota, 9.82 per cent; in South Dakota, 9.59 per cent; in Montana, 9.91 per cent. Although these data were collected during a period of exceptionally high interest charges all over the United States, it should be kept in mind that the rates shown by no means indicate the total interest burden on the farmer. It is common practice in the rural districts to add to the interest of a bank loan certain other items. Often a "commission" or "bonus" is charged, and in many cases the borrower must leave permanently on deposit with the bank a certain portion of the loan. A study made by the United States Department of Agriculture in 1916 showed that these extra charges added on an average of 0.2 per cent in Delaware to 3.6 per cent in North Carolina. Even to-day, in rural districts of the West and South, interest rates on bank loans to farmers (all additional charges included) often amount to 12 and even 15 per cent. This places a heavy burden on the agricultural industry which is the more severely felt since agriculture has so much slower turnover of the capital invested than manufacture or commerce.

FARMER PAYS MORE THAN HIS SHARE OF TAXES

Ever-increasing taxation during a period when the causes named and others have been bleeding the farmer to death helps to complete the hopelessness of his condition. After concluding that farmers do not generally pay more than a fair share of Federal taxes, the Business Men's Commission, referring mainly to State and local taxes, says, page 231:

The farmer has therefore had to pay taxes that represent a good deal larger proportion of his income than was the case with other groups.

The general property tax is supposed to be levied against all forms of property, but, as a matter of fact, intangible property very largely escapes.

The Report on the Agricultural Problem in the United States by the Industrial Conference Board says on the subject of the farmers' tax burden (pp. 112, 114):

* * * Thus the figure given above for direct taxes paid by operator-owners shows a steady rise in amount since 1919, while the agricultural income has dropped enormously. * * *

* * * While farm wages fell more or less with farm prices, taxes in relation to the value of farm property have risen since the agricultural price decline and remain on a higher level than any other item of expenditure, 112 per cent above the 1914 level. * * *

* * * On the other hand, the manufacturer, from whom the farmer buys commodities and services which represent 60 per cent of his living and business expenses, is often, though not always, in a position to translate his own tax burden into the price of the consumer, because he can adjust his output to the price and reduce his other costs of production. Thus the farmer is compelled to bear his own tax burden as a seller and a part of other tax burdens as a buyer.

A second and equally important peculiarity of the position of agriculture is that its tax burdens, unlike that of other classes, is fixed with little relation to the agricultural income.

TOO MANY HANDS FOR THE NUMBER OF JOBS

One element affecting the whole employment, agricultural and business, situation is the presence in the country of an oversupply of workers. Again and again students have pointed out that, with an already overabundant supply of man power, great numbers of hands have been displaced by labor-saving machinery, so that if production and consumption were normal the unemployment would be abnormally large. This condition may prove permanent.

These collect in the industrial and population centers, and even in normal times create unwholesome conditions. The massing of workers in such centers is in itself largely the result of the overbooming of the favorite manufacturing and industrial interests by the artificial means of extracting from agricultural and consuming populations substance to provide the bonus which such policies give to petted and overnourished interests. In the elation and inflation thus caused, these interests have, since before the beginning of the present century, reached out to Europe, Asia, and later to Mexico, for millions of laborers, myriads of whom have displaced native people who were more homogeneous, more coherent, more conservative, and more attached to our institutions.

As illustrating how this was accomplished, I give below a statement prepared by me from the reports of the Immigration Commission appointed during President Roosevelt's administration, which made the most thorough and exhaustive

study of immigration and related problems ever presented to the American public. I quote:

In an effort to learn who are the large employers for whom labor agents induce immigrants of the class mentioned to come in millions let us study the large industries:

A large proportion of the southern and eastern European immigration of the past 25 years have entered the manufacturing and mining industries of the Eastern and Middle Western States. (1 I. C. R. 37.)

IRON AND STEEL MANUFACTURING

Of the total number of employees in the industry, 57.7 per cent were found to be of foreign birth. * * * Of the total number of iron and steel workers, 28.9 per cent were native born of native father, and 13.4 per cent were of native birth of foreign father. (1 I. C. R. 297.)

SLAUGHTERING AND MEAT PACKING

It was found that 60.7 per cent of the total number of wage earners in the industry were of foreign birth * * *. Of all employees, 24.8 per cent were of native birth and of native father, and 14.5 were native born of foreign father. (1 I. C. R. 298.)

BITUMINOUS COAL MINING

Of the total number of employees, 61.9 per cent were of foreign birth, 9.5 per cent were of native birth, but of foreign father, and 28.5 per cent were native-born persons of native father. (1 I. C. R. 300.)

GLASS MANUFACTURING

Of the total number of employees, 39.3 per cent were of foreign birth, 18.4 per cent were of native birth, but of foreign father. (1 I. C. R. 301.)

WOOLEN AND WORSTED MANUFACTURING

Of the total number of employees, 61.7 per cent were of foreign birth, 24.4 per cent were of native birth of foreign father. (1 I. C. R. 302.)

COTTON GOODS MANUFACTURING

Of the total number of employees, 67.7 per cent were of foreign birth, 21.8 per cent were of native birth, but of foreign father, and 9.4 per cent were of native birth of native father. (1 I. C. R. 304.)

The first employees of the New England cotton mills were secured almost exclusively from the farm and village population immediately adjacent to the early cotton goods manufacturing centers. (1 I. C. R. 507.)

Since the year 1885, and especially during the past 15 years, the operatives of the cotton mills have been mainly recruited from the races of southern and eastern Europe and from the Orient. (1 I. C. R. 511.)

The Americans, who formerly composed the bulk of the cotton-mill operatives in the North Atlantic States, at the present time form only about one-tenth of the total number of employees in the cotton mills * * *. If persons native born of foreign fathers be added to this pure American stock, or those native born of native father, the total number of native-born operatives amounts to about three-tenths of the operating forces of the North Atlantic mills. The remaining part of the operatives, or about seven-tenths, is composed of employees of foreign birth. (1 I. C. R. 511.)

CLOTHING MANUFACTURING

Of the total number of employees in the industry, 72.2 per cent were of foreign birth, 22.4 per cent were * * * native born of foreign father, and only 5.3 per cent were native born of native father. (1 I. C. R. 305.)

FURNITURE MANUFACTURING

Of the total number of employees, 59.1 per cent were of foreign birth, while 19.6 per cent were of native birth but of foreign father, and 21.2 per cent were native born of native father. (1 I. C. R. 307.)

LEATHER TANNING, CURING, AND FINISHING

Of the total number of employees, 67 per cent were of foreign birth, 15.9 per cent were of native birth but of foreign father, and 11.4 per cent were native born of native father. (1 I. C. R. 309.)

OIL REFINING

Of the total number of employees, 66.7 per cent were of foreign birth, 21.5 per cent were of native birth but of foreign father, and only 11.8 per cent were native born of native father. (1 I. C. R. 311.)

SUGAR REFINING

Of the total number of employees, 85.3 per cent were of foreign birth, while 8.4 per cent were of native birth but of foreign father, and 6.3 per cent were native born of native father. (1 I. C. R. 312.)

NOTE.—The citations 1 I. C. R. mean volume 1, Immigration Commission Report. The figures following indicate pages.

As further exhibiting the extent to which the country's population, both industrial and agricultural, has been overcrowded, impoverished, and demoralized by the importation of foreign workers during recent years, I here insert an excerpt from the report of a study of one phase of this movement by Hon. THOMAS A. JENKINS and myself presented to the House Committee on Immigration and Naturalization March 14, 1930, and to be found on pages 594 to 597 of the hearings of that committee.

DISPLACEMENT OF NATIVE AMERICANS WORKING IN INDUSTRY, OF FARM WORKERS AND FARM TENANTS AND THE INJURY DONE TO AMERICAN FARMERS AND FARM LIFE BY THE INCREASE OF MIGRANT MEXICAN LABOR WORKING IN INDUSTRY, ON FARMS AND ELSEWHERE

Below are quoted a comparatively few of the great number of statements made in these reports on this phase of the problem:

"Have tendency to make people leave the country. Driving small farmers and tenants out of the country. The chief effect of this Mexican labor is to make for a plantation type of farming, driving out, not only the white laborer and tenant, but also the small landowner. Nearly all of the cantaloupes and lettuce are raised by large companies using peon labor. The small farmer can not compete with them." (Scott B. Foulds, secretary-manager Imperial County Farm Bureau, El Centro, Calif.)

"In domestic service, factory workers, and sales girls in stores, they are displacing most all whites in this city. The fact that 75 per cent of the population of this city is Mexican impresses me." (R. T. Glenn, San Antonio, Tex.)

"Has driven out the good white laborers." (Elizabeth R. Forrest, superintendent of schools for girls, San Antonio, Tex.)

"Mexican labor has forced its way into white American establishments, replacing white drivers and clerks. Mexicans are employed by the railroad companies." (Bessie Kidd Best, county superintendent, Flagstaff, Ariz.)

"About 1920 or 1921 the daily wage was cut 75 cents. This had been a white man's camp; mostly Mexicans were brought in, from Arizona, New Mexico, and old Mexico. The largest mine in this territory employs 95 per cent Mexicans." (Mrs. Charles F. Loker, former president of school board and member of Daughters of the American Revolution, Tonopah, Nev.)

"White natives have moved away from here because labor was too cheap. Many can not even get work, while the Mexican is put to work the day he arrives." (A. L. Suman, superintendent of schools, South San Antonio, Tex.)

"Should not be allowed to come to the United States and take the place of American labor." (D. A. Walker, M. D., Mullen, Nebr.)

"Yes; when Mexicans become numerous in any locality the Americans leave." (Doris E. Carlson, Sunnydale, Calif.)

"Many Mexican women and girls now work in canneries." (J. Howard Hall, M. D., Sacramento, Calif.)

"Because they work overtime and for probably lower wages they sometimes displace white laborers. This is particularly true on the railroads, as Mexicans are easier driven. Most of the laborers working in our canneries are Italians, Portuguese, and Mexicans." (Mabel F. Fulgham, secretary-treasurer county Farm Bureau, Sacramento, Calif.)

"Mexican peons do practically all of the common labor at $1.25 to $2 per day. American labor would cost twice that much." (S. J. Isaacks, lawyer, El Paso, Tex.)

"Wages about one-half those paid in North and East we think, unskilled, semiskilled, and clerical." (R. R. Jones, assistant superintendent of schools, El Paso, Tex.)

"Mexican domestics at least 90 per cent in the homes of El Paso." (Gunning-Casteel (Inc.), retail druggists, El Paso, Tex.)

"Mexican laborers are paid $1.25 to $1.50 and American laborers are paid $1.75 to $2. Mexican peon labor will work for less, longer hours, and plenty of abuse." (Paul Creswell, jr., El Paso, Tex.)

"A white man would not and could not live under the same conditions as the average Mexican laborer. I have been in some sections of the State (Texas) where the Mexican farm tenant is displacing the native-born tenant very rapidly." (N. G. Heslep, cotton buyer, Houston, Tex.)

"The influx of Mexicans into this industrial section will lower the wage scale for all, lowering the standard of labor for white and black labor. On section work they have already replaced the negro." (Hugo Hartsfield, superintendent of schools, Pasadena, Tex.)

"Many are employed in cotton mills and cheap clothing factories." (William N. Michels, county democratic executive committeeman, Houston, Tex.)

"Mexicans are rapidly replacing American women and girls in factories, laundries, and such places.

"They take interest in elections. They have been taught in their country to vote every chance they had." (S. D. Mathews, mining, Houston, Tex.)

"If they continue to take the labor market it will so lower our every form of social, financial, economic, home, school, and church life as to destroy it as it is here to-day. The American of yesterday will be a thing of the past, a great master class on one hand and the peon on the other, the great middle class perishing, disappearing, submerged." (F. W. Miller, realtor, Los Angeles, Calif.)

"Work in considerable number in canneries. Some of white women object to working with Mexicans or Filipinos." (A. H. McFarland, M. D., Mountain View, Calif.)

"They are displacing white labor in increasing numbers in canneries and in fruit-packing plants and in fruit picking." (Clarence F. Bronner, chairman legislative committee, Grange No. 408, Morgan Hill, Calif.)

"Worse than this, it lowers the morale of American laborers; they feel degraded when employed on the same job with Mexican or Japanese laborers. Many Americans will not accept employment where Mexicans and Japanese laborers are employed." (F. E. Ashcroft, health officer, Chulavista, Calif.)

"Mexican women and girls are employed in our canneries." (Fred M. Stern, merchant, leather goods, San Jose, Calif.)

"They all work, even the 6-year-old children; consequently the American women are displaced because the Mexican does not demand anything. We are displeased very much with increasing Mexicans." E. F. Gattis, grocer, Cerpentino, Calif.

"In laundries, canning, packing, etc., considerable displacement. Future American manhood and womanhood ought to have equal consideration with businesses that cry for protection against the importation of cheap goods and import cheapest kind of labor from most backward nations." R. B. Haddock, district superintendent schools, Oxnard, Calif.

MEXICANS EMPLOYED IN THE TEXTILE INDUSTRY

Oriental Textile Mills, Houston, Tex., nationality of employees: Americans, 46 per cent; Mexicans, 54 per cent.

El Paso Cotton Mills Co., El Paso, Tex., nationality of employees: Americans, 5 per cent; Mexicans, 95 per cent.

San Antonio Cotton Mills, San Antonio, Tex., nationality of employees: Americans, 9 per cent; Mexicans, 91 per cent. (Above taken from statement compiled October 25, 1929, by Hon. Charles McKemy, Texas State commissioner of labor.)

The following quotations are some of the many expressions of the ruinous effects of this imported Mexican peon labor upon farmers and farm life, through its influence in aggravating the overproduction of American farm products and the ruin of the market therefor.

INCREASING SURPLUS OF FARM PRODUCTS

"If our farmers are raising a surplus, why should they import more laborers to create more surplus?" (Mrs. Elsie J. Bozeman, county superintendent of schools, Hanford, Calif.)

"'Tendency' is too mild a word. It has already gone far toward completely displacing native farm labor and tenants. Only selfish Americans desire Mexican immigration. I have seen constant and increasing evidence of development of a situation very harmful to American life (of a desirable type)." (Elmer C. Nash, realtor and school teaching, Tucson, Ariz.)

"They almost clean out white laborers on the farm. They are of no credit to any country." (M. A. Shipman, farmer, Westminster, Colo.)

"If the sentiment of the whole people of east and west Texas could be obtained, a large majority would favor the Box bill. The Mexican can take a frying pan, 50 cents worth of beans, a blanket, and work a week. American white people can not compete with their labor.

"Am above an average cotton farmer of this section. If I can not get my cotton gathered without them, the next year I won't plant so much and neither will others. The reduction in acreage is about all that is going to help us cotton farmers. We ought to favor your bill." (A. M. Coleman, farmer, Roscoe, Tex.)

"The large landowners of south and west Texas import this cheap labor into Texas to grow cotton and other farm products in competition with our native-born citizens. How many years will it take, if conditions are allowed to remain as they are, before our Mexican immigrants will hold the balance of power in the election of our officers?" State. (R. H. Calmess, farmer, Huntsville, Tex.)

"Let this committee compare the needs of individual farmers, real Americans, who depend on the land for a living and on whom our integrity as a Nation depends, with those of a few big agricultural companies, not farmers themselves but capitalists, not dependent for a living on the earnings of farms, and decide which is the most legitimate need." (Conrad Frey, physician and farmer, Melvin, Tex.)

"The same state of mind prevailed among the early cotton planters of the eighteenth century in regard to cheap labor as represented by the negro slave trade. To-day we clearly see the evils of our negro problem. Farsighted Americans can never allow ill-educated groups to pollute our already polyglot streams with the lowest types of Central Americans." (M. M. Kornfield, Houston, Tex.)

"These and the Southwest Texas Chamber of Commerce are interested in cheap labor, quick profits, and to hell with the good of our country." (J. Middleton, post commander, American Legion, Uvalde, Tex.)

"This is one of the reasons that the farmer of Texas finds it impossible to improve his condition. He has to compete with the peon class of Mexicans in raising and selling his cotton crop. I dare say that more than 1,000,000 bales of last year's cotton crop in Texas was raised by such a class of farmers. This is one way of giving the cotton farmers some relief, by placing Mexico and other countries under the same quota applying to European immigration." (M. J. Tibilett, farmer, route 1, Victoria, Tex.)

"This is to inform you that the farmers of the Rio Grande Valley are 95 per cent for the Box bill." (Charles Worbs, Las Cruces, N. Mex.)

COTTON PRODUCTION CHEAPEST WHERE MEXICAN LABOR USED

"One of the counties, Nueces, and one of the best locations in the county, Robstown, for producing cotton cheap, tested the cost out on 10,000 acres for 1929. Here the land is level and the rows long. Two rows at a time has the stalks cut, the land bedded, dragged off, planted, and cultivated by tractor or team as preferred. The labor, Mexican, is the cheapest in the belt for both chopping and picking. The test was made by the county agent in cooperation with the chamber of commerce and farmers. The per acre cost for one-third of a bale per acre was $34.43." (Farmers Marketing Journal, February, 1930.)

"If you can get the Mexican quota you will have done more for the cotton farmers than all the farm boards that could be appointed. The big cotton farmers in south Texas, who plant thousands of acres, make and gather it with Mexican labor. They branch out all over west Texas and wind up on the south plains. All the farmers I have talked with are in favor of restrictions." (T. D. Weddington, aged farmer, Hale Center, Tex.)

"I live in the northern part of New Jersey, in the heart of an agricultural district, surrounded by manufacturing cities. There are some Mexicans in this section, not what might be termed a great many. They are not needed on the farms or in the cities. They are degraded, dirty, immoral, and wholly undesirable." (William H. Gould, route 1, Clifton, N. J.)

"The native white laborer and small farmer needs protection against this influx of alien labor. It is the howling minority that clamor for this class of labor." (Ernest Bond, Beeville, Tex.)

"As a farmer and one that speaks this Mexican lingo as fast as they do, can say that we got all the Mexicans in United States of America that we need and more too." (G. N. Wilson, merchant and farmer, Midland, Tex.)

Railway consolidations contrary to the public interest, banking combines and chains, print paper trusts and chain newspapers, and on, all the way down to chain retail stores in all lines, are leaving people jobless, preventing freedom of political expression, and destroying freedom of opportunity.

Citizens who are earning their bread working for these combinations should not be abused. They have no choice. Prevailing conditions are created by a system which they are powerless to resist. The antitrust laws have not been enforced during the past dozen years.

The ruin of hundreds of independent oil companies and the unemployment of thousands whose work is dependent upon them is one illustration. Middle-class and small-business people are as much imperiled by this system as are the working population.

America would have grown as great or greater had she maintained the character and independence of her farm people. Her population in cities and in industrial centers would not have been inflated as it is. Even if her whole population had been less than it is now, less want, less disturbance, more order, greater soundness and permanency would have characterized it. But it is not at all certain that her growth, population, world trade, and wealth would have been less. Her political life would have been less influenced by lawless big business, by big city rings, and because of its sound and conservative character would have made her very great, giving her a mighty population, more homogeneous, more coherent, and promising greater permanence to American institutions as they were planned and maintained by the fathers for many decades and admired and copied by mankind, as Washington hoped they would be.

REMEDIES

For one thing, the granting of Government loans and furnishing Government-provided jobs, while right and necessary under present emergency conditions, do not provide a way to substantial and permanent betterment. They are not doles, and if they were, would be infinitely preferable to having widespread starvation. But gifts and loans to relieve hunger and other distress are rarely a cure for want. After governments start such system, they usually find it impossible to stop them.

Practices under which governments issue securities and levy taxes to raise funds to employ labor on Government-owned improvements tends rapidly toward socialism. First, continued taxation for this purpose can easily soon reach such an extent as to appropriate a large part of the earnings of property or capital, which itself tends toward the socializing of property or of the income from it. Second, having millions of workers engaged on Government-owned enterprises tends to socialize labor and toward the destruction of individualism, and to develop a habit of looking to the Government for employment and sustenance. Making Government loans, furnishing Government employment, and the granting of Government gifts are necessary, but only first aid, emergency remedies. To adopt them as a permanent policy will start the United States on a course, the end of which I prefer not to contemplate.

The permanent remedies are to be found in the removal of the causes of the present situation. An enumeration of the causes makes a recital of the remedies unnecessary.

Unless the business interests of America are wise enough to see the causes of these conditions and help to correct the situation by helping to remove its causes, it is doubtful

whether the task can be accomplished. If the situation is not remedied—what? Let the leaders of business and political thought in America consider what?

The two great political parties, the agencies through which the people operate their Government, have a responsibility which should sober their leadership and awaken their people. Unless they act to remedy tendencies and conditions, who will bring relief?

My own, the great Democratic Party, has an opportunity and responsibility equal to any which has confronted it since Jefferson wrote the Declaration of Independence and established the party to infuse its spirit into the Nation's life. Present responsibility and opportunity should call from out of the midst of the people men endowed with the spirit of the party's founders and equal to them as political leaders.

With such a service waiting to be performed by the party, and with its people waiting for leadership in the service of the Nation, an unendurable situation is created when its national organization is in large part committed to one who cares not for either party or the principles of either but desires to lead it to perform in the circus ring prepared by the Association Opposed to Prohibition.

This is a perversion and conglomeration as bewildering and unfortunate as the economic, industrial, and non-law-enforcement mess caused by the Republican Party for several decades.

During the War of 1812, after a series of misfortunes culminating in the disastrous Battle of Bladensburg, the enemy took possession of Washington. Even the President was forced to flee. A hostile army took possession of the Capitol, including the House Chamber. It is said that an enemy officer went up into the Speaker's stand and, with a mob of British soldiers filling the Hall, mockingly put the question whether the building should be burned. For the time being they had possession of the seat of our national power, but still they did not rule America. Later, on the plains of New Orleans and on other battlefields the armies of the people avenged the insult, expelled the intruders, and redeemed the honor of the country.

The temporary possession of the national organization by an intruding political opponent is unfortunate, but the injury is not beyond repair. No nominee, no national chairman of hostile political faith, ever sold me to a bond master for service unworthy of me. I verily believe there are many millions of other Democrats whom he can not sell and deliver. [Applause.]

Mr. TABER. Mr. Chairman, I yield 30 minutes to the Delegate from Alaska.

Mr. SUTHERLAND. Mr. Chairman and gentlemen, two days ago when one of the supply bills for the District of Columbia was under consideration in the House the matter of the privileged license plates that Members of Congress have on their automobiles occupied several pages of the CONGRESSIONAL RECORD.

It happens that in that discussion my name was brought in as one who had violated the parking ordinances and deposited collateral at one of the police stations.

That incident occurred about two weeks ago. The fact that a newspaper published the item as a matter of news aroused my wonderment as to why one Member of the Congress, and that an obscure Delegate from a somewhat large Territory, should be the one individual in all this House whose name had to be brought into the columns of the press.

Perhaps I was a little bit enlightened by a policeman of my acquaintance who met me the day after the item appeared, and he said, "Why didn't you talk to the sergeant?" And it occurred to me that possibly Members of Congress—and I think some Members must have violated the parking ordinance—have been able to talk the police station officials out of the payment of the required collateral. I did not ask for immunity; I simply deposited the $3 collateral required and was glad that there was no more trouble with the incident than that. I had violated a parking ordinance of the District of Columbia.

I had never placed my congressional plate on the front of my car since I have had it, over a period of six or eight years, or since the plates were first issued. I have always carried that behind the seat and used it by placing it in the windshield when I parked in front of a department. I had used it at the Post Office Department and the War Department, and the policemen knew me and recognized the plate when I placed it in the windshield.

At this time I went to the Interior Department at a quarter of 4, parked my car in one of those places where the privilege is only allowed outside of the hours of 4 to 6 in the afternoon. That is, from 4 to 6 those parking places are closed. I believed that I had time to return before the time for the closing of the department, but I had not, and at quarter past 5 I found the tag on my car.

I had violated the traffic ordinance. There were several other cars besides mine that had also received tags. I was somewhat provoked to find that I had violated the parking ordinance, but the question that occurred to me was why should the other three men be compelled to deposit collateral or take the case into court and I, simply because I possessed that tag, have complete immunity? This space was held clear between 4 and 6 o'clock to accommodate the traffic jam that passes the department after they close. Why should my one car or the car of any Member of Congress be permitted to stand there as an obstacle to traffic at that time and have immunity?

My suggestion is that parking privileges might well be established in the departments without any inconvenience to the departments or the public.

I have in mind particularly the Department of the Interior, where the employees park their cars in a solid mass on all four sides of the building. There is no reason on earth why an employee should not be compelled to park at least a block from the department during the day, so that Members of Congress and others who have business there might have the privilege of driving up and leaving their car in front of the building. I have no sympathy with this idea of immunity for a Member of Congress or for any other class.

Mr. STRONG of Kansas. Mr. Chairman, will the gentleman yield?

Mr. SUTHERLAND. Yes.

Mr. STRONG of Kansas. Does not the gentleman think that a Member of Congress who must go down to the departments to transact business for his constituents ought to have the privilege of a parking space?

Mr. SUTHERLAND. Under the circumstances that I mentioned, yes; to have it cleared out for everybody, for the general public, but not for Congressmen more than any other.

Mr. STRONG of Kansas. Then the gentleman is trying to exclude Congressmen?

Mr. SUTHERLAND. Absolutely not. I want the Congressman to take his place with the general public and have the same rights that they enjoy.

Mr. STRONG of Kansas. But if he goes down to the departments on public business should he not have a preference over somebody who wants to park his car there?

Mr. SUTHERLAND. Absolutely not, if the space all around the building is left open and there is parking time allowed for an hour, with a policeman there to enforce it. You will have your parking privilege then. We have no difficulty in parking around on the Capitol Grounds, and I have never yet found a time when there was not space here for parking.

Mr. STRONG of Kansas. The gentleman will find a great deal of trouble parking around the House Office Building, when we leave our own offices.

Mr. SUTHERLAND. Yes; that is because the space is reserved there for Congressmen.

Mr. STRONG of Kansas. But it is not.

Mr. SUTHERLAND. The Congressman generally uses his car some time during the day, while the employees of Congressmen do not. They come there and park their cars, and then they sit in the offices all day long.

Mr. STRONG of Kansas. The space around the House Office Building is not reserved for Congressmen?

Mr. SUTHERLAND. That is correct, but there is no difficulty of parking here at the Capitol. It is at the departments that the difficulty arises. This incident brought to my mind the experience Gen. Smedley Butler had when he was in charge of the police administration in the city of Philadelphia, and I recall that in his story of his police experience he wrote at some length on this general subject of parking privileges, or traffic privileges, that had been granted to residents of the city of Philadelphia. When he went there to take charge of the police force he found that hundreds and hundreds of citizens of Philadelphia, those who called themselves the leading citizens, carried cards that entitled them to park their cars anywhere in the city. It had become an absolute nuisance in the city of Philadelphia, and General Butler stopped that, and in doing that he aroused more antagonism to his work in Philadelphia than did any other feature of his activities while at the head of the police. These leading citizens of Philadelphia were up in arms against him simply because he had deprived them of a special privilege that, of course, a great majority of the people of that city could not enjoy. I went to the Library yesterday to find out just what he said about this privilege, and he finished his article on that particular subject with one of the most cynical expressions that I have ever read on the subject of special privilege.

This is what he had to say:

> To eliminate this form of hypocrisy we might classify all citizens. Those with $1,000,000 should have blue buttons, showing they were permitted to commit any crime on the calendar, including murder. Those with $100,000 with white buttons, permitting robbery, burglary, and assault and battery. Those with $25,000 red buttons, permitting only violation of traffic laws. All under $25,000 would have no buttons and be punishable for any offense, as they are now.
>
> This would simplify the work of the police. It would also inspire citizens to greater efforts in order to advance from the red to the white and from the white to the blue button class.
>
> It is not as silly as it sounds for it works pretty much that way without the buttons. So, by divine right, position rules and the police plod on, opposed by those who can hire skilled lawyers and have millions behind them, unsupported by the very people who cry most loudly for law and order.

Mr. STRONG of Kansas. Is the gentleman trying to give out the impression that these tags that are issued to Congressmen are issued for any other purpose than to facilitate the public business?

Mr. SUTHERLAND. If they are issued, then they may be used for other purposes. My remarks are addressed to this thing that is a curse to my district that I represent, and, I believe, to the entire United States.

Mr. STRONG of Kansas. What is that?

Mr. SUTHERLAND. This granting of exclusive privilege to classes. Almost every address that I have made on the floor of this House during my term of office has been directed to that very thing.

Mr. STRONG of Kansas. But the point I make is that these tags are issued in order to facilitate the public business. If Congressmen must visit the Government departments, as their duties require, they ought to have the privilege of parking their cars before the building long enough to transact the business they are engaged in without being subject to arrest.

Mr. SUTHERLAND. What I say is that the traffic regutions at the department buildings ought to accommodate Congressmen and the rest of the public, and it can well be made to do so.

Mr. STRONG of Kansas. More strength to the gentleman's effort.

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

Mr. SUTHERLAND. Yes.

Mr. SIMMONS. No matter what the purpose of issuing the congressional tag was, I might say, in replying to the remark of the gentleman from Kansas, the fact is that it has degenerated into an abuse, into the granting of a license to the secretaries of Congressmen and to their children and others who get one of the tags in order to violate all traffic regulations of the District of Columbia with impunity. That is the trouble with the tag situation.

Mr. STRONG of Kansas. That might have been the policy of some Congressmen, but it has never been my policy nor the policy of my family.

Mr. SIMMONS. The gentleman's family ought not to have anything to do with it.

Mr. STRONG of Kansas. They do not.

Mr. SIMMONS. That is fine. Mine does not either, for I have taken my tag off my car.

Mr. STRONG of Kansas. I have not. I keep my tag on there so that when I go down to the department to transact public business I may have the right of parking my car while I am in the building.

That is all I use it for. If I go to a theater or to a party I take no advantage of the tag, and nobody else should.

Mr. SIMMONS. The gentleman is taking a proper position on that, but the trouble is that has not been the policy followed with these tags.

Mr. SUTHERLAND. Mr. Chairman, I yield to the gentleman from North Dakota [Mr. BURTNESS].

Mr. BURTNESS. May I ask the gentleman from Nebraska [Mr. SIMMONS] a question? I agree thoroughly that these tags should not give any privilege whatsoever, except for parking places in front of Government departments when a Congressman goes down there for public business. The gentleman from Nebraska has referred to abuses that have arisen on account of tags being in the hands of people not entitled to them. Will not the effort being made this year do away with that abuse? If I understand the situation correctly, the only tags that are now of any value or that should be recognized at all are those which bear the year "1931." All other tags should be turned in to the office of the Sergeant at Arms. If they are not turned in, no police officer or anyone else should give them any recognition, whether it be in front of a Government department or otherwise. Then, if the tags are disposed of each year, become obsolete and useless each year, unless new tags are obtained from the office of the Sergeant at Arms, will that not obviate the objections to which the gentleman from Nebraska [Mr. SIMMONS] has referred?

Mr. SIMMONS. The difficulty which the gentleman has discussed is that in the first place a number of old tags are out and not turned in.

Mr. BURTNESS. But they are not supposed to be of any use.

Mr. SIMMONS. None of them have any validity. One is just as good as the other. As far as any validity is concerned, they are not of any use to anybody. The difficulty is, first, that the police officer who has charge of enforcing regulations, if he finds a car parked in a restricted area in the theater section or business section or even violating some residential traffic regulation, is put on notice that he is dealing with a special-privileged car.

Mr. BURTNESS. But the car is not specially privileged.

Mr. SIMMONS. Allow me to finish, please. And that the best thing for him to do is to leave that car alone. In the first place there is the natural fear on the part of the policeman to molest that car. Whether that ought to be or not, it is true that that fear exists. So that there is that situation on the part of the policeman. Then it is a known fact that a car that has a congressional tag on it has been used to violate traffic regulations and to insist upon immunity, not only from the Member's standpoint, but his family, his secretaries, and chauffeurs; and I am told that in one instance a bootlegger was arrested with one of the tags on his car. That is the situation. You can not put out a special-privileged tag without having it abused.

Mr. STRONG of Kansas. But why punish the man who uses it properly on account of the man who uses it improperly?

Mr. SUTHERLAND. Mr. Chairman, I do not yield any further from my time.

The CHAIRMAN. The gentleman from Alaska [Mr. SUTHERLAND].

Mr. SUTHERLAND. As one of the victims of the system under discussion, I feel that I am entitled to make an explanation of my position on this question. My position is just the same as that which was expressed by Gen. Smedley Butler. Only a few moments ago the gentleman from Alabama [Mr. HUDDLESTON] and the gentleman from New York [Mr. LAGUARDIA] engaged in a colloquy regarding Fascism and communism. I think the inference that will be found in the RECORD when you read it, although I do not think the gentlemen intended it to be so, is that the people of the United States had their choice, presumably, between Fascism and communism. I do not think that the two gentlemen intended to leave it that way in the RECORD, for such is not the situation.

President Roosevelt expressed the position of the United States so clearly that I want to quote it. He said that the American ship of state must be steered just as far from the Romanoff Scylla as from the communistic Charybdis. That expresses the position of the United States. I have no fear of communism obtaining a foothold in the United States. I think the example they have set in autocracy in the administration of their government would be absolutely repugnant to this country; but I have in mind that when President Roosevelt uttered those words regarding the Romanoff menace he had in mind just the matter that we now have under discussion, except, of course, this is a very minor incident of the system that has sprung up in this country, of granting exclusive privileges.

As I said before, it has become the curse of the district which I have the honor to represent in Congress. I believe, in large degree, it is the curse of the social conditions in the United States. I believe that every scandal that has arisen in the administration of Government in the United States comes from that same identical reason, from those who seek and obtain some special privilege that the rest of the people of the United States may not enjoy.

It is always well to bear in mind that the cause of communism or the Government of Russia to-day was the Romanoff system based on special privilege, a great bureaucracy growing up and passing over the resources and desirable things in that great country to a certain privileged class.

Now, Mr. Chairman, the remarks I intended to make when I secured time bear somewhat on this general subject—the giving of special privilege and the obtaining of something from our Government, unfairly obtained, illegally obtained; something that the majority of the people of this country, the rank and file, are able to have no part in.

The recent disclosures in the committee investigating lease contracts in the Post Office Department brought to my mind an incident in connection with mail contracts in the district in which I live, and that is what I desire to call to your attention.

Mr. Chairman, at this time, while the administration is, through the press, advising and cautioning Congress against the passage of bills involving appropriations of money that might affect a Treasury balance, I believe it to be proper for me to call the attention of this House to the reckless and absolutely unwarranted dissipation of Government funds by the Post Office Department in the payment of excessive sums of money to common carriers for transportation of the United States mails.

I would refer particularly to contracts awarded to the Alaska Steamship Co. and the Admiral Line Steamship Co. for carrying mail from Seattle, Wash., to points on the Alaskan coast. These new contracts provide for an increase of 50 per cent over contracts that have been in force during the past nine years and carry with them absolutely no expansion or improvement of service.

These steamship companies have been receiving, during the past nine years, for carrying the mail from Seattle, Wash., to Seward, Alaska, and way points, the excessive sum of $2,000 per weekly trip, and now, under the new contract, they are to receive $3,000 per weekly trip. A proportionate increase has been given on the shorter voyages to southeastern Alaska, and all combined, the Post Office Department has increased the total amount paid for carrying the ocean mail to Alaska from $174,300 to $261,450, or an increase of $87,150 annually.

This increase of $87,150 is a gratuity given to one of the most highly protected and most successful transportation monopolies in the United States. This action of the Postmaster General in dipping into the United States Treasury to lavish its funds upon private interests just because these private interests would have it so, is, in my opinion, indefensible. The following is the defense offered by the Post Office Department:

> Last fall a demand was made by the Alaska Steamship Co. for an increase in the rates, and arguments were presented orally and by written statements showing a large increase in the volume of mails carried since 1921. It was explained that under the law no increase could be granted except under advertisements. Formal advertisements were issued and the only bids received in response thereto were from the two companies at $3,000 a round trip for service to Seward and $675 a round trip for service to Skagway, the rates of each company being the same. The bids were accepted at the rates stated and contracts were awarded for the term to begin April 1 next.

You will note that oral and written argument was first presented and then identical bids were submitted and accepted by the department. I can not make any other deduction from this statement than that an agreement was made between the Post Office Department and the carriers, and then, in order to conform to the law that requires competitive bidding, bids were submitted at the figure agreed upon.

To intimate, as the Second Assistant Postmaster General does, that the department was, under the law, compelled to accept this bid is to my mind ridiculous. The code provides for just the situation that arose in connection with these bids by conferring on the Postmaster General the power to reject bids where collusion appears, and certainly the collusion in this case was apparent at all times. The law did not contemplate the prevention of collusion between the department and the mail-contract bidders. It is very evident that such collusion occurred in this case.

Furthermore, the Postmaster General had the authority in this case, and, in fact, in all such cases, to compel the bidders to transport the mails as common carriers and at their published rates.

During the period from August 1, 1918, to October 31, 1921, the Postmaster General did compel the Alaska Steamship Co. to carry mail to Seward at freight and express rates. Strange as it may seem, the department can not furnish me with any figures to indicate the cost under that system, but they do tell me that it was very much less than by the present methods.

I must therefore make my calculations upon the present rates for freight and express between Seattle and Seward.

Under this new contract of which I speak the Government is paying the Alaska Steamship Co. at the rate of $200 per ton for carrying the mail. The advertised freight rates of this company for similar freight is $15 per ton, and that is the highest freight rate in effect in American waters.

COMPARATIVE RATES

Reduced to poundage, we find that the Alaska Steamship Co. is receiving 10 cents per pound for carrying the mail to Seward, while the American Express Co. advertises to carry express freight over this same route on the boats of the Alaska Steamship Co. for 4 cents per pound. This means that the Government is paying 6 cents per pound more to an American shipping company protected by the coastwise laws from any foreign competition than the express company operating on the company's boats are ready to carry it for.

Right here let me say that this steamship line to Alaska is the most highly Government-protected ocean transportation company in the United States. In addition to the protection given all coastwise shipping from foreign competition, Congress has gone so far as to protect this company from the competition to which American shipping generally is subjected in connection with Canadian land and water hauls of freight. Under section 27 of the merchant marine act of 1920 a foreign ship can not take freight that origi-

nated in the United States from a Canadian rail terminal to Alaska, but a foreign ship may carry such freight to any other portion of the United States or its possessions.

This unfair and unjust law was enacted at the behest of the steamship companies that now dip into the United States Treasury for a grab of $87,150 without giving any compensatory service in return. Not satisfied with all that Congress has done to strengthen their monopoly of transportation to Alaska, they work a great department of the Government to present them with Government funds in much the same manner in which they lobbied section 27 of the merchant marine act through Congress and with the connivance of the man who held the office of Delegate from Alaska at that time.

There has been an increase of about 100 per cent in the volume of mail carried between Seattle and Seward during the past 10 years, but former contracts did not take the volume of mail into consideration. At present it amounts to about 800 tons per year, or 15⅓ tons per trip. I maintain that this increase of tonnage is not sufficient reason to increase the contract price $70 per ton, or 3½ cents per pound.

I will give you the actual reason for the increase of this contract price.

The merchant marine act of 1928 provides a subsidy or subvention, as it is called, for the carrying of United States mail to foreign ports by American ships. The argument presented by the Alaska Steamship Co. representatives, both orally and by written statements, is that inasmuch as the carriers of mail to foreign ports are getting this subsidy, the carriers of mail to Alaska should also receive it, and they are getting it.

To strengthen their argument for a subsidy they presented to the Post Office Department a memorial from the last session of the Alaska Legislature, praying that this subsidy to local shipping be granted. At this point I will incorporate that memorial:

House Joint Resolution 18

To the honorable
the POSTMASTER GENERAL OF THE UNITED STATES:

1. Your memorialist, the Legislature of the Territory of Alaska, in regular session assembled, respectfully represents:

2. Whereas the merchant marine act was passed in 1928 for the purpose of aiding United States shipping and improving mail service and the method of transporting freight and passengers; and

3. Whereas under the provisions of this act definite amounts have been provided by law to be paid for carrying United States mails between ports in the United States and foreign ports; and

4. Whereas there is a wide discrepancy between the amounts provided in such act for carrying mails between the United States and foreign ports and the amounts now paid to vessels carrying the mails between Seattle and points in Alaska on the Seattle-Seward run and the Seattle-Skagway run; and

5. Whereas the maintenance and improvement of the present regular steamship service is vital to the future of Alaska; and

6. Whereas, since the merchant marine act has made provisions for encouraging United States shipping between ports in the United States and foreign ports, it is only fair that some such aid be also extended for the purpose of aiding and improving the steamship service between the United States and ports in Alaska: Now, therefore

Your memorialist prays that on the expiration of the present contract for the carriage of mail between Seattle, Wash., and points in Alaska on the Seattle-Seward run and on the Seattle-Skagway run, new contracts be made at materially increased rates more nearly in line with those prescribed by the merchant marine act of 1928, thus affording Alaska trade and shipping similar encouragement and assistance to that given by the act to the United States foreign trade.

Passed the house April 25, 1929.
Passed the senate April 30, 1929.

This memorial was, of course, passed unanimously, as the members of the legislature were anxious to help out their rich friends who drafted the memorial for them. They probably did not know what amount the steamship companies were receiving for carrying the mails, nor did they make inquiry. That a great monopoly with a strangle hold on transportation in the Territory wanted a subsidy was all the legislators apparently wanted to know, and they, like the Postmaster General, were willing that they should have it.

PARCEL POST

Interior Alaska beyond the railroad belt is denied the benefit and convenience of the Parcel Post Service during the winter months, and probably no section of the United States is in greater need of the service. It is the only portion of the United States where the people are closed out from the Parcel Post Service at any time. However, the attitude of the department in denying this service is prompted by reasons of economy. It is rather difficult to present any argument about the needs of the people and the convenience that the Parcel Post Service would give them in opposition to a firm stand for governmental economy taken by the department.

The proposition I have to submit is that this $87,150, so lavishly donated to a wealthy transportation company without any corresponding increase or improvement in service, would have paid for carrying the parcel-post mail to every hamlet in interior Alaska throughout the winter months. Small business or the public in sparsely populated regions receive but little consideration from local legislators or Postmasters General when captains of industry are asking for financial favors. That this sum of money should have been given simply upon request to the Alaska transportation monopoly is an offense to the isolated population of Alaska which has long been asking for improved mail service.

NOT ALONE THE ALASKA STEAMSHIP CO.

It appears from the record that other transportation companies operating on routes between American ports and not eligible for the merchant marine act subsidy have also participated in what appears to be a general raid on the Treasury through the Post Office Department. Perhaps the Postmaster General thinks it unfair to coastwise shipowners that they were not let in on the subsidies of the merchant marine act, and therefore out of his bounty he proceeds to give them what they consider their share of the general largesse under the law that authorizes him to make contracts for carrying the mail. We know that the New York & Porto Rico Steamship Co. under new contract has recently received a 50 per cent advance, the same as the Alaska Steamship Co., for carrying the mails to Porto Rico. The Porto Rican increase amounts to $50,000 annually. A recent contract for carrying the mail from New York to Panama has been entered into for a period of 10 years at an annual figure of $418,946 with the American Line Steamship Corporation. This means an excess of $375,000 per annum over normal rates. Ostensibly this mail is destined for Balboa, Panama, but, as a matter of fact, it is landed at Colon in American territory and carried to Balboa by the United States Government on the Government-owned Panama Railroad.

From the instances of excessive increases to coastwise carriers of mails that I have referred to, it is reasonable to believe that the Postmaster General, without authority of law, has entered into the subvention spirit of the merchant marine act and opened the door for all American shipping companies to participate in the general grab of Treasury funds whether they are engaged in foreign trade or not.

PARCEL-POST RATES TO ALASKA

Alaska is located in the eighth parcel-post zone, and the basic rate from any point in the United States to Alaska or between points within Alaska is 12 cents per pound. One may well wonder at the economy policy of the Postmaster General that denies parcel-post service to Alaska during the winter months, but is willing to pay five-sixths of the parcel-post rates to Alaska for the water haul from Seattle to Seward, or, in other words, has contracted to pay 10 cents per pound on a route where normal freight rates are three-fourths of a cent per pound.

BLEEDING ALASKA WHITE

The steamship monopoly which has drawn the commercial lifeblood from this Territory over a long period of years and has now shoved its tentacles into the United States Treasury is never satiated in its selfish greed. To in any way aid the development of the northland from which it has squeezed its large treasury surplus is not a precept of the dark lexicon of the Alaska Steamship Co. "When you think Alaska," says the company, "think Alaska Steamship Co.," just as though it were possible for an exploited people to think anything else.

PROFITS OF ALASKA STEAMSHIP CO.

The authorized and oustanding capital stock of the Alaska Steamship Co. is 4,500,000 shares, par $100.

Its assets in 1928 were $8,609,852. This represents in addition to a regular 6 per cent dividend during the past 10 years, an accumulation of $4,119,852. Its cash surplus in 1928 was $2,779,605. Its net profit in 1928 was $636,939, from which a stock dividend of 6 per cent was paid and $366,939 placed in the surplus fund.

These earnings came through a period of gradual deflation of operating costs and steady maintenance of freight and passenger rates.

This shows clearly the avariciousness of the Alaska Steamship Co. Not satisfied with its greatly reduced operating expenses and enhanced earning conditions, it proceeds to hold up the United States Government, the Government that has protected it in a monopoly that no other American transportation company enjoys, to the tune of 10 cents per pound for carrying the mails, or a total holdup of $52,000 per annum on the Seward mail over and above the amount received when operating costs were at their highest peak.

OPERATING COSTS ON PACIFIC

The following letter from the Secretary of War setting forth the difference in operating costs for steamships on the Pacific between 1922 and 1929 serves to more fully show up the reprehensible deal between the Alaska Steamship Co. and the Post Office Department:

WAR DEPARTMENT,
Washington, April 26, 1930.

Hon. DAN A. SUTHERLAND,
House of Representatives, Washington, D. C.

DEAR MR. SUTHERLAND: Your letter of the 7th instant on the subject of operating costs of Army transports on the Pacific coast has been received.

The figures submitted are for 1922, the first year of operation of the present transports on the Pacific coast, as compared with 1929. It is found that prices of fuel oil in 1922 were 0.043 cent per gallon as compared with 0.022 cent for 1929. No estimate is given on the cost of coal, as all vessels now in the service are oil burners, and with one exception no coal-burning vessels have been operated as transports since 1922.

The price of lubricating oil in 1922 averaged 38 cents per gallon as compared with 23 cents per gallon in 1929; paints varied in price range from $2.65 per gallon for ready-mixed white paint in 1922 to $1.33 per gallon in 1929, and white lead ranged in price from 16½ cents per pound in 1922 to 10 cents in 1929. These items have been selected as types fairly representative of the miscellaneous supplies used in the operation of transports.

With reference to subsistence stores, the records indicate that the articles entering into the saloon mess purchased for $1.25 per person per day in 1922, now cost $1 per person per day.

It should be stated in this connection that while all estimates cited apply to purchases made on the Pacific coast for transports, these vessels also replenish practically all supplies at different prices at the regular ports of call at Panama, New York, Honolulu, Manila, China, and Japan.

In the matter of repairs, the records show that the cost of accomplishing a given item during the past year is less than the cost would have been 10 years ago. The actual expenditures for maintenance, however, increase with the age of the vessel and practically offset all savings due to decrease in the unit cost. It has also been necessary to increase the wages of personnel aboard transports approximately 15 per cent since 1922 in order to conform as nearly as practicable with rates paid by the United States Shipping Board.

Sincerely yours,

F. TRUBEE DAVISON,
Acting Secretary of War.

The Post Office Department should have known that the cost of fuel oil, which is the largest item of cost in steamship operation, as represented by the Alaska Steamship Co., when the old and, at that time, excessive price contract was awarded, has declined about 100 per cent since 1922, while lubricating oil had declined from 38 cents per gallon to 23 cents. In the face of this general deflation of operating expenses the Alaska Steamship Co., the Alaska Legislature, and the Post Office Department feel that the steamship company should have an additional subsidy because the foreign-trade ships are getting theirs.

CARRYING COALS TO NEWCASTLE

The steamship companies so highly subsidized by the Post Office Department are now, and have for years, been engaged in distributing British Columbia and Utah coal along the Alaska coast. The fact that coal of equally high grade is mined on the line of the Alaska Railroad and is delivered for a low price at the railroad terminal port of Seward and could well supply the towns of the Alaska coast if low water rates were available, does not appeal to the development sensibilities of the steamship management. Development aid, such as this, for the Territory would mean the relinquishment of a few immediate dollars gained from freighting foreign coal northward, and therefore the commercial expansion of industry within the Territory receives no consideration from our monopolistic friends.

CARRYING TIMBER INTO THE NATIONAL FORESTS

In none of its selfishly monopolistic policies does the Alaska Steamship Co. show its total indifference to the welfare of Alaska, its industry, and its people so much as in its transportation of timber and lumber from Puget Sound to its associated enterprises, the Copper River Railroad and the Kennecot copper mines in Alaska. An annual amount of 1,500,000 feet of lumber is thus carried into the Alaska National Forest. This represents an annual loss to the Alaska lumber industry of approximately $50,000.

COMPARATIVE PRICES OF THE LUMBER

Puget Sound fir railroad ties cost $19 per thousand board feet in Seattle, and at the steamship freight rates quoted to the public on 100,000 feet or upwards lots of $12.50 per thousand cost $1.16½ each landed on the wharf at Cordova. Sawn Alaska hemlock ties are quoted at local mills for $1 each, and hemlock is much superior to Washington fir as railroad-tie material. Experienced railroad builders in Alaska claim that hemlock ties will greatly outlast fir ties. In fact, Washington fir ties are but little superior to Alaska spruce in lasting qualities. But what matters that to the company? They are carrying lumber to their associated enterprises in Alaska virtually freight free and no wharfage, while they extort excessive rates from the general Alaska public and grab off Government subsidies through the Post Office Department.

COMMON LUMBER

The cost of common fir lumber at Puget Sound ports averages about $22.50 per thousand, and with freight of $12.50 per thousand added costs the company $35 per thousand landed in Cordova. Common lumber from the national forest in Cordova is quoted at $32.50 per thousand. Thus the lumber laid down at Cordova costs the company $2.50 more per thousand than it may be bought for locally.

QUALITY OF ALASKA LUMBER

To those who may raise the question of comparative quality of Alaska and Puget Sound lumber, I will submit the opinion of the forest products laboratory of the University of Wisconsin, as set forth after elaborate tests of the qualities of American lumber in 1927:

The data show conclusively that the mechanical properties of woods from the coast forests of Alaska are not inferior to those of the same species grown in other parts of the United States. The growth conditions appear favorable for the production of good mechanical properties. * * * The Alaska forests comprise large stands of mature timber, which are able to compare with other woods on the basis of merit.

WHEN YOU THINK ALASKA, THINK ALASKA STEAMSHIP CO.

So reads the transportation company's advertisements.

The isolated people of the interior may think "Alaska Steamship Co." during the long winter months, when they are shut off from the parcel-post service, and remember that five-sixths of the parcel-post rates to Alaska is grabbed off by the company they are advised to think about. The residents of lonely islands in the North Pacific, as they travel its boisterous waters for many miles to reach a post office, must surely think Alaska Steamship Co. when they realize that Government funds, which should maintain a service to their island homes, are thrown into the coffers of a ruthless corporation that gives nothing in return for it. Just think Alaska Steamship Co., and keep on thinking it. Think of it as you would think of banditry or racketeering. Think of an organization of patriots gouging and fleecing the Government that protects and fosters its trade monopoly with the aid of officials who are supposed to guard the

funds intrusted to their care, and then you have envisaged the Alaska Steamship Co.

Mr. Chairman, I ask unanimous consent to extend in the RECORD an article which is analogous to the question I have been discussing.

The CHAIRMAN. The gentleman from Alaska asks unanimous consent to print in the RECORD an article on the subject of Alaskan shipping. Is there objection?

There was no objection.

Mr. SUTHERLAND. Mr. Speaker, under permission to extend my remarks, I desire to incorporate a speech made by the Hon. James Wickersham in dedication of the new Federal and Territorial building at Juneau, Alaska.

The speech is as follows:

Ladies and gentlemen, we are gathered to-night upon the invitation of the Governor of Alaska to assist in formally dedicating this new Government building, erected by the authority and at the expense of the United States as a "Federal and Territorial building," to the public uses for which it was intended by the laws authorizing its construction.

The people of Alaska are and have a good right to be proud of the architectural appearance of the building. In striking contrast to the older, more expensive, and less useful style of public buildings formerly erected by our Government, it is a 6-story structure of the modern office-building type, wherein more attention is given to serviceable space and ease of access and use by a busy people than to old-fashioned Roman architecture. Its outer walls are constructed of reinforced concrete built within a steel frame and faced with terra cotta colored brick. Its roof cornice and other simple outer ornamentation, including its lower frontal façade, are constructed of Indiana limestone, which becomes harder and more durable with age, while its graceful tetrastyle portico rising above the bronze southern doors is supported by four huge columns of Alaska marble. Its interior finish of Alaska marble, its many supporting columns, iron stairways, and elevators, its tile filled and fireproof partitions, and well-arranged and spacious office rooms, give full assurance of safety to public officials, valuable records, and long life to a well-furnished public building.

The N. P. Severin Co., contractors and builders, are entitled to congratulations upon the prompt and faithful performance of their contract for the construction of the building, and the Treasury officials in charge of inspection and oversight on the very satisfactory conclusion of their duties.

It may as well be mentioned now that while the capitol building is satisfactory, the surroundings are not. The street in front of the building is but 20 feet wide between sidewalks, while the wooden buildings across this narrow alleyway are a constant fire menace. Even a single line of automobiles in the street renders it impossible for the city fire trucks to get by with safety. The block of land opposite the front of the capitol must be acquired for an enlargement of the site. It may be that under the terms of the act of 1926 the Secretary of the Treasury is authorized to purchase ground; but if not, it will be necessary to secure the passage of an act of Congress to effectuate that result. The Legislature of Alaska at the coming session ought to authorize the transfer of the title to the lot where the old museum building stands to the United States for use as an extension of the capitol site, and memorialize Congress for such other aid as may be necessary. The city of Juneau ought to take immediate action to represent the public interest—the Delegate from Alaska will give his active support to these suggestions.

The act of Congress authorizing the construction of this building was passed by that body on June 10, 1910, more than 20 years ago, and it provided for two public buildings in Juneau, the governor's mansion to cost $40,000 and the post office and customhouse to cost $200,000. The executive mansion was built promptly, but not the public building. Appropriations were made by Congress for the construction of the post office and customhouse in 1911, $50,000; in 1913, $40,000; and in 1915, $75,000; but for some reason, not generally known, no work was begun on the building and the project became dormant.

The first effort after 1915 to bring it to life came when Congress passed the public buildings act of May 25, 1926 (44 Stat. L. 630), more than 10 years after the last appropriation for it had been made by Congress in 1915, 16 years after it had been authorized by the act of June 10, 1910. By section 3 of the act of 1926 the Secretary of the Treasury was authorized to construct a specified number of public buildings then authorized by acts of Congress, including that located in Juneau. The Secretary was given authority "to disregard the limit of cost fixed by Congress for each of said projects to purchase additional land for an enlargement of sites, and for such purposes to expend, in addition to the amounts heretofore appropriated, such additional sums of money for each of said projects as he shall deem advisable, not exceeding in the aggregate $15.000,000," and "to provide additional space in such buildings for other activities or branches of the public service not specifically enumerated in the act or acts authorizing the acquisition of the sites or the construction of the building, or both."

By that language Congress gave the Secretary of the Treasury authority to change the very character of the Juneau public building from that of a mere post office and customhouse to include its use as the capitol for the Territory of Alaska. By a provision in the appropriation act of July 3, 1926 (44 Stat. L. 873), he was further authorized to increase the cost of the building to correspond to its increased usefulness, as follows:

"The Secretary of the Treasury, in the determinations and allocation of limits of cost for the projects enumerated in section 3 of the public buildings act approved May 25, 1926, shall set apart and reserve from the additional aggregate limit of cost of $15,000,000 specified therein, sufficient sums to provide for the projects at Seattle, Wash., San Pedro, Calif., Malden, Mass., and Juneau, Alaska."

Thus specially authorized, the Treasury Department prepared the plans and estimates for the Juneau building as it is now constructed, including its use as a capitol building, whereupon Congress approved the plan and the increased cost in the appropriation act of March 5, 1928 (45 Stat. L. 177), in the following language:

"Juneau, Alaska, Federal and Territorial building: Toward the construction of the building, $200,000, and the Secretary of the Treasury is authorized to enter into contracts for the entire estimated cost of such building for not to exceed $775,000, in lieu of $177,500 authorized by the act of June 25, 1910."

The act of 1928 thereby related back to the original act of 1910 and amended it so as to include the use of this building as a capitol, and we now hail this beautiful structure as the capitol of the Territory of Alaska.

Whatever criticisms visiting congressional committees may make with regard to the development of Alaska, we who have resided here for many years and given fair attention to the changes in our government and the general increase in our natural wealth, have clearly observed the constant, if slow, growth in both. The organic act of August 24, 1912, secured by the people of our Territory after long travail, provided (1) that the former unorganized region purchased by the United States from Russia by the treaty of March 30, 1867, "and known as Alaska, shall be and constitute the Territory of Alaska"; (2) "that the capital of the Territory shall be at the city of Juneau, and the seat of government shall be maintained there"; (3) it created an elective form of territorial legislature with extensive powers of local self-government; and (4) paved the way for this evening's dedication of the capitol of Alaska. These successful labors of our citizens constitute real and permanent growth in good government under the most adverse circumstances, and demonstrate that they are not dormant, but are ever active in pressing for better government in the way our fathers trod, in accordance with the principles of the Declaration of Independence and the Constitution of the United States. Nine sessions of the Alaska Legislature have met in the capital city and conducted public business in rented halls; the tenth session will meet on the first Monday in March in the permanent legislative halls provided in this capitol building. That is real Alaska progress after the true American type.

In recent years Congress entered upon a limited system of internal improvements in Alaska in aid of the development of Territorial government and the natural resources of the country. It authorized the construction of a Government-owned and operated railroad from an all-the-year-open harbor at Seward, through the Matanuska and Healy River coal fields to the Fairbanks gold fields, at a cost of $70,000,000. Recently the Secretary of the Treasury caused plans and estimates to be made and set apart the funds necessary to construct a general-use building at Fairbanks, authorized by the public building act of August 1, 1914 (38 Stat. L. 611), to cost $400,000. The War Department will spend this year for Alaska harbor improvements, $272,000 for the Ketchikan Basin, $85,000 for the Seward Breakwater, and $18,000 for the Port Alexander Harbor work, while the improvement of the Nome Harbor, to cost $250,000, is to come in two years. The Alaska Road Commission will spend this year a million dollars for general highway work in northern and western Alaska, and in addition the sum of $130,000 on roads in the Mount McKinley National Park. The Bureau of Public Roads, under the Agricultural Department, will spend out of Forest Service funds, for highways in 1931, $50,000 at Ketchikan, $140,000 near Juneau, $45,000 at Seward, $40,000 at Wrangell, $60,000 at Skagway, $45,000 at Yakutat, $25,000 at Kake, $30,000 at Moose Pass, $10,000 at Craig, $20,000 at Klawak, and $75,000 at Petersburg, a total of $540,000, while the Forest Service will spend $191,000 in its separate work. The total to be expended for construction of highways, roads, and trails in 1931 amounts to $1,670,000, not including the appropriations yet to be made by the Legislature of Alaska. Nor are the native schools forgotten: The Bureau of Education will erect this year six new school buildings in the northern part of the Territory at a cost of $36,000; three new hospitals to cost $29,500; extensions to 14 other school buildings to cost $110,000; an Indian boys' training school at Shoemaker Bay, Wrangell, to cost $100,000, and other items totaling $1,125,000. Public funds to the amount of about $5,000,000 will thus be expended in Alaska in 1931, very largely for public highways.

And why not? Five million dollars per annum is a goodly sum of money, but a mere pittance in comparison with what the United States expends annually in the States for similar work—in States where there is local power and wealth to construct roads and other improvements by taxation upon privately owned property belonging to those who own both the property and the roads, and where the United States owns but little. In Alaska the United States owns 98 per cent of all the lands, and all the railroads, buildings, and other property constructed by it, and reserves to its own use for future sale all the coal, oil, and other wealth from the public lands, from which it will derive great profit. The small sum it

expends in Alaska improving its own properties is much less than one-half of the annual gold output Alaska mines send to the Government mints for the support of the Nation's gold standard. From January 1, 1880, to December 31, 1930, a period of 50 years, Alaskans mined and shipped to the United States the sum of $628,806,856 in gold, copper, and other minerals. There are 600 months in 50 years—Alaska miners produced more than a million dollars of gold and copper per month during that 50-year period. The mineral industry in Alaska is yet in its infancy and is constantly growing.

As great a sum as that half-century output of Alaska minerals amounts to, the value of Alaska fish shipped to the United States in half that period exceeds it. From 1906 to 1930, both included, a period of 25 years, Alaska fishermen caught, prepared, and shipped to the United States markets fish to the amount of $743,975,738—an annual production of $30,000,000. From the reports of the governor and collector of customs, we are informed that the total production of Alaska fish, furs, and minerals exported to the United States since 1867 amounts to the sum of $1,762,968,496.

Alaska production since 1867

Sea and fur products, 1868–1903	$323,042,290
Furs, 1906–1930	49,589,009
Fish, 1906–1930	743,975,738
Fish and fur, 1904	9,514,663
Fish and fur, 1905	8,039,940
Minerals, 1880–1930	628,806,856
Total	1,762,968,496

Not only has Alaska produced and exported that great wealth to the United States, and enriched its Pacific coast cities thereby, but her people have purchased from the United States, principally from Seattle, Portland, and San Francisco, and imported into Alaska, from 1867 to date, more than $900,000,000 worth of merchandise of all kinds. Add Alaska's total production of wealth to her total purchase of merchandise—our total exports to and our total imports from the United States—

Total exports	$1,762,968,496
Total imports	907,873,941
Total trade	2,670,842,437

and we have the total sum of Alaska's trade value with United States merchants and manufacturers since 1867—more than two and a half billion dollars. A huge sum to have been won by a few thousand pioneers from an inhospitable wilderness in the first half century of trade with the mother country. It is, however, but a mere trickle to the great stream of wealth which will flow into the markets of the United States from Alaska when our natural resources shall be more fully located and developed by an increasing number of our people who will follow us into the northern Territory, armed with better trade facilities and aided by wiser and more generous government.

Our seas are filled with fish, our mountains with minerals, our coastal islands with forests awaiting the coming pulp makers, our interior valleys with unsettled agricultural lands equal in area and productivity to those in Scandinavia. Our people are brave and hardy, filled with loyalty to American ideals and love for constitutional government, and in good time will adopt a State constitution and secure the admission of the State of Alaska into the Union of the United States. We hail the completion of this beautiful capitol and the promise of higher development in American Government and trade in our chosen homeland—Alaska.

Mr. AYRES. Mr. Chairman, I yield 30 minutes to the gentleman from Oklahoma [Mr. McKEOWN]. [Applause.]

Mr. McKEOWN. Mr. Chairman and gentlemen of the committee, I have asked for this time in order to talk for a few minutes upon the oil situation in this country. I thought the House might be interested in knowing something about how an oil well is drilled, the methods of commerce, and the custom of the business. The Ways and Means Committee is to be called on next Thursday to commence hearings on this question of the oil situation in the United States.

In order to deal intelligently with a business, the House of Representatives ought to have some idea and have some understanding of the business as it is carried on.

The general impression prevailing throughout the United States is that there is an overproduction of oil. I will deal with that later in my remarks.

Of course, the great question in the oil country has always been where to find oil. All kinds of methods and all kinds of systems have been devised to undertake to discover where the oil is under the surface of the ground. Great geologists have established in Oklahoma one of the greatest geological schools in the world.

Oil, as you know, was discovered by accident, as it were, in Pennsylvania, in 1859, up at Titusville. There were oil seeps in the ground that led to the discovery. There are oil seeps throughout the oil-bearing country that lead to the discovery of oil.

I was astounded while in Alaska to find that there was oil way up near the volcano Katmai. There they have small oil wells which were found from the seeps seeping out of the ground. It is interesting to know that a great volcano sometimes sends up its black smoke for days. This evidently is because there is a seepage of oil into the volcano, and the oil is burned up by the volcano.

For the discovery of oil they early used all kinds of divining rods and all kinds of methods by which they try to find where the oil is under the ground. You have also heard of the water witch, which came down to us from England. Our foreparents in England for centuries have followed the water-witch system; that is, to take a limb and put it in your hand and then carry it along until it dips, and there they say there is water. So they use divining rods to determine where oil is; but none of those things are to be relied on, and even the best geologists are not to be relied on.

Oil is found either in sand or in lime formations. The oil sand is similar to the sand in which water is found. When they drill a well for water they get to sand, and oil is found in the sand similar to the way water is found in sand, except that oil has back of it either a gas pressure or water pressure.

Under the rules of the game, if I own 80 acres of land and a man wants to lease that to prospect for oil, he makes a 5-year or 10-year lease. He pays me a bonus. He pays me so many dollars per acre and $1 a year in rental. That $1 in the way of rental is simply to postpone the drilling of a well or wells. He agrees to drill a well within 12 months. If he does not drill a well in 12 months he agrees to pay me $1 an acre in rental, thus postponing the drilling for another 12 months. In other words, in leasing these lands the prime object is to have production, to produce, to drill. That is the system of leasing.

Some of the oil leases in other territories are for 10 years; and neighborhoods throughout the West, where there is a possibility of oil—entire neighborhoods—enter into a contract whereby they give 4,000, 5,000, 6,000, 8,000, or 10,000 acres in a single block to some oil company or some oil prospector, entirely free of any bonus, the contract being that somewhere in that block of land he will drill an oil well in order to see if there is oil and so they can develop their community. Now, here comes a man, and he takes my 80 acres, and he decides, either through a geologist or through some other method, to drill a well at a certain place. Most of the successful companies use geologists.

Mr. AYRES. Before the gentleman leaves the leasing proposition, will he yield to me for a statement, although I do not want to break in on the gentleman's statement.

Mr. McKEOWN. I am glad to yield to the gentleman.

Mr. AYRES. In many counties in the gentleman's State and in the State of Kansas there are anywhere from 250,000 to 300,000 acres of land that have been leased to these companies, making that much of an income to the farmers in those localities.

Mr. McKEOWN. Yes. In Oklahoma at least 15,000,000 acres are under lease.

Mr. AYRES. But at the present time that has practically ceased?

Mr. McKEOWN. Yes. He decides to locate some oil on my land. There was one successful oil producer in Oklahoma who decided where he would drill in this way: He would go out on a piece of land, pick up a rock, turn around two or three times, and throw the rock, and wherever the rock hit that is where he would drill. That was his system for finding oil.

A majority of them, of course, have experienced geologists. We will say he locates his well close to this line [indicating]. He first has to dig a cellar, as it is called. He digs a place around which he must build his rig. He buys his lumber, and the oil industry buys millions upon millions of feet of lumber to use in building rigs. They erect the rig and then they move in their boilers and they move in their other drilling machinery. The oil business, again, buys millions upon millions of pounds of steel in order to carry on its operations. He moves in and he starts that well, we will say,

with a 16-inch casing. He will start, we will say, with a big steel casing, and then he starts to spud in. He is going to build this well, let us say, by the cable system; that is, the drill is fastened on a wire cable and is drilled by pounding or "percussion." He "spuds in," and when he gets down through the soil a piece, and for fear it may cave in, he runs down another casing. He runs down first a 16-inch steel casing. He will go perhaps 800 feet with a screw on the top, running it down in this way [indicating]. When he gets down 800 feet he has to reduce the size of his casing, so he reduces from a 16-inch casing to a 14-inch casing. He has to run the 14-inch casing, inside the first casing, from the top of this hole on down, and then he keeps on drilling and keeps on reducing the casing, but every one of the casings has to run from the top down to where it stops. He drills down an average depth of 2,100 or 2,300 or 2,500 or 2,800 feet, and in going down he is watching all the time the "drillings" that comes out. He watches that for signs of oil. If some morning he walks out there to the slush pit, where the bailers slush this water out with the sand—some morning in the bright sunlight if he sees a "rainbow"—he immediately begins to get busy, because the first sign of oil is when he sees that "rainbow" in the sand. He will then make an investigation to see if he has struck oil sand.

If he should be close to the sand and on account of the inadvertence of his driller he should penetrate too far and it should happen to be heavily ladened with gas, then, of course, he has struck a gusher, and it will come pouring right out; but a majority of the wells have to be shot with nitroglycerin, which is lowered in the well and touched off by electricity. The casing is lifted above the sand and set on cement, and after it is touched off, then it explodes and breaks the sand up so that the oil has free access and can come out.

This industry employs 2,000,000. This is the number of men employed directly in the oil business and has nothing to do with the other millions of men who are hired in the various industries that supply the needs of an oil field.

We will say he strikes down here [indicating] and hits oil, and it comes out 1,000 barrels a day from this well on my place here [indicating]. Over here [indicating] this land happens to be leased, because he has done, as most of the prospectors do, gone out and sold some of these leases to get money to drill this well. That is called "dry hole money." He has gone out and said to a big oil company, "I will sell you 80 acres offset from my well for $100 an acre." If he hits oil, of course, they have a lease on that land. He is an independent fellow, he is just a fellow that has scraped up enough money to drill this one well. Now, he has drilled his well and he has brought in a 1,000-barrel well. Then what takes place? The big oil company across the line here immediately puts its well down 660 feet from this well, which is the custom—not the law—the law says "a reasonable distance," and 660 feet is the custom of the trade. They put down their well 660 feet over here immediately. Why?

Because oil in the law is like a wild animal. Oil in the law belongs to him who catches it or who gets it. So he goes down here on this side to keep this fellow from draining his land over here and taking the oil from under his land.

Oil has been demonstrated to be a movable thing under the surface and, of course, the man who taps it and gets it out is the owner, because he "captures" it. So this man goes down here immediately, and that is not all he does. As soon as he goes down here he moves over to another location here, and this fellow has got to drill here or he is going to have his side drained. So they drill along here and drill along here [indicating].

If this man has not got the money, it is not very long until they have "drilled him out," because he has not money enough to go on this other side and take the oil.

The oil is put in tanks. If it is discovered away from a field, where there is a tank line adjacent, then the question comes up as to how he is going to get his oil to market. If the field is large enough so that they can afford to build a pipe line, the pipe-line company will build a line there and he will take his oil out of his tank that he is able to put up.

Mr. GARBER of Oklahoma. Will the gentleman yield for a question?

Mr. McKEOWN. Yes.

Mr. GARBER of Oklahoma. I am glad to hear the gentleman from Oklahoma detailing the work in an oil field and especially in relation to drilling, because it helps to explain the reason the oil men can not refrain from drilling, as many say they should, in the interest of conservation.

Mr. McKEOWN. Yes.

Mr. GARBER of Oklahoma. You start with the original lease, the contract with the lessor, and it compels the lessee, the independent oil man, to develop and keep on developing; it requires him to drill these wells and when he does drill them, other companies drill an offset which compels additional drilling. It is a minutia of legal obligation in these contracts and customs in the oil industry that compel this hurried flush production and the consequent waste and necessity for conservation.

Do you not think these legal requirements and customs that have grown out of the leasing act of 1920 and prior to that time should be revised so as to permit of drilling wells. Would not that be a great aid to the conservation and orderly development of these fields?

Mr. McKEOWN. I would say that here is the great difficulty of facing that program. This man drills over here and A is unable to drill opposite. A is compelled to pay the same royalty that the man pays across the line, although he has not a drop of oil out of his land. That is to protect the draining of his land. If he failed to carry out the contract, he must make good.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. JOHNSON of Texas. Emphasizing the force of what the gentleman said as to the legal right if any oil escapes after it is brought to the surface, if it escapes from the well and flows on the earth to other land, wherever the oil lands, it becomes the property of the man who owns that land. It is like a wild animal, and becomes the property of the man upon whose land it is taken. I had a lawsuit in which that was tried out.

Mr. McKEOWN. Oil is like a wild animal, and becomes the property of the man who takes it.

Mr. GOLDER. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. GOLDER. After a well comes in, waiting for the pipe line, is it not sometimes capped?

Mr. McKEOWN. If it has not excessive pressure, in bringing the oil out you will have sufficient tanks, which are always prepared in advance. But if there is an overflow of the earth tanks or not sufficient tanks they will cap the well. But there is a great deal of danger to property in capping a well which is under a great deal of force. The result might be detrimental to the property and adjacent property.

Mr. GARBER of Oklahoma. Will the gentleman permit a suggestion?

Mr. McKEOWN. Yes.

Mr. GARBER of Oklahoma. After a well is brought in the law of most oil-producing States require that the well be pipe lined. There are exceptional cases where the gas pressure is so great as to completely eliminate all the ordinary precautions and it can not be brought under control for days.

Mr. McKEOWN. The pipe lines are made common carriers in most States. In other words, you must take whatever oils are offered. They carry the oil to the refiner. They settle every two weeks and pay the owner of the land and others who have an interest in it.

Now, I want to call your attention to the fact that the United States is divided into several districts as to the production of oil. It is interesting to note that all the way from Maine down to Mississippi—and we will have to change this line shortly because we have discovered gas in Mississippi and it will only be a short time before they will discover oil. None of this territory produces crude oil.

From here you have Pennsylvania and West Virginia, where we have produced in 1929, 25,962,000 barrels and refined 33,802,000 barrels, or they refined 7,840,000 more barrels in that territory than was produced in the territory.

Then you have here Indiana, Illinois, Kentucky, and Tennessee, and Michigan—Michigan is going in for the production of oil. They produced 209,142,000 barrels and refined 110,349,000 barrels. In other words, they refined 89,435,000 more barrels of crude oil than was produced. Then you come to what is known as the mid-continent field—Kansas, Oklahoma, Arkansas, Louisiana, and Texas.

In the Oklahoma-Kansas territory we produced 296,579,000 barrels, and we refined only 115,449,000 barrels. We were within 181,130,000 barrels of refining all of the oil that we produced in that territory. Then we have the "inland" Texas territory, with 250,102,000 barrels produced and 58,310,000 barrels refined, or a difference of 191,789,000 barrels more produced than refined in that territory. Then there is a territory west of the mountains—California, Oregon, Washington, and all this territory—which produced 292,037,000 barrels and refined 243,110,000 barrels, a difference of 48,927,000 barrels more produced than refined. Then there is a territory down here on the Gulf coast, with a production of 7,239,000 barrels and an importation into the same territory of 6,629,000 barrels.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. JOHNSON of Texas. Does the gentleman purpose placing in the RECORD a map with the figures and lines as drawn upon it which is illuminative of the subject and so much more easily understood than reading the figures?

Mr. McKEOWN. I would like to very much if I can get the permission of the Committee on Printing. I shall try to do it. There is territory over here where there is no production, but a large amount of oil is used, and instead of its coming from the mid-continent it comes from foreign countries—from Mexico and South America. There are two things that every American citizen would seem to want to be satisfied of. The first is whether or not we are going to destroy our oil industry by the method we are pursuing now in its development, and the next thing to determine is whether or not the laying of an embargo or restrictions on importations is going to raise the price of gasoline to the consumer.

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

Mr. McKEOWN. Yes.

Mr. ABERNETHY. Suppose we help you out, your freight rates would make the price prohibitive, and we are now being petitioned from all down the coast against this very proposition. The gentleman makes an appealing argument, and if he could give us oil and gasoline just as cheap as we are getting it now, all well and good. I would like to have the gentleman address himself to that.

Mr. McKEOWN. First, is there any likelihood of our destroying our own oil by the methods we pursue in its production. Let us see what the situation is with reference to that. It is proposed by those who favor conservation that we conserve our oil in this country and drain the world. We heard that applied to coal. We were told to conserve the coal in the United States and to use up the world's supply. What has been the result? The absolute destruction of the coal business in this country. The importation of crude oil from Mexico, put into competition by Doheny with coal, has practically destroyed the coal business. If you want to destroy the oil business in this country, all you have to do is to "conserve" the oil in the United States and drain the world.

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

Mr. McKEOWN. Yes.

Mr. MORGAN. Is it not a fact that the substitution of oil for coal and the use of hydroelectric power has been what has produced the injury to the coal business?

Mr. McKEOWN. It has been a fact that we said we were going to conserve the coal in this country. My State has enough coal to last the entire United States, at the present rate of consumption, for 150 to 200 years. Our coal mines are shut down to-day because there is practically no demand for coal.

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

Mr. McKEOWN. Yes.

Mr. WURZBACH. The gentleman speaks of the argument that is made against the tariff on oil. Could not the same argument be made against the tariff on crops raised on the farm? We all know that the continual growing of crops on land impoverishes the land, and the same argument that is made against the tariff on oil might be made against a tariff on recurring crops on the land.

Mr. McKEOWN. Yes. I want to call the attention of the House to some startling figures to show the absurdity of the proposition of conserving oil. I read from the statement of one of the gentlemen, Dr. Ralph Arnold, who appeared before the committee in the other body. He said that from the oil fields now discovered, from the billions of tons of coal, and from the billions of tons of shale there may be recovered more than 750,000,000,000 barrels of oil, or enough to last the United States more than 500 years at the present rate of consumption. He also estimated that at least 70 per cent of our original sources of supply were still untouched.

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

Mr. McKEOWN. Yes.

Mr. BLANTON. The gentleman from North Carolina [Mr. ABERNETHY] is afraid that possibly a tariff would raise the price of gasoline to the consumer. Is it not a fact that the Dutch Shell and the Gulf Refining Co. are shipping South American gasoline into New York in their tankers, and that they can lay down gasoline there for about 4 cents a gallon, and yet the price of gasoline here in Washington, 200 miles away, is 16 cents a gallon. That answers the gentleman's question.

Mr. McKEOWN. In years past in the oil trade the slogan has been "a feast or a famine." We either had a feast of crude oil or we had a famine of crude oil. That originated from the practice which existed years ago when the big companies, the Standard and other big companies, when they wanted to cut the price of crude oil they started the propaganda that there was a feast, and they cut the price of crude oil, but when they wanted to raise the price of gasoline they started the report that there was a famine, so the production of oil and the price of gasoline of late years has had no relation at all. Any sane man would think that if there was overproduction of crude oil and a low price of crude oil there would naturally exist a low price of gasoline, but such has not been the fact in the history of the trade, because there seems to be no real relation between the amount of oil available and the price of gasoline.

Mr. GLOVER. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. GLOVER. I noticed recently, in driving from Arkansas to Washington, D. C., the price of gasoline ranged from 13 cents to 23 cents a gallon, depending upon the town in which I stopped to get it. Will the gentleman explain how it is there is such a great difference in the price of the same gasoline in possibly the same day's travel, within a very few miles of each other?

Mr. McKEOWN. Several of the States have placed a tax on gasoline. Some States have taxed more and some have taxed less, but, as a matter of fact, there are a lot of "tricks in the trade" in the differential in price of gasoline.

Mr. GLOVER. But in driving through the State of Tennessee the gentleman will find that prices in the same day in the same State range about as I have mentioned.

Mr. McKEOWN. I commend that to the attorney general of that State.

Mr. GARBER of Oklahoma. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. GARBER of Oklahoma. Does not the price of gasoline bear about the same relationship to crude oil as the price of bread bears to the price of wheat?

Mr. McKEOWN. Well, I do not know; but they are both too high.

Mr. GARBER of Oklahoma. But that illustrates the relationship?

Mr. McKEOWN. Yes, sir.

Mr. GARBER of Oklahoma. Before the gentleman leaves the question of supply, did not Mr. Arnold who testified before the Senate Commerce Committee make an estimate that our visible oil supply in the sands at the present time exceeded 27,000,000,000 barrels, with enough of substitutes of shale and coal to last the country for 500 years?

Mr. McKEOWN. Yes; that is true.

Mr. GARBER of Oklahoma. And that at no time in the history of our country have we ever exhausted a natural resource.

Mr. McKEOWN. That is correct.

Mr. ARENTZ. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. ARENTZ. The gentleman a moment ago referred to the fact that about 70 per cent of the "well oil" supply still remained?

Mr. McKEOWN. Yes, sir.

Mr. ARENTZ. For what year was that?

Mr. McKEOWN. That is 1929. From 1859 to January 1, 1929.

Mr. ARENTZ. It would be very interesting to put in the RECORD the same figures for 1921. If I remember correctly, at that time we were faced with an absolute famine of oil, and something had to be done or the automobiles would have to cease running. Of course we know how flush production has increased and has become prevalent in many, many sections of the United States. Is it the gentleman's belief that 70 per cent still remains?

Mr. McKEOWN. Well, it is undoubtedly 70 per cent. It is impossible to tell. It might be much more.

Mr. ARENTZ. Or it might be 500 per cent?

Mr. McKEOWN. Yes. So far as we know to-day, you can not exhaust the oil. No oil field has ever been exhausted up to the present time.

Now, if you gentlemen would spare me a few moments I would like to complete my statement.

Mr. ABERNETHY. Will the gentleman yield? I want to be helpful and I have a high regard for the gentleman.

Mr. McKEOWN. I yield, briefly.

Mr. ABERNETHY. I wonder if the gentleman from Oklahoma would support a movement to break up this combination between the Shell, the Gulf, the Standard, and the Texas Cos., which keeps up the price of refined oil and keeps down the price of the crude oil, and then we would get somewhere and you would not put the burden on the nonproducing people down in our country.

Mr. McKEOWN. We are not going to put any burden on the gentleman's people.

Mr. ABERNETHY. I wonder if the gentleman would join us in a movement of that sort?

Mr. McKEOWN. If the gentleman will be patient with me and allow me to proceed, I will show you the situation.

Mr. GREEN. If we would let this oil come in it would have tendency to tear down the monopoly of which the gentleman speaks?

Mr. McKEOWN. I want to quote to you what a gentleman said in England. You, who are interested in American industry, listen to this:

CONSERVATION ONLY OIL AID IN SIGHT

NEW YORK, February 2.—Asserting that the policy of conservation of crude oil in the United States has reached a critical stage, J. B. Aug. Kessler, managing director of the Royal Dutch Oil Co., would sound the death knell for conservation in all other crude-oil-producing countries except Russia and Rumania.

In a statement made in London and given out here by the New York representative of the company, the world's largest oil producer, Mr. Kessler, said conservation and cooperation offered the only solution for the industry and that if conservation was halted, overproduction would be that much worse.

He said there was "no denying that producers who have voluntarily reduced their production have not been receiving for their crude oil a price which has enabled them to make both ends meet," but argued the money results would have been worse without conservation.

"The fact that conservation has not resulted in bringing prices to a satisfactory level only proves that the overproduction during 1929 and the accumulation of stocks has been so serious that even a year of conservation could not result in a reasonable price for crude oil and its products."

He dissented from the view of some producers who have lost confidence in the beneficial effect of conservation that "the only way to bring things back to reasonable conditions is to let free competition take its course and to let the law of supply and demand settle things."

In Mr. Kessler's opinion free application of the law of supply and demand is old fashioned and out of date so far as the oil industry is concerned.

There has been a great reform in business methods of the big oil companies apparently from the days when the Standard Oil brutally stifled competition and stamped upon opposition which culminated in the great dissolution decree in the days of unique American Theodore Roosevelt.

When you scrutinize the situation carefully to-day you find the same wolf but dressed in grandmother's clothing and talking in grandmother's voice, while the public still plays the part of Little Red Riding-hood.

I quote from an Associated Press report under date February 2, wherein Mr. J. B. Aug. Kessler, managing director of the Royal Dutch Oil Co., says—

Let us pause and see who is giving this advice to the lawmakers and people of the United States. It is from a company that has around 100 subsidiaries throughout the world, and whose production in foreign fields for 1929 were as follows:

Crude oil	Barrels
Venezuela	62,696,000
Dutch East India	33,818,000
Mexico	14,627,000
Rumania	6,925,000
British Borneo	5,416,000
Egypt	1,934,000
Trinidad	732,000
Argentina	107,000
A total of	136,255,000

In the United States, 1929, 54,033,000.

In 1928 they produced 47,000,000 crude oil and ran 75,000,000 to their stills.

With a foreign production of 136,255,000 barrels of crude oil and 54,033,000 of domestic crude it is apparent that to conserve the smaller production rather than curtail the larger production would be advantageous, especially when the smaller production is located in a country where the best market in the world exists.

Mr. MORGAN. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. MORGAN. Is the gentleman speaking of the Shell Co. now?

Mr. McKEOWN. Here in the United States it is known as the Shell Union Oil Co. It is, however, usually referred to as the Dutch Shell.

When you inquire as to the cause of the present depression in the oil industry you are answered by the statement that there is overproduction in the United States. Then, if that be true, a curtailment would not help the industry because it is axiomatic that if you produce the American requirement of any particular product, or a surplus, a tariff or embargo would be of no avail. In other words, if there is no oil coming in here to hurt this price and we are producing all we require, then it would not help them. That is what they say. That would be true, but let us see.

Then, why should there be any objection to a tariff or embargo under such conditions? We do not repeal the tariff on wheat, although we have a surplus of wheat. The farmers asked for it and we gave it to them. Although wheat prices are the lowest in years the farmers have not asked the repeal of the tariff. As a matter of fact, the so-called overproduction is a fallacy propagandered by the oil companies engaged in producing and importing cheap oils produced in foreign lands.

Take the 12-year period from January 1, 1918, to December 31, 1929, the United States produced 7,996,103,000 barrels

of crude oil and for the same period the demand was 8,592,910,000 barrels, as follows:

For refining	7,539,508,000
For export	164,063,000
For all other purposes	889,339,000
Total	8,592,910,000

Thus it is obvious that the total demand exceeded the production by 596,807,000 barrels.

On December 31, 1929, we had in storage approximately 541,000,000 barrels, which shows that during that period we imported 950,000,000 barrels of foreign oil, or about 350,000,000 more than sufficient to meet the demand.

How can any American industry live if you permit importations to go not only to the point of meeting domestic requirements but to store half of a year's American demand? The most monstrous fallacy that the proponents here have to meet is that of "Conserve our oil and drain the world." I will not attempt to show the powerful potentiality of American oil fields and shale, but will content myself to a short discussion of draining the world. In two of the great oil-producing countries of the world, namely, Venezuela and Persia, there is little domestic consumption and it follows that nearly all of their production is exported.

Russia is curtailing domestic consumption in order to convert as much as she can into cash to carry on her great 5-year industrial program. Russia to date has produced over two and one-half billion barrels of oil and some of her fields have produced at the rate of 250,000 to 500,000 barrels to the acre.

The Baku field, probably the best known of all the Russian oil fields, has produced an average of about 324,000 barrels to the acre over the entire field, an area of over 9 square miles. Yet she produced more oil in 1929 than ever before.

Now, what does she propose to do? Russia proposes to produce more oil. She proposes to produce 31 per cent more oil in 1930 than she did in 1929. She proposes to produce, in 1933, 90 per cent more than she produced in 1930. She proposes to bring her production up to a tremendous quantity. Here is a statement issued by the soviets on the 7th of this month. In that statement they say they expect in 1933 the completion of their 5-year program and they propose to produce 90 per cent more than their production was in 1930.

Let us see what is going on. We talk about taking care of an industry. This industry is not asking to make money. This industry is simply asking to have a chance to live. I hold no brief for any "independent" operator. I hold no brief for any Standard Oil Co. or any large company, but I stand here to talk for a business that affects the people of the United States, because we buy millions and millions of dollars' worth of your steel; we buy your rope; we buy your lumber; we are among the best buyers of your steel products. We pay the highest wages in our oil fields and we employ 2,000,000 men in this industry. We not only do that, but we pay out our money to the farmers for rents and leases and far more money for royalties on oil actually produced.

Now, let us see what is taking place. One company alone, the Dutch Shell Co., is trying to control the fields of the world. This map shows the fields you are going to drain while you are "conserving" the fields of the United States. You are going to try to drain the world's supply. The British Empire must have oil. The British Empire is a great seagoing power, and by reason of her power on the sea she is interested in oil and must have oil. She has her hands in all these oil fields. These oil fields inside of five years will supply our great export trade so we will have no export trade.

Mr. ARENTZ. Name the companies.

Mr. McKEOWN. The first one is the Dutch Shell, in the Dutch East Indies. They practically absolutely control this vast area. Here are the Russian fields; these are the South American fields; and these are our own United States fields. This is a map of the world oil situation. I want to show you the Dutch Shell holdings. Here are the three companies: The Dutch Shell, the Anglo-Persian, and the Burmah Oil, with a combined refining capacity of 1,150,000 barrels a day. While the British Government may not own a single share in the Dutch Shell group of companies, it unquestionably "controls," in a general way, its operations. Likewise it exerts a powerful influence in shaping the policy of the Burmah Oil Co., and it actually owns over 50 per cent of the "common" stock of the Anglo-Persian Oil Co. Here is what is taking place in one of these countries—in Iraq or Mesopotamia: The French Government holds a one-fourth interest in the Iraq concession. Gasoline, fuel oil, and lubricating oil are very desirable in France. A well was drilled and it came in at 96,000 barrels a day. Since that time 15 more wells have been drilled, with the result that Iraq's "potential" production to-day is probably 1,500,000 barrels a day. All of these 16 wells are capped to-day. But France needs oil—must have oil. So she began to raise a fuss, and that field is going to come in shortly because France is going to demand that she get her part of that oil because she needs it. The Dutch Shell Co. owns more than 100 different subsidiaries. The Dutch Shell Co. has combinations in the United States and just recently it bought out a large part of the field in California. This map was made before that company went into California. This map shows that they have a United States crude capacity of 228,000 barrels a day and that they have a cracking capacity of 113,500 barrels a day.

In 1929 the Dutch Shell was the largest producer of crude oil in the United States, with an output of more than 54,000,000 barrels. We are sitting here allowing them to go down into Venezuela, bring their oil in here, and refine it. They bring their oil to these refineries in the Dutch West Indies, and then ship the gasoline directly into the Atlantic seaboard territory that I told you was a nonproducing territory. They send it in here and they put an import value on that gasoline of 8 cents a gallon. They say it costs them 8 cents to bring it in, although they are not paying any tariff. They say it costs them 8 cents and we can only get from 4½ to 5 to 6 cents for our gasoline in this country.

Mr. GARBER of Oklahoma. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. GARBER of Oklahoma. Is it not a fact that the Big Four, composed of the Gulf, the Dutch Shell, and the two Standards, are enthusiastic conservationists at home, in order to compel independents to shut in their production, and the champions of exploitation abroad in order to seize the American market and control the price?

Mr. McKEOWN. They are all interested together. These companies in this country own one-fourth of this field over here. They are going everywhere and they want to bring that oil into the United States. I have no objection to them bringing their cheap oil in here to refine it and sell it abroad; I have no objection to them doing that, but I do object to them bringing that cheap oil here and selling it here, because it is not the kind of oil produced in the mid-continent field. Mr. Doheny brought the first oil to this country from Mexico in 1908, and it was a low grade of oil. He brought it in here and put it in competition with eastern coal.

Then they brought in what they called "tapped" oil—that is, oil from which the small amount of gasoline had been refined out.

The truth about it is this: If you are not going to do something for this industry, you are not only going to destroy the independent oil operator in this country but you are going to destroy an industry that is now holding down the price of gasoline to your consumers. If you allow these big companies to destroy the little, independent operator, who is now hanging "by his eyebrows," your consumers are going to pay for it. Why do I say this? In Venezuela and in Colombia where they can produce oil for less than 70 cents a barrel, what is the price of gasoline in Bogota, Colombia, to-day? Fifty-five cents a gallon, and yet they are producing crude oil in that same country for less than 70 cents a barrel.

Now, what is going to take place in the United States when you are trying to drain the oil supply of the world and

conserve the supply here? They asked us to "conserve" and we have been conserving, and down in Oklahoma we are not allowed to take over 5 per cent a day and in some places it is as low as 2 per cent. We can run but a small part of our oil out of the ground—in fact, Oklahoma can to-day produce easily four times as much as it is allowed to produce. We are asking you to give us a chance to run out of the ground only what we have already discovered. If you want to stop us from discovering any more oil, all right, but we want to run what we know that we have.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. SCHAFER of Wisconsin. If the Republican administration makes provision for an adequate tariff or embargo to protect the gentleman's independent oil producers, will the clip-sheet propaganda of the mortgagee of the Democratic Party, Mr. Raskob, circulate propaganda against us indicating how many billions and billions of dollars it is going to cost the consuming public, the same as was done with respect to other tariff rates which were necessary?

Mr. McKEOWN. I yielded to the gentleman to ask me a sensible question. I suppose Mr. Raskob is able to take care of himself just like Mr. Lucas is able to take care of himself on the Republican side. I do not want to get into any controversy here with the gentleman over a lot of foolishness when I am talking a lot of sense.

Mr. MORGAN. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. MORGAN. What percentage of our domestic consumption do we produce, and what is the relation of our productive capacity to total capacity?

Mr. McKEOWN. We produced in 1930 just about what our markets for gasoline require. We may have more in the ground and we could, no doubt, potentially produce far more than was required last year.

Mr. AYRES. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. AYRES. I would suggest to the gentleman that in view of the fact there is so much demand for time on this side, the gentleman complete his remarks and then yield if he has any time remaining.

Mr. McCLINTIC of Oklahoma. Will the gentleman yield?

Mr. McKEOWN. I yield to the gentleman from Oklahoma.

Mr. McCLINTIC of Oklahoma. Much has been said about depleting the oil resources of the United States. Is it not a fact that every single, solitary country in South America has oil possibilities and that they have just scratched the surface down there?

Mr. McKEOWN. That is our information, I will say to the gentleman.

Now, let us close this proposition up and let us come to the question of the price of gasoline, because that is what you gentlemen want to know about who live in the States that do not produce oil.

I am not here to ask you to put something on my people to help them that would ruin your people. I am here asking for nothing more than an opportunity to preserve to you the right to buy cheap gasoline in the future. I am not asking you to give us something we are not entitled to or to give us any preference.

There are two fundamental reasons why a control of the oil will not increase gasoline prices. The first of these is that crude-oil prices and gasoline prices do not fluctuate in any sort of fixed ratio to each other. Almost anyone here would think that when you produce a lot of oil and have plenty of oil available, the price of gasoline would go down, but this is not the fact, and has not been the fact in the past.

As an illustration, take the years 1926 and 1929. In February, 1926, the price of mid-continent crude oil was $2.04 a barrel, and in February, 1929, the price was $1.20 a barrel. In 52 cities selected at random and wholly scattered throughout the entire United States, the price of gasoline averaged 18.09 cents per gallon in February, 1926, and 18.39 cents in February, 1929.

Furthermore, in 1926 the refiners of the United States recovered an average of 36 per cent of the gasoline per barrel of crude oil, and in 1929 the average recovery was 44 per cent. This means that in February, 1926, refineries got 15.12 gallons of gasoline out of a barrel of crude oil that cost $2.04, while in February, 1929, they got 18.39 gallons of gasoline out of a barrel of crude oil that cost $1.20, and still the price of gasoline was 0.31 cent per gallon higher.

Second, in 1929 the United States produced approximately 1,007,000,000 barrels of crude oil. During the same year slightly less than 79,000,000 barrels of crude oil was imported. The imports were therefore less than 8 per cent of the total supply of crude oil, and a tariff of $1 a barrel on this imported oil would therefore have affected less than 8 per cent of the 1929 current supply of crude oil.

Mr. GARBER of Oklahoma. Will the gentleman yield there?

Mr. McKEOWN. Yes.

Mr. GARBER of Oklahoma. Is it not a fact that the average price of crude oil, 36 gravity, throughout the United States to-day is 97½ cents?

Mr. McKEOWN. Yes.

Mr. GARBER of Oklahoma. And yet the price of gasoline is higher than it has been when oil was selling at $2.04 a barrel.

Mr. McKEOWN. That is true; and that is the reason I am stating to you gentlemen who live in non-oil-producing States that, if you allow the little, independent producer to be put out of this game, then you have lost all your chances for low prices. [Applause.]

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. McKEOWN. Mr. Chairman, I am anxious to see this Congress pass beneficial legislation at once to help this industry. I commend the gentleman of Kansas [Mr. AYRES] for his successful efforts in securing the insertion into the independent offices appropriation bill of a provision that all our merchant marine ships shall purchase domestic oil, and also into the Navy appropriation bill as affecting Navy vessels.

Mr. AYRES. Mr. Chairman, I yield to the gentleman from Texas such time as he may desire.

The CHAIRMAN. The gentleman from Texas is recognized for one hour.

Mr. JOHNSON of Texas. The people of my district are vitally interested in the proposal to make possible the cash payment of adjusted-service certificates to World War veterans.

During my service as a Member of this House no proposed legislation has so commanded their unanimous and enthusiastic support.

Letters and telegrams have come to me from every county in my district, not only from the veterans but many others urging the passage of this legislation. They feel that the payment of these certificates will not only be of aid to the veterans, but will materially aid in the economic restoration of the country. With this view I am in full accord. Certain business interests are antagonistic, but these same interests have opposed all remedial legislation considered at this session of Congress. They likewise opposed most bitterly the action of Congress in 1924 when the veterans, after four years of delay, were awarded adjusted compensation. Secretary Mellon has persistently opposed all legislation of this kind, and upon his advice President Coolidge vetoed the bill in 1924 and Congress passed it over his veto. He predicted dire consequences if it was passed, but none of his prophecies were fulfilled.

The time will never come when the veterans can use to better advantage the proceeds of these certificates than they can right now. I receive daily letters of distress from veterans in my district and sometimes from their wives. Many of them are out of employment, they can find nothing to do, they and their families are hungry, they can not borrow, and they are too proud to beg.

I do not like to speak of unpleasant things but conditions require plain talk. The United States is in the throes of the most gigantic economic depression this country has ever known. It is confined to no section; it is nation-wide.

In the drought areas the suffering may be more acute than elsewhere, but there is suffering and hunger everywhere.

If something is not done to alleviate conditions before Congress adjourns on March 4, the American people will not hold guiltless those responsible for a failure to serve them in this the hour of their greatest need.

I realize full well that legislation is not a panacea for economic ills and that prosperity can not be restored by statutory enactment. But I do know that some measure of relief can be afforded.

Various measures have been proposed at this session of Congress which, if enacted into law, would measurably reduce the intensity of the suffering and bring some relief, but a Republican majority of 100 in the House has stifled all such legislation, just as they are doing this. I warn them now that if something is not done the day of reckoning will come.

It would consume too much space to publish the many letters I have received from people in my district urging support of this bill, but under consent given me by the House I publish herewith telegrams received from my district upon the subject.

MALONE, TEX., *January 5, 1931.*

Hon. LUTHER JOHNSON,
House of Representatives:

This post unanimously urges passage of legislation proposed to pay World War veterans' insurance certificates in cash for full face value.

EVERETT KORNEGAY POST 461,
ROY A. OLIVE, *Post Commander.*

CAMERON, TEX., *January 27, 1931.*

Representative LUTHER A. JOHNSON,
Washington, D. C.:

Edwin Hardy Post, No. 9, American Legion, Department of Texas, 200 strong urge the immediate passage of legislation for the payment of adjusted-service certificates. There is great need among ex-service men in this section, and economic distress will be much relieved.

W. R. HOOVER, Commander.

CORSICANA, TEX., *February 2, 1931.*

Hon. LUTHER A. JOHNSON, M. C.
House of Representatives:

Members of Johnson Wiggins Post, No. 22, American Legion, and other ex-service men of Navarro County urge you to use your influence in favor of full payment in cash of adjusted-compensation certificates as soon as possible and to oppose any compromise which does not include immediate relief and payment in full when you appear before House committee. Terms of Patman bill have been unanimously indorsed on two occasions by ex-soldiers of this county. Many ex-service men in this county in real need of relief at this time and immediate attention of Congress would prevent much unnecessary want and suffering. Members of this post feel that they can count upon your support at all times and extend their gratitude in advance for your representation of us before the House committee.

JOHNSON WIGGINS POST, No. 22,
ANDREW G. STEELE, *Commander.*
A. L. SPRINGFIELD, *Adjutant.*

ROCKDALE, TEX., *January 16, 1931.*

Hon. LUTHER A. JOHNSON,
House Office Building:

At a regular meeting of Carlyle Post, No. 358, a resolution was adopted to indorse Patman bill (H. R. 3493) providing immediate payment of adjusted-service certificates. Will greatly appreciate your efforts in bringing this legislation about.

HARRY MOODY, *Commander.*
M. N. STRICKER, *Adjutant.*

OFFICE OF MILES SCRIVENER POST, No. 454,
AMERICAN LEGION,
Hearne, Tex., February 2, 1931.

Hon. LUTHER A. JOHNSON,
Representative, Sixth Congressional District,
House of Representatives, Washington, D. C.

DEAR SIR: A call was sent out by the commander of this post to all World War veterans of this locality, asking them to meet in a body for the purpose of discussing the proposed Wright Patman bill, now pending before Congress, which provides for the immediate cash payment of the adjusted-service certificates now held by all ex-service men.

At this meeting we had present 31 Legion members of this post and 20 nonmembers. A resolution asking for the immediate full cash payment of all adjusted-service certificates was passed by the vote of every man present.

As our Representative from this district, we request your influence and support of this very important measure.

Yours very truly,

C. E. CORNFORTH, *Commander.*
J. A. CARSON, *Adjutant.*
M. A. MCNIEL, *Service Officer.*

STEPHENS A. GRAVE POST, No. 307,
AMERICAN LEGION,
Kerens, Tex., December 9, 1930.

SEVENTY-FIRST CONGRESS,
Washington, D. C.:

We ex-service men of the World War, loyal to our country, left our personal interest and homes and enlisted in the United States forces regardless of price, to defend our rights during the emergency.

Now during the present emergency of unemployment is it just and right for us to depend on you to introduce and enact laws to protect the existence of unemployed ex-service men, farmers, and laborers all over the United States? We believe it is, and we believe the quickest relief to unemployed, farm, and labor situation all over the States as a whole would come from the immediate paying off of the World War veterans' compensation certificates. We therefore ask that Congress seriously consider paying these certificates at this session to immediately relieve the emergency of unemployment all over the United States.

MADISONVILLE, TEX., *February 5, 1931.*

Hon. LUTHER A. JOHNSON,
House of Representatives, Washington, D. C.

DEAR MR. JOHNSON: At our call meeting of ex-service men of Leon and Madison Counties we had 91 present, at which time we passed unanimously the following resolution:

"We, the undersigned ex-service men who were present at this meeting, respectfully request that you support the Wright-Patman bill which is now pending before Congress, calling for the immediate payment in cash of the adjusted-service certificates. In our opinion this would do more toward relieving the depression and suffering which is now existing, not only among the majority of the ex-service men but the people in general in this part of Texas. We are bitterly opposed to the Young plan or any other plan calling for any kind of compromise, as the only logical solution to this depression is the payment in cash of these certificates."

We have in our files the original signatures of the 91 present at our meeting, and if you care to have these we will forward same to you.

Yours very truly,

C. L. MCIVER,
Chairman of above meeting.

HOUSE OF REPRESENTATIVES,
STATE OF TEXAS,
Austin, January 29, 1931.

Hon. LUTHER JOHNSON,
Member of Congress, Washington, D. C.

MY DEAR MR. JOHNSON: The members of the American Legion of my district are very much interested in the Wright Patman bill.

I trust you are favorable to this bill, and will use your influence toward the final passage of the same. It will be a great relief to the ex-service men of our State. I remain

Yours very truly,

HENRY A. TURNER,
Member Fifty-sixth District.

SIM B. ASHBURN POST,
THE AMERICAN LEGION, DEPARTMENT OF TEXAS,
Groesbeck, Tex., January 10, 1931.

The Hon. LUTHER JOHNSON,
Congressman (Texas), Washington, D. C.

DEAR SIR: This post of the American Legion, to which I have the honor of belonging, has further honored me by requesting me to solicit your support for the above bill. The entire post feels confident that you will throw all your excellent energies into a fight for such laudable legislation. We feel that it is unnecessary in such an affair to urge you more than to say that we feel supremely confident that you will support unstintingly this most excellent and necessary bill.

Allow me to add my personal solicitation to that of the post.

Sincerely yours,

R. G. (BOB) HILL,
Departmental Chaplain (Texas).

Mr. FRENCH. Mr. Chairman, I yield three minutes to the gentleman from Kansas [Mr. STRONG].

Mr. STRONG of Kansas. Mr. Chairman and gentlemen of the committee, I am in agreement with my friend from Oklahoma [Mr. MCKEOWN] on this subject. I have no oil in my district, but I believe that American industry should be taken care of. [Applause.] I believe that we should not import oil from other countries when our own oil can not find a market. I am in favor of anything that will bring relief to the oil industry. [Applause.]

I favored a tariff on oil when we were framing the tariff bill of 1922. I favored such a tariff last year. I still favor such a tariff, but I think we all realize that it is not going to be practicable to have another tariff bill this year, but Senator CAPPER has introduced a bill in the Senate for an embargo on oil and it has been favorably reported by the Senate committee. I understand the steering committee of

the Senate has given it preference in consideration. The gentleman from Oklahoma [Mr. GARBER] has introduced a like bill in the House.

I want at this time to urge every Member who is in favor of the protection of American industry and American enterprise and American labor to get behind these two bills and let us pass them at this session.

Surely when we have an oversupply of American oil, when our own oil wells can not find a market for their oil, we should stop the importation of oil from foreign lands.

Mr. COLE. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. COLE. Would an embargo on oil interfere or violate our international relations?

Mr. STRONG of Kansas. I understand the bill is so drawn that it will not, but if it does I am for America first. [Applause.]

Mr. FRENCH. Mr. Chairman, I yield 15 minutes to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Chairman and ladies and gentlemen of the committee, some one asked me a moment ago what I was going to talk about. I said oil shale. He said, "That is the stepchild of the oil industry"; and that is what I am going to talk about—the stepchild of the oil industry, oil shale.

Even though many people have expressed the idea that oil may be produced from that substance known as oil shale, I will not discuss the production of oil. My remarks will be limited to the situation in the Department of the Interior respecting oil-shale lands and the troubles arising out of the department's interpretation of the general leasing act of 1920, as it refers to oil-shale lands.

In June, 1929, there was introduced a bill in the House (H. R. 3754) for the purpose of clearing up some difficulties which had arisen in the Land Office in settling titles to oil-shale land. Several other bills have since been introduced.

At that time patents had been granted by the United States covering 142,951 acres of oil-shale lands. There were pending 119 applications for patent covering 112,691 acres, many of which had been pending over five years. Litigation was pending in the United States Supreme Court, and on January 6, 1930, the first decision on an oil-shale question was handed down by that court. It did not support the position of the Department of the Interior. (Wilbur *v.* Krushnic, 280 U. S. 306.) Shortly thereafter there was appointed a subcommittee of the Public Lands Committee of the House to investigate the oil-shale land situation. A number of hearings were held.

After the decision of January 6, 1930, a number of the cases pending in the Land Office were disposed of and patents issued to 41,449 acres. New applications had apparently been filed on from 13,000 to 14,000 acres of land.

The Secretary of the Interior advised under date of February 6, 1931, that patents had now been issued to 184,400 acres of oil-shale land, and that there are still pending applications for patent for 84,800 acres of land. It must be remembered that all these lands are subject to patent under the old mining laws of the United States, and if patentable at all were included in the exception to section 37 of the general leasing act of 1920.

The Committee on the Public Lands have recommended that section 37 of the general leasing act of 1920 be amended by adding thereto the following:

Provided, That upon the 1st day of July, 1932, every oil-shale placer-mining claim shall be deemed abandoned and forfeited to the United States, except every such claim then included in a pending application for patent and every such claim upon which not less than $100 worth of labor shall have been performed or improvements made before 12 o'clock m. upon said 1st day of July, 1932, and an affidavit thereof filed on or before the 1st day of October, 1932, in the United States land office for the district in which each such claim is situated. And upon every such claim not so abandoned or forfeited, not less than $100 worth of labor shall be performed or improvements made on or before 12 o'clock m. upon the 1st day of July, 1933, and an affidavit thereof filed on or before the 1st day of October, 1933, in said land office: *Provided, however*, That in lieu of the said performance of labor or making of improvements, the owner of every such claim may pay to the register of said land office the sum of $100 within the periods so allowed for performance of labor or making of improvements, and every such payment shall be included in the computation of the $500 worth of labor or improvements required as a condition to issuance of patent: *Provided further*, That performance of such labor or making of improvements shall not be required upon or for any such claim included in an application for patent during pendency of such application; in event of rejection of such application or of cancellation of any mineral entry allowed upon such applications, not based upon invalidity of claim, the owner of the claim shall be allowed one full year after such rejection or cancellation within which to perform the labor or make the improvements required, or make payment in lieu thereof, and such performance, improvements, or payment shall continue such claim in good standing until the expiration of such year.

SEC. 37a. The acquisition of possessory title to any such claim by an innocent purchaser for a valuable consideration, and without knowledge or notice of fraud or invalidity affecting the location of such claim, shall constitute a complete defense to a charge of lack of substantial interest of any person appearing of record as a locator of the claim.

SEC. 37b. Any such claim for which application for patent shall not have been filed on or before July 1, 1934, shall be deemed abandoned and forfeited to the United States without further action, proceeding, or assertion of title by the United States.

SEC. 37c. Nothing in this act contained shall be construed as applicable to any mining claim other than oil-shale placer-mining claims.

The general mining laws of 1872 prescribed the manner of initiating and obtaining title to oil-shale lands until the 25th day of February, 1920, upon which day there became effective the "general leasing act of 1920" (41 Stat. 437, U. S. C., title 30, sec. 193) which entirely changed the public-land policy of the United States as to all lands valuable for oil shale and the other minerals mentioned in the act. The last section of the act (sec. 37) expressly provided that deposits of oil shale and the other minerals mentioned should be thereafter subject to disposition only under the new leasing system, with an exception, however, in the following words:

Except as to valid claims existent on February 25, 1920, and thereafter maintained in compliance with the laws under which initiated, which claims may be perfected under such laws, including discovery.

During the first decade of this new leasing policy of the law, numberless disputes and endless litigation have resulted from the interpretation put upon this exception by the officials of the Department of the Interior, resulting in a decision of the United States Supreme Court upon January 6, 1930 (Wilbur *v.* Krushnic, 280 U. S. 306), upholding the contention of oil-shale landowners concerning the doing of annual labor. But in that decision the Supreme Court used a phrase which was immediately interpreted by the officials of the Interior Department as a warning or intimation that it should "challenge" practically all then existing oil-shale placer-mining claims.

Pursuant to this interpretation, departmental employees were called from other fields, many crews of men were put to work, and from April to November, 1930, these crews posted notices on more than 6,400 oil-shale placer-mining claims which stated that the United States has resumed possession of these lands.

In the hearings before your committee it was contended that this procedure was probably without legal effect. Evidence showed that it had stirred up the apprehension of many persons who had heretofore rested secure on what they supposed were legal mining-land rights, understanding that their claims were valid, knowing they were in existence when the leasing law was passed February 25, 1920, and who, for reasons of their own, had made no recorded attempt to obtain patent for the lands.

It appeared that this plan of "posting" claims was initiated within a week of the decision of the Supreme Court of the United States and before time had expired for application for a rehearing.

Oil shales are known in Colorado, Utah, Wyoming, California, Illinois, Indiana, Kentucky, Missouri, Montana, Nevada, New York, Ohio, Pennsylvania, Tennessee, and other States. Since the hearings of last year your committee was advised that maps prepared by the United States Geological Survey estimated 8,257,791 acres of oil-shale lands in the first three States named, all of which have been withdrawn by presidential order signed April 15, 1930.

General acreage statement after presidential withdrawal of oil-shale lands upon April 15, 1930

State	Total acreage of all lands in State	Acreage estimated as oil-shale lands by U. S. Geological Survey	Acreage of naval reserves included in oil-shale lands	Patents heretofore issued to oil-shale lands	Applications for patent pending
	Acres	*Acres*	*Acres*	*Acres*	
Colorado	66,526,720	1,496,027	[1] 64,560	[2] 112,000	[3] 68,000
Utah	54,393,600	2,754,959	[4] 91,472	[5] 69,000	[6] 14,000
Wyoming	62,664,960	4,006,805	[7] 9,481	[8] 3,400	[9] 2,800
Total	183,585,280	8,257,791	165,513	[10] 184,400	[11] 84,800

[1] About 4½ per cent.
[2] About 8 per cent.
[3] About 4½ per cent
[4] About 3 per cent.
[5] About 2½ per cent.
[6] About ½ of 1 per cent.
[7] About 0.2 of per cent.
[8] Less than 0.1 of 1 per cent.
[9] 0.007 of 1 per cent.
[10] About 2.2 per cent.
[11] About 1 per cent.

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

Mr. EATON of Colorado. Yes.

Mr. COLE. Will the gentleman, in the course of his remarks, give us an idea as to the value of these lands, and when they will become valuable for oil purposes?

Mr. EATON of Colorado. I am neither a prophet nor the son of a prophet. As to when the value that some people think is in these lands will begin to be turned into cash in pocket, I can not answer.

Mr. COLE. Have they extracted oil from the shale profitably?

Mr. EATON of Colorado. Oil has been extracted from the shale by mining, crushing, heating, and pressure.

Mr. COLE. How many barrels are there supposed to be on 1 acre?

Mr. EATON of Colorado. Some say 50,000 barrels and some say 800,000 barrels. Whether one man's guess of 50,000 or the other man's guess of 800,000 is correct or not has not been demonstrated.

Mr. COLE. They have actually extracted some oil from the shale?

Mr. EATON of Colorado. Yes.

Mr. COLE. Do those experiments indicate what they can expect?

Mr. EATON of Colorado. I can give the gentleman an idea of about how many gallons per ton of shale, but not about how many barrels per acre. In the experiments that have been made it has been demonstrated that from a ton of the oil-shale rock from 15 to 60 or 70 gallons of crude oil may be produced. That which runs less than 15 gallons per ton is called the lean shale, and in operation it would be the last to be used. In experimentation, experiments have been made with shales that produced from 15 to 60 or 70 gallons per ton.

Mr. COLE. This oil can not be produced in competition with oil from flowing wells, can it?

Mr. EATON of Colorado. Apparently, as a commercial proposition, that statement is correct at the present time, because no large commercial plant has yet succeeded in doing more than its initial work, establishing small works, and finding that small production of oil from oil shale can not compete with big production of oil from flowing wells. In Nevada, Utah, and Colorado there have been small producing plants which have produced a few thousand barrels of oil from shale. The United States Government financed an experimental plant at Rulison, near Rifle, Colo., and for two years work was done there which proved that oil could be produced from shale by two separate and distinct processes.

Mr. COLE. The gentleman would not advise an innocent investor to put his money into shale lands in the hope of getting oil dividends in the future?

Mr. EATON of Colorado. That depends upon whether he had a small or a large amount of capital. If I have understood some of the things said before this committee, if a man had $10,000,000 to $15,000,000 he could then start a plant which would have production measured by thousands of barrels a day, and his product could compete with well oil as long as that price is not less than a dollar a barrel.

Mr. MICHENER. The gentleman does not want to produce any more oil at this time, does he?

Mr. EATON of Colorado. The people that I am speaking for here are not asking about oil as a product of their oil-shale land. They are simply trying to have ascertained their right to a patent to land which was initiated prior to the date that this type of conservation was impressed against oil-shale lands. It is not conservation, but is an absolute embargo by action of departmental officials.

Mr. MICHENER. The gentleman is not interested in his argument here in bringing into existence at this time more oil.

Mr. EATON of Colorado. I have nothing to do with more or less oil. I am talking about oil-shale land and the title to it.

Mr. MICHENER. The gentleman's argument is addressed to the title to certain lands?

Mr. EATON of Colorado. Yes.

Mr. MICHENER. And they happen to be oil-shale lands?

Mr. EATON of Colorado. Yes.

Mr. COLTON. Will the gentleman yield?

Mr. EATON of Colorado. Yes.

Mr. COLTON. Whatever value those lands have is entirely a potential value. Is that not correct?

Mr. EATON of Colorado. Entirely; yes.

Mr. COLTON. May I say, also, in response to the suggestion made by the gentleman from Iowa [Mr. COLE] that the production per acre would depend entirely on the thickness of the shale. It differs very largely in every area, so that there would not be any definite answer to the gentleman's question as to how much they could produce per acre.

Mr. COLE. How deep does the shale run in some cases?

Mr. COLTON. Does the gentleman mean the thickness of the shale?

Mr. COLE. Yes.

Mr. COLTON. In some cases 200 feet; in other cases, possibly 2,000 feet.

Mr. TAYLOR of Colorado. Will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. TAYLOR of Colorado. The larger part of this shale is in my own district. In some places it is 3,000 feet thick. It covers the bluffs for 50 miles along the Colorado River on each side. Those bluffs are very, very high.

Mr. COLTON. The ordinary depth or thickness of the shale would not be that much, however, on an average?

Mr. TAYLOR of Colorado. Oh, no.

Mr. COLTON. And it is impossible to say how much would be the yield per acre?

Mr. TAYLOR of Colorado. Oh, yes. No one can state that, although we had for two years an experiment station established there, and it did some very good work and demonstrated the production of oil out of shale.

Mr. COLTON. A great amount of the oil shale of the West is in the gentleman's district and in my own, and I do not know that I would yield to him as to quantity.

Mr. EATON of Colorado. Neither of the gentlemen agree with the Department of the Interior, for the Department of the Interior has found 1,496,000 acres in Colorado, all of which has been withdrawn by three withdrawal orders, the final one April 15, 1930, so that no further oil-shale land in Colorado is available for any purpose at the present time. On the same date 2,754,000 acres were withdrawn in Utah. At the same date, in Wyoming, which has not had as much of a run on these lands as has Colorado and Utah, 4,006,000 acres were withdrawn. Whatever oil-shale lands are actually in Nevada, from which there has been production at a plant that has produced shale oil and sold it in commercial competition, none is registered upon the list at the present time showing the departmental classifications and withdrawals.

Mr. ARENTZ. Will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. ARENTZ. Since an acre of land would contain about 2,500 tons if it was only 1 foot thick, and this oil shale,

according to the gentleman from Colorado [Mr. TAYLOR], might be as much as 2,000 feet or more thick, it is almost beyond comprehension how much potential oil there is in the shale of these districts of which the gentleman spoke.

Mr. EATON of Colorado. It is almost to laugh when we hear gentlemen talk about draining the oil resources of the United States and then to read in the reports available to-day of the result of experiments in oil shale and other sources of production of hydrocarbons——

The CHAIRMAN. The time of the gentleman from Colorado [Mr. EATON] has expired.

Mr. FRENCH. Mr. Chairman, I yield to the gentleman from Colorado 15 additional minutes.

Mr. EATON of Colorado. And then find there are these outcroppings in the West and in the East, to which only natural processes are necessary to be applied to produce oil, and have the result run out of the end of the pipe at the other end as oil or petroleum, the natural processes required being some heat and some pressure to the shale, and then out comes the oil.

Mr. DUNBAR. Will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. DUNBAR. There is no question but what the shale of which the gentleman speaks and the shale that is to be found throughout some portions of the United States contains a quantity of oil that is almost astounding. The difficulty has always been to extract that oil at a price at which you would be able to compete with oil which flows from the depths of the earth.

In my region in Indiana there are strata of shale two or three or four hundred feet thick. From that shale can be extracted gas such as is sold in all of our municipalities. That shale will produce half as much gas in quantity with a very much higher calorific value than the best coal in the land, and although it could be obtained for practically nothing as compared with the cost of coal that is used for decarbonization, yet it would not be economically practical to extract the gas or gasoline from that shale.

The whole question is what methods can be found to extract this oil and this gas so as to make it available for use. My opinion is that it is not practicable, except as a last resort, and by that time, so far as gaseous or liquid fuels are concerned, electrical energy will be purchasable at a much less price than would justify the extraction of gas or oil from the shale.

Mr. EATON of Colorado. But the pertinent point of the statement of the gentleman from Indiana [Mr. DUNBAR] is that the people of Indiana have title to their lands and that title has been settled. They can do with their land as they see fit. They can either quit paying the taxes and let it revert to the Government or at any rate they have no interference on the part of the Government with the title to their land. That is the point to which I am addressing my remarks. I am not prophesying whether oil shale will ever be a basis of commercial production of oil or not. I will leave that to some of the gentlemen in the industry.

Mr. DUNBAR. I see the gentleman's point.

Mr. ARENTZ. Will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. ARENTZ. In Scotland there have existed for many years oil-shale plants producing oil and oil substances from shale, but the question in this country is, Can we produce it, with the prices now in operation in Scotland, at a price which will permit us to sell in competition with the oil that comes out of the ground?

Mr. DUNBAR. May I make a statement pertinent to the gentleman's statement?

Mr. EATON of Colorado. I yield to the gentleman from Indiana.

Mr. DUNBAR. Labor in Scotland is so much cheaper than labor in the United States that they can afford to extract in that country where under similar circumstances they would not be able to do so in the United States.

Mr. EATON of Colorado. I am told there is commercial production of oil from shale in Australia, where the same comment about the wage scale might not be so applicable.

Mr. COLE. Will the gentleman yield for a thought?

Mr. EATON of Colorado. I yield.

Mr. COLE. I am very much interested in this subject, because when the men who have oil wells and the men who have shale lands are through producing motor-vehicle fuels we in the agricultural sections of Iowa will be prepared to supply all future wants. In my home city we are now making furfural from our oat hulls, which contains fuel power that will run all the motor machinery of the world. So when you get through with your oil lands and shale lands we will come to the rescue.

Mr. MICHENER. Will the gentleman yield?

Mr. EATON of Colorado. Yes.

Mr. MICHENER. As a matter of fact, the gentleman is not advocating the production of anything from shale lands?

Mr. EATON of Colorado. I have been advocating a means of straightening out the legal difficulties attendant upon obtaining title from the United States, covering some one hundred and odd cases that have been pending in the Department of the Interior on an average of five years to the case. It is interminable litigation.

Mr. MICHENER. It is a question of land titles?

Mr. EATON of Colorado. Yes.

Mr. MICHENER. Then all of the injections by the gentleman's colleagues have not anything to do with the case?

Mr. EATON of Colorado. No.

DEPARTMENTAL SUGGESTIONS AND OPINIONS

Under date of November 6, 1930, the Secretary of the Interior addressed a letter to the chairman of the Public Lands Committee of the House suggesting legislation clarifying uncertainties in the law, and specifically mentioned the following:

First. Shall the policy of the leasing act be declared to require the performance of $100 worth of assessment work each year on oil-shale claims under penalty of forfeiture to the United States?

Second. Shall the United States waive claims that default in assessment work forfeits a claim to the United States?

Third. Shall some future date be fixed upon which all claims whose assessment work has not been resumed be deemed abandoned? And provide that after some later date no further applications for patent on oil-shale claims heretofore challenged by the Government be granted? If so, such provisions should provide a test period within which all legitimate claims would come to a conclusion, either by patent or abandonment.

Fourth. What shall be done with questions of discovery?

Fifth. What shall be done concerning character of proof required on issue of bona fides of a locator?

It had also been suggested to your committee that it would be proper to consider the wisdom of changing the requirements of the $100 worth of annual labor upon each oil-shale claim, and in lieu thereof require the owner to pay $100 in lawful money to the United States annually for each claim which he desired to retain.

An opinion was requested of the Secretary of the Interior concerning the effect of a proposal to change the requirement from the doing of annual labor to the payment of the money directly to the Land Office. Under the personal signature of the executive assistant to the Secretary of the Interior, a memorandum on the subject was submitted in which a majority of those who considered the matter at the department concurred. (This memorandum is set forth in full in the report of the hearings during the third session of the Seventy-first Congress.)

HEARINGS

Hearings upon bills introduced in the first and second sessions of this Congress were commenced in the spring of 1930. The printed reports thereof were available before the adjournment of the second session.

Upon reconvening of the third session, more hearings were held; opportunities to present their views were afforded everyone who was interested or expressed any desire to be heard. The Secretary of the Interior, in person, restated his desire that Congress enact remedial legislation.

The following is the list of all the bills which have been introduced during all sessions of the Seventy-first Congress, and disposed of by the action of this committee on H. R. 15002:

H. R. 3754, H. R. 12802, H. R. 13191, H. R. 15002, H. R. 15130, H. R. 15131, and H. R. 15132.

After careful consideration of all information available, your committee prepared a substitute for all pending bills, and submits that it clarifies the controversial points in a spirit which is fair to the Government, and at the same time respects every existing valid right now held by any individual claimant. It defines a policy for the guidance of the Department of the Interior, and creates two new requirements not heretofore found in the mining laws, but which appear to be necessary, proper, and advisable for the final disposition of the questions affecting oil-shale lands only. These changes do not apply to any other class of public lands.

TWO NEW REQUIREMENTS

The first and most important of these new requirements is that every claimant for oil-shale lands must apply for patent on or before July 1, 1934.

Never before in the history of mining law has an owner of a possessory right upon mining lands been required to obtain a patent for his lands. It has always been his recognized legal right to exercise practically all the privileges of fee ownership of mining lands upon ownership, merely, of the possessory mining title. The enactment of the leasing law created an entirely new status for oil-shale lands. No new locations may be made. All old locations are the subject of controversies with departmental officials. The principal controversies have affected hundreds, possibly thousands, of claims. The active litigation to settle the controversies has covered six years or more. The first decision of the United States Supreme Court did not support the basic policy of the departmental officials.

Everyone concedes there ought to be some end to the oil-shale questions after 10 years of trouble, and that the Government ought to know who claims oil-shale lands. To meet this suggestion, there was drafted a second new requirement, which is that all those who have not applied for patent but who do claim oil-shale lands shall have until October 1, 1932, to record their claims in the proper land office, by filing an affidavit showing that they have done annual labor upon their claims during the period to expire at noon on July 1, 1932. Never before has an owner of any type of mining claim been required to notify the United States of his claim before filing application for patent. But it is deemed fair to the claimants of oil-shale lands and to the best interests of the Government that all claimants come forward within a reasonable time and state whether they will assert their claims. All who decide in the affirmative shall then either file an application for patent by July 1, 1932, or file an affidavit that they have performed the annual labor for the period expiring July 1, 1932.

PERMISSIVE CHANGE IN REQUIREMENT FOR ANNUAL LABOR

The proposed changes also include a paragraph which it is believed will stop entirely a certain line of controversy, and, notwithstanding its novelty, will apply only to these oil-shale lands, and will not affect, in any manner whatsoever, any other mineral claims. This clause permits the oil-shale-land claimant to pay the $100 in money into the land office, instead of using it for work to be done upon or for the benefit of the claim, and also permits this amount to apply upon the patent-work requirements. Thus the good faith of every claimant is tested in exactly the same way as heretofore—that is, his annual cost will be $100. Under the existing law this was measured by the worth of labor done or improvements made. He could do the work himself if he desired, or he could hire others to do the work. In any event, the result was the basis of measurement and evaluation by Government inspectors, who frequently used a different yardstick for value than miners who did the work for those who did not do their own work. He may still do the work upon the ground, personally or by employee, but if he desires to entirely obviate the assessment-work controversies in the future he may pay the money into the land office, where it will go as all other money goes under the leasing law (for this statute is an amendment to the leasing law). His patent-work requirements will be given the same credit as if he had done the work on the ground.

CLAIMANTS MUST REACH FIRST DECISION BEFORE JULY 1, 1932, AND FINAL DECISION BEFORE JULY 1, 1934

The question of the necessity of doing annual labor upon oil-shale claims is settled by requiring those who have not applied for patent before July 1, 1932, and who still desire to hold and maintain their claims, to do their annual labor on or before the 1st day of July, 1932, at noon, with the same requirement for the next ensuing year.

Then comes the date for final decision. On or before the 1st day of July, 1934, every claimant must apply for patent; otherwise, his new as well as his old expenditures will be forever lost, and all title to the lands will automatically revert to the United States without further action on the part of the Government.

There is to-day a cloud upon about one-eighth of the present classified oil-shale lands of the United States in three States. There is no existing procedure to remove that cloud. This bill provides a procedure which will work automatically as to all those persons who have already rested upon their rights for 10 years; will give them a little over a year to determine whether they desire to perfect their title, and then 2 years more to complete their patent work and apply for patent. All who fail and refuse to do so will automatically forfeit the rights heretofore initiated after lapse of 12 to 14 years.

It must also be recognized that among those who have not yet applied for patent are a certain number of claimants who have maintained their claims under the laws of the United States and the well-known rules and customs of mining communities, which do not require a claimant to apply for patent at any time unless he desires so to do. That is the present law.

STATUS OF CLAIMS NOW AND HEREAFTER INCLUDED IN APPLICATION FOR PATENT

A number of applications for patent are still pending and undisposed of. It is considered by applicants that annual labor is not required upon such claims. It is possible that for some technical reason not affecting the validity of the claim as a mining claim, patent may be denied at a time and under circumstances which would put such claims under default of annual labor under the terms of this bill. Therefore as to all such claims, and any others upon which patent may be applied for before July 1, 1932, it is provided that annual labor shall not be required upon any claim included in an application for patent. But if any claim is the subject of a rejection of the application for patent or cancellation of mineral entry allowed under application for patent, such claimant will be allowed one full year's time in which to either do annual labor or pay the money in lieu thereof to the land office while he is doing those things necessary to complete the qualifications for patent. This provision expressly permits the exercise of this right only when such rejection or cancellation is not based on invalidity of claim.

The next section of the bill (sec. 37a) gives an opportunity to a purchaser of a possessory title to an oil-shale placer mining claim to establish his own bona fides where a charge has been made that one or more of the original locators did not have a substantial interest in the claim. The same remedy was given in the general leasing act of 1920 to claimants for leases who were not original locators and who had derived their claims from locators or their transferees. If an applicant for patent is in fact an innocent purchaser for a valuable consideration and without knowledge or notice of any fraud or invalidity affecting the location of the claim, this shall be available to him as a complete defense as in other branches of the law concerning title to both real and personal property.

The closing sections of the bill (secs. 37b and 37c) expressly provide that all claims upon which applications for patent shall not have been filed on or before July 1, 1934, shall be deemed abandoned and forfeited to the United States without further action, proceeding, or assertion of title by the United States, and that nothing in this act shall be construed as

applicable to any mining claims other than oil-shale placer mining claims.

The following is a copy of that portion of the annual report of the Secretary of the Interior for the fiscal year ending June 30, 1930, which refers to oil-shale lands:

OIL SHALE

Oil-shale lands, though having no immediate value for oil, have received vigorous protection. During the past year, commencing last spring, every mining engineer in the General Land Office, save three, was called off other work, and under my personal orders assisted in identifying, examining, and physically posting more than 6,400 oil-shale claims with notice of default to the United States for failure of the claimant to perform assessment work. This followed the Supreme Court decision of Wilbur against Krushnic, which, although it reversed the department and sustained the claimants on the issue of assessment work, and so swept aside the bulk of our defensive procedure, left the possibility (though no certainty) that if the remaining claims were posted before resumption of work on the claim, a different result would follow. This posting work will continue during the current year, and the tremendous task of adjudicating these claims will get under way. A second test case in the courts may be expected. No leases have been issued under this administration. But oil-shale claims valid in 1920 can be taken to patent under the mining law, without any discretionary power in this department to decline to issue the patent. Accordingly about 42,000 acres have been patented.

The following is the letter of the Secretary of the Interior of November 6, 1930, hereinbefore referred to:

NOVEMBER 7, 1930.

Hon. WILLIAM R. EATON,
House of Representatives.

MY DEAR MR. EATON: I am inclosing copy of a letter written to the chairman of the Committee on Public Lands on November 6 regarding legislation on oil-shale matters.

Very truly yours,

RAY LYMAN WILBUR

[Inclosure]

THE SECRETARY OF THE INTERIOR,
Washington, November 6, 1930.

Hon. DON B. COLTON,
Chairman Committee on the Public Lands,
House of Representatives.

MY DEAR MR. CHAIRMAN: Your attention is invited to the probable necessity for legislation clarifying uncertainties in the existing law respecting oil-shale lands, arising from the adverse Supreme Court decision of Wilbur *v.* Krushnic (280 U. S. 306).

As part of this general problem it should be made clear whether the policy of the mineral leasing act is, or is not, to require the performance of $100 worth of assessment work each year on oil-shale claims under penalty of forfeiture to the United States. This question under the mining laws prior to the mineral leasing act would necessarily have been answered in the negative. The effect of that act on this point is not clear, in view of the Supreme Court decision mentioned above.

Prior to February 25, 1920, unreserved public lands of the United States containing deposits of oil shale were subject to location, application, and entry under the provisions of the general mining laws and particularly those sections covering placer-mining claims. See instructions of First Assistant Secretary Vogelsang, May 10, 1920 (47 L. D. 548). The mineral leasing act of February 25, 1920, repealed the general mining laws as to certain minerals therein described, including oil shale, and subjected them to future disposition or development under the leasing act. The language providing for this repeal and future development under the new law is found especially in sections 1 and 37 of the act. But section 37 of the act contained an exception:

"As to valid claims existent at date of the passage of this act and thereafter maintained in compliance with the laws under which initiated, which claims may be perfected under such laws, including discovery."

Approximately 8,000,000 acres of land in the States of Colorado, Utah, and Wyoming have been classified or designated by the Geological Survey as shale-bearing lands, and it appears that prior to February 25, 1920, a large number of locations on such lands had been made by various persons under the placer mining laws.

The department took the position that the 1920 act inaugurated a new policy which required $100 worth of work to be done each year on penalty of default of the claim to the United States, although prior to the 1920 act no such default would have resulted and the only penalty would have been the subjection of the claim to location by a third party. In the case of Wilbur *v.* Krushnic the Court of Appeals of the District of Columbia, reversing the department's decision (52 L. D. 295), held that the Government was lacking in authority, after the leasing act as well as before, to compel forfeiture of a claim for nonperformance of assessment work. The United States Supreme Court (280 U. S. 306) affirmed the Court of Appeals and directed a mandamus to issue to compel the Secretary of the Interior to issue a patent. In the latter case, however, the court stated that section 37 of the leasing act protected prior shale placer-mining claims despite failure of claimant to perform work if such claimant resumed work thereon at a subsequent time "unless at least some form of challenge on behalf of the United States to the valid existence of the claim has intervened."

To test the effect of this qualification of the otherwise adverse Supreme Court decision, I directed that challenge immediately issue against all outstanding claims in default, and over 6,400 claims have accordingly been physically posted with notice of repossession by the United States. The legality of this action has been questioned by shale claimants.

The investigation, posting, and adjudication of these cases presents an enormous burden. The department's action has, furthermore, accentuated the complaints of oil-shale claimants that the Government's processes are slow and have as their purpose the defeat of even legitimate claims. A restatement of legislative policy, left uncertain by section 37, is needed.

Three suggestions for legislative relief have been made to the department:

(1) That the United States should waive the claim that default in assessment work forfeits a claim to the United States. (See also suggestions made in bills introduced in the 71st Cong., 2d sess. H. R. 3574, H. R. 11194, H. R. 12802, and H. R. 13111.)

(2) That Congress should set forth in specific language that the 1920 act changed the policy of the mining law, and from that date subjected a claim to forfeiture by the United States for failure to perform assessment work, although that result would not have occurred before the 1920 act.

(3) That some future date should be fixed upon which all claims whose assessment work has not been resumed shall be deemed abandoned, and providing that after some later date no further applications for patent on claims heretofore challenged by the Government will be granted. Such provisions would provide a test period within which all legitimate oil-shale locations would come to a conclusion, either by patent or by abandonment.

These questions are submitted without recommendation, as the problem is one of clarification of existing legislation.

We will be glad to render any assistance desired.

The specific question as to the assessment work discussed above is, of course, only part of the general problem as to the oil-shale lands and it may be that other phases of it not now covered by legislation, such as the questions of discovery and character of proof required on the issue of "bona fides" of a locator, will impress you as requiring legislative definition.

Very truly yours,

RAY LYMAN WILBUR.

The following is the letter of the Secretary of the Interior of February 6, 1931:

THE SECRETARY OF THE INTERIOR,
Washington, February 6, 1931.

Hon. W. R. EATON,
House of Representatives.

MY DEAR MR. EATON: Referring to your informal request, the following is the latest approximate information relative to oil-shale lands:

1. The areas classified by the Geological Survey as oil-shale lands that are shown on maps approved by me May 29, 1930, as being subject to the provisions of Executive Order No. 5327 of April 15, 1930, withdrawing public oil-shale deposits and lands containing same for classification, are: Colorado, 1,496,000 acres; Utah, 2,754,000 acres; Wyoming, 4,006,000 acres; a total of about 8,256,000 acres.

2. The areas patented to date under oil-shale placers are: Colorado, 112,000 acres; Utah, 69,000 acres; Wyoming, 3,400 acres; a total of about 184,000 acres.

3. The areas included in oil-shale claims pending for patent are: Colorado, 68,000 acres; Utah, 14,000 acres; Wyoming, 2,800 acres; a total of about 85,000.

Very truly yours,

RAY LYMAN WILBUR.

Mr. AYRES. Mr. Chairman, I yield five minutes to the gentleman from Colorado [Mr. TAYLOR].

Mr. TAYLOR of Colorado. Mr. Chairman, during the last few days I have been investigating the recent publication of the Congressional Biographical Directory. I have had the curiosity to compare the terms of service in the Congress of Members from the West and Members from other sections of the country. I ask unanimous consent to extend my remarks in the RECORD, and to incorporate in my remarks some data which I have collected on that subject.

The CHAIRMAN (Mr. CLANCY). The gentleman from Colorado asks unanimous consent to extend his remarks in the RECORD, and to incorporate therein some data collected on the subject mentioned. Is there objection?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Chairman, from my early boyhood days in the West I have occasionally noticed semi-facetious and semiderogatory extracts from the eastern and northern press concerning the supposed "kaleidoscopic politics" of the so-called "wild and woolly West."

For the purpose of making a few official and historical comparisons on this subject I have been delving into the

recently compiled Biographical Directory of the American Congress, 1774 to 1927, inclusive, and have prepared a sketch concerning the dates and length of service of the western Senators and Representatives in Congress.

For many years I have hoped to some time compile an official roll call of the West; to assemble in one chronological and alphabetical group our congressional pioneers, the men who have made our Federal legislative history and development and very largely shaped the destiny of the western half of our country.

Many millions of sturdy and intensely patriotic pioneer American men and women have devoted their lives to the constant perils, privations, tragedies, and untold hardships that were necessary in the reclaiming of a wilderness, and the settlement and development of the great West, and their struggles, courage, and determination, and adventurous spirits should and always will be gratefully revered. But the men who have been elected and sent to Washington during the past 80 years to officially represent and fight for the rights and necessities of those frontier Territories and States have always carried the banner and assumed and borne the personal and official responsibilities for our welfare; and the true history of that marvelous empire can never be written without according many of them a most important part.

I am quite certain that this data has never before been compiled in this concise and handy form.

It contains a large amount of important and accurate information that the general public have no access to or other way of obtaining.

I feel that it is and always will be of such historical interest throughout the Western States that it should be preserved in the CONGRESSIONAL RECORD, where the descendants of those history makers and students and everybody interested can readily refer to it.

The 16 States represented in this compilation comprising more than half the area of the United States and their respective dates of admission into the Union are as follows:

State	Date of admission
California	Sept. 9, 1850.
Oregon	Feb. 14, 1859.
Kansas	Jan. 29, 1861.
Nevada	Oct. 31, 1864.
Nebraska	Mar. 1, 1867.
Colorado	Aug. 1, 1876.
North Dakota	Nov. 2, 1889.
South Dakota	Nov. 2, 1889.
Montana	Nov. 8, 1889.
Washington	Nov. 11, 1889.
Idaho	July 3, 1890.
Wyoming	July 11, 1890.
Utah	Jan. 4, 1896.
Oklahoma	Nov. 16, 1907.
New Mexico	Jan. 6, 1912.
Arizona	Feb. 14, 1912.

The record shows that since those 16 States were admitted into the Union, they have sent to Washington 204 United States Senators, of whom 133 were Republicans and 63 were Democrats; 4 were Populists and the other 4 were Independents of various kinds. Those same States have sent to Washington 429 Representatives of whom 264 were Republicans, and 130 were Democrats, 13 were Populists, and 22 were various kinds of Independents. During their Territorial days those States sent to Washington an aggregate of 105 Territorial Delegates to the House of Representatives.

While this data has been compiled at my request and under my personal direction, supervision, and arrangement, nevertheless it is only fair to say that the legislative reference service of the Library of Congress very kindly detailed an exceptionally efficient assistant, who did the tedious detail work of examining all the biographical directories of Congress from the treaty with Mexico of Guadalupe Hidalgo of February 2, 1848, to February 2, 1931, 83 years, and collecting and verifying this material.

Excepting as it may be hereafter changed by death, the following tabulation of the West in Congress is complete to March 3, 1933.

I take supreme pride in saying it is one of the greatest privileges, honors, and pleasures of my life to have served in Congress and been well acquainted with 92, nearly half of all those Senators; and with 213, half of all those Representatives, and to have personally known a great many more that have served in both the Senate and House during the 20 or more years before I came to Congress. No other equal number of men throughout our history have ever averaged higher in native ability, in a loyal sense of public duty, and in patriotic American citizenship, or more typically reflected the frontier spirit of our Republic.

The West was settled, civilized, and made the Mecca of the world for health, scenery, and natural resources that it is to-day by adventurous and courageous men and women from the East, the North, and the South. It is an old saying that "The timid never started West and the weak died on the way." The hazards of the early settlers' surroundings compelled them to share their hard lives and long years of tragic trials, tribulations, and triumphs shoulder to shoulder.

Former Union soldiers from the North, of whom my father was one, and Yankees from New England, and ex-Confederate soldiers and many more from the Southland, have for nearly 70 years blazed the rugged trails over our mountains, grubbed out the oak and sagebrush, built their log cabins, and made their homes side by side. From nearly every State in the Union the utterly fearless prospectors have heroically faced the terrific mountain blizzards, been torn to pieces by wild animals, buried in avalanches, frozen and starved to death, and their bones have bleached in a thousand canyons throughout the Rocky Mountains. Those pioneers and their descendants have long since learned the wisdom, justice, and necessity of not only kindly tolerating, but actually respecting each other's widely divergent antecedents, training, and irreconcilable views.

The result is, I believe, the West is more tolerant than the rest of the country of widely different political, religious, and all other opinions. The people are more independent in their political actions. I doubt if over 10 or 15 per cent of them ever vote a straight ticket. There is, fortunately for our country, comparatively very little of the hidebound partisanship that prevails throughout a large part of the rest of our country.

Whether our people are Republicans or Democrats, those who have been raised in that country are naturally and nearly always progressive in their politics and liberal in their treatment of each other. For many years nearly all of those Western States have been normally Republican. Every one of the few Democrats in Congress to-day from the 16 Western States is in office by the aid and good will of a large number of Republicans. Nevertheless, for average length of service in Congress and stability of tenure in office, the record of the West compares very favorably indeed with all the northern Central States.

HISTORICAL AND STATISTICAL

While the 32 Senators from those States comprise one-third of the United States Senate, the 61 Representatives in the House from those States during the past 20 years are only 14 per cent of the membership of the House; yet they represent over one-half of the area of the United States.

By the recent census Kansas, Nebraska, North Dakota, and South Dakota lose 1 each, while California gains 9, and Washington and Oklahoma gain 1 each. So that in the Seventy-third and the four succeeding Congresses those Western States will have 68 Representatives, or 15½ per cent of the membership, and they will be divided as follows:

California	20
Oklahoma	9
Kansas	7
Washington	6
Nebraska	5
Colorado	4
Oregon	3
North Dakota	2

South Dakota	2
Montana	2
Idaho	2
Utah	2
Arizona	1
New Mexico	1
Nevada	1
Wyoming	1

IN THE SENATE

In the Senate, Wyoming is entitled to the credit and distinction of sending her greatest and most useful citizen, Francis E. Warren, to the Senate until his death, 35 years—not consecutive—but five years longer than any other man has ever yet served from any of those Western States. He had been the chairman of the Senate Appropriations Committee for many years.

Nevada stands second, having sent John P. Jones to the Senate for 30 consecutive years.

Colorado ranks third on the longevity roll of honor for electing her greatest citizen, Henry M. Teller, to the Senate for 29½ years. His service was not consecutive because of his serving three years as Secretary of the Interior in President Arthur's Cabinet. Colorado believes no man has ever been better qualified to represent the West in those two great offices, or filled them more efficiently, than he.

The fourth in rank are Senators Smoot, of Utah, Borah, of Idaho, McCumber, of North Dakota, and Stewart, of Nevada; all of them four terms.

Senator JONES, of Washington, served 10 years in the House and has served 22 years in the Senate, and has 2 years more of his present term.

Vice President Curtis, of Kansas, served 14 years in the House and 20 years in the Senate, and has 2 years more of his present term of Vice President.

Senator NORRIS, of Nebraska, served 10 years in the House and has served 18 years in the Senate, and is reelected for 6 years more.

All of those 10 Senators being Republican, although Senator Teller left his party on the silver issue in 1896 and was elected as a Silver-Republican one term, and his last term he was elected and served as a Democrat and voluntarily retired from the Senate at the age of nearly 80 years.

Of the Western 32 Senators, ordinarily about two-thirds of them are Republicans and one-third Democrats. In the Seventy-second Congress the Democrats will have 14 to the Republicans 18. In proportion to the total representation from the West in each body, the Democrats always have a larger number in the Senate than they do in the House.

On the Democratic side of the Senate chamber, owing largely to their lesser numbers, the terms of the Senators from the West have naturally been shorter.

Former Senator Newlands, of Nevada, holds the record. He served 10 years in the House and nearly 15 years (until his death) in the Senate.

Senator ASHURST, of Arizona, has served 19 years in the Senate, and has 4 years more of his present term.

Senator PITTMAN, of Nevada, has served in the Senate 18 years and has 4 years more of his present term.

Senator WALSH of Montana has served 18 years in the Senate, and is reelected for 6 years more.

Senator HAYDEN, of Arizona, served in the House 15 years and has served 4 years in the Senate, and has 2 years more of his present term.

Former Senator Owen, of Oklahoma, served over 16 years in the Senate and retired in 1925.

Senator KENDRICK, of Wyoming, which is normally about three to one Republican, was governor of his State 4 years and has served 14 years in the Senate, and has 4 years more of his present term.

Senator KING, of Utah, served 3 years in the House and has served 14 years in the Senate, and has 4 years more of his present term.

I predict that every one of those six Western Democrats now in the Senate, who retains his health, will have a long and most distinguished career in that body, because they preeminently deserve to. No group of six Senators from the North, East, South, or West, has ever been more efficient, or better qualified, or more determined to creditably represent their States and their country than they are.

Service of Senators from the 16 Western States

[Asterisks denote terms of service not yet completed, each star representing 2 years. R—Republican; D—Democrat]

Name	State	Congress (inclusive)	Date of service
6 terms, not consecutive:			
Warren, Francis E. R.	Wyoming	51st, 2d–52d	Nov. 18, 1890–Mar. 4, 1893.
		54th–71st, 1st	Mar. 4, 1895–Nov. 24, 1929.
5 terms, consecutive:			
Jones, John P. R.	Nevada	43d–57th	Mar. 4, 1873–Mar. 3, 1903.
5 terms, not consecutive:			
Teller, Henry M. R.; Silver R.; D.	Colorado	44th, 2d–47th, 1st	Nov. 15, 1876–Apr. 17, 1882.
		49th–60th	Mar. 4, 1885–Mar. 3, 1909.
4 terms, consecutive:			
Borah, William E. R.	Idaho	60th–71st	Mar. 4, 1907–Mar. 3, 1937.***
McCumber, Porter J. R.	North Dakota	56th–67th	Mar. 4, 1899–Mar. 3, 1923.
Smoot, Reed R.	Utah	58th–71st	Mar. 4, 1903–Mar. 3, 1933.*
4 terms, not consecutive:			
Stewart, William M. R.	Nevada	38th, 2d–43d; 50th–58th	Dec. 15, 1854–Mar. 3, 1875.
			Mar. 4, 1887–Mar. 3, 1905.
3 terms, consecutive:			
Ashurst, Henry F. D.	Arizona	62d, 2d–71st	Mar. 27, 1912–Mar. 3, 1935.**
Clark, Clarence D. R.	Wyoming	53d, 3d–64th	Jan. 23, 1895–Mar. 3, 1917.
Hansbrough, Henry C. R.	North Dakota	52d–60th	Mar. 4, 1891–Mar. 3, 1909.
Ingalls, John J. R.	Kansas	43d–51st	Mar. 4, 1873–Mar. 3, 1891.
Jones, Wesley L. R.	Washington	61st–71st	Mar. 4, 1909–Mar. 3, 1933.*
Norris, George W. R.	Nebraska	63d–71st	Mar. 4, 1913–Mar. 3, 1937.***
Owen, Robert L. D.	Oklahoma	60th–68th	Dec. 11, 1907–Mar. 3, 1925.
Perkins, George C. R.	California	53d–63d	July 26, 1893–Mar. 3, 1915.
Pittman, Key D.	Nevada	62d, 3d–71st	Jan. 29, 1913–Mar. 3, 1935.**
Walsh, Thomas J. D.	Montana	63d–71st	Mar. 4, 1913–Mar. 3, 1937.***
3 terms, not consecutive:			
Curtis, Charles R.	Kansas	59th–62d	Jan. 29, 1907–Mar. 3, 1913.
		64th–70th	Mar. 4, 1915–Mar. 3, 1929.
2 terms, consecutive:			
Capper, Arthur R.	do	66th–71st	Mar. 4, 1919–Mar. 3, 1937.***
Chamberlain, George E. D.	Oregon	61st–66th	Mar. 4, 1909–Mar. 3, 1921.
Dolph, Joseph N. R.	do	48th–53d	Mar. 4, 1883–Mar. 3, 1885.
Gamble, Robert J. R.	South Dakota	57th–62d	Mar. 4, 1901–Mar. 3, 1913.
Gore, Thomas P. D.	Oklahoma	60th–66th	Dec. 11, 1907–Mar. 3, 1921; Mar. 3, 1931–Mar. 4, 1937.***
Hitchcock, Gilbert M. D.	Nebraska	62d–67th	Mar. 4, 1911–Mar. 3, 1923.
Johnson, Hiram W. R.	California	65th–71st	Mar. 4, 1917–Mar. 3, 1935.**
Kendrick, John B. D.	Wyoming	65th–71st	Do.**
King, William H. D.	Utah	65th–71st	Do.**
McNary, Charles L. R.	Oregon	65th–71st	May 29, 1917–Nov. 5, 1918.
			Dec. 18, 1918–Mar. 3, 1937.***
Manderson, Charles F. R.	Nebraska	48th–53d	Mar. 4, 1883–Mar. 3, 1895.
Myers, Henry L. D.	Montana	62d–67th	Mar. 4, 1911–Mar. 3, 1923.
Newlands, Francis G. D.	Nevada	58th–64th	Mar. 4, 1903–Dec. 24, 1917.
Pettigrew, Richard F. R.	South Dakota	51st–56th	Oct. 16, 1889–Mar. 3, 1901.
Phipps, Lawrence C. R.	Colorado	66th–71st	Mar. 4, 1919–Mar. 3, 1931.

Service of Senators from the 16 Western States—Continued

Name	State	Congress (inclusive)	Date of service
2 terms consecutive—Continued.			
Plumb, Preston B R	Kansas	45th-52d, 1st	Mar. 4, 1877-Dec. 20, 1891.
Poindexter, Miles R	Washington	62d-67th	Mar. 4, 1911-Mar. 3, 1923.
Pomeroy, Samuel C R	Kansas	37th-42d	Apr. 4, 1861-Mar. 3, 1873.
Sterling, Thomas R	South Dakota	63d-68th	Mar. 4, 1913-Mar. 3, 1925.
Sutherland, George R	Utah	59th-64th	Mar. 4, 1905-Mar. 3, 1917.
Wolcott, Edward O R	Colorado	51st-56th	Mar. 4, 1889-Mar. 3, 1901.
2 terms, not consecutive:			
Dubois, Fred T R	Idaho	52d-54th	Mar. 4, 1891-Mar. 3, 1897.
		57th-59th	Mar. 4, 1901-Mar. 3, 1907.
Gwin, William M D	California	31st, 1st-33d, 2d	Sept. 9, 1850-Mar. 3, 1855.
		34th, 3d-36th, 2d	Jan. 13, 1857-Mar. 3, 1861.
Mitchell, John H R	Oregon	43d-45th	Mar. 4, 1873-Mar. 3, 1879.
		49th	Mar. 4, 1885-Mar. 3, 1887.
		57th-59th, 1st	Mar. 4, 1901-Dec. 8, 1905.
Paddock, Algernon S R	Nebraska	44th-46th	Mar. 4, 1875-Mar. 3, 1881.
		50th-52d	Mar. 4, 1887-Mar. 3, 1893.
1 term, consecutive:			
Ankeny, Levi R	Washington	58th-60th	Mar. 4, 1903-Mar. 3, 1909.
Baker, Lucien R	Kansas	54th-56th	Mar. 4, 1895-Mar. 3, 1901.
Bard, Thomas R R	California	56th-58th	Feb. 7, 1900-Mar. 3, 1905.
Booth, Newton Antimonopolist	do	44th-46th	Mar. 4, 1875-Mar. 3, 1881.
Bourne, Jonathan, jr R	Oregon	60th-62d	Mar. 4, 1907-Mar. 3, 1913.
Bowen, Thomas M R	Colorado	48th-50th	Mar. 4, 1883-Mar. 3, 1889.
Brady, James H R	Idaho	62d, 3d-65th, 2d	Feb. 6, 1913-Jan. 13, 1918.
Bratton, Sam G D	New Mexico	69th-71st	Mar. 4, 1925-Mar. 3, 1937.***
Bristow, Joseph L R	Kansas	61st-63d	Mar. 4, 1909-Mar. 3, 1915.
Brown, Norris R	Nebraska	60th-62d	Mar. 4, 1907-Mar. 3, 1913.
Burkett, Elmer J R	do	59th-61st	Mar. 4, 1905-Mar. 3, 1911.
Cameron, Ralph H R	Arizona	67th-69th	Mar. 4, 1921-Mar. 3, 1927.
Carter, Thomas H R	Montana	54th-56th	Mar. 4, 1895-Mar. 3, 1901.
Clark, William A D	do	56th, 1st	Dec. 4, 1899-May 15, 1900.
		57th-59th	Mar. 4, 1901-Mar. 3, 1907.
Cole, Cornelius R	California	40th-42d	Mar. 4, 1867-Mar. 3, 1873.
Conness, John R	do	38th-40th	Mar. 4, 1863-Mar. 3, 1869.
Corbett, Henry W R	Orgeon	40th-42d	Mar. 4, 1867-Mar. 3, 1873.
Crawford, Coe I R	South Dakota	61st-63d	Mar. 4, 1909-Mar. 3, 1915.
Dill, Clarence C D	Washington	68th-71st	Mar. 4, 1923-Mar. 3, 1935.**
Dixon, Joseph M R	Montana	60th-62d	Mar. 4, 1907-Mar. 3, 1913.
Fair, James G D	Nevada	47th-49th	Mar. 4, 1881-Mar. 3, 1887.
Fall, Albert B R	New Mexico	62d, 2d-66th	Mar. 27, 1912-Mar. 4, 1921.
Farley, James T D	California	46th-48th	Mar. 4, 1879-Mar. 3, 1885.
Flint, Frank P R	do	59th-61st	Mar. 4, 1905-Mar. 3, 1911.
Foster, Addison G R	Washington	56th-58th	Mar. 4, 1899-Mar. 3, 1905.
Frazier, Lynn J R	North Dakota	68th-71st	Mar. 4, 1923-Mar. 3, 1935.**
Fulton, Charles W R	Oregon	58th-60th	Mar. 4, 1903-Mar. 3, 1909.
Gooding, Frank R R	Idaho	66th, 3d-70th 1st	Jan. 8, 1921-June 24, 1928.
Gronna, Asle J R	North Dakota	62d-66th	Feb. 2, 1911-Mar. 3, 1921.
Grover, La Fayette D	Oregon	45th-47th	Mar. 4, 1877-Mar. 3, 1883.
Guggenheim, Simon R	Colorado	60th-62d	Mar. 4, 1907-Mar. 3, 1913.
Harreld, John W R	Oklahoma	67th-69th	Mar. 4, 1921-Mar. 3, 1927.
Harris, William A Populist	Kansas	55th-57th	Mar. 4, 1897-Mar. 3, 1903.
Heitfeld, Henry Populist	Idaho	55th-57th	Do.
Heyburn, Weldon B R	do	58th-62d	Mar. 4, 1903-Oct. 17, 1912.
Hill, Nathaniel P R	Colorado	46th-48th	Mar. 4, 1879-Mar. 3, 1885.
Hitchcock, Phineas W R	Nebraska	42d-44th	Mar. 4, 1871-Mar. 3, 1877.
Howell, Robert B R	do	68th-71st	Mar. 4, 1923-Mar. 3, 1935.**
Johnson, Edwin S D	South Dakota	64th-66th	Mar. 4, 1915-Mar. 3, 1921.
Jones, Andrieus A D	New Mexico	65th-69th	Mar. 4, 1917-Dec. 20, 1927.
Kelly, James K D	Oregon	42d-44th	Mar. 4, 1871-Mar. 3, 1877.
Kittredge, Alfred B R	South Dakota	57th-60th	July 11, 1901-Mar. 3, 1909.
Kyle, James H Independent	do	52d-56th	Mar. 4, 1891-July 1, 1901.
Lane, James H R	Kansas	37th-39th, 1st	Apr. 4, 1861-July 11, 1866.
Long, Chester I R	do	58th-60th	Mar. 4, 1903-Mar. 3, 1909.
McBride, George W R	Oregon	54th-56th	Mar. 4, 1895-Mar. 3, 1901.
McDougall, James A D	California	37th, 1st-39th, 2d	Mar. 4, 1861-Mar. 3, 1867.
McMaster, William H R	South Dakota	69th-71st	Mar. 4, 1925-Mar. 3, 1931.
Millard, Joseph H R	Nebraska	57th-59th	Mar. 4, 1901-Mar. 3, 1907.
Miller, John F R	California	47th-49th	Mar. 4, 1881-Mar. 8, 1886.
Nesmith, James W D	Oregon	37th-39th	Mar. 4, 1861-Mar. 3, 1867.
Nixon, George S R	Nevada	59th-62d, 2d	Mar. 4, 1905-June 5, 1912.
Norbeck, Peter R	South Dakota	67th-71st	Mar. 4, 1921-Mar. 3, 1933.*
Nye, Gerald P R	North Dakota	69th-71st	Nov. 14, 1925-Mar. 3, 1933.*
Nye, James W R	Nevada	38th, 2d-42d	Dec. 16, 1864-Mar. 3, 1873.
Oddie, Tasker L R	do	67th-71st	Mar. 4, 1921-Mar. 3, 1933.*
Patterson, Thomas M D	Colorado	57th-59th	Mar. 4, 1901-Mar. 3, 1907.
Peffer, William A Populist	Kansas	52d-54th	Mar. 4, 1891-Mar. 3, 1897.
Phelan, James D D	California	64th-66th	Mar. 4, 1915-Mar. 3, 1921.
Piles, Samuel H R	Washington	59th-61st	Mar. 4, 1905-Mar. 3, 1911.
Pine, William B R	Oklahoma	69th-71st	Mar. 4, 1925-Mar. 3, 1931.
Power, Thomas C R	Montana	51st-53d	Jan. 2, 1890-Mar. 3, 1895.
Rawlins, Joseph L D	Utah	55th-57th	Mar. 4, 1897-Mar. 3, 1903.
Roach, William N D	North Dakota	53d-55th	Mar. 4, 1893-Mar. 3, 1899.
Ross, Edmund G D	Kansas	39th-41st	July 19, 1866-Mar. 3, 1871.
Sargent, Aaron A R	California	43-45th	Mar. 4, 1873-Mar. 3, 1879.
Saunders, Alvin R	Nebraska	45th-47th	Mar. 4, 1877-Mar. 3, 1883.
Shafroth, John F R and D	Colorado	63d-65th	Mar. 4, 1913-Mar. 3, 1919.
Sharon, William R	Nevada	44th-46th	Mar. 4, 1875-Mar. 3, 1881.
Shortridge, Samuel M R	California	67th-71st	Mar. 4, 1921-Mar. 3, 1933.*
Shoup, George L R	Idaho	51st, 2d-56th	Dec. 18, 1890-Mar. 3, 1901.
Simon, Joseph R	Oregon	55th-57th	Mar. 4, 1897-Mar. 3, 1903.
Slater, James H D	Oregon	46th-48th	Mar. 4, 1879-Mar 3, 1885.
Smith, Marcus A D	Arizona	62d, 2d-66th	Mar. 27, 1912-Mar 3, 1921.
Squire, Watson C R	Washington	51st-54th	Nov. 20, 1889-Mar 3, 1897.
Stanfield, Robert N R	Oregon	67th-69th	Mar. 4, 1921-Mar 3, 1927.
Stanford, Leland R	California	49th-52d	Mar. 4, 1885-June 21, 1893.
Thomas, Charles S D	Colorado	62d 3d-66th	Jan. 15, 1913-Mar 3, 1921.
Thompson, William H. D	Kansas	63d-65th	Mar. 4, 1913-Mar 3, 1919.
Thurston, John M R	Nebraska	54th-56th	Mar. 4, 1895-Mar 3, 1901.
Tipton, Thomas W D	do	40th-43d	Mar. 1, 1867-Mar 3, 1875.
Turner, George Fusionist	Washington	55th-57th	Mar. 4, 1897-Mar 3, 1903.
Van Wyck, Charles H R	Nebraska	47th-49th	Mar. 4, 1881-Mar 3, 1887.
Weller, John B D	California	32d-34th	Jan. 30, 1852-Mar. 3, 1857.
Wheeler, Burton K D	Montana	68th-71st	Mar. 4, 1923-Mar. 3, 1935.**
White, Stephen M D	California	53d-55th	Mar. 4, 1893-Mar. 3, 1899.
Williams, George H R	Oregon	39th-41st	Mar. 4, 1865-Mar. 3, 1871.
Works, John D R	California	62d-64th	Mar. 4, 1911-Mar. 3, 1917.
Less than a full term:			
Adams, Alva B D	Colorado	67th, 4th-68th, 1st	May 17, 1923-Nov. 30, 1924.

Service of Senators from the 16 Western States—Continued

Name	State	Congress (inclusive)	Date of service
1 term, consecutive—Continued.			
Allen, Henry J ... R	Kansas	71st	Apr. 1, 1929–Nov. 4, 1930.
Allen, John B ... R	Washington	51st–52d	Nov. 20, 1889–Mar. 3, 1893.
Allen, William V ... Populist	Nebraska	56th	Dec. 13, 1899–Mar. 28, 1901.
Baker, Edward D ... R	Oregon	36th, 1st	Mar. 4, 1859–Oct. 2, 1860.
Benson, Alfred W ... R	Kansas	59th	June 11, 1906–Jan. 23, 1907.
Broderick, David C ... D	California	35th	Mar. 4, 1857–Sept. 16, 1859.
Brown, Arthur ... R	Utah	54th	Jan. 22, 1896–Mar. 3, 1897.
Bursum, Holm O ... R	New Mexico	67th–68th	Mar. 11, 1921–Mar. 3, 1925.
Burton, Joseph R ... R	Kansas	57th–59th, 1st	Mar. 4, 1901–June 4, 1906.
Caldwell, Alexander ... R	do	42d	Mar. 4, 1871–Mar. 24, 1873.
Cannon, Frank J ... R	Utah	54th–55th	Jan. 22, 1896–Mar. 3, 1899.
Carey, Joseph M ... R	Wyoming	51st, 2d–53d	Nov. 15, 1890–Mar. 3, 1895.
Carey, Robert D ... R	do	71st, 3d	Nov. 4, 1930–Mar. 3, 1937.***
Casey, Lyman R ... R	North Dakota	51st–52d	Nov. 25, 1889–Mar. 3, 1893.
Casserly, Eugene ... D	California	41st–42d	Mar. 4, 1869–Nov. 29, 1873.
Catron, Thomas B ... R	New Mexico	62d, 2d–64th	Mar. 27, 1912–Mar. 3, 1917.
Chaffee, Jerome B ... R	Colorado	44th, 2d–45th	Nov. 15, 1876–Mar. 3, 1879.
Chilcott, George M ... R	do	47th	Apr. 17, 1882–Jan. 27, 1883.
Crozier, Robert ... R	Kansas	43d, 1st	Nov. 24, 1873–Feb. 12, 1874.
Cutting, Bronson ... R	New Mexico	70th–71st	Jan. 4, 1928–Dec. 7, 1928.
			Mar. 4, 1929–Mar. 3, 1935.**
Dietrick, Charles H ... R	Nebraska	57th–58th	Mar. 28, 1901–Mar. 3, 1905.
Felton, Charles N ... R	California	52d	Mar. 19, 1891–Mar. 3, 1893.
Fremont, John C ... D	do	31st, 1st and 2d	Sept. 9, 1850–Mar. 3, 1851.
Gearin, John M ... D	Oregon	59th	Dec. 13, 1905–Jan. 23, 1907.
Gibson, Paris ... D	Montana	57th–58th	Mar. 7, 1901–Mar. 3, 1905.
Hager, John S ... D	California	43d	Dec. 23, 1873–Mar. 3, 1875.
Harding, Benjamin F ... R	Oregon	37th, 3d–38th	Sept. 12, 1862–Mar. 3, 1865.
Harvey, James M ... R	Kansas	43d–44th	Feb. 2, 1874–Mar. 3, 1877.
Haun, Henry P ... D	California	36th, 1st	Nov. 3, 1859–Mar. 4, 1860.
Hayden, Carl ... D	Arizona	70th–71st	Mar. 4, 1927–Mar. 3, 1933.*
Hayward, Monroe L ... R	Nebraska	56th	Mar. 4, 1899–Dec. 5, 1899.
Hearst, George ... D	California	49th, 1st	Mar. 23, 1886–Aug. 4, 1886.
		50th–51st	Mar. 4, 1887–Feb. 28, 1891.
Henderson, Charles B ... D	Nevada	65th, 2d–66th	Jan. 12, 1918–Mar. 3, 1921.
Hughes, Charles J. jr ... D	Colorado	61st	Mar. 4, 1909–Jan. 11, 1911.
Johnson, Martin N ... R	North Dakota	61st, 1st	Mar. 4, 1909–Oct. 21, 1909.
Kearns, Thomas ... R	Utah	56th, 2d–58th	Jan. 23, 1901–Mar. 3, 1905.
Ladd, Edwin F ... R	North Dakota	67th–68th	Mar. 4, 1921–June 22, 1925.
Lane, Harry ... D	Oregon	63d–65th, 1st	Mar. 4, 1913–May 23, 1917.
Lane, Joseph ... D	do	35th, 2d–36th	Feb. 14, 1859–Mar. 3, 1861.
Larrazolo, Octaviano A ... R	New Mexico	70th, 2d	Dec. 7, 1928–Mar. 3, 1929.
Latham, Milton S ... D	California	36th, 1st–37th, 3d	Mar. 5, 1860–Mar. 3, 1863.
McConnell, William J ... R	Idaho	51st, 2d	Dec. 18, 1890–Mar. 3, 1891.
McGill, George ... D	Kansas	71st, 3d	Nov. 4, 1930–Mar. 3, 1937.***
Mantle, Lee ... R	Montana	53d, 3d–55th	Jan. 16, 1895–Mar. 3, 1899.
Martin, John ... D	Kansas	53d	Mar. 4, 1893–Mar. 3, 1895.
Massey, William A ... R	Nevada	62d, 2d and 3d	July 1, 1912–Jan. 29, 1913.
Means, Rice W ... R	Colorado	68th, 2d–69th	Dec. 1, 1924–Mar. 3, 1927.
Moody, Gideon C ... R	South Dakota	51st	Nov. 2, 1889–Mar. 3, 1891.
Mulkey, Frederick W ... R	Oregon	59th, 2d	Jan. 23, 1907–Mar. 3, 1907.
		65th, 2d and 3d	Nov. 6, 1918–Dec. 17, 1918.
Nicholson, Samuel D ... R	Colorado	67th	Mar. 4, 1921–Mar. 24, 1923.
Nugent, John F ... D	Idaho	65th, 2d–66th	Jan. 22, 1918–Jan. 14, 1921.
Perkins, Bishop W ... R	Kansas	52d	Jan. 1, 1892–Mar. 3, 1893.
Perky, Kirtland I ... D	Idaho	62d, 2d and 3d	Nov. 18, 1912–Feb. 5, 1913.
Pierce, Gilbert A ... R	North Dakota	51st	Nov. 21, 1889–Mar. 3, 1891.
Purcell, William E ... D	North Dakota	61st, 2d and 3d	Feb. 1, 1910–Feb. 1, 1911.
Sanders, Wilbur F ... R	Montana	51st–52d	Jan. 1, 1890–Mar. 3, 1893.
Smith, Delazon ... D	Oregon	35th, 2d	Feb. 14, 1859–Mar. 3, 1859.
Stark, Benjamin ... D	do	37th, 2d	Oct. 29, 1861–Sept. 12, 1862.
Steiwer, Frederick ... R	do	70th–71st	Mar. 4, 1927–Mar. 3, 1933.*
Sullivan, Patrick J ... R	Wyoming	71st, 2d and 3d	Dec. 9, 1929–Nov. 4, 1930.
Tabor, Horace A. W ... R	Colorado	47th 2d	Jan. 27, 1883–Mar. 3, 1883.
Thayer, John M ... R	Nebraska	40th–41st	Mar. 1, 1867–Mar. 3, 1871.
Thomas, Elmer ... D	Oklahoma	70th–71st	Mar. 4, 1927–Mar. 3, 1933.*
Thomas, John ... R	Idaho	70th–71st	June 30, 1928–Mar. 3, 1933.*
Thompson, Fountain L ... D	North Dakota	61st, 2d	Nov. 10, 1909–Jan. 31, 1910.
Waterman, Charles W ... R	Colorado	70th–71st	Mar. 4, 1927–Mar. 3, 1933.*
Williams, Abram P ... R	California	49th	Aug. 4, 1886–Mar. 3, 1887.
Wilson, John L ... R	Washington	53d, 3d–55th	Feb. 19, 1895–Mar. 3, 1899.

NOTES.—Republicans, 133; Democrats, 63; Populists, 4; Antimonopolists, 1; Independent Silver Republican, 1; Independent, 1; Fusionist, 1.
Senators elect of the Seventy-second Congress from those States, W. J. Bulow, Democrat, South Dakota.*** Edward P. Costigan, Democrat, Colorado.***

IN THE HOUSE

Of the 61 western Representatives in the present House, 48 are Republicans and 13 are Democrats. In the Seventy-second Congress there will be in the House 42 Republicans and 19 Democrats from the West, 7 of whom come from Oklahoma and 4 from Nebraska, while the others are 1 each from 8 different States.

On the Republican side Wyoming also leads all those Western States in having elected another of her most efficient citizens—Frank W. Mondell—to the House 26 years, 13 terms, not consecutive, but he served two years longer than anyone else has ever thus far served in this body from any one of those States. He voluntarily retired from the House when he was the majority leader and ran for the Senate and was defeated.

Wyoming leads in the roll of honor in loyalty to her own citizens not only in both the Senate and House but also in several other ways of which she may always be justly proud. The Territory of Wyoming was the first Territory in the United States to grant equal suffrage to her women, and the State of Wyoming was the first State in the Union to grant equal suffrage to her women.

Wyoming has another proud distinction: Joseph M. Carey was a Delegate in Congress from the Territory of Wyoming three terms, was Governor of the State one term, and was United States Senator from the State one term. His son, ROBERT D. CAREY, born in the State, was governor four years and was elected for both a short and long term and is now serving in the Senate. No other State in the Union has ever duplicated that record.

Second on the longevity roll of honor in the House from the West is our colleague WILLIS C. HAWLEY, of Oregon, who has served 24 consecutive years, and is elected for 2 years more.

Third in service is our colleague BURTON L. FRENCH, of Idaho, and our late colleague Julius Kahn, of California, both of whom have served 12 terms, not consecutive, and Mr. FRENCH is elected for two years more.

Daniel R. Anthony, jr., of Kansas, served nearly 22 years, when he voluntarily retired on account of ill health. At

the time of his retirement he was chairman of the Appropriations Committee. He was admirably adapted in every way for that most important position in Congress, and the taxpayers of our country lost a great friend by his enforced retirement.

Philip P. Campbell, of Kansas, served 20 years consecutively. Those six Congressmen were all Republicans, and the only Republicans from the West who have ever thus far served in the House 20 years.

On the Democratic side of the House, owing to nearly all those States being largely Republican, the terms of service of the few Democratic Members have, with one exception, been much shorter, and often intermittent, as will appear by the following:

LONGEVITY TABULATION

Service of Representatives from the 16 Western States

Name	State	Congress (inclusive)	Date of service
13 terms, not consecutive:			
Mondell, Frank W ... R	Wyoming	54th	Mar. 4, 1895–Mar. 3, 1897.
		56th–67th	Mar. 4, 1899–Mar. 3, 1923.
12 terms, consecutive:			
Hawley, Willis C ... R	Oregon	60th–71st	Mar. 4, 1907–Mar. 3, 1933.*
12 terms, not consecutive:			
French, Burton L ... R	Idaho	58th–60th	Mar. 4, 1903–Mar. 3, 1909.
		62d–63d	Mar. 4, 1911–Mar. 3, 1915.
		65th–71st	Mar. 4, 1917–Mar. 3, 1933.*
Kahn, Julius ... R	California	56th–57th	Mar. 4, 1899–Mar. 3, 1903.
		59th–68th, 2d	Mar. 4, 1905–Dec. 18, 1924.
11 terms, consecutive:			
Anthony, Daniel R., jr ... R	Kansas	60th–70th	May 23, 1907–Mar. 3, 1929.
Taylor, Edward T ... D	Colorado	61st–71st	Mar. 4, 1909–Mar. 3, 1933.*
10 terms, consecutive:			
Campbell, Philip P ... R	Kansas	58th–67th	Mar. 4, 1903–Mar. 3, 1923.
Kincaid, Moses P ... R	Nebraska	58th, 67th, 2d	Mar. 4, 1903–July 6, 1922.
9 terms, consecutive:			
Carter, Charles D ... D	Oklahoma	61st 2d–69th	Nov. 16, 1909–Mar. 3, 1927.
Curry, Charles F ... R	California	63d–71st, 2d	Mar. 4, 1913–Oct. 10, 1930.
Johnson, Albert ... R	Washington	63d–71st	Mar. 4, 1913–Mar. 3, 1933.*
Smith, Addison T ... R	Idaho	63d–71st	Do.*
8 terms, consecutive:			
Hadley, Lindley H ... R	Washington	64th–71st	Mar. 4, 1915–Mar. 3, 1933.*
Hayden, Carl ... D	Arizona	62d 2d–69th	Feb. 19, 1912–Mar. 3, 1927
Johnson, Royal C ... R	South Dakota	64th–71st	Mar. 4, 1915–Mar. 3, 1933.*
McClintic, James V ... D	Oklahoma	64th–71st	Do.*
Raker, John E ... D	California	62d–69th, 1st	Mar. 4, 1911–Jan. 22, 1926.
Timberlake, Charles B ... R	Colorado	64th–71st	Mar. 4, 1915–Mar. 3, 1933.*
8 terms, not consecutive:			
Evans, John M ... D	Montana	63d–66th	Mar. 4, 1913–Mar. 3, 1921.
		68th–71st	Mar. 4, 1923–Mar. 3, 1933.*
Hermann, Binger ... R	Oregon	49th–54th	Mar. 4, 1885–Mar. 3, 1897.
		58th–59th	June 1, 1903–Mar. 3, 1907.
7 terms, consecutive:			
Curtis, Charles ... R	Kansas	53d–59th	Mar. 4, 1893–Jan. 28, 1907.
Ferris, Scott ... D	Oklahoma	60th–66th	Nov. 16, 1907–Mar. 3, 1921.
Hayes, Everis A ... R	California	59th–65th	Mar. 4, 1905–Mar. 3, 1919.
Howell, Joseph ... R	Utah	58th–64th	Mar. 4, 1903–Mar. 3, 1917.
Humphrey, William E ... R	Washington	58th–64th	Do.
Lea, Clarence F ... D	California	65th–71st	Mar. 4, 1917–Mar. 3, 1933.*
Miller, John F ... R	Washington	65th–71st	Mar. 4, 1917–Mar. 3, 1931.
Needham, James C ... R	California	56th–62d	Mar. 4, 1899–Mar. 3, 1913.
Sinnott, Nicholas J ... R	Oregon	63d–70th, 1st	Mar. 4, 1913–May 31, 1928.
7 terms, not consecutive:			
Ayres, William A ... D	Kansas	64th–66th; 68th–71st	Mar. 4, 1915–Mar. 3, 1921.
			Mar. 4, 1923–Mar. 3, 1933.*
Burke, Charles H ... R	South Dakota	56th–59th; 61st–63d	Mar. 4, 1899–Mar. 3, 1907.
			Mar. 4, 1909–Mar. 3, 1915.
Calderhead, William A ... R	Kansas	54th; 56th–61st	Mar. 4, 1895–Mar. 3, 1897.
			Mar. 4, 1899–Mar. 3, 1911.
Hastings, William W ... D	Oklahoma	64th–66th	Mar. 4, 1915–Mar. 3, 1921.
		68th–71st	Mar. 4, 1923–Mar. 3, 1933.*
6 terms, consecutive:			
Anderson, John A ... R	Kansas	46th–51st	Mar. 4, 1879–Mar. 3, 1891.
Barbour, Henry E ... R	California	66th–71st	Mar. 4, 1919–Mar. 3, 1933.*
Christopherson, Charles A ... R	South Dakota	66th–71st	Do.*
Funston, Edward H ... R	Kansas	48th–53d, 2d	Mar. 21, 1884–Aug. 2, 1894.
Hardy, Guy U ... R	Colorado	66th–71st	Mar. 4, 1919–Mar. 3, 1933.*
Hock, Homer ... R	Kansas	66th–71st	Do.*
Knowland, Joseph R ... R	California	58th, 3d–63d	Nov. 8, 1904–Mar. 3, 1915.
Loud, Eugene F ... R	do	52d–57th	Mar. 4, 1891–Mar. 3, 1903.
Miller, James M ... R	Kansas	56th–61st	Mar. 4, 1899–Mar. 3, 1911.
Morgan, Dick T ... R	Oklahoma	61st–66th, 2d	Mar. 3, 1909–July 4, 1920.
Murdock, Victor ... R	Kansas	58th–63d	May 26, 1903–Mar. 3, 1915.
Newlands, Francis G ... D	Nevada	53d–57th	Mar. 4, 1893–Mar. 3, 1903.
Reeder, William A ... R	Kansas	56th–61st	Mar. 4, 1899–Mar. 3, 1911.
Ryan, Thomas ... R	do	45th–50th	Mar. 4, 1877–Apr. 4, 1889.
Sinclair, James H ... R	North Dakota	66th–71st	Mar. 4, 1919–Mar. 3, 1933.*
Strong, James G ... R	Kansas	do	Do.*
Summers, John W ... R	Washington	do	Do.*
Young, George M ... R	North Dakota	63d–68th, 1st	Mar. 4, 1913–Sept. 2, 1924.
6 terms not consecutive:			
McKeown, Thomas D ... D	Oklahoma	65th–66th	Mar. 4, 1917–Mar. 3, 1921.
		68th–71st	Mar. 4, 1923–Mar. 3, 1933.*
McLachlan, James ... R	California	54th, 57th–61st	Mar. 4, 1895–Mar. 3, 1897.
			Mar. 4, 1901–Mar. 3, 1911.
Martin, Eben W ... R	South Dakota	57th–59th; 60th, 2d–63d	Mar. 4, 1901–Mar. 3, 1907.
			Nov. 3, 1908–Mar. 3, 1915.
Shallenberger, Ashton C ... D	Nebraska	57th	Mar. 4, 1901–Mar. 3, 1903.
		64th–65th	Mar. 4, 1915–Mar. 3, 1919.
		68th–70th	Mar. 4, 1923–Mar. 3, 1929.
		72d	Mar. 4, 1931–Mar. 3, 1933.*
5 terms, consecutive:			
Bell, John C ... D	Colorado	53d–57th	Mar. 4, 1893–Mar. 3, 1903.
Bowersock, Justin D ... R	Kansas	56th–60th	Mar. 4, 1899–Mar. 3, 1907.
Burtness, Olger B ... R	North Dakota	67th–71st	Mar. 4, 1921–Mar. 3, 1933.*
Colton, Don B ... R	Utah	67th–71st	Do.*
Cushman, Francis W ... R	Washington	56th–61st, 1st	Mar. 4, 1899–July 6, 1909.
Elston, John A ... Progressive R	California	63d, 2d–67th, 2d	Mar. 4, 1915–Dec. 15, 1921.
Free, Arthur M ... R	do	67th–71st	Mar. 4, 1921–Mar. 3, 1933.*
Jones, Wesley L ... R	Washington	56th–60th	Mar. 4, 1899–Mar. 3, 1909.
McArthur, Clifton N ... R	Oregon	64th–68th	Mar. 4, 1915–Mar. 3, 1923.
Mercer, David H ... R	Nebraska	53d–57th	Mar. 4, 1893–Mar. 3, 1903.
Nolan, John I ... R	California	63d–67th, 2d	Mar. 4, 1913–Nov. 18, 1922.
Norris, George W ... R	Nebraska	58th–62d	Mar. 4, 1903–Mar. 3, 1913.

LONGEVITY TABULATION—continued

Service of Representatives from the 16 Western States—Continued

Name		State	Congress (inclusive)	Date of service
5 terms, consecutive—Continued.				
Page, Horace F	R	California	43d–47th	Mar. 4, 1873–Mar. 3, 1883.
Scott, Charles F	R	Kansas	57th–61st	Mar. 4, 1901–Mar. 3, 1911.
Shafroth, John F	D. and R	Colorado	54th–58th	Mar. 4, 1895–Feb. 15, 1904.
Swing, Philip D	R	California	67th–71st	Mar. 4, 1921–Mar. 3, 1933.*
White, Hays B	R	Kansas	66th–70th	Mar. 4, 1919–Mar. 3, 1929.
Williamson, William	R	South Dakota	67th–71st	Mar. 4, 1921–Mar. 3, 1933.*
5 terms, not consecutive:				
Ellis, William R	R	Oregon	53d–55th	Mar. 4, 1893–Mar. 3, 1899.
			60th–61st	Mar. 4, 1907–Mar. 3, 1911.
Sloan, Charles H	R	Nebraska	62d–65th	Mar. 4, 1911–Mar. 3, 1919.
			71st	Mar. 4, 1929–Mar. 3, 1931.
4 terms, consecutive:				
Broderick, Case	R	Kansas	52d–55th	Mar. 4, 1891–Mar. 3, 1899.
Garber, Milton C	R	Oklahoma	68th–71st	Mar. 3, 1923–Mar. 3, 1933.*
Hall, Thomas	R	North Daokta	68th, 2d–71st	Nov. 4, 1924–Mar. 3, 1933.*
Hill, Samuel B	D	Washington	68th–71st	Sept. 25, 1923–Mar. 3, 1933.*
Hinshaw, Edmund H	R	Nebraska	58th–61st	Mar. 4, 1903–Mar. 3, 1911.
Howard, Edgar	D	do	68th–71st	Mar. 4, 1923–Mar. 3, 1933.*
Johnson, Martin N	R	North Dakota	52d–55th	Mar. 4, 1891–Mar. 3, 1899.
Kettner, William	D	California	63d–66th	Mar. 4, 1913–Mar. 3, 1921.
La Follette, William L	R	Washington	62d–65th	Mar. 4, 1911–Mar. 3, 1919.
Leatherwood, Elmer O	R	Utah	67th–70th	Mar. 4, 1921–Dec. 24, 1929.
Leavitt, Scott	R	Montana	68th–71st	Mar. 4, 1923–Mar. 3, 1933.*
Little, Edward C	R	Kansas	65th–68th, 1st	Mar. 4, 1917–June 27, 1924.
Lobeck, Charles O	D	Nebraska	62d–65th	Mar. 4, 1911–Mar. 3, 1919.
McGuire, Bird S	R	Oklahoma	60th–63d	Nov. 16, 1907–Mar. 3, 1915.
McKenna, Joseph	R	California	49th–52d	Mar. 4, 1885–Mar. 28, 1892.
McLaughlin, Melvin O	R	Nebraska	66th–69th	Mar. 4, 1919–Mar. 3, 1927.
Marshall, Thomas F	R	North Dakota	57th–60th	Mar. 4, 1901–Mar. 3, 1909.
Morehead, John H	D	Nebraska	68th–71st	Mar. 4, 1923–Mar. 3, 1933.*
Morrill, Edmund N	R	Kansas	48th–51st	Mar. 4, 1883–Mar. 3, 1891.
Perkins, Bishop W	R	do	48th–51st	Do.
Peters, Samuel R	R	do	48th–51st	Do.
Pickler, John A	R	South Dakota	51st–54th	Nov. 2, 1889–Mar. 3, 1897.
Reavis, C. Frank	R	Nebraska	64th–67th, 2d	Mar. 4, 1915–June 3, 1922.
Roberts, Edwin E	R	Nevada	62d–65th	Mar. 4, 1911–Mar. 3, 1919.
Sears, Willis G	R	Nebraska	68th–71st	Mar. 4, 1923–Mar. 3, 1931.
Simmons, Robert G	R	do	68th–71st	Mar. 4, 1923–Mar. 3, 1933.*
Smith, Sylvester C	R	California	59th–62d	Mar. 4, 1905–Jan. 26, 1913.
Sproul, William H	R	Kansas	68th–71st	Mar. 4, 1923–Mar. 3, 1931.
Stephens, Daniel V	D	Nebraska	62d, 2d–65th	Nov. 7, 1911–Mar. 3, 1919.
Swank, Fletcher B	D	Oklahoma	67th–70th	Mar. 4, 1921–Mar. 3, 1929.
			72d	Mar. 4, 1931–Mar. 3, 1933.*
Thompson, Joseph B	D	do	63d–66th, 1st	Mar. 4, 1913–Sept. 18, 1919.
Tincher, Jasper N	R	Kansas	66th–69th	Mar. 4, 1919–Mar. 3, 1927.
Vaile, William N	R	Colorado	66th–69th	Mar. 4, 1919–July 2, 1927.
4 terms, not consecutive:				
Arentz, Samuel S	R	Nevada	67th	Mar. 4, 1921–Mar. 3, 1923.
			69th–71st	Mar. 4, 1925–Mar. 3, 1933.*
Belford, James B	R	Colorado	44th, 2d–45th 2d; 46th–47th	Oct. 3, 1876–Dec. 13, 1877.
				Mar. 4, 1879–Mar. 3, 1885.
Davenport, James S	D	Oklahoma	60th, 62d–64th	Nov. 16, 1907–Mar. 3, 1909.
				Mar. 4, 1911–Mar. 3, 1917.
Hilborn, Samuel G	R	California	52d–53d, 2d	Dec. 5, 1892–Apr. 4, 1894.
3 terms, consecutive:			54th–55th	Mar. 4, 1895–Mar. 3, 1899.
Baker, William	People's Party	Kansas	52d–54th	Mar. 4, 1891–Mar. 3, 1897.
Barham, John A	R	California	54th–56th	Mar. 4, 1895–Mar. 3, 1901.
Bonynge, Robert W	R	Colorado	58th, 2d–60th	Feb. 16, 1904–Mar. 3, 1909.
Bowers, William W	R	California	52d–54th	Mar. 4, 1891–Mar. 3, 1897.
Burkett, Elmer J	R	Nebraska	56th–58th	Mar. 4, 1899–Mar. 3, 1905.
Carter, Albert E	R	California	69th–71st	Mar. 4, 1925–Mar. 3, 1933.*
Church, Denver S	D	do	63d–65th	Mar. 4, 1913–Mar. 3, 1919.
Clarke, Sidney	R	Kansas	39th–41st	Mar. 4, 1865–Mar. 3, 1871.
Connelly, John K	D	do	63d–65th	Mar. 4, 1913–Mar. 3, 1919.
Doolittle, Dudley	D	Kansas	63d–65th	Do.
Dorsey, George W. E	R	Nebraska	49th–51st	Mar. 4, 1885–Mar. 3, 1891.
Englebright, William F	R	California	59th–61st	Nov. 6, 1906–Mar. 3, 1911.
Gandy, Harry L	D	South Dakota	64th–66th	Mar. 4, 1915–Mar. 3, 1921.
Geary, Thomas J	D	California	51st, 2d–53d	Dec. 9, 1890–Mar. 3, 1895.
Gronna, Asle J	R	North Dakota	59th–61st	Mar. 4, 1905–Feb. 2, 1911.
Hartman, Charles S	R	Montana	53d–55th	Mar. 4, 1893–Mar. 3, 1899.
Haskell, Dudley C	R	Kansas	45th–47th	Mar. 4, 1877–Dec. 16, 1883.
Helgesen, Henry T	R	North Dakota	62d–64th	Mar. 4, 1911–Apr. 10, 1917.
Helvering, Guy T	D	Kansas	63d–65th	Mar. 4, 1913–Mar. 3, 1919.
Higby, William	R	California	38th–40th	Mar. 4, 1863–Mar. 3, 1869.
Kahn, Florence P	R	do	69th–71st	Mar. 4, 1925–Mar. 3, 1933.*
Keating, Edward	D	Colorado	63d–65th	Mar. 4, 1913–Mar. 3, 1919.
Kem, Omer M	Populist	Nebraska	52d–54th	Mar. 4, 1891–Mar. 3, 1897.
Kent, William	Independent; Progressive R	California	62d–64th	Mar. 4, 1911–Mar. 3, 1917.
Laird, James	R	Nebraska	48th–50th	Mar. 4, 1883–Aug. 17, 1889.
Lineberger, Walter F	R	California	67th–69th	Mar. 4, 1921–Mar. 3, 1927.
Luttrell, John K	D	do	43d–45th	Mar. 4, 1873–Mar. 3, 1879.
McKinley, Duncan E	R	California	59th–61st	Mar. 4, 1905–Mar. 3, 1911.
Madison, Edmond H	R	Kansas	60th–62d, 1st	Mar. 4, 1907–Sept. 18, 1911.
Maguire, James G	D	California	53d–55th	Mar. 4, 1893–Mar. 3, 1899.
Maguire, John A	D	Nebraska	61st–63d	Mar. 4, 1909–Mar. 3, 1915.
Mays, James H	D	Utah	64th–66th	Mar. 4, 1915–Mar. 3, 1921.
Metcalf, Victor H	R	California	56th–58th	Mar. 4, 1899–July 1, 1904.
Morrow, John	D	New Mexico	68th–70th	Mar. 4, 1923–Mar. 3, 1929.
Morrow, William W	R	California	49th–51st	Mar. 4, 1885–Mar. 3, 1891.
Norton, Patrick D	R	North Dakota	63d–65th	Mar. 4, 1913–Mar. 3, 1919.
Osborne, Henry Z	R	California	65th–67th	Mar. 4, 1917–Feb. 8, 1923.
Phillips, William A	R	Kansas	43d–45th	Mar. 4, 1873–Mar. 3, 1879.
Pray, Charles N	R	Montana	60th–62d	Mar. 4, 1907–Mar. 3, 1913.
Randall, Charles H	Prohibition Progressive; D; R	California	64th–66th	Mar. 4, 1915–Mar. 3, 1921.
Stark, William L	D	Nebraska	55th–57th	Mar. 4, 1897–Mar. 3, 1903.
Stephens, William D	R	California	62d–64th, 1st	Mar. 4, 1911–July 22, 1916.
Sweet, Willis	R	Idaho	51st 2d–53d	Oct. 1, 1890–Mar. 3, 1895.
Taffe, John	R	Nebraska	40th–42d	Mar. 4, 1867–Mar. 3, 1873.
Taggart, Joseph	D	Kansas	62d, 2d–64th	Nov. 7, 1911–Mar. 3, 1917.
Tongue, Thomas H	R	Oregon	55th–57th	Mar. 4, 1897–Jan. 11, 1903.
Valentine, Edward K	R	Nebraska	46th–48th	Mar. 4, 1879–Mar. 3, 1885.
Wilson, John L	R	Washington	51st–53d	Nov. 20, 1889–Feb. 18, 1895.
Winter, Charles E	R	Wyoming	68th–70th	Mar. 4, 1923–Mar. 3, 1929.

LONGEVITY TABULATION—continued

Service of Representatives from the 16 Western States—Continued

Name	State	Congress (inclusive)	Date of service
3 terms, not consecutive:			
Andrews, William E.....R..	Nebraska	54th	Mar. 4, 1895–Mar. 3, 1897.
		66th–67th	Mar. 4, 1919–Mar. 3, 1923.
Guyer, Ulysses S.....R..	Kansas	68th, 2d	Nov. 4, 1924–Mar. 3, 1925.
		70th–71st	Dec. 5, 1927–Mar. 3, 1933.*
Hitchcock, Gilbert M.....D..	Nebraska	58th	Mar. 4, 1903–Mar. 3, 1905.
		60th–61st	Mar. 4, 1907–Mar. 3, 1911.
Howard, Everette B.....D..	Oklahoma	66th	Mar. 4, 1919–Mar. 3, 1921.
		68th	Mar. 4, 1923–Mar. 3, 1925.
		70th	Mar. 4, 1927–Mar. 3, 1929.
Long, Chester I.....R..	Kansas	54th	Mar. 4, 1895–Mar. 3, 1897.
		56th–57th	Mar. 4, 1899–Mar. 4, 1903.
Pacheco, Romualdo.....R..	California	45th, 1st and 2d	Mar. 4, 1877–Feb. 7, 1878.
		46th–47th	Mar. 4, 1879–Mar. 3, 1883.
Sargent, Aaron A.....R..	do	37th	Mar. 4, 1861–Mar. 3, 1863.
		41st–42d	Mar. 4, 1869–Mar. 3, 1873.
Simpson, Jeremiah.....Populist..	Kansas	52d–53d	Mar. 4, 1891–Mar. 3, 1895.
		55th	Mar. 4, 1897–Mar. 3, 1899.
Woodburn, William.....R..	Nevada	44th	Mar. 4, 1875–Mar. 3, 1877.
		49th–50th	Mar. 4, 1885–Mar. 3, 1889.
2 terms, consecutive:			
Ashley, Delos R.....R..	do	39th–40th	Mar. 4, 1865–Mar. 3, 1869.
Axtell, Samuel B.....D..	California	40th–41st	Mar. 4, 1867–Mar. 3, 1871.
Baer, John M.....R..	North Dakota	65th–66th	July 10, 1917–Mar. 3, 1921.
Bartine, Horace F.....R..	Nevada	51st–52d	Mar. 4, 1889–Mar. 3, 1893.
Bartlett, George A.....D..	do	60th–61st	Mar. 4, 1907–Mar. 3, 1911.
Berry, Campbell P.....D..	California	46th–47th	Mar. 4, 1879–Mar. 3, 1883.
Biggs, Marion.....D..	do	50th–51st	Mar. 4, 1887–Mar. 3, 1891.
Brooks, Franklin E.....R..	Colorado	58th–59th	Mar. 4, 1903–Mar. 3, 1907.
Bryan, William J.....D..	Nebraska	52d–53d	Mar. 4, 1891–Mar. 3, 1895.
Caminetti, Anthony.....D..	California	52d–53d	Do.
Cartwright, Wilburn.....D..	Oklahoma	70th–71st	Dec. 5, 1927–Mar. 3, 1933.*
Cassidy, George W.....D..	Nevada	47th–48th	Mar. 4, 1881–Mar. 3, 1885.
Crail, Joe.....R..	California	70th–71st	Mar. 4, 1927–Mar. 3, 1933.*
Crounse, Lorenzo.....R..	Nebraska	43d–44th	Mar. 4, 1873–Mar. 3, 1877.
Davis, Horace.....R..	California	45th–46th	Mar. 4, 1877–Mar. 3, 1881.
Davis, John.....People's Party..	Kansas	52d–53d	Mar. 4, 1891–Mar. 3, 1895.
De Vries, Marion.....D..	California	55th–56th	Mar. 4, 1897–Aug. 20, 1900.
Dill, Clarence C.....D..	Washington	64th–65th	Mar. 4, 1915–Mar. 3, 1919.
Dixon, Joseph M.....R..	Montana	58th–59th	Mar. 4, 1903–Mar. 3, 1907.
Doolittle, William H.....R..	Washington	53d–54th	Mar. 4, 1893–Mar. 3, 1897.
Douglass, Lewis W.....D..	Arizona	70th–71st	Mar. 4, 1927–Mar. 3, 1933.*
Englebright, Harry L.....R..	California	69th, 2d–71st	Aug. 31, 1926–Mar. 3, 1933.*
Evans, Robert E.....R..	Nebraska	66th–67th	Mar. 4, 1919–Mar. 3, 1923.
Evans, William E.....R..	California	70th–71st	Mar. 4, 1927–Mar. 3, 1933.*
Felton, Charles N.....R..	do	49th–50th	Mar. 4, 1885–Mar. 3, 1889.
Fredericks, John D.....R..	do	68th–69th	May 1, 1923–Mar. 3, 1927.
George, Melvin C.....R..	Oregon	47th–48th	Mar. 4, 1881–Mar. 3, 1885.
Gillett, James N.....R..	California	58th–59th, 1st	Mar. 4, 1903–Nov. 4, 1906.
Hainer, Eugene J.....R..	Nebraska	53d–54th	Mar. 4, 1893–Mar. 3, 1897.
Hanback, Lewis.....R..	Kansas	48th–49th	Mar. 4, 1883–Mar. 3, 1887.
Hanna, Louis B.....R..	North Dakota	61st–62d	Mar. 4, 1909–Jan. 7, 1913.
Henley, Barclay.....D..	California	48th–49th	Mar. 4, 1883–Mar. 3, 1887.
Hilliard, Benjamin C.....D..	Colorado	64th–65th	Mar. 4, 1915–Mar. 3, 1919.
Hogg, Herschal M.....R..	do	58th–59th	Mar. 4, 1903–Mar. 3, 1907.
Hope, Clifford R.....R..	Kansas	70th–71st	Mar. 4, 1927–Mar. 3, 1933.*
Houghton, Sherman O.....R..	California	42d–43d	Mar. 4, 1871–Mar. 3, 1875.
Jefferis, Albert W.....R..	Nebraska	66th–67th	Mar. 4, 1919–Mar. 3, 1923.
Johnson, James A.....D..	California	40th–41st	Mar. 4, 1867–Mar. 3, 1871.
Johnson, Jed.....D..	Oklahoma	70th–71st	Dec. 5, 1927–Mar. 3, 1933.*
Kendall, Charles W.....D..	Nevada	42d–43d	Mar. 4, 1871–Mar. 3, 1875.
Korell, Franklin F.....R..	Oregon	70th–71st	Oct. 18, 1927–Mar. 3, 1931.
Lafferty, Abraham W.....Progressive R..	do	62d–63d	Mar. 4, 1911–Mar. 3, 1915.
Latta, James P.....D..	Nebraska	61st–62d, 2d	Mar. 4, 1909–Sept. 11, 1911.
Lowe, David P.....R..	Kansas	42d–43d	Mar. 4, 1871–Mar. 3, 1875.
McCarthy, John J.....R..	Nebraska	58th–59th	Mar. 4, 1903–Mar. 3, 1907.
McKeighan, William A.....Independent D..	do	52d–53d	Mar. 4, 1891–Mar. 3, 1895.
McLafferty, James H.....R..	California	67th, 3d–68th	Nov. 7, 1922–Mar. 3, 1925.
Martin, John A.....D..	Colorado	61st–62d	Mar. 4, 1909–Mar. 3, 1913.
Meiklejohn, George D.....R..	Nebraska	53d–54th	Mar. 4, 1893–Mar. 3, 1897.
Moody, Malcolm A.....R..	Oregon	56th–57th	Mar. 4, 1899–Mar. 3, 1903.
Murray, William H.....D..	Oklahoma	63d–64th	Mar. 4, 1913–Mar. 3, 1917.
Neville, William.....Populist..	Nebraska	56th–57th	Dec. 4, 1899–Mar. 3, 1903.
Nolan, Mae E.....R..	California	67th, 4th–68th	Jan. 23, 1923–Mar. 3, 1925.
Pollard, Ernest M.....R..	Nebraska	59th–60th	July 18, 1905–Mar. 3, 1909.
Riddick, Carl W.....R..	Montana	66th–67th	Mar. 4, 1919–Mar. 3, 1923.
Ridgely, Edwin R.....People's Party; D..	Kansas	55th–56th	Mar. 4, 1897–Mar. 3, 1901.
Robinson, John S.....D..	Nebraska	56th–57th	Mar. 4, 1899–Mar. 3, 1903.
Rosecrans, William S.....D..	California	47th–48th	Mar. 4, 1881–Mar. 3, 1885.
Rucker, Atterson W.....D..	Colorado	61st–62d	Mar. 4, 1909–Mar. 3, 1913.
Scott, Charles L.....D..	California	35th–36th	Mar. 4, 1857–Mar. 3, 1861.
Shouse, Jouett.....D..	Kansas	64th–65th	Mar. 4, 1915–Mar. 3, 1919.
Stout, Tom.....D..	Montana	63d–64th	Mar. 4, 1913–Mar. 3, 1917.
Strode, Jesse B.....R..	Nebraska	54th–55th	Mar. 4, 1895–Mar. 3, 1899.
Sutherland, Roderick D.....Populist..	do	55th–56th	Mar. 4, 1897–Mar. 3, 1901.
Symes, George G.....R..	Colorado	49th–50th	Mar. 4, 1885–Mar. 3, 1889.
Thomas, Elmer.....D..	Oklahoma	68th–69th	Mar. 4, 1923–Mar. 3, 1927.
Townsend, Hosea.....R..	Colorado	51st–52d	Mar. 4, 1889–Mar. 3, 1893.
Turner, Erastus J.....R..	Kansas	50th–51st	Mar. 4, 1887–Mar. 3, 1891.
Vandever, William.....R..	California	50th–51st	Do.
Van Duzer, Clarence D.....D..	Nevada	58th–59th	Mar. 4, 1903–Mar. 3, 1907.
Weaver, Archibald J.....R..	Nebraska	48th–49th	Mar. 4, 1883–Mar. 3, 1887.
Webster, J. Stanley.....R..	Washington	66th–67th	Mar. 4, 1919–May 8, 1923.
Welling, Milton H.....D..	Utah	65th–66th	Mar. 4, 1917–Mar. 3, 1921.
Welch, Richard J.....R..	California	69th, 2d–71st	Aug. 31, 1926–Mar. 3, 1933.*
Williamson, John N.....R..	Oregon	58th–59th	Mar. 4, 1903–Mar. 3, 1907.
Woods, Samuel D.....R..	California	56th, 2d–57th	Dec. 3, 1900–Mar. 3, 1903.
2 terms, not consecutive:			
Chandler, Thomas A.....R..	Oklahoma	65th	Mar. 4, 1917–Mar. 3, 1919.
		67th	Mar. 4, 1921–Mar. 3, 1923.
Gamble, Robert J.....R..	South Dakota	54th	Mar. 4, 1895–Mar. 3, 1897.
		56th	Mar. 4, 1899–Mar. 3, 1901.
Hernandez, Benigno C.....R..	New Mexico	64th	Mar. 4, 1915–Mar. 3, 1917.
		66th	Mar. 4, 1919–Mar. 3, 1921.
King, William H.....D..	Utah	55th	Mar. 4, 1897–Mar. 3, 1899.
		56th	Apr. 2, 1900–Mar. 3, 1901.
Spalding, Burleigh F.....R..	North Dakota	56th	Mar. 4, 1899–Mar. 3, 1901.
		58th	Mar. 4, 1903–Mar. 3, 1905.

LONGEVITY TABULATION—continued

Service of Representatives from the 16 Western States—Continued

Name	State	Congress (inclusive)	Date of service
2 terms, not consecutive—Continued.			
Wigginton, Peter D.....D..	California	44th	Mar. 4, 1875–Mar. 3, 1877.
		45th, 2d and 3d	Feb. 7, 1878–Mar. 3, 1879.
Wilson, Edgar.....R..	Idaho	54th	Mar. 4, 1895–Mar. 3, 1897.
		56th	Mar. 4, 1899–Mar. 3, 1901.
1 term, consecutive:			
Allen, Clarence E.....R..	Utah	54th	Jan. 4, 1896–Mar. 3, 1897.
Barlow, Charles A.....D..	California	55th	Mar. 4, 1897–Mar. 3, 1899.
Barton, Silas R.....R..	Nebraska	63d	Mar. 4, 1913–Mar. 3, 1915.
Bell, Charles W.....Progressive R..	California	63d	Do.
Bell, Theodore A.....D..	do	58th	Mar. 4, 1903–Mar. 3, 1905.
Benedict, H. Stanley.....R..	do	64th	Nov. 7, 1916–Mar. 3, 1917.
Bidwell, John.....R..	do	39th	Mar. 4, 1865–Mar. 3, 1867.
Bird, Richard E.....R..	Kansas	67th	Mar. 4, 1921–Mar. 3, 1923.
Blue, Richard W.....R..	do	54th	Mar. 4, 1895–Mar. 3, 1897.
Botkin, Jeremiah D.....Fusionist..	do	55th	Mar. 4, 1897–Mar. 3, 1899.
Boyd, John F.....R..	Nebraska	60th	Mar. 4, 1907–Mar. 3, 1909.
Brown, William R.....R..	Kansas	44th	Mar. 4, 1875–Mar. 3, 1877.
Bryan, James W.....Progressive R..	Washington	63d	Mar. 4, 1913–Mar. 3, 1915.
Budd, James H.....D..	California	48th	Mar. 4, 1883–Mar. 3, 1885.
Burch, John C.....D..	do	36th	Mar. 4, 1859–Mar. 3, 1861.
Butler, Robert R.....R..	Oregon	70th, 2d–71st	Nov. 6, 1928–Mar. 3, 1933.*
Campbell, Albert J.....D..	Montana	56th	Mar. 4, 1899–Mar. 3, 1901.
Cannon, Marion.....D..	California	53d	Mar. 4, 1893–Mar. 3, 1895.
Carter, Thomas H.....R..	Montana	51st	Nov. 8, 1899–Mar. 3, 1891.
Carter, Vincent.....R..	Wyoming	71st	Mar. 4, 1929–Mar. 3, 1933.*
Castle, Curtis H.....D..	California	55th	Mar. 4, 1897–Mar. 3, 1899.
Clark, Clarence D.....R..	Wyoming	51st, 2d–52d	Dec. 1, 1890–Mar. 3, 1893.
Clayton, Charles.....R..	California	43d	Mar. 4, 1873–Mar. 3, 1875.
Clover, Benjamin H.....Farmers Alliance Party..	Kansas	52d	Mar. 4, 1891–Mar. 3, 1893.
Clunie, Thomas J.....D..	California	51st	Mar. 4, 1889–Mar. 3, 1891.
Cobb, Stephen A.....R..	Kansas	43d	Mar. 4, 1873–Mar. 3, 1875.
Coffeen, Henry A.....D..	Wyoming	53d	Mar. 4, 1893–Mar. 3, 1895.
Coghlan, John M.....R..	California	42d	Mar. 4, 1871–Mar. 3, 1873.
Cole, Cornelius.....Union R..	do	38th	Mar. 4, 1863–Mar. 3, 1865.
Connell, William J.....R..	Nebraska	51st	Mar. 4, 1889–Mar. 3, 1891.
Conway, Martin F.....R..	Kansas	36th, 2d–37th	Jan. 29–1861–Mar. 3, 1863.
Cook, George W.....R..	Colorado	60th	Mar. 4, 1907–Mar. 3, 1909.
Coombs, Frank L.....R..	California	57th	Mar. 4, 1901–Mar. 3, 1903.
Crumpacker, Maurice E.....R..	Oregon	69th	Mar. 4, 1925–July 24, 1927.
Cutting, John T.....R..	California	52d	Mar. 4, 1891–Mar. 3, 1893.
Daggett, Rollin M.....R..	Nevada	46th	Mar. 4, 1879–Mar. 3, 1881.
Daniels, Milton J.....R..	California	58th	Mar. 4, 1903–Mar. 3, 1905.
Denver, James W.....D..	do	34th	Mar. 4, 1855–Mar. 3, 1857.
Dixon, William W.....D..	Montana	52d	Mar. 4, 1891–Mar. 3, 1893.
Eaton, William R.....R..	Colorado	71st	Mar. 4, 1929–Mar. 3, 1933.*
Edwards, Caldwell.....D..	Montana	57th	Mar. 4, 1901–Mar. 3, 1903.
Evans, Charles R.....D..	Nevada	66th	Mar. 4, 1919–Mar. 3, 1921.
Falconer, Jacob A.....Progressive..	Washington	63d	Mar. 3, 1913–Mar. 3, 1915.
Fergusson, Harvey B.....D..	New Mexico	62d, 2d–63d	Jan. 8, 1912–Mar. 3, 1915.
Fitch, Thomas.....R..	Nevada	41st	Mar. 4, 1869–Mar. 3, 1871.
Fulton, Elmer L.....D..	Oklahoma	60th	Nov. 16, 1907–Mar. 3, 1909.
Gensman, Lorraine M.....R..	do	67th	Mar. 4, 1921–Mar. 3, 1923.
Gifford, Oscar S.....R..	South Dakota	51st	Nov. 2, 1889–Mar. 3, 1891.
Gilbert, Edward.....D..	California	31st	Sept. 11, 1850–Mar. 3, 1851.
Glascock, John R.....D..	do	48th	Mar. 4, 1883–Mar. 3, 1885.
Glenn, Thomas L.....Populist..	Idaho	57th	Mar. 4, 1901–Mar. 3, 1903.
Goodin, John R.....D..	Kansas	44th	Mar. 4, 1875–Mar. 3, 1877.
Greene, William L.....Populist..	Nebraska	55th	Mar. 4, 1897–Mar. 11, 1899.
Gunn, James.....do....	Idaho	55th	Mar. 4, 1897–Mar. 3, 1899.
Haggott, Warren A.....R..	Colorado	60th	Mar. 4, 1907–Mar. 3, 1909.
Hall, Philo.....R..	South Dakota	60th	Do.
Hamer, Thomas R.....R..	Idaho	61st	Mar. 4, 1909–Mar. 3, 1911.
Hansbrough, Henry C.....R..	North Dakota	51st	Nov. 2, 1889–Mar. 3, 1891.
Harreld, John W.....R..	Oklahoma	66th	Nov. 8, 1919–Mar. 3, 1921.
Harris, William A.....Populist..	Kansas	53d	Mar. 4, 1893–Mar. 3, 1895.
Henderson, James H. D.....Union R..	Oregon	39th	Mar. 4, 1865–Mar. 3, 1867.
Herbert, Philemon T.....D..	California	34th	Mar. 4, 1855–Mar. 3, 1857.
Herrick, Manuel.....R..	Oklahoma	67th	Mar. 4, 1921–Mar. 3, 1923.
Hersman, Hugh S.....D..	California	66th	Mar. 4, 1919–Mar. 3, 1921.
Hudson, Thomas J.....Populist..	Kansas	53d	Mar. 4, 1893–Mar. 3, 1895.
Hyde, Samuel C.....R..	Washington	54th	Mar. 4, 1895–Mar. 3, 1897.
Jackson, Alfred M.....D..	Kansas	57th	Mar. 4, 1901–Mar. 3, 1903.
Jackson, Fred S.....R..	do	62d	Mar. 4, 1911–Mar. 3, 1913.
Johnson, Fred G.....R..	Nebraska	71st	Mar. 4, 1929–Mar. 3, 1931.
Johnson, Grove L.....R..	California	54th	Mar. 4, 1895–Mar. 3, 1897.
Johnson, Jacob.....R..	Utah	63d	Mar. 4, 1913–Mar. 3, 1915.
Jolley, John L.....R..	South Dakota	52d	Dec. 7, 1891–Mar. 3, 1893.
Jones, William C.....R..	Washington	55th	Mar. 4, 1897–Mar. 3, 1899.
Kelley, John E.....D..	South Dakota	55th	Do.
Kennedy, John L.....R..	Nebraska	59th	Mar. 4, 1905–Mar. 3, 1907.
Kirkpatrick, Snyder S.....R..	Kansas	54th	Mar. 4, 1895–Mar. 3, 1897.
Knowles, Freemen T.....Populist..	South Dakota	55th	Mar. 4, 1897–Mar. 3, 1899.
Lambertson, William P.....R..	Kansas	71st	Mar. 4, 1929–Mar. 3, 1933.*
Lane, La Fayette.....D..	Oregon	44th	Oct. 25, 1875–Mar. 3, 1877.
Latham, Milton S.....D..	California	33d	Mar. 4, 1853–Mar. 3, 1855.
Laws, Gilbert L.....R..	Nebraska	51st	Dec. 2, 1889–Mar. 3, 1891.
Lewis, James H.....D..	Washington	55th	Mar. 4, 1897–Mar. 3, 1899.
Little, Chauncey B.....D..	Kansas	69th	Mar. 4, 1925–Mar. 3, 1927.
Livernash, Edward J.....D..	California	58th	Mar. 4, 1903–Mar. 3, 1905.
Louttit, James A.....R..	do	49th	Mar. 4, 1885–Mar. 3, 1887.
Lucas, William V.....R..	South Dakota	53d	Mar. 4, 1893–Mar. 3, 1895.
McBride, John R.....R..	Oregon	38th	Mar. 4, 1863–Mar. 3, 1865.
McCorkle, Joseph W.....D..	California	32d	Mar. 4, 1851–Mar. 3, 1853.
McCormick, Nelson B.....Populist..	Kansas	55th	Mar. 4, 1897–Mar. 3, 1899.
McCormick, Washington J.....R..	Montana	67th	Mar. 4, 1921–Mar. 3, 1923.
McCracken, Robert M.....R..	Idaho	64th	Mar. 4, 1915–Mar. 3, 1917.
McDougall, James A.....D..	California	33d	Mar. 4, 1853–Mar. 3, 1855.
McKibbin, Joseph C.....D..	do	35th	Mar. 4, 1857–Mar. 3, 1859.
McRuer, Donald C.....R..	do	39th	Mar. 4, 1865–Mar. 3, 1867.
McShane, John A.....D..	Nebraska	50th	Mar. 4, 1887–Mar. 3, 1889.
Mallory, Rufus.....Union R..	Oregon	40th	Mar. 4, 1867–Mar. 3, 1869.
Markham, Henry H.....R..	California	49th	Mar. 4, 1885–Mar. 3, 1887.
Marshall, Edward C.....D..	do	32d	Mar. 4, 1851–Mar. 3, 1853.
Maxwell, Samuel.....Fusionist..	Nebraska	55th	Mar. 4, 1897–Mar. 3, 1899.

LONGEVITY TABULATION—continued

Service of Representatives from the 16 Western States—Continued

Name	State	Congress (inclusive)	Date of service
1 term, consecutive—Continued.			
Miller, Orrin L.....R..	Kansas	54th	Mar. 4, 1895–Mar. 3, 1897.
Montgomery, Samuel J.....R..	Oklahoma	69th	Mar. 4, 1925–Mar. 3, 1927.
Montoya, Nestor.....R..	New Mexico	67th	Mar. 4, 1921–Jan. 13, 1923.
Neeley, George A.....D..	Kansas	62d, 3d–63d	Nov. 11, 1912–Mar. 3, 1915.
Nesmith, James W.....D..	Oregon	43d	Dec. 1, 1873–Mar. 3, 1875.
Norton, John N.....D..	Nebraska	70th	Mar. 4, 1927–Mar. 3, 1929.
		72d	Mar. 4, 1931–Mar. 3, 1933.*
O'Connor, Charles.....R..	Oklahoma	71st	Mar. 4, 1929–Mar. 3, 1931.
Osborne, John E.....D..	Wyoming	55th	Mar. 4, 1897–Mar. 3, 1899.
Otis, John G.....People's Party..	Kansas	52d	Mar. 4, 1891–Mar. 3, 1893.
Pence, Lafayette.....D..	Colorado	53d	Mar. 4, 1893–Mar. 3, 1895.
Peters, Mason S.....Populist..	Kansas	55th	Mar. 4, 1897–Mar. 3, 1899.
Phelps, Timothy G.....R..	California	37th	Mar. 4, 1861–Mar. 3, 1863.
Piper, William A.....D..	do	44th	Mar. 4, 1875–Mar. 3, 1877.
Poindexter, Miles.....R..	Washington	61st	Mar. 4, 1909–Mar. 3, 1911.
Pringey, Joseph C.....R..	Oklahoma	67th	Mar. 4, 1921–Mar. 3, 1923.
Rankin, Jeannette.....R..	Montana	65th	Mar. 4, 1917–Mar. 3, 1919.
Rees, Rollin R.....R..	Kansas	62d	Mar. 4, 1911–Mar. 3, 1913.
Richards, Charles L.....D..	Nevada	68th	Mar. 4, 1923–Mar. 3, 1925.
Robertson, Alice M.....R..	Oklahoma	67th	Mar. 4, 1921–Mar. 3, 1923.
Shannon, Thomas B.....R..	California	38th	Mar. 4, 1863–Mar. 3, 1865.
Shiel, George K.....D..	Oregon	37th	July 30, 1861–Mar. 3, 1863.
Simms, Albert G.....R..	New Mexico	71st	Mar. 4, 1929–Mar. 3, 1931.
Slater, James H.....D..	Oregon	42d	Mar. 4, 1871–Mar. 3, 1873.
Smith, Joseph S.....D..	do	41st	Mar. 4, 1869–Mar. 3, 1871.
Sparks, Charles I.....R..	Kansas	71st	Mar. 4, 1929–Mar. 3, 1933.*
Stone, U. S.....R..	Oklahoma	71st	Apr. 15, 1929–Mar. 3, 1931.
Stout, Lansing.....D..	Oregon	36th	Mar. 4, 1859–Mar. 3, 1861.
Sumner, Charles A.....D..	California	48th	Mar. 4, 1883–Mar. 3, 1885.
Sutherland, George.....R..	Utah	57th	Mar. 4, 1901–Mar. 3, 1903.
Thompson, Thomas L.....D..	California	50th	Mar. 4, 1887–Mar. 3, 1889.
Tully, Pleasant B.....D..	do	48th	Mar. 4, 1883–Mar. 3, 1885.
Vincent, William D.....Populist..	Kansas	55th	Mar. 4, 1897–Mar. 3, 1899.
Walton, William B.....D..	New Mexico	65th	Mar. 4, 1917–Mar. 3, 1919.
Warburton, Stanton.....R..	Washington	62d	Mar. 4, 1911–Mar. 3, 1913.
Waters, Russell J.....R..	California	56th	Mar. 4, 1899–Mar. 3, 1901.
Watkins, Elton.....D..	Oregon	68th	Mar. 4, 1923–Mar. 3, 1925.
Weaver, Claude.....D..	Oklahoma	63d	Mar. 4, 1913–Mar. 3, 1915.
Welch, Frank.....R..	Nebraska	45th	Mar. 4, 1877–Sept. 4, 1878.
Whiteaker, John.....D..	Oregon	46th	Mar. 4, 1879–Mar. 3, 1881.
Wilder, A. Carter.....R..	Kansas	38th	Mar. 4, 1863–Mar. 3, 1865.
Williams, Richard.....R..	Oregon	45th	Mar. 4, 1877–Mar. 3, 1879.
Wren, Thomas.....R..	Nevada	45th	Do.
Wright, George W.....Independent..	California	31st	Sept. 11, 1850–Mar. 3, 1851.
Wynn, William J.....Union Labor D..	do	58th	Mar. 4, 1903–Mar. 3, 1905.
Young, Isaac D.....R..	Kansas	62d	Mar. 4, 1911–Mar. 3, 1913.
Less than 1 full term:			
Curry, George.....R..	New Mexico	62d, 2d and 3d	Jan. 8, 1912–Mar. 3, 1913.
de Haven, John J.....R..	California	51st, 1st	Mar. 4, 1889–Oct. 1, 1890.
English, Warren B.....D..	do	53d, 2d and 3d	Apr. 4, 1894–Mar. 3, 1895.
Flaherty, Lawrence J.....R..	do	69th, 1st	Mar. 4, 1925–June 13, 1926.
Gamble, John R.....R..	South Dakota	52d, 1st	Mar. 4, 1891–Aug. 14, 1891.
Grover, La Fayette.....D..	Oregon	35th, 2d	Feb. 15, 1859–Mar. 3, 1859.
Humphrey, Augustin R.....R..	Nebraska	67th, 3d	Nov. 7, 1922–Mar. 3, 1923.
La Dow, George A.....D..	Oregon	44th, 1st	Mar. 4, 1875–May 1, 1875.
Loofbourow, Frederick C.....R..	Utah	71st, 3d	Nov. 4, 1930–Mar. 3, 1933.*
Low, Frederick F.....R..	California	37th, 2d and 3d	June 3, 1862–Mar. 3, 1863.
McCredie, William W.....R..	Washington	61st, 2d and 3d	Nov. 2, 1909–Mar. 3, 1911.
Majors, Thomas J.....R..	Nebraska	45th, 2d and 3d	Nov. 5, 1878–Mar. 3, 1879.
Marquette, Turner M.....R..	do	39th, 2d	Mar. 2 and 3, 1867.
Mitchell, Alexander C.....R..	Kansas	62d, 1st	Mar. 4, 1911–July 7, 1911.
Moore, Horace L.....D..	do	53d, 2d and 3d	Aug. 2, 1894–Mar. 3, 1895.
Parker, William H.....R..	South Dakota	60th, 1st	Mar. 4, 1907–June 26, 1908.
Patterson, Thomas M.....D..	Colorado	45th, 2d and 3d	Dec. 13, 1877–Mar. 3, 1879.
Swindall, Charles.....R..	Oklahoma	66th, 3d	Nov. 2, 1920–Mar. 3, 1921.
Thayer, Andrew J.....D..	Oregon	37th, 1st	Mar. 4, 1861–July 30, 1861.
Thorpe, Roy H.....R..	Nebraska	67th, 3d	Nov. 7, 1922–Mar. 3, 1923.
White, S. Harrison.....D..	Colorado	70th	Nov. 15, 1927–Mar. 3, 1929.
Wilson, Joseph G.....R..	Oregon	43d, 1st	Mar. 4, 1873–July 2, 1873.
Worthington, Henry G.....R..	Nevada	38th, 2d	Oct. 31, 1864–Mar. 3, 1865.

NOTE.—Republican, 264; Democrat, 130; Union Labor, 1; Independent, 3; Populist, 13; Progressive Republican, 5; People's Party, 4; Prohibition, 1; Progressive, 2; Fusionist, 2; Farmers' Alliance Party, 1; Union Republican, 3.

New Representatives elect of the Seventy-second Congress from Western States—Baldrige, Malcolm B. (R.), Nebraska; Chavez, Dennis (D.), New Mexico; Curry, Charles F., jr. (R.), California; Disney, Wesley E. (D.), Oklahoma; Horr, Ralph A. (R.), Washington; McGugin, Harold (R.), Kansas; Martin, Charles H. (D.), Oregon.

DELEGATES TO CONGRESS FROM THE WESTERN TERRITORIES

Arizona (Thirty-eighth Congress): Charles D. Poston, John N. Goodwin, Coles Bashford, Richard C. McCormick, Hiram S. Stevens, John G. Campbell, Granville H. Oury, Curtis C. Bean, Marcus A. Smith, Nathan O. Murphy, John F. Wilson, Ralph H. Cameron.

California: No Delegates.

Colorado (Thirty-seventh Congress): Hiram P. Bennet, Allen A. Bradford, George M. Chilcott, Jerome B. Chaffee, Thomas M. Patterson.

Dakota (Thirty-seventh Congress): John B. S. Todd, William Jayne, Walter A. Burleigh, Solomon L. Spink, Jefferson P. Kidder, Moses K. Armstrong, Granville G. Bennett, Richard F. Pettigrew, John B. Raymond, Oscar S. Gifford, George A. Mathews.

Idaho (Thirty-eighth Congress): William H. Wallace, Edward D. Holbrook, Jacob K. Safer, Samuel A. Merritt, John Hailey, Thomas W. Bennett, Stephen S. Fenn, George Ainslie, Theodore F. Singiser, Fred T. Dubois.

Kansas (Thirty-third Congress): John W. Whitfield, Marcus J. Parrott.

Montana (Thirty-eighth Congress), Samuel McLean, James M. Cavanaugh, William H. Clagett, Martin Maginnis, Joseph K. Toole, Thomas H. Carter.

Nebraska (Thirty-third Congress): Napoleon P. Giddings, Bird F. Chapman, Fenner Ferguson, Experience Estabrook, Samuel G. Daily, Phineas W. Hitchcock.

Nevada (Thirty-seventh Congress): John Cradlebaugh, Gordon N. Mott.

New Mexico (Thirty-second Congress): Richard H. Weightman, Jose M. Gallegos, Miguel A. Otero, John S. Watts, Francisco Perea, J. Francisco Chaves, Charles P. Clever, Stephen B. Elkins, Trinidad Romero, Mariano S. Otero, Tranquilino Luna, Francisco A. Manzanares, Antonio Joseph, Thomas B. Catron, Harvey B. Fergusson, Pedro Perea, Bernard S. Rodey, William H. Andrews.

Oklahoma: David A. Harvey (Fifty-first Congress), Dennis T. Flynn, James Y. Callahan, Bird S. McGuire.

Oregon: Samuel R. Thurston (Thirty-first Congress), Joseph Lane.

Utah: John M. Bernhisel (Thirty-second Congress), William H. Hooper, John F. Kinney, George Q. Cannon, John T. Caine, Joseph L. Rawlins, Frank J. Cannon.

Washington: Columbia Lancaster (Thirty-third Congress), J. Patton Anderson, Isaac I. Stevens, William H. Wallace, George E. Cole, Arthur A. Denny, Alvan Flanders, Selucius Garfielde, Obadiah B. McFadden, Orange Jacobs, Thomas H. Brents, Charles S. Voorhees, John B. Allen.

Wyoming: Stephen F. Nuckolls (Forty-first Congress), William T. Jones, William R. Steele, William W. Corlett, Stephen W. Downey, Morton E. Post, Joseph M. Carey.

DATES OF THE FORMATION OF THE WESTERN TERRITORIES

Territory of Arizona: Formed from a portion of the Territory of New Mexico and granted a Delegate in Congress by act of February 24, 1863.

California: Formed a portion of the territory ceded to the United States by Mexico by the treaty of Guadalupe Hidalgo, February 2, 1848.

Territory of Colorado: Formed from portions of the territory ceded to the United States by France by the treaty of Paris of April 30, 1803, and of that ceded by Mexico by the treaty of Guadalupe Hidalgo of February 2, 1848, and granted a Delegate in Congress by act of February 28, 1861.

Territory of Idaho: Formed from a portion of the territory ceded to the United States by France by the treaty of April 30, 1803, and granted a Delegate in Congress by act of March 3, 1863.

Territory of Kansas: Formed from territory ceded to the United States by France by the treaty of Paris of April 30, 1803, and by the State of Texas in settlement of her boundaries in 1850; erected into a Territorial government and granted a Delgate in Congress by act of May 30, 1854.

Territory of Montana: Formed from a portion of the territory ceded to the United States by France by treaty of April 30, 1803, and granted a Delegate in Congress by act of May 26, 1864.

Territory of Nebraska: Formed a portion of the territory ceded to the United States by France by treaty of April 30, 1803, and granted a Delegate in Congress by Act of May 30, 1854.

Territory of Nevada: Formed from a portion of the territory ceded to the United States by Mexico by treaty of Guadalupe Hidalgo of February 2, 1848, and granted a Delegate in Congress by act of March 2, 1861.

Territory of New Mexico: Formed from a portion of the territory ceded to the United States by Mexico by treaty of Guadalupe Hidalgo of February 2, 1848, and granted a Delegate in Congress by act of September 9, 1850.

Territory of Dakota: Formed from a portion of the territory ceded to the United States by France by treaty of April 30, 1803, and granted a Delegate in Congress by act of March 2, 1861.

Territory of Oklahoma: Formed from a portion of Indian Territory and from that portion of the United States known as the "Public Land Strip," and granted a Delegate in Congress by act of May 2, 1890.

Territory of Oregon: Formed August 14, 1848, from territory ceded to the United States by treaty with France of April 30, 1803; treaty with Spain of February 22, 1819; and treaty with Great Britain of June 15, 1846, and granted a Delegate in Congress.

Territory of Utah: Formed from portion of territory ceded to the United States by Mexico by treaty of Gaudalupe Hidalgo of February 2, 1848, and granted a Delegate in Congress by act of September 9, 1850.

Territory of Washington: Formed March 2, 1853, from a portion of the Territory of Oregon and granted a Delegate in Congress.

Territory of Wyoming: Formed from a portion of the territory ceded to the United States by France by treaty of April 30, 1803, and granted a Delegate in Congress by act of July 25, 1868.

Mr. AYRES. Mr. Chairman, I yield 20 minutes to the gentleman from Massachusetts [Mr. CONNERY]. [Applause.]

Mr. CONNERY. Mr. Chairman, I was most disagreeably impressed with the emblazoned headlines as were printed in the local papers here on Friday of the "scandals" in the Veterans' Bureau. I became interested because of my membership on the World War Veterans' Legislation Committee, and I find that the scandal, such as it is, is merely because certain employees of the Veterans' Bureau who were officers during the war have been, in accordance with the law, placed upon the emergency officers' retirement list. I would not be a bit surprised if those who were in part the cause of this scandalous misinformation could not be shown to have been just as emphatic as I have been from time to time in calling the Veterans' Bureau "hard boiled" because some of their constituents were denied retirement with pay, but let us not misunderstand the true force back of the Senate amendment. The author of that amendment has merely caught fire and taken comfort from the remarks of the gentleman from Texas of last Wednesday not because he agrees with the gentleman from Texas and is following his leadership but because it gives him a splendid opportunity of conducting this unqualified step toward taking from veterans benefits which have heretofore accrued to them and which were secured only after a most arduous campaign in their behalf.

The essence of his amendment is designed to deny benefits under the emergency officers' retirement act to those employees of the Federal Government who are receiving $2,000 or more salary. He has not discussed employees of State governments, municipal governments, nor those in private employ and the scope of this amendment can not be extended to them without a point of order being made. So obviously it is unfair at the start and it can not be but embarrassing in the future as it is embarrassing to us now, unless, as I hope, the House opposes the amendment.

It is interesting to note that the Senate amendment was adopted without a record vote and the judgment of the Senate was not necessarily adequate in the absence of all the facts, although Senator GEORGE made an excellent presentation of the side of the opposition. In the second premise Senator REED, himself, was responsible in part for the adoption of one of the cardinal principles affecting World War veterans, and reference might be made to subparagraph 4, section 202, of the World War veterans' act, which reads in part:

> The rating shall be based as far as practicable upon the average impairment of earning capacity resulting from such injuries in civilian occupations solely and the occupation of the injured man at the time of enlistment and not upon the impairment in earning capacity in each individual case so that there shall be no reduction in the rate of compensation for individual success in overcoming the handicap or an injury.

The third premise: Congress and the President have repeatedly enunciated the principle that in civilian employment with the Government veterans would be given preference, and that that preference would be doubled when a veteran had a service-connected disability.

Not only does Senator REED's amendment contravene the provisions of the World War veterans' act as above quoted but, in addition, it seeks to deny veterans from holding gainful occupations which, despite their disability as adjudicated by a fact-finding agency, they have been found qualified to perform, otherwise the head of the administrative agency is subject to criticism for employing them and not the veterans concerned.

Too much has been said as to the number of doctors who have found their way on the emergency officers' retirement list. Holding no brief for or against the doctors, there are certain factors which are susceptible of further exposition in order that a better understanding as to why so many doctors are retired may be had.

In the first place, I wonder if my colleagues know that there were a total of 209,000 commissioned officers in the World War, and of that number 196,000 were emergency officers. Think of it! Of the 196,000 emergency officers, approximately 25 per cent, or 41,000, were medical officers. In analyzing the emergency officers' retirement list as it exists to-day, with its 6,300 retired officers, we find that approximately the same percentage only of medical officers have been retired, namely, 1,400. So it would appear that not an undue number of medical officers have been retired, if statistics mean anything at all.

However, it must be realized that medical officers were of an average age in excess of 10 years older than the average line officer of the combatant branches. For example, Dr. George C. Skinner, who is mentioned by the proposer of the Senate amendment, was 49 years of age when he entered the war.

That, which is perhaps little understood by Members of Congress who can not comprehend the basis for evaluated disability, is the schedule of disability ratings. In order that a better understanding may be had, I am going to insert a copy of one page of the occupational table with my remarks:

TABLE I.—*Occupational ratings*

Occupations	Injury variants																
	Eye	Ear	Nose and throat	Nervous system	Head and neck	Chest	Back and perineum	Abdomen and pelvis	Arm	Forearm	Hand	Thumb	Fingers	Thigh	Leg	Foot	Systemic
Oil refiner, petroleum	5	5	4	4	5	5	6	6	4	4	4	4	4	5	5	4	5
Oil well driller, petroleum	5	5	5	5	6	6	7	7	7	6	7	7	6	7	6	6	6
Optician	8	6	5	9	5	2	3	3	4	5	5	5	5	3	3	3	3
Optometrist	7	6	7	6	5	2	3	3	3	3	3	4	4	2	3	2	2
Organ builder	5	6	5	6	6	5	6	6	6	6	7	8	8	6	6	6	5
Ornamental iron worker	5	5	5	5	6	6	6	6	8	7	7	7	7	6	6	6	6
Oven man, brass lacquer	3	4	5	4	5	6	5	6	4	4	4	4	3	6	6	6	7
Oysterman	4	4	3	2	6	6	9	8	8	8	8	8	7	6	6	6	7
Painter:																	
Bridge	5	6	7	6	8	7	9	8	7	7	8	9	8	8	7	8	7
House—																	
Inside	6	4	7	5	7	6	8	8	7	7	8	9	7	7	6	7	6
Outside	5	5	6	5	7	6	8	8	7	7	8	9	8	8	7	8	7
Signs—																	
Inside	6	4	6	5	7	5	7	6	7	7	7	8	7	5	5	5	4
Outside	5	5	5	5	7	5	7	6	7	7	8	9	8	8	7	8	7
Pantographer, textiles	6	4	6	6	5	6	4	4	5	6	7	5	5	4	4	4	4
Pants maker	5	4	5	3	4	4	5	4	6	7	8	8	8	2	3	3	4
Paper box maker	4	2	1	2	5	4	5	5	6	5	4	6	5	4	4	4	5
Paper hanger	5	6	5	5	9	6	9	8	7	8	8	8	7	8	8	8	7
Parasitologist	9	3	5	6	2	3	3	2	3	3	3	3	3	3	3	3	2
Pattern maker:																	
Candies	6	2	4	3	4	5	4	4	5	6	6	7	6	3	4	4	4
Metals	7	6	5	6	5	5	6	6	7	7	7	7	7	6	6	6	6
Wood	6	5	5	6	6	6	6	5	6	7	7	7	7	6	6	7	6
Paving cutter	4	5	5	3	5	7	5	5	5	5	5	5	5	6	5	6	6
Pawnbroker	6	5	5	4	2	3	2	2	2	2	2	2	2	3	3	3	2
Paymaster	7	6	6	7	4	3	3	3	3	3	5	5	4	3	3	3	3
Percher, textiles	6	4	5	6	6	7	5	4	4	4	4	4	4	5	5	5	5
Pharmaceutical worker	7	4	6	7	4	5	4	5	5	5	4	4	4	5	5	5	4
Pharmacist	8	6	6	9	4	4	3	3	4	4	4	5	5	5	5	5	5
Pharmacologist	7	4	6	8	4	4	3	3	3	3	4	3	3	3	3	3	3
Photoengraver	7	4	4	7	4	4	4	3	7	8	7	7	7	4	4	4	5
Photographer:																	
Studio	7	5	5	5	5	3	3	3	3	3	4	5	4	4	4	4	3
Outside	7	6	5	7	6	4	6	5	6	5	6	6	5	6	6	6	5
Photostat machine operator	5	5	1	4	6	3	4	4	5	5	4	5	4	3	3	3	4
Physician or surgeon	7	9	8	9	7	6	5	4	7	8	9	9	9	4	4	4	6
Physiotherapist	5	5	6	6	7	5	6	6	7	7	7	6	6	5	5	6	5
Piano tuner	4	6	4	4	3	3	3	4	5	5	5	5	5	3	3	3	3

It will be noted that I have selected that page on which the physicians have been listed. The numerals under each "body part," as expressed, are the injury variant, ranging from 1 to 9. Let us analyze just for a moment a bridge painter and how his variant compares with the variant assigned to a physician. Notice, because of the relative high physical requirements of a bridge painter, how his variant will be uniformly higher than the physician's. On the other hand, a piano tuner, at the bottom of the table, has a uniformly lower variant than does either of the above-mentioned occupations. This table was worked out on the most available information that could be had, including the experience of the American Federation of Labor, the Workmen's Compensation Bureau, and data from insurance companies. It was required by the World War veterans' act itself. This brings me to mention Dr. Winthrop Adams, a former medical director of the bureau, now in command of one of our hospitals in Massachusetts. Doctor Adams's hearing was impaired to practically total deafness. If we will note the rating table for hearing, Doctor Adams is accorded a variant of 9, which is the highest variant that can be had, and properly so. For what use, may I ask, would a physician be if he could not properly employ, for example, a stethoscope? Yet Doctor Adam's capacity as an administrative officer has proven its worth many times. He is one of the most valuable men in the Veterans' Bureau employ, but is to be penalized if the Senate amendment is adopted because he has attained some individual success in overcoming the handicap of his injury, which was sustained as a result of concussion from gunfire at sea when he was serving in the capacity of a lieutenant commander of the Navy on a battleship.

I am not much concerned with the character of debate which was precipitated by the gentleman from Texas and taken up by the Senator from Pennsylvania. One who knows the inner workings of the Veterans' Bureau knows full well that the "swop" and "deal," or, as expressed by these gentlemen, "one scratches the other's back," is utterly ridiculous, because each case must be passed upon not by one person in charge but by many, and it is a well-recognized fact—and most of us know it to be a fact—that a bureau employee has invariably had thrice to prove his case in order to secure benefits either for disability compensation or emergency officers' retired pay.

Those who are familiar with the circumstances attending the rating of cases in the Veterans' Bureau know that by the rotation of medical officers and other members of the boards it would be utterly impossible to believe that "back-scratching" could be employed no matter how much inside influence an applicant for retirement might have. One case comes to my mind where a member of one of these boards itself met with nothing but stubborn resistance in securing his retirement until every affidavit in the file was investigated and such investigation required a protracted length of time until contact might be had with one of his comrades in service now stationed in a far off province in China.

The amendment adopted by the Senate, in my opinion, is utterly ridiculous. We are departing from the principle that emergency officers are entitled to the same benefits that other officers, including regular officers, were entitled by reason of war-service disabilities.

I am concerned very much that these veterans who are rendering the best service in the Veterans' Bureau to-day are to be penalized because some one thinks the general counsel of the Veterans' Bureau is receiving too much salary in addition to the benefits which the authorized agencies have determined to be his due under the legislation as it exists.

I repeat this is but a step in the direction of limiting benefits already accrued to veterans, and I am not in sympathy with it, neither in the form, manner, or the principle enunciated by the Senator from Pennsylvania, who in his zeal to protect the enlisted man, in which zeal I heartily concur, is by this amendment doing a grave injustice to the great majority of disabled emergency officers.

In reporting the Reed amendment one of the Boston papers took occasion to mention the name of Capt. William J. Blake, regional manager of the Veterans' Bureau at Boston. It was my privilege to serve with Bill Blake in the One hundred and first Infantry. He was my top sergeant and later became an officer. He was a gallant soldier and was injured in service. If as a result of the passage of an amendment such as the Reed amendment the bureau at Boston should lose the services of Captain Blake the disabled men of Massachusetts would lose a friend who has battled continuously for them 24 hours a day and in his place we would get some hard-boiled efficiency economy expert who would know nothing about the disabled men except that they were an expense to the Government and their compensation should be cut down.

The Boston regional office of the United States Veterans' Bureau has the reputation of being one of the most liberal offices in the country in its adjudication of veterans' claims, and if we are going to hound men of the type of Bill Blake because they are able to work in the bureau whilst disabled, we are going to penalize the disabled veteran whose needs they understand and whose champions they have been.

Doctor McDermott, to whom Senator REED refers in his remarks, is one of the best doctors in the bureau at Washington, and has rendered invaluable service to the Government in the trial of cases throughout the country. The bureau has always had difficulty in securing good doctors, and I protest that we should not break down the morale of these men who have faithfully discharged their duties, and through their own disability are bound to be more sympathetic to the disabled man than a doctor who never saw service.

Watson B. Miller, chairman of the national rehabilitation committee of the American Legion, is probably the best expert on veteran legislation in the country. Mr. Miller, who always has the welfare of the disabled man at heart, believes that the passage of this amendment would be a severe body blow to the interests of the disabled veteran.

On May 24, 1928, the Tyson-Fitzgerald bill, better known as the disabled emergency officers' retirement act, became law, having been passed by the House and Senate over the veto of President Coolidge. The object of the act was to grant retirement benefits on a par with the retirement benefits granted officers of the Regular Army, Navy, and Marine Corps to those veterans of the World War who served as emergency officers and acquired service-connected disabilities which were shown at the time of the passage of the act or within one year following its passage, to be permanently disabling to a degree of more than 10 per cent. Emergency officers found to be disabled more than 10 per cent but less than 30 per cent were, by the terms of the act, to be granted retirement without pay, and those found 30 per cent or more permanently disabled by reason of their service-connected disabilities were granted retirement with pay on the basis of 75 per cent of the base pay they were receiving at the time of their discharge from service. On its face the law seemed a just one. Veterans' organizations had been asking for its passage for many years, and the fact that it was passed over the President's veto is indicative of the overwhelming sentiment in favor of the act in both Houses of Congress.

The administration of the act was vested in the United States Veterans' Bureau. That bureau proceeded to arrive at percentage ratings under the system in force for rating disability percentages for compensation purposes under the World War veterans' act. In the latter act Congress had provided for a schedule of disability ratings based on the handicap suffered by a veteran by reason of his service-connected disability in carrying on at his pre-war occupation.

While undoubtedly this method of determining ratings and percentages of disability under the emergency officers' retirement act was the most expedient one, certain inequalities immediately arose in the adjudication of retirement claims. For example, two men—one a doctor, the other a lawyer—might have entered World War service on the same day, served equally long and rigorously, and been discharged together. Both developed in service a respiratory disability diagnosed as chronic bronchitis. Under the schedule of disability ratings in force under the World War veterans' act the doctor was given a variant of 6 for his chest, with respect to his pre-war occupation. The lawyer carried a variant of 2 for a chest disability, as related to his pre-war occupation, and whereas the physician might secure a rating of 30 per cent or more for a moderate chronic bronchitis the lawyer would have to show a severe chronic bronchitis to be rated more than 30 per cent.

This disability of chronic bronchitis, mentioned in the previous paragraph, has been chosen deliberately rather than a disability arising directly from front-line service and arising from wounds received in battle. It will be recalled that the disabled emergency officers' retirement act was passed primarily to place emergency World War officers on a par with officers of the Regular Army, Navy, and Marine Corps with respect to retirement benefits. Since officers of the Regular Army, Navy, and Marine Corps are most frequently retired from service for disabilities arising from other than battle casualties, it seems no more than just that the emergency officers should have been granted the same privileges for retirement purposes when it is properly shown that the disease or disability from which they were suffering was acquired in line of duty during World War service.

Furthermore, in order to get a clear picture of the whole system of arriving at percentage ratings for disability it must be understood that quite frequently a man might be more disabled as a result of disease acquired in service than from wounds actually received in battle. A superficial wound, received from shrapnel, might leave nothing more than a healed scar without interference to any muscle groups, and could not properly be held to be disabling, while pulmonary tuberculosis, acquired in service, has in so many cases, actually resulted in death after years of lingering illness. Our hearts go out to the man who was wounded in battle, though ever so slightly wounded, but our hearts must also encompass the veteran who, though not a battle casualty, is nevertheless oftentimes seriously disabled by reason of his war service.

When the United States Veterans' Bureau took over the administration of the emergency officers' retirement act there arose the question of what diseases or disabilities could be considered as having been acquired in service in line of duty. Congress, through the liberal provisions of the World War veterans' act of 1924, had granted service connection for certain disabilities by presumption.

In the administration of the retirement act it was first held in the Veterans' Bureau that this presumption of service connection did not extend to retirement claims. Eventually, the question of whether presumptively service-connected cases were entitled to retirement provided they met with the other qualifications of the retirement act, was submitted to the Attorney General of the United States and on January 18, 1929, that official ruled that inasmuch as the method for determining service connection and disability rating percentages in retirement claims was under the terms of the World War veterans' act of 1924, all the privileges for granting service connection under the World War veterans' act of 1924 should apply to retirement claims, and thus the presumptively service-connected cases were included by the Veterans' Bureau for consideration under the retirement act.

The schedule of disability ratings heretofore referred to contained no provision for granting permanent ratings for active pulmonary tuberculosis (except in permanent and total cases) nor for the neuropsychiatric disabilities. It was therefore necessary to secure the issuance of instructions which would permit permanent ratings for veterans seriously handicapped physically or mentally by reason of these two great classes of disability. It was not until August 2, 1929, that such instructions were issued in the Veterans' Bureau, although the necessity for such instructions was obvious from the start.

Quite naturally, with the retirement of more than 6,000 emergency officers with pay, there arose, what to the layman must seem inequalities and at times injustice. Frequently a former emergency officer with no financial need

for retirement with pay has been granted such benefits, and oftentimes at a high rate, due to the fact that he held a high rank during service. Another former emergency officer, who needs the money has been unable to secure relief, due to one reason or another—lack of service connection or the disability not 30 per cent permanently disabling. The latter individual may be a battle casualty, but, as has been pointed out earlier, his wounds may not be seriously disabling. The former individual may never have seen front-line service, may to all appearances be in the best of health, and wonderment is expressed that one should be receiving comparatively large benefits while the other receives little or none.

Yet, sight must not be lost of the fact that while the battle scar is plainly visible to the most superficial examination, it is not disabling, whereas the apparently healthy man who has been retired with pay, may have no visible defects, yet be suffering from a serious condition which can only be found on careful examination.

More than 13,000 former emergency officers have filed claim for retirement benefits within the time limit. Of these, more than 6,000 have been granted retirement with pay. Several hundred claims were filed after the expiration of the time limit and an examination of a number of these claims show that the veterans are entitled otherwise to the benefits of the retirement act. If any action with respect to the disabled emergency officers retirement act is taken in Congress it should be toward the removal of the time limit for filing claim and showing the existence of a 30 per cent permanent disability acquired in service.

Now, ladies and gentlemen of the House, I am going to put all of my statement here in the RECORD, and I also want to quote in part an editorial of the Washington Post in reference to this matter. I am not going to put in the entire editorial. The entire editorial is good, and this portion hits right at the mark. It states:

> Is the disability allowance intended to save veterans from starvation or to compensate them in some measure for the physical handicaps that were inflicted on them in the service? If the former theory is adopted, Congress ought to take away the allowance to all veterans with good jobs and not merely from those holding Government positions. On the other hand, if this disability allowance is given in compensation for damage done to health and psysique during the war, there seems to be no reason why it should be denied to employees of the Veterans' Bureau or any other Government agency.

Mr. BLANTON. Will the gentleman yield?

Mr. CONNERY. In just a moment I will be glad to yield. I intend to talk also after this on the soldiers' bonus, and I will put in the RECORD all the material I have here, so I may yield.

I yield to the gentleman from Texas.

Mr. BLANTON. I agree with the distinguished gentleman from Massachusetts that some of these men, like Mr. Blake, are rendering signal service, but this Reed amendment will not take away from Mr. Blake his regional job.

Mr. CONNERY. No; but it will take away his disability allowance.

Mr. BLANTON. It takes away his disability allowance, but he still holds his regional job, getting a big salary commensurate with his services.

Mr. CONNERY. No; not a big salary commensurate with his services. He could go outside of the bureau and do better than that.

Mr. BLANTON. Does the distinguished gentleman from Massachusetts, for instance, want to permit William Wolff Smith to draw his salary of $9,000 which is four times as much as he ever drew in his life before he went into this service, and then draw an additional $181.50 per month?

Mr. CONNERY. I have no brief either for or against William Wolff Smith——

Mr. BLANTON. He draws a salary of $9,000 per year and also draws $181.50 as a disability allowance.

Mr. CONNERY. But why pick out the one man who gets $9,000 when there are many disabled emergency officers who went over the top in France and fought with their men that do not get half what you give your Regular Army officers, some of whom were never in the lines and are now drawing a larger disability allowance. I say do justice to the disabled emergency officers and do not pick out a $9,000 man and do not say that William Wolff Smith scratched Doctor McDermott's back and Doctor McDermott scratched his back, when that is a misstatement of facts, because neither man had anything to do with the other's claim when it went through.

Mr. BLANTON. Has the gentleman ever checked up to see why it is that most of the men in the Government employ who are drawing these big salaries and drawing big disability compensation are professional men—doctors and lawyers?

Mr. CONNERY. I will say to the gentleman that that is all in my statement here and if the gentleman will read the RECORD to-morrow morning he will see why 1,500 doctors are on that list, and he will also realize that almost all of the doctors who were in the service were at least 10 years older than the men and therefore get this retirement on account of their disability. I will ask the gentleman to read that statement because I do want to talk now on the bonus question for a few moments.

Mr. PATTERSON. Will the gentleman yield for a brief question?

Mr. CONNERY. Yes.

Mr. PATTERSON. With respect to the Senator's amendment, does it make this applicable during the time the veteran holds the job or is it a permanent thing?

Mr. CONNERY. No; it says that no man who gets over $2,000 and is in the employ of the Government can get any disability allowance. If he lost his job or went outside of the Government, he could then get it.

Mr. PATTERSON. I am interested in the gentleman's statement, because the gentleman knows more about these things than I do.

Mr. CONNERY. I thank the gentleman.

I want to bring this to the gentleman's attention. Remember, under the Reed amendment, that a man in the gentleman's district who is not working for the Government can get this allowance, no matter what salary he may be receiving, but a man who works for the Government can not get it. That certainly is not fair.

Mr. PATTERSON. A man on the outside can get it no matter what kind of salary he is receiving?

Mr. CONNERY. That does not make any difference. He may be making $10,000 a year, but if he does not work for the Government he can get it. I may also say to the gentleman that that is all in the statement I have here, and I will be pleased to have the gentleman read it in tomorrow's RECORD.

Mr. PATTERSON. I will be glad to read it.

Mr. CONNERY. It is very difficult to get good doctors into the Veterans' Bureau. I know that every Member of the House wants good doctors in that bureau, and General Hines has asked these men to come into the bureau and the only reason he could get these good doctors is because they are disabled and could not practice outside. For instance, you will see in this statement that Dr. Winthrop Adams, who is the head of the Bedford Hospital, is practically deaf. He would not be any good with a stethoscope and could not begin to make the money he made before the war or before he was injured on a battleship while serving as a lieutenant commander, but he made a great medical director of the bureau, is now running the hospital at Bedford, and has made a wonderful record there for the veterans.

Mr. McCORMACK of Massachusetts. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. McCORMACK of Massachusetts. And the life of this amendment, if it were to go into effect, would be only this coming fiscal year. It would not be operative after next year because it is in an appropriation bill which relates to the next fiscal year.

Mr. CONNERY. Yes.

Mr. McCORMACK of Massachusetts. So it is not permanent legislation; and, in the second place, only a few days ago I had a young doctor here from my district who is on the civil-service list for appointment to the Veterans' Bureau, but he refused to take an appointment outside of

the city of Boston, and the bureau has great difficulty in securing doctors to accept appointment other than in their immediate vicinity.

Mr. CONNERY. And one reason they come here is because they have the opportunity in the Veterans' Bureau to do work for the soldiers which they want to do, and at the same time get at least a small wage in the Veterans' Bureau.

Mr. JONAS of North Carolina. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. JONAS of North Carolina. If the gentleman can find any vacancies over there, I wish he would let me know because I have a half dozen doctors in my district who have been begging me for two years to get them a place in the Veterans' Bureau.

Mr. McCORMACK of Massachusetts. If the gentleman will have them file their applications in the regular way through the civil service and if they can meet the conditions precedent, I understand the Veterans' Bureau is looking for such men who will accept appointments outside of their own immediate community.

Mr. CONNERY. They are always glad to get good doctors.

Mr. JONAS of North Carolina. Well, I have a number of them, and they are very good ones.

Mr. CONNERY. If the gentleman will have them file their application, I am sure they will be glad to have them.

Mr. JONAS of North Carolina. Will the gentleman help me in the matter?

Mr. CONNERY. I will be glad to.

Mr. BLANTON. I may answer my friend from Massachusetts by stating that this amendment will become permanent law because the Reed amendment says, "in all acts," and it becomes operative the very minute it is signed by the President, and applies to any future appropriation bills.

Mr. CONNERY. Whether it applies for all time or for the present year, the principle is the same. It is unjust treatment of men who should be receiving praise instead of censure.

Mr. BLANTON. I understand that one of our employees on the Shipping Board gets $12,000 a year and $6,000 a year compensation. Is the gentleman in favor of that?

Mr. CONNERY. If there is a flaw in the law, if you want to bring in a bill to take care of the $12,000 or $9,000 man, I will go along with you, but I am not going to penalize the men who carried the brunt of battle across the seas simply because they are able to do paper work in an office.

Mr. McCORMACK of Massachusetts. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. McCORMACK of Massachusetts. Does not the gentleman see in this an attempt to affect all veterans——

Mr. CONNERY. I am sure it is the beginning of an attack on all veterans' compensation. They will start with the emergency officers and then they will try to cut down the compensation of the disabled men every time we have veterans' legislation.

Mr. CLANCY. I appreciate the gentleman's argument and it will affect all the veterans adversely. I have a friend who was shot through the lung in battle and he said to the others, "You go ahead and fight and I will stay here." That is the type of men that you are injuring.

Mr. CONNERY. Yes. These are the men who were real fighters. And now in conclusion I want to say that I hope the House will vote against concurring in the Senate amendment because it does not mean simply the $12,000 or the $9,000 men, who are the very rare exceptions, it means the men who fought the battles of this country—the men who went in the front line and should get disabled pay.

Furthermore, we have men in the Regular Army who are going to retire without any disability—I am not against the Regular Army, I have a great deal of respect for the Regular Army, but here is a Regular Army man going to retire without any disability and he will get $359 a month and if he goes out anywhere and can make $5,000 or $10,000 a year we are not going to bother him. Why should he get better treatment than the emergency officer? The Reed amendment would stop an emergency officer from taking the disability pay, but favors the Regular Army man. This is unfair and discriminatory, and I hope the House will vote against concurring with that Senate amendment.

Now, I want to say a few words about the soldiers' bonus. I know it is adjusted compensation but it has commonly been called the bonus.

I want to pay tribute at this time to the gentleman from Texas on my right, the Hon. WRIGHT PATMAN, who by his courage, patriotism, and perseverance in keeping this matter before the House forced the Ways and Means Committee to defer to public opinion and bring in some sort of legislation on the bonus. [Applause.]

I agree with Mr. Shaefer, from Norfolk, Va., who declared before the committee that he was originally the first one to start the ball rolling for adjusted compensation, immediately after the armistice. He said before the committee that he realized that the soldier had about as much chance to get the face value in cash now as advocated in the Patman bill as a celluloid cat would have in going through hell unharmed.

I would amend that and say that the soldier has about as much chance of getting the full value of the certificate now as a celluloid dog has of catching an asbestos cat going through hell. [Laughter.]

If the word "hell" sounds severe, I will change it to Hades.

There has been a lot of talk about 4 per cent and 6 per cent interest. Then we had the heavy artillery brought in by Mr. Mellon and Mr. Mills in the Ways and Means Committee. There was paraded before the committee all of the big financiers of the United States, financiers representing interests in the United States whose billions were saved to them by the boys who went over and fought that war. When these boys come in and ask that they be paid the face value of the certificates, $1,500—that is the most that anybody could get—they say that would cost $3,400,000,000 to do that, and that a bond issue of that amount would disrupt the finances of the country and overturn almost the peace of the world. But they do not say anything about the billions that we gave to the profiteers during the war, they do not say anything about the money that we gave to the railroads, or anything about the money that was handed to everybody who had big financial interests in that war. No; they say that if we give these boys $1,500, the most that any individual soldier can get, we are going to disrupt the finances of the country and affect the whole world.

Seven or eight years ago when the original bonus bill came up in Congress, we listened to the dire predictions of Mr. Mellon, who told us that if we passed that bill at that time there would be a deficit in the Treasury that year of $300,000,000 to $400,000,000. We passed the bill and then we found, greatly to our surprise, that on July 1 of that year it gave Mr. Mellon extreme gratification and joy to tell the American people that we had in the Treasury a surplus of $500,000,000. That was the famous billion-dollar mistake that Mr. Mellon made at that time. He has even been referred to as the greatest Secretary of the Treasury since Alexander Hamilton. If William Gibbs McAdoo immediately preceded him, then I think he is the greatest Secretary since Mr. McAdoo, and I think that we go a long way to give him that credit.

Mr. McSWAIN. Oh, the gentleman has forgotten that Mr. GLASS was Secretary of the Treasury immediately after Mr. McAdoo.

Mr. CONNERY. Yes. Well, he is the greatest Secretary of the Treasury since Mr. McAdoo with the intervening ones left out. I certainly have had little or no faith in his predictions since he made that billion-dollar mistake, for if it was not a mistake, then he grossly misstated the facts to the American people. Moreover, it is a very strange coincidence that it is only when veterans' legislation, whether for the disabled veterans or the needy veterans, is proposed in Congress that we get these dire predictions from Mr. Mellon. Having been here for eight years, and knowing a little about the procedure of the House and how these committees work,

I have no expectation that we are going to get what the soldier is entitled to, and that is pay in cash for the face value of the certificate, so I have a proposition to place before the House.

Mr. McCORMACK of Massachusetts. I thoroughly agree with the gentleman's argument. Personally I would like to see full payment made. What is the gentleman's view of the 50 per cent loan proposition that we have heard discussed and which we have seen so much about in the newspapers the last several days?

Mr. CONNERY. That is just what I am going to talk about. As I understand it from the newspapers, they are going to bring in a proposition to let the soldier borrow 50 per cent of the face value of his adjusted-service certificate.

Mr. JOHNSON of Oklahoma. Borrow his own money?

Mr. CONNERY. Yes. Let us say that it is $500 that he will borrow. They are going to charge him 4 per cent interest. The soldier who is going to borrow the $500 is in need. Less than one-half of 1 per cent of those who have borrowed already have paid back their loans. So we feel fairly sure that the soldier who borrows $500 is not going to be able to pay it back. Taking 4 per cent interest on the $500 for 15 years, we see that we are going to take at least $300 in interest away from that soldier who needs the money. The soldier who was able to put his certificate in the safety deposit box back when it was issued and wait until 1945 will get the full face value of it, but the soldier who is in need now, who needs it to protect his property or buy furniture or to pay on a mortgage, whom we will let borrow $500 at 4 per cent, is going to lose $300 in the 15 years, because we know that he can not pay it back. I am in favor of the Patman bill or any bill that will pay the full face value. We are not going to get it. That would be too much to expect from the kind-hearted administration, and what they think would disrupt the world if they ever gave the soldier the $1,500 or whatever he is entitled to on the face value.

If they are sincere, if they really believe that the payment of the face value of the certificates would affect the bond market of the United States, would affect the country to the extent of Mr. Mellon's dire predictions, then I suggest to them, why not bring in a bill to pay 25 per cent of the face value of the certificate in cash now without any interest, and let the men get what they are entitled to up to date, and let the other 75 per cent remain as an insurance policy as at present.

Mr. McCORMACK of Massachusetts. And allow the loans made at this time to run against the remaining 75 per cent, which would be payable in 1945.

Mr. CONNERY. Yes.

Mr. McCORMACK of Massachusetts. Pay him 25 per cent now on the theory that a little over one quarter of the 20-year period has lapsed, and which, because of the economic conditions prevailing, we think we are justified in making at this time.

Mr. CONNERY. Yes. I agree with the gentleman entirely, to let the loans go against the other 75 per cent which would accrue in 1945.

Remember, I am talking for the man who is in need. I do not see any justice in allowing John Jones over here, who has not a family and who is making a good salary, who is well taken care of, to put his policy in a safe deposit vault and leave it there, and then take John Brown over here who has a little family of three or four children, who needs this money at this moment and penalize him $300 in interest because he is poor. That is what the story will be if they bring in that 50 per cent borrowing capacity bill. I want something that is going to be for the benefit of that John Brown, the man who needs the money now. If they are sincere, if they really want to do something for the soldier, I will go along with the proposition to pay them 25 per cent of the face value of the certificates in cash now, with no interest, regardless of need or anything else.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. CONNERY] has expired.

Mr. AYRES. I yield to the gentleman from Massachusetts two additional minutes.

Mr. CONNERY. In closing, I want to pay a tribute to a man who came before the Ways and Means Committee during the hearings. The big financiers came before the committee. As the distinguished Democratic leader said, they brought all of their heavy artillery there to show why it would not be a good thing to pay the soldiers' bonus. But there was one man who came in there, Owen D. Young, chairman of the board of directors of the General Electric Co., and, while I do not agree with his views on the question, but believe in the payment of the face value of the certificates, Mr. Young did show that he was one financier in the United States who had some sympathy for the soldier. I want to pay tribute to that man, being one of the few financiers of the United States who has ever shown any interest in the men who saved their millions for them on the fields of France. [Applause.]

This is a matter of deep interest to every Member of Congress. The gentleman from Texas [Mr. PATMAN], who has made such a glorious battle on this from the beginning, has tried not to make it a partisan matter. He has tried to get something for his buddies, and I think that is the way you all feel. I hope the members of the Ways and Means Committee, before they bring in this bill, will seriously consider the difference between John Jones and John Brown, these instances I have cited to you, and will not bring in a borrowing bill but bring in a bill for cash payment of 25 per cent of the face value of the policy, allow the remaining 75 per cent to continue as an insurance policy payable in 1945, and allow the loans which have already been made to go against the other 75 per cent.

I thank my colleagues for listening so patiently and I hope that the Ways and Means Committee will bring in a bill along the lines I have just set forth so that we can feel that we are voting for a bill which does not discriminate against a needy veteran. [Applause.]

Mr. AYRES. Mr. Chairman, I yield 15 minutes to the gentleman from South Carolina [Mr. McSWAIN].

Mr. McSWAIN. Mr. Chairman and ladies and gentlemen of the committee, I wish to take a moment to congratulate the Navy Department upon dropping the proceedings of court-martial against General Butler. [Applause.]

I wish to narrate an incident that illustrates the reason why General Butler has a hold upon the affections of the people of America.

He was at my home at dinner one evening in Greenville, S. C., where he was to address the American Legion State convention the next day. Upon answering a telephone call, I was asked by the police authorities of the city of Greenville if the evening paper was correct in stating that General Butler was a guest at my home. I replied that he was. The police authorities then said, "Well, there are two men down here in the lockup who say they are marines from Quantico, Va., and they want to see General Butler." I conveyed the message to General Butler, and he said, in his quick, impulsive, and most human way, "Yes; tell them I will be down there as soon as I finish my supper."

As soon as we had finished I took him down there, and he rushed into the cells where these men were. I went along with him. He said, in substance, "You mean to say you are from Quantico?" They said, "Yes, General." Then he asked them questions as to what companies they were members of, who were their commanding officers, and enough to enable him to be sure they were telling the truth when they said they were from Quantico. Then he said, "What are you doing here?" They said, "General, we are going to tell you the truth. We never tell you anything but the truth. We got a week-end pass over to Richmond, and we got a little too full of oh-be-joyful and we caught a freight train out, and we did not exactly know which direction it was going, and as we were passing through Greenville the police authorities pulled us off and landed us down here in this jug."

The general said, "Well, what about it?" They said, "Why, we want to go back, General. We did not aim to leave Quantico. We want to go back."

He then turned to the chief of police, who was standing by, and said, "Have you got any charges against these men?" The chief said, "No; nothing in the world except they seemed to be mere tramps. To our minds they were tramps, and we pulled them off the train and detained them." The general said, "Is it all right for them to go back?" And the chief said, "Certainly."

The general put his hand down in his pocket, and without any bargaining or dickering at all, handed each of these men $20, and said, "Now, boys, you get out of here and get the next train back to Quantico. I will be back Thursday or Friday, and you report to me."

He did not take their names. He did not take written information concerning them, and he whisked out. On our way back to my house I said, "General, do you do tricks like that very often?" I also added, "That would soon dig into your salary pretty deep, would it not?"

He said, "Why, every now and then I have to do things like that, but while I never have exacted the return of a cent, I have never, that I know of, lost a cent." A year or so after that I asked him if those boys reported to him and he said, "Why, certainly." Later than that I was visiting in Quantico and I made some inquiry as to whether or not it is a fact that the Marines do abuse the confidence the general has in them, as to whether or not they impose on the goodness of his heart, and I was told that while the general does not realize it and never keeps any account of such money he has paid out, and while he thinks it is all paid back, that, as a matter of fact, it is probable that his confidence has been occasionally abused.

That is the reason he is a great leader of men. They love him because he loves them. He is not one of the driving kind. He is one of the kind who says, "Come on with me, boys; follow me." He is of the Andrew Jackson type and of the N. B. Forrest type, who were natural leaders of men. [Applause.] It is well that all naval and Army officers should not meddle in matters political or international, yet in this case, where General Butler was speaking in confidence and not for publication, a reprimand is sufficient punishment for him and as a warning to others.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. FRENCH. Mr. Chairman, I yield 30 minutes to the gentleman from Nebraska [Mr. SEARS]. [Applause.]

Mr. SEARS. Mr. Chairman, ladies and gentlemen of the committee, some time ago I enlisted in an organization known as the "lame ducks." The members of that organization are not to be sworn in until the 4th of March next, at 12 o'clock noon. That being true, I want to say a word before I leave the splendid presence of the House with reference to one or two things which, I think, will not do any harm to the membership of it.

In passing I want to say this about the House: I have been a kind of onlooker since I have been here, now about eight years. I hardly wanted to come when I came and I did not care very much about staying on much longer. But I believe I can say that no one of us will ever meet in all of our lives as many men as there are Members of this House, of the equal caliber, of the quality, of the equal mentality, and of the equal value in the public service as those we associate with here now.

The House has its purpose, but it does not live up to the very best of what was intended for it by the Constitution. Under the written word of the Constitution, I take it, it was intended that the legislative should be the dominant force in the organization of the Government and of the two remaining forces it was intended that the House should be the dominant one. But we are not. I think that at least half of the Members of the House do not feel perfectly free to legislate until they have the consent of some of the employees of the House, some of the departments, some of those who are in ministerial and executive authority. I think that is true. It is against the welfare of the House, and it is circumscribing and contracting the mentality of the House, so to speak.

There are departments here which seem to look down on the Members of the House. I have heard one who is one of our employees, one of the main employees, perhaps, who still considers us as a great board of directors, say that the House should get the consent of some of its employees before it legislates. One of the employees of the House looked the membership of one of the prominent committees of the House in the face and he claimed to be a coordinate branch of the Government, along with the Supreme Court, along with the President, along with the Senate and the House. I would not think of telling his full name, but his last name was General Jadwin, who appeared before the Flood Control Committee and said that it was his duty to make plans and it was our duty to take the plans and adopt them. Yet inside of 24 hours afterwards he admitted that the plans for 50 years had been of no value.

Then I have listened to-day to some argumentation with reference to the power of the cities and some more with reference to the power of agriculture. There is not any commission or committee that can be named by any executive authority that is as well posted as is the membership of this House. We are here from all over the country, from the North and South and from the East and the West. There are men here who have represented their different districts for many years. The administration may send the name of a man to be appointed as a Cabinet member, but I claim that I could pick out a stronger man from the membership of this House. If you will think about that for a little while, you will know it is true.

I want to talk to you a little bit about agriculture. I am one of those old-fashioned people who believe that the foundation of it all is in agriculture. I do not believe you can trade among yourselves these paper parchments with red and blue seals on them and add to the national wealth. If you want to add to the national wealth, you must make something and fundamentally out of the soil. If you put agriculture in such a position that it is not thriving, if you place agriculture in the position that it has not the capacity to buy, you will feel it at once in every city and village in the country. Where is the business that could stand what agriculture did in 1920, and I refer to the deflation of 1920? I do not want to charge that to the Democrats. If the Republicans had been in office, they would have done the same thing. The effect of that has not gone by yet. That cost more than the entire war cost, and the men who ordered that or brought it about own our railroads, own our power companies; they own all of our great corporations, and they are men in whom there is the concentration and representation of great wealth. They knew what they were doing. Agriculture had never been in as prosperous a condition in the history of the United States as it was then.

Agriculture never had its capacity to buy from the workshops of the East, and to keep the spindles and wheels moving and going as they were. Then came directions from somewhere to the head of that regional bank, in the spring of 1920, to reduce loans and discounts 30 per cent in 30 days. Inside of a year that worked a reduction of one-half of all the values of property from the Alleghenies to the Rockies. Who is there who would say that could be repeated without anarchy in the country? If it was right then, it is right now.

Let me give you three rules of money which can not be gainsayed and no one will gainsay them. One is that if you inflate the currency, prices rise; people become blue-sky artists; business becomes livelier; people go in debt, and they pay their debts. You can contract the currency and by so doing you make credit hard to use; down go prices, and the foreclosures that were talked about by the gentleman from Texas [Mr. Box] commence. A third rule, following those two, is that if you do not either inflate or deflate the currency of a country your money price will stay exactly there and will not rise or go down, and that is the only safe condition of a country. Now, then, the price of something may go up or it may go down somewhat. But the price of money

will not, and the price of money we have placed in the hands of those who deal in money, and those to whom we have given the franchise to deal in money can make $25,000,000 or $50,000,000 a day and never get caught at it, and they will be the most unusual people if they do not profit by their opportunities.

In the spring of 1920 there was a Democratic Senator and a Democratic Congressman who went down to Governor Harding and told him what it meant if this order that they had heard about was put into force and effect. Charlie Carter told me that Senator Owen told Harding it meant the suicide of a great many men, the closing of a world of banks, the foreclosing of a world of mortgages on farms; that it meant general distress, and all they could get out of him was, "If you are going to fire a gun, you pull the trigger, don't you"? He would not argue it. He would not deny the terrible consequences of what was intended to be applied, but closed out the whole proposition with the statement, "If you are going to fire a gun, you pull the trigger, don't you"? He had the intention of firing the gun and the intention of pulling the trigger.

This resulted in general distress and then we had floods in this country and we had droughts. I have given special attention here to these questions for a number of years. It is my only excuse for remaining in Congress as I have. I know there should be no floods down South that would ever get out of those banks. I know this. Southern Indiana and southern Illinois and that whole country never should be flooded. The greatest asset we have in the United States yet remaining is the run-off waters, yet I have seen it down there where there were $300,000,000 of damage done by floods, and the year before we, in Nebraska, lost $350,000,000 through drought. Governor MOREHEAD, who has been governor of our State, knows it. This was in the year 1926. The Governor of Kansas told me that that same year they lost as much or more than we did and it was about the same through the Dakotas, Colorado, Oklahoma, and clear up to the Canadian line.

The water line in the soil has gone down up in North Dakota 50 or 60 feet lower than it was. The country is drier to-day than it ever was before. Since the white man came to our shores it has never seen a condition of dryness such as there is to-day, and this is followed by a flood. Why is this? It is very plain. We are going to have greater droughts and greater floods in the next few years than we have had in the past. I made this prediction, I think, five or six years ago, and since then we have had a big flood and since then we have had a big drought; but we are draining our creeks, we are draining our marshes, and we are building large sewers in our cities and in our villages and gathering up the waters and hurling them into this common center. It goes down with a rush and is followed by weather that is dry when the country is drained of moisture.

This water line is going down in our soil, and then what follows? One of the great assets we have, over and beyond the benefit and the absolute necessity of agriculture, that should have an abundance of water, over and beyond the fact that floods when they do aggregate themselves mean loss to many thousands and hundreds of thousands of people, because it means the loss of their stock, the loss of their crops, the loss of their pasture—over and beyond that, one of the great assets that was valued by the founders of this Government was our river navigation.

There should be a supply of water in the fall months, and there can be no navigation on our inland rivers if we allow our waters to run off and do not hold them back and turn them out for use in the fall months.

I understand there is no navigation in the southern part of Mississippi now below Cairo, and when I was there in July they were using dredges to try to get the water together across those sandbars, and now it is much worse; but who can imagine a country any finer than it would be if we saved our waters at the minor flood areas of the Nation and kept those waters and turned them out as we wanted them during the times of low water? If we kept our soil full of water with the waterline well up in place of way down, what would follow? We would have stabilized currents without great floods—I am not talking about neighborhood floods—and without droughts. We would have rivers that would be without low water and without high water, giving us navigation well to the headwaters, with reforestation on the banks, instead of being eroded and the soil starting to the Gulf. We would have them willowed over and grassed over, and fish life and wild life would be most abundant.

If this is true, and I am satisfied it is, it can be accomplished at a much less expense than any Jadwin plan or any tangent of it. I have been over this very, very thoroughly, and I am satisfied there is no more practical thing for us to do than to save the waters in the minor flood areas and use it.

I said to General Brown last year when he was before the Rivers and Harbors Committee, "General, in order to have river navigation practical, must we not have a long-time supply of water?" He said, "Yes." I said, "Is there any way of having that long-continued supply of water except in having reservoirs for the flood areas?" He said there was no other way. I knew that before I asked the question.

Here we are in a country with wonderful soil, wonderful water resources, and that condition which would work so fine for our welfare is denied us.

Mr. McSWAIN. Will the gentleman yield?

Mr. SEARS. I yield.

Mr. McSWAIN. I want to ask the gentleman if it is not fundamental that this flood question is not a problem for the States in the exercise of their police power?

Mr. SEARS. No.

Mr. McSWAIN. Let me finish my question. The Federal Government would have no control over impounding the water in streams not navigable. They are the real sources of the floods. Further back than that the Federal Government has no jurisdiction over the property of the individual citizens in compelling them to terrace their lands to conserve the water in the soil, as the gentleman is arguing for. I agree with him; I do not permit a gallon of water that I can conserve to escape from my farm. Would it not be possible to work out a plan whereby the States would impound the water at the source of these streams, or the Federal Government in cooperation with the States?

Mr. SEARS of Nebraska. I think all of our State universities should teach the storage of water on farms and our National Government should incorporate that, and in the great places of floods there is no way except that the Government shall take charge of it and save the country from floods.

Now, to give you an illustration there is one place up by Bismarck, about 60 miles, where the entire flood of the Missouri River can be taken up. The Missouri River has a stated flow of water whether rain falls or not. Sometimes it is liable to come down seven or eight hundred thousand cubic feet of water—we measure running water by cubic feet and standing water by acre-feet—and that could be controlled, as I have suggested, at a cost of $150,000,000, and it would lower the river at Cairo 7 or 8 feet.

That could not be done by the States. I do not understand that the States could control that water.

Now, it seems to me that that is the greatest question that you will have before you for a number of years—the question of conserving that greatest of all our remaining natural resources. We should not have the lack of navigation from navigable water going to waste.

Now, I never took any stock in the Farm Board legislation that you passed. No man ever heard me say a word about it, but I never thought that they could do anything unless they arbitrarily fixed a minimum price, and they could get the cost of wheat and keep it there in spite of any surplus.

I could not see what they were going to do to help the price of farm products. I do not know now. They have knocked out a good many grain exchanges where people would have gone in and bought grain with the expectation of a profit in case of a shortage.

Instead of doing that, they have gone and bought some of these blue and gold seal papers and have not bought

the grain that used to raise the price when there was a shortage.

Mr. STRONG of Kansas. Mr. Chairman, will the gentleman yield?

Mr. SEARS. Yes.

Mr. STRONG of Kansas. The price in Winnipeg of No. 1 wheat to-day is 41½ cents a bushel. The price in Minneapolis to-day is 73⅝ cents a bushel. Prior to the activities of this Farm Board the Winnipeg price was higher than ours, and now it is 23 cents lower.

Mr. SEARS. That is the difference of our tariff, is it not?

Mr. STRONG of Kansas. I think that is the result of the activity of the Farm Board.

Mr. SEARS. Some day you come around to my office and tell me how.

Mr. STRONG of Kansas. I can tell you now. Prior to the board's activities——

Mr. SEARS. Oh, I will take it for granted that you can say something but that will take up my time. Still, you come around and tell me at my office some day.

Mr. STRONG of Kansas. I could tell you now in half a minute.

Mr. SPROUL of Kansas. I wish the gentleman from Nebraska would let the gentleman from Kansas tell us how. I do not think anybody else knows.

Mr. SEARS. Very well, I will give the gentleman three or four minutes if he will just stick around here for a while. The relief that business can get from this House depends upon whether the men who remain here legislatively are free-minded men and whether they shake off the domination of departmental advice and use people in the department simply as our experts, not for us to follow. It is beneath our dignity. A few years ago about 20 Congressmen went up to see one high in authority to see about the appointment of a man for a judgeship up in the north country. That man said, "I am very much interested, but how do you gentlemen stand on a measure that I am very much interested in—hold up your hands." [Laughter.] That should have been reported to the House here the next day. It was an attempt either to bluff or to bribe the Congress of the United States, which ought to be the greatest legislative body on earth. I do hope that when questions come up here that are vital, Members of Congress will use their own judgment about it. The flood-control question has been stifled for a number of years by gentlemen who know nothing about what they are talking about. Let me tell you how ignorant they have been. I am talking now about the Army engineers. The only bright spot that I have seen in their whole organization is General Brown.

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

Mr. SEARS. Yes.

Mr. RAMSEYER. Having in mind the reservoirs to hold back the waters in the spring and early summer and utilizing them in the fall when the water is scarce, I wish to ask this question. The gentleman has talked on the subject before. I understand he has a bill pending for a system of reservoirs, one in the Northwest and others elsewhere, to hold back waters and release them when needed.

Does the gentleman think that a reservoir put in the Northwest to hold the water that would otherwise go down the Missouri and through the Mississippi to the Gulf would prevent a drought such as we have had this summer along the Ohio and the Mississippi?

Mr. SEARS. I can turn for the gentleman to the stated evidence, the testimony of Army engineers, the statements of civil engineers and experts, if we have any in the service, and they say there is no reason why we should not take the Platte River as an illustration of other rivers. That one dam that was never put up for flood purposes, the Pathfinder Dam, of 1,000,000 acre-feet, has lowered the spring flow of the flood by 45 per cent and increased the fall flow 47 per cent; and you may expect 75,000 cubic feet of water a second to affect the flow at Cairo to the extent of a foot and a quarter. As to the Platte, the saving of those waters has brought about an increase in the valuation of Scotts Bluff County, where BOB SIMMONS comes from, from $800,000 to more than $40,000,000, and we have a rainfall there ordinarily of about 17 inches. That is what it has done. [Applause.]

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. FRENCH. I yield now to the gentleman from Ohio [Mr. FITZGERALD].

Mr. FITZGERALD. Mr. Chairman, I ask unanimous consent to insert at this point a very interesting letter from the Associate Director of the National Park Service, written to me on February 7, 1931.

The CHAIRMAN. Is there objection?

There was no objection.

The letter referred to is as follows:

UNITED STATES DEPARTMENT OF THE INTERIOR,
NATIONAL PARK SERVICE,
Washington, February 7, 1931.

Hon. ROY G. FITZGERALD,
House of Representatives, Washington, D. C.

MY DEAR MR. FITZGERALD: In response to your telephonic request for a comprehensive statement regarding the duties and pay of park rangers, I am glad to give you the following information:

In the first place, permanent rangers in the National Park Service are selected from registers of eligibles maintained by the Civil Service Commission in its district offices. Applicants for the examination must have reached their 21st birthday and not their 35th birthday on the date of the examination. The present requirements are that they must have completed eight years common school and have had at least one year's outdoor experience which would fit them for ranger work. Three months' experience as a temporary ranger in one of the national parks or national monuments is accepted by the Civil Service Commission in lieu of the one year's experience required. We now have under consideration the question of raising these requirements.

The examination is divided into two parts—a written examination is given in which the applicants are required to answer from 80 to 100 questions on the work of national-park rangers, and those that successfully pass this examination are given an oral test by representatives of the National Park Service and the Civil Service Commission. The purpose of this examination is to determine the applicant's personality, appearance, and fitness for work in the National Park Service.

The duties of a national-park ranger are many and varied. He must be qualified, if necessary, to take immediate responsible charge of a specified route or territory in a national park; to detect and suppress forest fires; to protect wild life; to prevent trespass or depredations; to enforce the park rules and regulations, the patrols being made either in summer or winter, often alone, under adverse weather conditions, and in rough, mountainous country, in summer often on motor cycle, horseback, or on foot, and in winter often requiring the use of snowshoes or skis; to control the heavier traffic at the more congested places; to make arrests when necessary, and to furnish evidence and testimony before the United States commissioner or other authority; to maintain many miles of telephone lines and trails, simple bridges and buildings, either personally or by directing laborers; to direct and protect the visiting public by distribution of printed information, by answering inquiries, by personal advice and suggestion; to plant fish fry in streams and lakes often remote from roads; to have charge of a crew of temporary fire fighters during forest fires; to have responsible charge of a public camp ground of more than average size and importance, often containing thousands of visitors at a time; incidentally to check and register visitors, keeping accurate travel records; to compile travel statistics of more than average difficulty and importance; to issue automobile permits and to collect the fees therefor.

The entrance salary for permanent park rangers is at the rate of $1,860 per annum. Deductions are made from this salary for quarters, food, or other allowances furnished.

Temporary park rangers are employed during the summer months in most of the national parks. They are selected by the park superintendents without regard to civil-service rules from applications filed in their offices. Temporary rangers are paid at the rate of $1,680 per annum, with deductions for quarters or other allowances furnished.

An interesting and accurate account of the winter duties of a park ranger by Frederic Van de Water, entitled "Nine Months' Rest," appeared in the Saturday Evening Post of November 12, 1927. I would strongly urge your correspondent to get a copy of this from his local library. At the same time he might obtain a copy of Oh, Ranger, an interesting park story written by Director Albright when superintendent of Yellowstone National Park, in collaboration with Frank J. Taylor. Reference to these two stories will, I am sure, provide a fund of useful and interesting information.

Sincerely yours,

ARNO B. CAMMERER, *Associate Director.*

Mr. FRENCH. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LEHLBACH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 16969, the naval appropriation bill, and had come to no resolution thereon.

NATIONAL COUNCIL OF INTELLECTUAL COOPERATION (H. DOC. NO. 746)

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

To the Congress of the United States:

I commend to the favorable consideration of the Congress the inclosed report from the Secretary of State to the end that legislation may be enacted authorizing an annual appropriation of $21,000 for the maintenance of headquarters for the National Council of Intellectual Cooperation for the United States.

HERBERT HOOVER.

THE WHITE HOUSE, *February 9, 1931.*

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. TAYLOR of Tennessee, for five days, on account of attending Lincoln dinner in Nashville.

ENROLLED BILLS SIGNED

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 5627. An act relating to the naturalization of certain aliens; and

H. R. 10166. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works at Philadelphia, Pa., and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1533. An act to authorize the Secretary of the Interior to adjust payment of charges due on the Blackfeet Indian irrigation project, and for other purposes;

S. 4211. An act to amend the act entitled "An act to provide for the elimination of the Michigan Avenue grade crossing in the District of Columbia, and for other purposes," approved March 3, 1927;

S. 4307. An act to authorize the Commissioners of the District of Columbia to compromise and settle a certain suit at law resulting from the forfeiting of the contract of the Commercial Coal Co. with the District of Columbia in 1916; and

S. 4551. An act to amend an act entitled "An act to establish a Code of Law for the District of Columbia," approved March 3, 1901, and the acts amendatory thereof and supplemental thereto.

ADJOURNMENT

Mr. FRENCH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock p. m.) the House adjourned to meet to-morrow, Tuesday, February 10, 1931, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for Tuesday, February 10, 1931, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON PENSIONS

(10.30 a. m.)

To consider bill proposing to grant pensions to veterans of the Indian wars.

COMMITTEE ON APPROPRIATIONS

(10 a. m.)

Second deficiency bill.

COMMITTEE ON MILITARY AFFAIRS—SUBCOMMITTEE NO. 1

(10 a. m.)

To authorize the erection of additional facilities at branches of the Bureau of National Homes (H. R. 16658).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

817. A communication from the President of the United States, transmitting a supplemental estimate of the appropriation for the Post Office Department for the fiscal year 1931 in the sum of $25,000 (H. Doc. No. 739); to the Committee on Appropriations and ordered to be printed.

818. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the fiscal year 1931, to remain available until June 30, 1932, for the Department of the Interior, amounting to $140,000 (H. Doc. No. 740); to the Committee on Appropriations and ordered to be printed.

819. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of State for the fiscal year 1931, to remain available until June 30, 1932, amounting to $56,606, for the Mixed Claims Commission, United States and Germany (H. Doc. No. 741); to the Committee on Appropriations and ordered to be printed.

820. A communication from the President of the United States, transmitting drafts of proposed provisions pertaining to an existing appropriation for the Treasury Department (H. Doc. No. 742); to the Committee on Appropriations and ordered to be printed.

821. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of Labor for the fiscal year ending June 30, 1931, amounting to $37,890 (H. Doc. No. 743); to the Committee on Appropriations and ordered to be printed.

822. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the War Department for the fiscal year ending June 30, 1931; Survey of battlefield, Chalmette, La., $300; expenses of Army Band, Montgomery, Ala., $7,500; total, $7,800 (H. Doc. No. 744); to the Committee on Appropriations and ordered to be printed.

823. A communication from the President of the United States, transmitting an estimate of appropriation for the Department of Labor for salaries and expenses, Bureau of Immigration for the fiscal year 1932, amounting to $500,000, which is supplemental to the estimate of $10,117,740 contained in the Budget for the fiscal year 1932 as increased by the supplemental estimate of $500,000 transmitted to Congress on January 9, 1931 (H. Doc. No. 745); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. FRENCH: Committee on Appropriations. H. R. 16969. A bill making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1932, and for other purposes; without amendment (Rept. No. 2551). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOUSER: Committee on Pensions. H. R. 16867. A bill to amend the act of June 2, 1930, entitled "An act granting pensions and increase of pensions to certain soldiers, sailors, and nurses of the war with Spain, the Philippine insurrection or the China relief expedition, and for other purposes"; without amendment (Rept. No. 2552). Referred to the Committee of the Whole House on the state of the Union.

Mr. HOUSTON of Hawaii: Committee on the Territories. H. R. 16913. A bill to amend the act entitled "An act to extend the provisions of certain laws to the Territory of Hawaii," approved March 10, 1924; without amendment

(Rept. No. 2556). Referred to the Committee of the Whole House on the state of the Union.

Mr. TEMPLE: Committee on Foreign Affairs. H. R. 15774. A bill to provide additional funds for buildings for the use of the diplomatic and consular establishments of the United States; with amendment (Rept. No. 2560). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CLARK of Maryland: Committee on Claims. H. R. 9966. A bill for the relief of Johana Armstrong; without amendment (Rept. No. 2553). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. H. R. 15229. A bill for the relief of Mrs. Herman M. Warr; with amendment (Rept. No. 2554). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. H. R. 16047. A bill for the relief of Noble Jay Hall; without amendment (Rept. No. 2555). Referred to the Committee of the Whole House.

Mr. RANSLEY: Committee on Military Affairs. H. R. 7695. A bill for the relief of Arthur J. Robinson; with amendment (Rept. No. 2557). Referred to the Committee of the Whole House.

Mr. DOUGLAS of Arizona: Committee on Military Affairs. H. R. 9963. A bill for the relief of Joseph L. Davis; with amendment (Rept. No. 2558). Referred to the Committee of the Whole House.

Mr. DOUGLAS of Arizona: Committee on Military Affairs. H. R. 10971. A bill for the relief of John McMahon, otherwise known as John James Marshall; with amendment (Rept. No. 2559). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FRENCH: A bill (H. R. 16969) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1932, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

By Mr. HOWARD: A bill (H. R. 16970) granting the consent of Congress to Missouri Valley Pipe Line Co., of Iowa, to construct, maintain, and operate a pipe-line bridge across the Missouri River; to the Committee on Interstate and Foreign Commerce.

By Mr. BEERS: A bill (H. R. 16971) to amend certain sections of the United States Code, approved June 30, 1926, relative to the printing and distribution of memorial addresses delivered in Congress, the CONGRESSIONAL RECORD, Decisions and Digest of the Supreme Court, and the distribution of documents to the Library of Congress for international exchange; to the Committee on Printing.

By Mr. MOORE of Virginia: A bill (H. R. 16972) to amend the act entitled "An act to amend the Federal farm loan act, as amended," approved June 26, 1930; to the Committee on Banking and Currency.

By Mr. PERKINS: A bill (H. R. 16973) to authorize a change in the design of the quarter dollar to commemorate the two hundredth anniversary of the birth of George Washington; to the Committee on Coinage, Weights, and Measures.

By Mr. WOOD: A bill (H. R. 16974) to fix the rates of postage on certain periodicals exceeding 8 ounces in weight; to the Committee on the Post Office and Post Roads.

By Mr. CABLE: A bill (H. R. 16975) to amend the law relative to citizenship and naturalization, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. CRAMTON: A bill (H. R. 16976) to provide for the disposition of power revenues on Federal irrigation projects; to the Committee on Irrigation and Reclamation.

By Mr. GRAHAM: A bill (H. R. 16977) to amend the longshoremen's and harbor workers' compensation act; to the Committee on the Judiciary.

Also, a bill (H. R. 16978) to incorporate the American Gold Star Mothers; to the Committee on the Judiciary.

By Mr. GRIFFIN: A bill (H. R. 16979) to authorize the United States Shipping Board to sell certain property of the United States situated in the city of Hoboken, N. J., to the Port of New York Authority; to the Committee on the Merchant Marine and Fisheries.

By Mr. KOPP: A bill (H. R. 16980) granting consent to construct, maintain, and operate a dam across the Des Moines River; to the Committee on Interstate and Foreign Commerce.

By Mr. MANLOVE: A bill (H. R. 16981) to amend the retirement act, approved May 29, 1930; to the Committee on the Civil Service.

By Mrs. ROGERS: A bill (H. R. 16982) to authorize an appropriation to provide additional hospital, domiciliary, and out-patient dispensary facilities for persons entitled to hospitalization under the World War veterans' act, 1924, as amended, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. TEMPLE: A bill (H. R. 16983) authorizing the appropriation of funds for the payment of the claims of certain foreign governments under the circumstances hereinafter enumerated; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the State Legislature of the State of Montana, memorializing the Congress of the United States for the passage of pending legislation regulating the manufacture and sale of oleomargarine and other butter substitutes; to the Committee on Agriculture.

Memorial of the State Legislature of the State of New York, memorializing the Congress of the United States to authorize the United States Shipping Board to sell to the Port of New York Authority the properties in the port of New York districts commonly known as the Hoboken Pier properties; to the Committee on the Merchant Marine and Fisheries.

Memorial of the State Legislature of the State of Montana, memorializing the Congress of the United States for the passage of legislation for the establishing of a standard, completely equipped weather station at Missoula, Mont.; to the Committee on Appropriations.

By Mr. CARTWRIGHT: Memorial of the State Legislature of the State of Oklahoma, memorializing the Congress of the United States to pass Senate bills 2350, 2351 providing for certain improvements in the Wichita National Forest preserve in Comanche County, Okla.; to the Committee on Agriculture.

By Mr. EATON of Colorado: Memorial of the general assembly of the State of Colorado, urging that Congress take action to set apart and dedicate all of the territory now occupied by the sand dunes, located in township 40 and 41 north, range 12, east of the New Mexico principal meridian, in the counties of Saguache and Alamosa, in the State of Colorado, which now remains unoccupied public domain, as a national park, monument or playground, in order that this monument of unsurpassed scenic attraction may be preserved for the future enjoyment of the people of the State of Colorado and the people of the Nation; to the Committee on the Public Lands.

Also, resolution of the Senate of the Twenty-Eighth General Assembly of the State of Colorado (the House of Representatives concurring therein), urging the passage of a law providing for the immediate payment of World War veterans' adjusted-compensation certificates; to the Committee on Ways and Means.

By Mr. EVANS of Montana: Memorial of the Montana Legislature, memorializing Congress for the passage of pending legislation regulating the manufacture and sale of oleo-

margarine and other butter substitutes; to the Committee on Agriculture.

Also, Senate Resolution 3, Montana State senate, relative to urging the passage of the Interior Department bill; to the Committee on Appropriations.

Also, memorial of the Montana Legislature, memorializing Congress for the passage of legislation for the establishing of a standard, completely equipped weather station at Missoula, Mont.; to the Committee on Agriculture.

By Mr. GRIFFIN: Memorial of the State Legislature of the State of New York, urging the Congress of the United States of America to authorize the United States Shipping Board to sell to the Port of New York Authority the properties in the port of New York district, commonly known as the Hoboken Pier Properties; to the Committee on the Merchant Marine and Fisheries.

By Mr. KORELL: Memorial of the State Legislature of the State of Oregon, memorializing the Congress of the United States to favorably consider pending legislation for the construction of the Deschutes project in central Oregon; to the Committee on Irrigation and Reclamation.

Also, memorial of the State Legislature of the State of Oregon, memorializing the Congress of the United States to act favorably upon legislation which proposes immediate payment at the full face value of veterans' adjusted-compensation certificates; to the Committee on Ways and Means.

By Mr. LEAVITT: Memorial of the State Legislature of the State of Montana, memorializing the Congress of the United States to urge the adoption of the Senate amendments to the pending Agriculture Department appropriation bill providing for establishment of a full-time Weather Bureau station at Missoula, Mont.; to the Committee on Agriculture.

Also, memorial of the State Legislature of the State of Montana, memorializing the Congress of the United States to urge the early enactment into law of the pending Interior Department appropriation bill; to the Committee on Appropriations.

Also, memorial of the State Legislature of the State of Montana, memorializing the Congress of the United States for enactment of House bill 15934, to further regulate the manufacture and sale of oleomargarine; to the Committee on Agriculture.

By Mr. McKEOWN: Memorial of the State Legislature of the State of Oklahoma, memorializing the Congress of the United States to pass Senate bills 2350 and 2351; to the Committee on the Public Lands.

By Mr. McCLINTIC of Oklahoma: Memorial of the State Legislature of the State of Oklahoma, memorializing the Congress of the United States to pass Senate bills 2350 and 2351; to the Committee on the Public Lands.

By Mr. ROBINSON: Memorial of the State Legislature of the State of Iowa, memorializing the Congress of the United States to enact legislation to require rural post roads to be jointly policed by Federal and State agencies; to the Committee on Roads.

By Mr. THURSTON: Memorial of the State Legislature of the State of Iowa, memorializing the Congress of the United States to enact legislation to require rural post roads to be jointly policed by Federal and State agencies; to the Committee on Roads.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. AYRES: A bill (H. R. 16984) granting an increase of pension to Susan I. Queen; to the Committee on Invalid Pensions.

By Mr. CULKIN: A bill (H. R. 16985) granting a pension to Josephine Cotrell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 16986) granting an increase of pension to Martha House; to the Committee on Invalid Pensions.

By Mr. EVANS of California: A bill (H. R. 16987) for the relief of Royal W. Robertson; to the Committee on Naval Affairs.

By Mr. FITZGERALD: A bill (H. R. 16988) granting a pension to James L. Mackley; to the Committee on Pensions.

By Mr. GIFFORD: A bill (H. R. 16989) granting an increase of pension to George I. Luce; to the Committee on Pensions.

By Mr. HOOPER: A bill (H. R. 16990) granting an increase of pension to Vina Parker (with accompanying papers); to the Committee on Invalid Pensions.

By Mr. HOPKINS: A bill (H. R. 16991) granting a pension to Jane Salmons; to the Committee on Invalid Pensions.

By Mr. HUDSON: A bill (H. R. 16992) for the relief of G. L. Ginger; to the Committee on Claims.

By Mr. NELSON of Maine: A bill (H. R. 16993) authorizing a preliminary examination and survey of the South Branch of the Penobscot River, Me.; to the Committee on Rivers and Harbors.

By Mr. PURNELL: A bill (H. R. 16994) granting an increase of pension to Elizabeth Caslow; to the Committee on Invalid Pensions.

By Mr. FRANK M. RAMEY: A bill (H. R. 16995) granting an increase of pension to Ann M. Stead; to the Committee on Invalid Pensions.

By Mr. SIMMONS: A bill (H. R. 16996) for the relief of James Colton; to the Committee on Claims.

By Mr. STRONG of Kansas: A bill (H. R. 16997) granting an increase of pension to Treca Honey; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 16998) granting an increase of pension to Mary J. Zimmerman; to the Committee on Invalid Pensions.

By Mr. WELSH of Pennsylvania: A bill (H. R. 16999) for the relief of Augustus Thompson; to the Committee on Accounts.

By Mr. ZIHLMAN: A bill (H. R. 17000) to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products; to the Committee on the District of Columbia.

PETITIONS, ETC.

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

9204. By Mr. BLAND: Petition of residents of National Soldiers' Home, Va., indorsing legislation for immediate cash payment at full face value of adjusted-compensation certificates; to the Committee on Ways and Means.

9205. Also, petition of citizens of Newport News, Va., indorsing legislation for immediate cash payment at full face value of adjusted-compensation certificates; to the Committee on Ways and Means.

9206. By Mr. BLANTON: Petition of the Tommie Aiken Post, No. 423, American Legion, of Cross Plains, Tex., sent by Ike Kendrick, adjutant, and C. D. Anderson, commander, asking passage of measure to pay in cash the adjusted-compensation certificates; to the Committee on Ways and Means.

9207. Also, petition of the Ladies Aid Society, of Kermit, Tex., sent by Rev. C. Y. Butler, pastor of the Methodist Episcopal Church South, favoring House Joint Resolution 356; to the Committee on the Judiciary.

9208. By Mr. BOLTON: Resolution of the City Council of Cleveland, Ohio, favoring proposed legislation for the payment of adjusted-service compensation in cash at the face value of the certificates; to the Committee on Ways and Means.

9209. By Mr. CHALMERS: Petition signed by veterans of all wars of the United States, residing in Toledo, Ohio, requesting favorable action on legislation pending in Congress for the immediate payment in cash of the adjusted-compensation certificates; to the Committee on Ways and Means.

9210. By Mr. CHRISTGAU: Resolution adopted by the Gustav Berg Post, No. 81, the American Legion, at Harmony, Minn., urging the immediate payment of the adjusted-com-

pensation certificates; to the Committee on Ways and Means.

9211. Also, resolution adopted by the Minnesota Jersey Cattle Club, expressing opposition to the ruling of the Commissioner of Internal Revenue on the use of palm oil in the manufacture of oleomargarine, and urging the adoption by Congress legislation taxing yellow-colored oleomargarine at 10 cents per pound; to the Committee on Ways and Means.

9212. By Mr. CLAGUE: Resolution of Troska Post, No. 210, American Legion, Wells; Joseph Oien Post, American Legion, Boyd; and Windom Post, No. 206, American Legion, Windom, all of the State of Minnesota, urging the immediate payment of adjusted-compensation certificates; to the Committee on Ways and Means.

9213. By Mr. CLARKE of New York: Petition of the members of the Woman's Christian Temperance Union, Sidney, N. Y., urging Congress to enact a law for the Federal supervision of motion pictures, establishing higher standards before production for films that are to be licensed for interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

9214. Also, petition of the members of the Women's Foreign Missionary Society, Sidney, N. Y., urging Congress to enact a law for the Federal supervision of motion pictures, establishing higher standards before production for films that are to be licensed for interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

9215. By Mr. CULKIN: Petition of approximately 1,000 members of Barben-Jones Post, No. 1400, Veterans of Foreign Wars, of Watertown, N. Y., and sundry citizens of that city, praying for enactment of legislation providing for the immediate cash payment at full face value of all adjusted-service certificates; to the Committee on Ways and Means.

9216. Also, petition of Mrs. L. W. Ball and four others, all residing at Watertown, N. Y., urging the passage of House bill 7884 at the present session of Congress; to the Committee on the District of Columbia.

9217. Also, petition of 38 World War veterans and sundry citizens of Canastota, N. Y., praying for passage of legislation providing for immediate cash payment at full face value of adjusted-compensation certificates; to the Committee on Ways and Means.

9218. By Mr. EATON of Colorado: Petition of the Ordway Lions Club, urging passage of Senate bill 4123; to the Committee on Irrigation and Reclamation.

9219. By Mr. ELLIS: Petition of Patrick Murray, Calvin L. Moore, and other veterans, whose names appear on the attached lists, petitioning for cash payment of adjusted-compensation (bonus) certificates as created by section 702 of the World War adjusted-compensation act; to the Committee on Ways and Means.

9220. Also, resolution adopted by William R. Nelson Camp, No. 23, United Spanish War Veterans, Department of Missouri, signed by Harry L. Cherryholmes, commander, and Robert L. Clarke, adjutant, in support of House bill 9333; to the Committee on War Claims.

9221. Also, resolution adopted by the Ernestine Schumann-Heink Missouri Chapter, No. 2, the Disabled American Veterans of the World War, in favor of payment in part or in whole of the adjusted-service compensation certificates, more commonly referred to as "bonus bonds"; to the Committee on Ways and Means.

9222. By Mr. ESTEP: Petition of Branch No. 20, National Association of Supervisors, of Pittsburgh, Pa., urging passage of House bill 14908; to the Committee on the Civil Service.

9223. By Mr. FINLEY: Petition of Veterans of the World War, of Cawood, Ky., asking Mr. FINLEY to support any of the bills proposing to pay all or some part of adjusted-service certificates; to the Committee on Ways and Means.

9224. By Mr. HICKEY: Petition of Myrtle U. Gill and other residents of South Bend, Ind., urging passage of the Sparks-Capper stop alien representation amendment (H. J. Res. 356); to the Committee on the Judiciary.

9225. By Mr. HOGG of West Virginia: Petition of Charleston Clearing House Association, Charleston, W. Va., opposing the cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

9226. By Mr. HOOPER: Petition of Bellevue Grange, No. 134, of Bellevue, Mich., urging Congress to enact a new law taxing all yellow oleomargarine at least 10 cents a pound; to the Committee on Ways and Means.

9227. Also, resolution of Junior Mathers Council, No. 1, of the S. D. C. Tabernacle Church, of Battle Creek, Mich., requesting Congress to enact a law for the Federal supervision of motion pictures as provided in the Grant Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

9228. By Mr. HUDSON: Petition urging the passage of House bill 7884 to exempt dogs from vivisection in the District of Columbia; to the Committee on the District of Columbia.

9229. Also, resolution of Michigan State Millers Association, Lansing, Mich., realizing the extent of suffering caused by the drought and general unemployment of vast numbers of our people because of present economic conditions and commends the Government's effort to relieve such suffering, but views with alarm the proposal to use Federal Farm Board wheat for these purposes, believing the effect on cash wheat for such purposes would be disastrous to economic conditions and tend to further depress the price of cash wheat, and earnestly protests against such a method; to the Committee on Agriculture.

9230. By Mr. HULL of Wisconsin: Resolution of the Farmers' Creamery Association, of Union Center, Wis., urging a higher tax on oleomargarine; to the Committee on Ways and Means.

9231. Also, resolution of the Juneau County Holstein Breeders Association of Juneau County, Wis., favoring a higher tax on oleomargarine; to the Committee on Ways and Means.

9232. Also, resolution of the Fall Creek Cooperative Creamery Co., of Fall Creek, Wis., favoring the use of butter instead of oleomargarine in Government institutions; to the Committee on Agriculture.

9233. Also, resolution of the Iron Cooperative Creamery Association, Ironton, Wis., opposing the ruling of the Commissioner of Internal Revenue regarding the use of palm oil in oleomargarine and favoring a higher tax on oleomargarine; to the Committee on Ways and Means.

9234. By Mr. JAMES of Michigan: Petition of Veterans' Political Association of America, urging the Congress of the United States to pass legislation to pay the full face value in cash of the adjusted-compensation certificates; to the Committee on Ways and Means.

9235. By Mr. JOHNSON of Nebraska: Petition favoring immediate passage of the omnibus disabled bill from American Legion Auxiliary, Clay Center, Nebr.; to the Committee on World War Veterans' Legislation.

9236. Also, petition of Twin Valleys Association of Commercial Clubs, Culbertson, Nebr., favoring the passage of bills now pending in Congress providing for conservation, control, and utilization of the flood waters of the United States by reservoirs; to the Committee on Flood Control.

9237. By Mrs. OWEN: Petition of certain citizens of the fourth district of Florida, favoring restrictive immigration legislation; to the Committee on Immigration and Naturalization.

9238. By Mr. FRANK M. RAMEY: Resolution of Matt L. H. Smith Post, Veterans of Foreign Wars, Springfield, Ill., urging passage of a bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, and for other purposes; to the Committee on Ways and Means.

9239. Also, petition of ladies of St. Mary's Church, of Litchfield, Ill., protesting against law permitting distribution of literature regarding artificial birth control; to the Committee on the Judiciary.

9240. By Mr. SELVIG: Petition of Kittson County Creamery Association, Bronson, Minn., urging immediate enactment of the Brigham bill (H. R. 15934) to levy a 10-cent tax on colored oleomargarine; to the Committee on Agriculture.

9241. Also, petition of American Legion Post, No. 376, of Rothsay, Minn., numbering 43 members, favoring cash payment of bonus; to the Committee on Ways and Means.

9242. Also, petition of Charles C. Winter, Edwin Aasen, and nine other residents of Roseau County, urging enactment of provision to pay adjusted-compensation certificates in cash; to the Committee on Ways and Means.

9243. Also, petition of Hendrum Cooperative Creamery Association, Hendrum, Minn., at their annual meeting, urging enactment of Brigham bill (H. R. 15934) to levy a 10-cent tax on colored oleomargarine by unbleached palm oil; to the Committee on Agriculture.

9244. By Mr. SHREVE: Petition of 28 members of Colonel Lytle Post, No. 7, Women's Relief Corps, Albion, Pa., for support of a World War veterans' bill giving pensions to the widows and orphans and the chronically disabled; to the Committee on World War Veterans' Legislation.

9245. Also, petition of Dora E. Hutchings, secretary, and a number of members of Oakley K. Cobb Auxiliary, No. 567, American Legion, Albion, Pa., for World War veterans' legislation giving pensions to the widows and orphans and to the chronically disabled; also a bill to provide hospitalization for all veterans; to the Committee on World War Veterans' Legislation.

9246. By Mr. SPARKS: Petition of a special meeting of the Woman's Christian Temperance Union of Hays, Kans., for the Federal supervision of motion pictures, as provided in the Grant Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

9247. Also, petition of 19 members at a regular meeting of the Covert Community Young Women's Christian Association, of Covert, Kans., for the Federal supervision of motion pictures as provided in the Grant Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

9248. Also, petition of Woman's Christian Temperance Union of Lincoln, Kans., for the Federal supervision of motion pictures, as provided in the Grant Hudson motion picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

9249. By Mr. SULLIVAN of Pennsylvania: Protest of Grace S. Munhall, as governor of the Pennsylvania Chapter, International Federation of Catholic Alumnae, to Senate bill 4582, amending the tariff act and Criminal Code; to the Committee on the Judiciary.

9250. By Mr. TEMPLE: Petition of James R. Hunt Post, No. 639, American Legion, Claysville, Pa., favoring the payment of adjusted compensation in full immediately; to the Committee on Ways and Means.

9251. By Mr. WATSON: Petition of ex-service men and citizens of Pottstown, Pa., and vicinity, urging the immediate payment to veterans of the World War the cash value of their adjusted-service certificates; to the Committee on Ways and Means.

9252. Also, petition of residents of Bucks County, Pa., urging support of Sparks-Capper bill, alien representation amendment; to the Committee on the Judiciary.

9253. By Mr. WYANT: Petition of First Savings & Trust Co., of Derry, and Vandergrift Savings & Trust Co., Vandergrift, Pa., opposing cash payment of adjusted-service certificates; to the Committee on Ways and Means.

9254. Also, petition of Trafford Post, No. 331, the American Legion, Trafford, Pa., urging cash payment as of 1945 at this time of adjusted-service certificates; to the Committee on Ways and Means.

9255. Also, petition of Rev. W. V. Barnhart, pastor of the First United Brethren Church, of Latrobe, Pa., urging support of Sparks-Capper amendment eliminating approximately 7,500,000 unnaturalized aliens in proposed congressional reapportionment; to the Committee on the Judiciary.

9256. Also, petition of Emma E. Walter Union of the Women's Christian Temperance Union, of West Newton, Pa. (50 members), urging support of Sparks-Capper amendment eliminating approximately 7,500,000 unnaturalized aliens in proposed congressional reapportionment; to the Committee on the Judiciary.

SENATE

TUESDAY, FEBRUARY 10, 1931

(Legislative day of Monday, January 26, 1931)

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

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1533. An act to authorize the Secretary of the Interior to adjust payment of charges due on the Blackfeet Indian irrigation project, and for other purposes;

S. 4211. An act to amend the act entitled "An act to provide for the elimination of the Michigan Avenue grade crossing in the District of Columbia, and for other purposes," approved March 3, 1927;

S. 4307. An act to authorize the Commissioners of the District of Columbia to compromise and settle a certain suit at law resulting from the forfeiting of the contract of the Commercial Coal Co. with the District of Columbia in 1916;

S. 4551. An act to amend an act entitled "An act to establish a Code of Law for the District of Columbia," approved March 3, 1901, and the acts amendatory thereof and supplemental thereto;

H. R. 5627. An act relating to the naturalization of certain aliens; and

H. R. 10166. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works at Philadelphia, Pa., and for other purposes.

BAY OF SAN FRANCISCO BRIDGE

The VICE PRESIDENT. The Senator from Wisconsin [Mr. LA FOLLETTE] has the floor.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from California?

Mr. LA FOLLETTE. I yield.

Mr. JOHNSON. From the Committee on Commerce I report favorably, with amendments, the bill (S. 5825) granting the consent of Congress to the State of California to construct, maintain, and operate a toll bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco, by way of Goat Island, to Oakland over the Key Route Mole, and I submit a report (No. 1562) thereon. I ask unanimous consent for the immediate consideration of the bill. I will state to the Senator from Wisconsin and the Senator from Utah [Mr. SMOOT] that all the departments agree and approve. The commission appointed by the President of the United States and the State of California met and have approved. The bill is the result of their joint efforts.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. I have no objection if it does not lead to discussion.

There being no objection, the Senate proceeded to consider the bill. The amendment was, on page 2, line 23, before the word "years," to strike out "20" and insert "40," so as to make the bill read:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of California to construct, maintain, and operate a bridge and approaches thereto across the Bay of San Francisco at a point suitable to the interests of navigation, at or near the general site from Rincon Hill, in the city and county of San Francisco, to and across Goat Island, in San Francisco Bay, thence to Oakland, in the county of Alameda, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act: *Provided*, That permission for such bridge to cross the Government reservations on Goat Island shall first be obtained from the Secretaries of War, Navy, and Commerce: *Provided further*, That if any buildings, improvements, or facilities on such Government reservations are damaged or destroyed by the construction of said bridge they shall be repaired or replaced by the State of