Frances H. Diven to be postmaster at West Bridgewater, Pa., in place of F. H. Diven. Incumbent's commission expires February 28, 1932.

PORTO RICO

Antonio Miro to be postmaster at Jayuya, P. R. Office became presidential July 1, 1931.

SOUTH CAROLINA

Dora C. Folk to be postmaster at Brunson, S. C., in place of D. C. Folk. Incumbent's commission expired January 16, 1932.

David H. Taylor to be postmaster at Cameron, S. C., in place of D. H. Taylor. Incumbent's commission expired January 16, 1932.

Carl M. Norton to be postmaster at Estill, S. C., in place of C. M. Norton. Incumbent's commission expired January 16, 1932.

Oleda H. Garrett to be postmaster at North Charleston, S. C., in place of R. L. Henderson, deceased.

Robert E. Ragsdale to be postmaster at Pelzer, S. C., in place of R. E. Ragsdale. Incumbent's commission expired December 17, 1931.

SOUTH DAKOTA

Charles H. Hornbeck to be postmaster at Centerville, S. Dak., in place of C. J. Johnson, deceased.

TENNESSEE

James G. Jones to be postmaster at Ardmore, Tenn., in place of J. G. Jones. Incumbent's commission expired December 17, 1931.

Jean Brient to be postmaster at Friendsville, Tenn., in place of Jean Brient. Incumbent's commission expired December 17, 1931.

Rufus T. Hickman to be postmaster at Lynnville, Tenn., in place of R. T. Hickman. Incumbent's commission expired December 11, 1930.

Joseph M. Patterson to be postmaster at Watertown, Tenn., in place of J. M. Patterson. Incumbent's commission expired January 14, 1931.

TEXAS

Neeley R. Vaught to be postmaster at Burkburnett, Tex., in place of N. R. Vaught. Incumbent's commission expired February 10, 1932.

John C. Flanagan to be postmaster at Crystal City, Tex., in place of J. C. Flanagan. Incumbent's commission expired January 11, 1932.

Clifford C. Burrows to be postmaster at Iowa Park, Tex., in place of C. C. Burrows. Incumbent's commission expired December 15, 1931.

George C. Hoffman to be postmaster at Kingsville, Tex., in place of A. H. Firnhaber, removed.

Maude W. Hoople to be postmaster at Lorenzo, Tex., in place of M. W. Hoople. Incumbent's commission expired January 9, 1932.

Grover C. Stephens to be postmaster at Sierra Blanca, Tex., in place of G. C. Stephens. Incumbent's commission expired January 11, 1932.

VERMONT

Frank E. Robinson to be postmaster at Barre, Vt., in place of F. E. Robinson. Incumbent's commission expired January 13, 1932.

Margaret H. Walsh to be postmaster at Concord, Vt., in place of M. H. Walsh. Incumbent's commission expired February 16, 1931.

Alfred C. Hooker to be postmaster at Hardwick, Vt., in place of A. C. Hooker. Incumbent's commission expired February 8, 1932.

VIRGINIA

Henry P. Holbrook to be postmaster at Castlewood, Va., in place of H. P. Holbrook. Incumbent's commission expired February 19, 1931.

Louise A. Merrihue to be postmaster at Emory, Va., in place of M. L. Addison, to correct name.

James O. Humphreys to be postmaster at Goshen, Va., in place of J. O. Humphreys. Incumbent's commission expired January 5, 1932.

Lena Campbell to be postmaster of Madison Heights, Va., in place of W. C. Crews. Incumbent's commission expired June 8, 1930.

Claude T. DeBusk to be postmaster at Saltville, Va., in place of C. T. DeBusk. Incumbent's commission expired January 31, 1932.

WASHINGTON

William G. Powell to be postmaster at Aberdeen, Wash., in place of W. G. Powell. Incumbent's commission expired January 10, 1932.

William W. Woodward to be postmaster at Darrington, Wash., in place of W. W. Woodward. Incumbent's commission expired January 10, 1932.

Robert B. Henry to be postmaster at Lakeside, Wash. Office became presidential July 1, 1931.

Andrew H. Byram to be postmaster at Millwood, Wash., in place of A. H. Byram. Incumbent's commission expired January 10, 1932.

George W. Edgerton to be postmaster at Puyallup, Wash., in place of G. W. Edgerton. Incumbent's commission expired January 10, 1932.

WEST VIRGINIA

Stark A. Willhide to be postmaster at Durbin, W. Va., in place of S. A. Willhide. Incumbent's commission expired January 9, 1932.

Paul J. Davis to be postmaster at Keyser, W. Va., in place of P. J. Davis. Incumbent's commission expired March 3, 1931.

WITHDRAWALS

Executive nominations withdrawn from the Senate February 15 (legislative day of February 5), 1932

POSTMASTERS

ALABAMA

Clifford M. Cox to be postmaster at Ozark, in the State of Alabama.

MAINE

Edith L. Newcomb to be postmaster at Scarboro, in the State of Maine.

VIRGINIA

Mary L. Addison to be postmaster at Emory, in the State of Virginia.

HOUSE OF REPRESENTATIVES

MONDAY, FEBRUARY 15, 1932

The House met at 12 o'clock noon.

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

We come to Thee, our Heavenly Father, in the name of Him who first felt for the struggling, toiling, laboring man, and who first taught human brotherhood. We thank Thee for Him who first said that life is more than meat and declared that it is love, beauty, and sonship with God. Oh, it is not what the hand grasps, but what the eye sees and what the heart feels that makes life great. Do Thou turn all of us into a God-centered life. We look with reverence and adoration to the illuminated cross blazing in the skies. But, merciful Father, forgive us if we fail to be aroused by the millions of crosses around which the breath of the suffering sigh and moan. Lift men up from their barbarisms, their superstitions, and their cruelties. O Lamb of God, who for the love of man stooped to a cross, dig Thou an everlasting grave for war and hate, and let the daylight come for which the world so long has waited. Amen.

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

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On February 10, 1932:

H. R. 70. An act granting the consent of Congress to the Board of County Commissioners of Mahoning County, Ohio, to construct a free overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio;

H. R. 474. An act granting the consent of Congress to the State of North Dakota to construct, maintain, and operate a free highway bridge across the Missouri River at or near Garrison, N. Dak.;

H. R. 4695. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Culbertson, Mont.;

H. R. 4696. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River southerly from the Fort Belknap Indian Reservation at or near the point known and designated as the Power-site Crossing, in the State of Montana;

H. R. 5131. An act to extend the time for completing the construction of a bridge across the Mississippi River near and above the city of New Orleans, La.;

H. R. 5471. An act authorizing Sullivan County, Ind., to construct, maintain, and operate a public toll bridge across the Wabash River at a point in said county to a point opposite on the Illinois shore;

H. R. 5478. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Baton Rouge, La.;

H. R. 5626. An act authorizing the States of Minnesota and North Dakota, the county of Polk, Minn., the county of Grand Forks, N. Dak., or any one or more of them, to construct, maintain, and operate a free highway bridge across the Red River of the North at or near Bygland, Minn.;

H. R. 5878. An act granting the consent of Congress to the Louisiana Highway Commission and the Missouri Pacific Railroad Co. and the Louisiana & Arkansas Railway Co. to construct, maintain, and operate a free highway bridge in combination with a railroad bridge across the Mississippi River at or near Baton Rouge, La.; and

H. R. 7225. An act granting the consent of Congress to the board of county commissioners of Allegheny County, Pa., to construct, maintain, and operate a free highway bridge across the Monongahela River between the city of Pittsburgh and the borough of Homestead, Pa.

On February 11, 1932:

H. R. 149. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.; and

H. R. 7248. An act authorizing the modification of the existing project for the Willamette River between Oregon City and Portland, Oreg.

On February 12, 1932:

H. R. 225. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States; and

H. R. 6663. An act to reserve certain land on the public domain in Utah for addition to the Skull Valley Indian Reservation.

TAXATION

Mr. PATTERSON. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

The SPEAKER. Before the Chair puts the request, may the Chair state that this is unanimous-consent day? The Chair will put this request but will not recognize other gentlemen for the purpose of discussing other matters before the House to-day.

Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. PATTERSON. Mr. Speaker, a day or two ago we had a most interesting and a most pointed address by the gentleman from Georgia [Mr. CRISP] with reference to the tax situation. I rise at this time not to take issue with that address but to present another side of the question.

I feel that at a time like this—although we realize the serious condition of the Treasury, but yet the country is in a serious condition—it would be most unfortunate to try to tax ourselves out of the depression. I feel that we have now the machinery with which to raise taxes, and with some material amendments in higher brackets on income taxes and estate taxes, with corresponding gift taxes and such like—if we would return this country to prosperity—our tax system will then be such as to bring in the necessary revenue. If we try to tax everybody and to tax everything in this great country of ours now, in my judgment, we will see that it will react against the very thing we hope to accomplish to benefit the people, and for one I want to express myself now as opposed at a time like this to trying to levy a tax on every person in America and to try to broaden out the tax system to dig deeper and deeper into the pockets of the masses of the people in our country at a serious time like this. By doing this we would not only handicap ourselves in returning to prosperity, but we would bring about a system where the common masses of the people would be paying a larger and larger bulk of the taxes, which in my judgment is undesirable and would have serious consequences. With this the great productive sources of wealth of the country where the burden of taxation should be placed will be escaping more and more taxation.

For one I want to express myself in no uncertain terms as being opposed to broadening the national tax system to reach more and more the entire American people and increasing their burdens of taxation at this time in order to try to clear up the deficit or pay the national debt. In my judgment we have been brought to this sad plight by evils which should be remedied, and this does not require the poor people of our country being heavier burdened by taxation, on the contrary, what we need is relief for the masses.

I want to point out to those of you who have thought over this question that we can not tax the American people to-day and clear up the deficit and then pay the great debt that we owe under present conditions. There are other questions where we should strike for relief. We owe more to-day and it will take more purchasing power to pay the American debt than it would in 1920 when the war closed. It will take more of the commodities of our people to pay this debt and it can not be done under present conditions.

What we need now is to bring the country back to prosperity and give us a stabilized currency at a point where there will be more money in circulation, and then the working out of a proper system will be easy, but as long as conditions are like they are now, I think it is a fearful thing to talk about raising all the revenue we might need at this time out of our people, with conditions like they are now. Broaden out the base of taxation in order to further reach every man, woman, and child in this country. I want to express myself as being opposed to this.

If we are to credit press reports of the condition of the Treasury, as the gentleman from Georgia [Mr. CRISP] says, we have a serious problem to face, but I respectfully dissent from the opinion of anyone who seeks to further burden the great masses of our people who are now overburdened by tax. It can not be defended; we should relieve the farmer, laboring man, the small business man of taxes rather than loading him with more. And for me I propose to stand by this principle.

Any effort to put a burden of taxes on the necessities of our people at this time, or any of these necessities, should be resisted to the limit, and I for myself will resist them to the last. A good deal of our present tax system is inequable; take, for instance, the income tax now, there is no raise in the per cent after it crosses the $500,000 mark. A man with this amount pays the same per cent as one who has a net income of twenty millions or more. This should be remedied, but the iniquitous schemes suggested by the Treasury Department, in my opinion, will ruin this country, and I hope that Members of this House will serve notice that no such system will be upheld here. And, my colleagues, we can not escape the responsibility, for we are the revenue-raising body, and the country will give this House credit or blame according as we act in this important matter. And I as a humble Member warn Members of my own party of the danger we face in this crisis. I repeat we can not tax ourselves out of the depression.

What we should do is to pass a bill which will raise the taxes on the higher incomes and estates and a corresponding gift tax with teeth in it and probably a few other taxes which do not lay any further burden on the masses of our people, but which will even help protect them. They can be found by getting after the international bankers, Wall Street speculators and manipulators, as well as these foreign concessionaries in our own country who have gone out into other countries and by nefarious schemes bringing us more and more diplomatic trouble and helping to make it harder and harder for some of our own legitimate industries.

Then, again, there is another group of taxes which we should resist, and that is a tax on certain commodities in general use, which should be left to the States only for taxation and not take up the entire field.

I note some of these taxes would lay tremendous burdens on some of our industries and homes, including everything from farm home to a manufacturing plant.

Now, Mr. Speaker, in closing I wish to say that the farmer, the working man, the professional man who tries to own a home, and the small business man of every class, especially those who have an independent business, are burdened very near to death with tax now, and I pledge myself to fight an extension of this burden. Upon this rock nearly all of the countries of past history have fallen to decay, and in keeping with my philosophy of love of home and country, reaching from every fireside in this land to this Capitol—North, South, East, and West—I shall oppose what I believe to be an abuse of this power, and sincerely hope enough of my colleagues will join me in preserving this glorious heritage and thereby hasten the return of prosperity to all the people. [Applause.]

EAST IS EAST AND WEST IS WEST

Mr. JOHNSON of Texas. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by publishing an article written by the gentleman from Nebraska [Mr. HOWARD] in commendation of my colleague, the gentleman from Texas [Mr. JONES].

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

There was no objection.

Mr. JOHNSON of Texas. Mr. Speaker, under the unanimous consent granted me for that purpose I am submitting for printing in the RECORD an editorial written by Hon. EDGAR HOWARD, a Member of the Congress, and appearing in the Columbus (Nebr.) Telegram of February 3:

EAST IS EAST AND WEST IS WEST

By EDGAR HOWARD in the Columbus (Nebr.) Telegram

Some years ago a famous English author, who lived many years in India and comprehended the basic difference in the manner of thought of his own people and those of India, called attention to this difference in a poem in which he said:

"For east is east and west is west,
And never the twain shall meet."

A few days ago as I listened to a colloquy on the floor of the House I recalled those lines, and it occurred to me that here in our own country we have two schools of thought as far apart as those of which Kipling wrote.

One school of thought, national in scope and predominant throughout the vast expanse of our country to the west and south of the Alleghenies, believes that our Government should serve all sections of our country and all classes of its citizens equally and without distinction.

Another school of thought, sectional in its nature and predominant in the East, believes that it is entirely proper for our Government to bestow special favors upon the great financial and industrial interests; that Government aid should be reserved to these mighty corporations and aggregations of capital; and that the most that should be accorded the struggling farmers and other distressed individuals is a little "sympathy."

Hon. MARVIN JONES, a progressive Democrat from the great agricultural State of Texas, is chairman of the Committee on Agriculture. He is an able and courageous leader in the fight to sustain agriculture and free it from the discrimination to which it has been subject at the hands of the mighty financial and industrial interests, acting through the Federal Government, which they have so long controlled.

Hon. ROBERT LUCE, a regular Republican from the great industrial State of Massachusetts, where mighty financial interests are entrenched, is one of the most erudite Members of the Congress. He has long been recognized as an important cog in the Republican organization in the House. No Member of that body has more ably and consistently represented the interests of his own people than Mr. LUCE has represented those of the great financial and industrial groups. He more brilliantly champions those mighty interests than any other man in the Congress.

The colloquy to which I refer occurred during the discussion of the appropriation bill for the Department of Agriculture with reference to certain items concerning Government loans to farmers who are in distress.

Mr. LUCE speaks the thought predominant in the industrial and financial circles of the East. Mr. JONES voices the broader thought prevailing in the West.

The following colloquy appears on pages 2758 and 2759 of the CONGRESSIONAL RECORD of January 26, 1932:

"Mr. LUCE. Mr. Chairman, I had the curiosity to check up on the appropriations referred to in this paragraph. I have watched with some apprehension the growth of such dispensing of the benevolence of the Federal Government to help regions and classes.

"I hope there is no man in this House who excels me in sympathy for affliction. I do not question the mercy of these provisions. I am glad if they have helped.

"Let me point out the dangers here involved. We have just authorized an appropriation of $25,000,000 for seed loans without any inquiry whatever, as far as has come to my notice, either as to the extent of the need or the reasons for making the loans. An appeal to our sympathies on the general proposition that men are suffering tempts us to rash action.

"I am told that a startlingly small proportion of the loans made last spring have been collected, and I observe that this paragraph contemplates the expenditure of $500,000 simply to collect unpaid balances. Surely this is a burden on the Treasury that ought to be considered. I would suggest to the Committee on Appropriations and the Committee on Agriculture that one of them might usefully ascertain how large a percentage of the loans of 1930 and 1931 has been repaid and what is the likelihood of their repayment and that of the new loan's present circumstances. Possibly they would find that our growing practice of lending money to some one class in some one region is becoming an encouragement to debt which, after all, is the worst thing that can come to an individual or to a class of individuals. Furthermore, if the habit of letting individuals borrow from the Public Treasury is to grow, at least we ought to consider whether the borrowing should be from the Federal or from the State treasury.

"Mr. JONES. Mr. Chairman, I was interested in the statements made by the gentleman from Massachusetts [Mr. LUCE] a moment ago. I, too, doubted the wisdom of the program which the gentleman was discussing, at the time of its inception. I think I made the only speech that was made on the floor of the House in opposition to the beginning of that program; but the program has been established as a policy of the Government. It was brought by a species of economic favoritism in tariffs, freight rates, and financial control that had bled the agricultural section white and destroyed the purchasing power of the farmer.

"Regardless of what the merits of that program may be, I confess I am unable to differentiate between making small loans of two or three hundred dollars to the farmers and the policy that was established in the $500,000,000 corporation that was voted through the other day to make loans to insurance companies, bankers, railroads, and other financial institutions.

"If it is unwise for the Federal Government to make loans to the great farming group with a few million dollars as the total, how does it become wise to appropriate $500,000,000, with a possible expansion to $2,000,000,000, to take care of certain other great groups?

"Mr. LUCE. May I answer the gentleman?

"Mr. JONES. I shall be glad to yield to the gentleman.

"Mr. LUCE. The gentleman will recall that some of us fought every attempt to fasten on that bill loans to individuals. We did not believe it was wise and tried to stop it.

"Mr. JONES. Then the gentleman thinks a corporation is superior to the individual? The corporation is an artificial person; the individual is a natural person. On what basis does the gentleman justify a Federal loan to a corporation, an artificial person, and say that is wise and a sound policy, and that a loan by the same government out of the same till to an individual, a legal, natural person, can not be justified?

"Mr. LUCE. Mr. Chairman, I justify that by saying that all these loans were to be made upon the basis of adequate security.

"Mr. JONES. Well, I want to state to the chairman that every one of these agricultural loan bills that has been presented has required a first lien on the gross production of the farmer throughout the whole crop year, and the gentleman did not put into this $500,000,000 bill that the gross production of the insurance company, of the railway company, and of other financial institutions should be mortgaged and a first lien given on those things.

"Mr. LUCE. Mr. Chairman, we were not so unwise as to require that.

"Mr. JONES. Of course, it is the gentleman's philosophy, then, that it is wise when the Government provides loans to certain groups, but it is unwise when it makes loans to other groups. The gentleman says he is willing to extend his sympathy to the great group that is engaged in farming. Many times they have been the victim of financial and governmental policies that have discriminated against them. The gentleman can bottle up his sympathy and keep it. It is not sympathy they want or need. A man can not live on sympathy alone. When a governmental policy is established, I want the farmer to have the same rights that are accorded to industry. That is American, and that is fair.

"Mr. LUCE. If the gentleman will now permit me to finish the statement, the security that is required from these institutions is such that the Nation is guaranteed a return of its money.

"Mr. JONES. Is it?

"Mr. LUCE. Let me ask the gentleman one question—

"Mr. JONES. Right on that point let us take one point at a time. As I understand, under the terms of that bill, if any of these bonds and debentures are unpaid, the Government must appropriate the money to pay such bonds and debentures. If I read the terms of the bill aright, the Government subscribes the original capital and underwrites the bonds. No one knows whether there will be a loss, nor how much; but Uncle Sam foots the bill.

"Mr. LUCE. Now, on the question of security, Mr. Chairman, am I right in my understanding that not one-third of the loans made last spring have yet been repaid?

"Mr. JONES. I do not know what that amounts to with respect to the loans made last spring. Collection on them has not been completed and times are abnormal. But with respect to the previous loans an average of above 80 per cent has been paid, and on the loans of two years ago 92 per cent has been paid.

"I want to make a plea for the tiller of the soil who lives in the far stretches of this country and who has trusted you and me to see that he is protected in his rights. He feeds the people and produces the basis of our wealth.

"He does not ask for favoritism. He asks only for a square deal. He only asks for an even chance in the race of life. He asks to be relieved of the discriminating burdens that have weighed him down. He asks to be relieved of the chains that selfish groups have forged about him. He asks for equal treatment as an American citizen in any program that is laid out by the Nation.

"That much he has a right to demand."

My chief object in presenting the foregoing views of the brilliant LUCE, recognized spokesman for the great financiers of New England and the East generally, and the views of the splendid Texan, MARVIN JONES, who for long years has so loyally pleaded in the Congress the cause of agriculture, is to give my Nebraska people a true picture of the cause of the East as championed by LUCE and the cause of the agricultural West and Middle West as championed by MARVIN JONES. I have not presented these divergent views in a partisan way. Indeed, there are a few Republicans in the Congress who repudiate the demand of the East for superior advantages at the hand of the Federal Government. And it is sadly true that in the Congress are a few Democrats who listen for and quickly obey the voice of Wall Street. In the approaching presidential campaign, and particularly in the Middle West agricultural States, the people of the farm States, Democrats and Republicans alike, should demand from presidential and congressional nominees a frank and fair statement as to whether they would, if elected, adhere to the cause of the East, as presented by Massachusetts LUCE, or to the cause of the farm States, as presented by Texas JONES.

ORDER OF BUSINESS

The SPEAKER. The Chair desires to make a statement for the information of the House. To-day is unanimous-consent day and also suspension day. It is the purpose of the Chair to recognize the gentleman from Alabama [Mr. STEAGALL] for the purpose of calling up a bill from his committee under suspension of the rules. It has been suggested to the Chair that in order to get time for additional debate on this important measure that the Chair recognize the gentleman from Alabama [Mr. STEAGALL] at 2 o'clock, with the understanding that unanimous consent will be secured at this time, if possible, that there be two hours of debate, one hour on each side. The Chair would like to know the pleasure of the House, so that the Chair may announce whether the House will take the matter up at 3 o'clock or 2 o'clock this afternoon.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the House take up the bill referred to for consideration at 2 o'clock, with the understanding that we have two hours of debate, one hour to be controlled by the chairman of the committee and one hour to be controlled by some gentleman who may get control of the time in his own right in opposition to the bill.

Mr. HOWARD. Mr. Speaker, I suggest that it might be well that the House be given some information regarding the nature of the legislation, in view of the fact that unanimous consent has been requested.

The SPEAKER. The gentleman from Nebraska can get further information about that matter. The statement of the Chair was that unless unanimous consent is given for two hours of general debate, the Chair will recognize the gentleman from Alabama, at 3 o'clock, and then there will be only 20 minutes of debate on the side. It is just a question of whether the House wants 20 minutes on the side or 1 hour on the side.

Mr. LAGUARDIA. Under the unanimous-consent request, I take it that the bill would be read section by section.

The SPEAKER. No; it would be read under the motion to suspend the rules, and the only difference would be the length of debate.

Mr. HOWARD. Mr. Speaker, the Chair did not understand me. What I desired to know was the nature of the legislation which we are proposing to take up at 2 o'clock.

The SPEAKER. The gentleman will have to ask the chairman of the committee.

Mr. HOWARD. Then, in the absence of information, I shall have to object.

Mr. BRAND of Georgia. Mr. Speaker, not only the bill but the hearings on the bill have been printed, and are now available for distribution, and the gentleman can get all the information he needs from these documents.

The SPEAKER. The effort of the Chair was simply to procure additional debate, as some gentlemen have asked for more time.

Mr. STEAGALL. Mr. Speaker, I am ready to give any information I can with reference to the bill; but, of course, I do not understand that we should go over the entire legislation under a unanimous-consent request.

Mr. BLANTON. Under the gentleman's request, we would have 2 hours for general debate; and if that request is not granted, we will have only 40 minutes under suspension of the rules. I take it it would be more beneficial to the Members of the House to have 2 hours for general debate rather than just 40 minutes.

Mr. STEAGALL. That is entirely possible. Of course, the matter rests with the House.

Mr. HOWARD. Will the gentleman yield?

Mr. STEAGALL. I am pleased to do so.

Mr. HOWARD. I am still without the information which I requested. I want to know, and I think I have a right to know, what the subject matter is that is to be taken up at 2 o'clock.

Mr. STEAGALL. I am glad to give the gentleman the information. It is what is known as the Glass-Steagall bill, with three propositions involved. One is to authorize the Federal reserve banks to make loans where it is considered desirable and prudent; to group the banks upon their joint liability, not less than five being required under the bill to constitute a group.

The second provision of the bill is authority to the Federal reserve banks to make loans to individual banks upon paper that is regarded as satisfactory to the Federal banks and the Federal Reserve Board, but upon security and collateral not eligible for rediscount.

The third provision authorizes the Federal reserve banks to accept direct Government obligations as a basis for currency in place of eligible paper upon which currency is issued under existing law. Any issues under this bill upon Government obligations will be covered, not only by such bonds but 40 per cent of gold in addition. Those are the brief provisions of the bill.

Mr. HOWARD. Mr. Speaker, I withdraw my reservation of an objection.

Mr. BLANTON. Still reserving the right to object, I want to ask the gentleman a question. Under the rules of the House and of all other parliamentary bodies, the gentleman from Pennsylvania [Mr. MCFADDEN], being the ranking member of the committee, who is against the bill, should control the time in opposition. The unanimous-consent request now pending does not guarantee that the gentleman from Pennsylvania will be the one who is recognized to conduct the opposition.

The SPEAKER. Let the Chair state the parliamentary situation. If unanimous consent is given that we have two hours' general debate, the gentleman from Alabama will move to suspend the rules, and the gentleman from Pennsylvania will demand a second and will be entitled to one hour, and the gentleman from Alabama to an hour.

Mr. LaGUARDIA. Still reserving the right to object, I would like to ask the gentleman from Alabama a question.

Mr. STEAGALL. Before the gentleman propounds his question, I want to say that I thought it was understood that the gentleman from Pennsylvania [Mr. McFadden], the only member of the committee opposed to the bill, would control the time in opposition.

Mr. LaGUARDIA. What I wanted to ask the gentleman is—the gentleman in reply to the question propounded by the gentleman from Nebraska did not state, according to my understanding, that this is the inflation bill that the gentleman is to call up.

Mr. STEAGALL. I did not so state.

The SPEAKER. The Chair does not want to take up the entire afternoon upon this proposition. If anyone wants to object, the Chair wishes he would.

Mr. KVALE. I reserve the right to object so that I may ask the leadership on that side of the aisle if there is any opportunity, even now, to take up this bill under a special rule and consider the bill a little more adequately because of its vast importance and wide scope. Can not this be set aside for a day or two so that we may then take the matter up and consider it more maturely?

Mr. STEAGALL. Mr. Speaker, this is a very short bill. I understand, as does the gentleman, that the measure deals with matters that are technical, but gentlemen who are familiar with the technicalities of banking and banking legislation understand the bill, brief as it is, without extended discussion, just as well as they would understand any other bill of similar kind. Members of the House who are not familiar with legislation of this kind would find themselves in the same difficulty if we had extended debate.

Mr. KVALE. The gentleman surely does not mean to say that this is not an important bill.

The SPEAKER. Is there objection?

Mr. KELLER. Mr. Speaker, may I ask a question? This is, as it has been said, a bill of tremendous importance. It ought to be thoroughly considered, and even with the liberal proposition of the Speaker it can not be given the consideration that it ought to have in two hours.

Mr. UNDERHILL. Mr. Speaker, I demand the regular order.

Mr. KELLER. Why not take three hours?

Mr. UNDERHILL. Mr. Speaker, I demand the regular order.

The Speaker. The regular order is, Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair hears none. Promptly at 2 o'clock the Chair will recognize the gentleman from Alabama to call this bill up. Meanwhile the Clerk will call the Consent Calendar.

HOME AND HOSPITAL FACILITIES TO VETERANS OF THE CONFEDERATE ARMY AND NAVY

The first bill on the Consent Calendar was the bill (H. R. 4577) to extend hospital and home facilities to veterans of the Confederate Army and Navy.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. UNDERHILL. Mr. Speaker, I reserve the right to object. When this matter came up two weeks ago, I asked to have the matter passed over without prejudice. I am in a most embarrassing situation, as my motive in opposing this resolution will be misunderstood and I shall be charged with prejudice. For almost 70 years in a part of our country, impoverished by war, bled white, as it was, the people of that section established a wonderful and enviable record in taking care of their ex-soldiers, the veterans of the Confederate Army, without calling upon the Federal Government or other outside aid. It seems to me it would nullify to a certain degree that wonderful record to ask for assistance either directly or indirectly at this late day to continue for a few years more that splendid record of affection, appreciation, great sacrifice, and service, unsurpassed in the history of the world. I have consulted with a number of men who come from the Southern States, and I have found to my gratification and somewhat to my surprise that they are of the same opinion that I hold with reference to this piece of legislation.

I do not know from what source this proposition emanated. It may be, and I ought not to say so without further proof, that it was instituted by some group seeking assistance in some other kind of legislation to make use of this to obtain support for that legislation. Every Southern State has provided a soldiers' home for Confederate veterans. I have visited many of them. They are comfortable, they are well located, and those who have had the privilege of living in those homes have had nothing but praise for the kindly treatment accorded and the conduct of the officials in charge.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. UNDERHILL. Mr. Speaker, I ask unanimous consent to proceed for two minutes more.

The SPEAKER. Is there objection?

Mr. LaGUARDIA. Mr. Speaker, I shall not object at this time, but this is consent day, and we must proceed under the rule. I shall object to any other request.

The SPEAKER. Is there objection?

There was no objection.

Mr. UNDERHILL. I propose to object to the consideration of this bill on behalf of thousands of the citizens of the Southland who would consider it a reflection on their willingness and ability to carry on rather than a benefit to the very few veterans who might be affected by this "gesture," as it is referred to in the report accompanying the resolution.

Mr. HILL of Alabama. Mr. Speaker, will the gentleman yield?

Mr. UNDERHILL. I have only two minutes.

Mr. HILL of Alabama. The gentleman has made a statement, and I think he ought to state who those citizens are of whom he speaks.

Mr. UNDERHILL. I speak for as many as does the gentleman from Alabama.

Mr. HILL of Alabama. Will the gentleman state whom he speaks for?

Mr. UNDERHILL. I had rather not. Mr. Speaker, I object.

MUD RIVER, STATE OF KENTUCKY

The next business on the Consent Calendar was the bill (H. R. 5865) declaring the Mud River in the State of Kentucky, a nonnavigable stream.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent that this bill may be passed over and retain its place on the calendar.

The SPEAKER. Is there objection?

There was no objection.

CACHE NATIONAL FOREST, IDAHO

The next business on the Consent Calendar was the bill (H. R. 393) authorizing an addition to the Cache National Forest, Idaho.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LaGUARDIA. Mr. Speaker, I reserve the right to object. There is a controversy between two departments upon this matter. The Secretary of Agriculture is in favor of the bill and the Department of the Interior is not.

Mr. SMITH of Idaho. Mr. Speaker, that difference of opinion regarding additions to national forests has been pending for 20 years. The Department of Agriculture is agreeable to having this land placed within the national forest so that it can be protected from overgrazing and protection of stream flow, and the people living at the foot of the mountain are anxious to have it placed in the national forest, as the passing of sheep across this uncontrolled area results in tramping down the terrain, which is washed into the irrigating ditches and onto their farms.

Mr. LAGUARDIA. I understand, however, that the Department of Agriculture approves it?

Mr. SMITH of Idaho. Absolutely. The Secretary recommends the legislation.

Mr. LAGUARDIA. What is the basic objection of the Department of the Interior to this kind of bills?

Mr. SMITH of Idaho. For years the Secretary of the Interior has been trying to secure the enactment of legislation to control the grazing lands on the public domain, and Congress has failed to enact such legislation to control such grazing lands because of opposition from some of the stockmen.

Mr. LAGUARDIA. But the entire membership is in accord on this?

Mr. SMITH of Idaho. They are all in accord. The bill was unanimously reported favorably from the Committee on the Public Lands. Since the letter from the Secretary of the Interior in the report opposing this legislation was written I have a copy of a subsequent letter which he wrote to the chairman of the committee, stating that he will interpose no objection to the legislation.

Mr. EATON of Colorado. Will the gentleman yield for a question?

Mr. SMITH of Idaho. I yield.

Mr. EATON of Colorado. It is understood that this is not establishing a precedent for any addition to any national forest in any State other than the one the gentleman represents?

Mr. SMITH of Idaho. Absolutely not. It is a local proposition and one that is very important to those who live on the farm lands at the foot of the mountain.

The SPEAKER. Is there objection?

There was no objection.

Mr. SMITH of Idaho. Mr. Speaker, I ask unanimous consent that a similar Senate bill (S. 457) be substituted for the House bill.

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

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That, subject to any valid existing claim or entry, all lands of the United States, within the areas hereinafter described be, and the same are hereby, added to and made parts of the Cache National Forest, to be hereafter administered under the laws and regulations relating to the national forests; and the provisions of the act approved March 20, 1922 (42 Stat. 465), as amended, are hereby extended and made applicable to all other lands within said described areas:

The west half of sections 6, 7, and 18, sections 19, 30, and 31, in township 8 south, range 36 east, Boise meridian; section 6 and the west half of sections 7, 18, 19, and 30, in township 9 south, range 36 east of Boise meridian; sections 1, 2, 11, 12, 13, 14, 23, 24, 25, 26, 35, and 36, in township 8 south, range 35 east, Boise meridian; sections 1, 2, 10, 11, 12, 13, 14, 23, 24, 25, and 26, in township 9 south, range 35 east of Boise meridian, Idaho.

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

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

TO AUTHORIZE THE SECRETARY OF THE INTERIOR TO ISSUE PATENTS FOR LANDS HELD UNDER COLOR OF TITLE

The next business on the Consent Calendar was the bill (S. 1588) to authorize the Secretary of the Interior to issue patents for lands held under color of title.

The SPEAKER. Is there objection to the present consideration of the Senate bill?

Mr. JENKINS. Reserving the right to object, the gentleman from New Mexico and I discussed this matter this morning, and I would like to ask the gentleman if the amendment we talked about will be inserted?

Mr. CHAVEZ. Yes. I am willing that that be inserted.

Mr. STAFFORD. Reserving the right to object, on the last Consent Calendar day I made inquiry as to the reason for this special legislation, special to New Mexico. I understand from conversation with the gentleman from New Mexico that conditions are exceptional in New Mexico that do not prevail in other Western States.

Mr. CHAVEZ. That is correct.

Mr. STAFFORD. There are, in New Mexico, isolated Spanish grants which have been held for a long term of years, on which improvements have been made, and this applies to contiguous lands adjoining those Spanish grants, so that claimants under color of title will not be asked to pay the appraised value, after having been in possession a hundred years or more.

Mr. CHAVEZ. The gentleman has a correct understanding of the situation.

Mr. STAFFORD. Will the gentleman inform the House as to how large an area this bill will extend to?

Mr. CHAVEZ. It is my understanding and from personal knowledge I would state that it will not affect more than 150 or 160 acres at most.

Mr. STAFFORD. With the statement of the gentleman that conditions are special to New Mexico and do not prevail in other Western States where the appraisal law applies, I shall not interpose objection.

Mr. JENKINS. Will the gentleman kindly read the amendment which he intends to propose?

Mr. CHAVEZ. The proposed amendment which I will submit is as follows:

On page 1, line 5, after the comma following the word "land," insert the following: "contiguous to a Spanish or Mexican land grant."

Mr. JENKINS. That will be satisfactory.

Mr. EATON of Colorado. Reserving the right to object, Mr. Speaker, I would like to ask the gentleman from New Mexico upon what theory it is required that the people pay the United States Government $1.25 per acre for this land?

Mr. CHAVEZ. Upon the theory that that custom prevailed heretofore under a law similar to this. In 1926 Congress passed a law similar to this, and while citizens were in process of perfecting their titles, Congress passed a general law which the Interior Department said repealed the original law. This is only of local import to our State. I just want to make this brief statement to the gentleman so that he will understand the situation.

Mr. EATON of Colorado. Will the gentleman yield for a question?

Mr. CHAVEZ. I yield.

Mr. EATON of Colorado. Would not the gentleman's people be better off and the equities be better served if their title is more than 20 years, running from 60 to 80 or 100 years, clear back into Texas and Old Mexico, if the United States Government gave them a title without charging them $1.25 an acre?

Mr. CHAVEZ. That would be proper, but we do not want that now, because originally it was $1.25 an acre under the 1926 bill, and we are willing to pay $1.25 an acre.

Mr. COLTON. Will the gentleman yield for a question?

Mr. CHAVEZ. I yield.

Mr. COLTON. Is it not a fact that in all of these bills a payment of $1.25 an acre is required? The department would not otherwise recommend this legislation?

Mr. CHAVEZ. That is correct. So that the gentleman from Colorado will know exactly what we have in mind by this legislation.

Mr. EATON of Colorado. Will the gentleman yield further for a question?

Mr. CHAVEZ. I yield.

Mr. EATON of Colorado. I have no objection to the bill. I have no objection to the gentleman from New Mexico taking care of the situation so that these people may get a good title where it has been denied on account of technicalities, most of which have been caused by the action of men in the office of the Department of the Interior, but I can not see why the gentleman wants his people to pay again $1.25 an acre. Those people are not homesteaders. Those people have been in possession of the land for 20 years, 40, 60, 80, and 100 years, and the United States Government knew about it all the time, and now they come in to perfect their title. I would like to ask the gentleman if he would not accept an amendment in line 1 on page 2 to strike out the words "upon the payment of $1.25 an acre"?

Mr. CHAVEZ. I feel so much taken up with the merits of this legislation that I hope the gentleman will not submit that amendment. I feel the gentleman is correct. We should have it outright, without any restrictions whatsoever, but the department insists on that and it prevailed on the original bill, and now we have gone into it further and we reserve the mineral rights to the United States. All we want is the title, and we are willing to pay $1.25 per acre.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the Senate bill as follows:

Be it enacted, etc., That whenever it shall be shown to the satisfaction of the Secretary of the Interior that a tract or tracts of public land, in the State of New Mexico, not exceeding in the aggregate, 160 acres, has or have been held in good faith and in peaceful, adverse possession by a citizen of the United States, his ancestors or grantors, for more than 20 years under claim or color of title, and that valuable improvements have been placed on such land, or some part thereof has been reduced to cultivation, the Secretary may, in his discretion, upon the payment of $1.25 per acre, cause a patent or patents to issue for such land to any such citizen: *Provided*, That where the area or areas so held by any such citizen is in excess of 160 acres the secretary may determine what particular subdivisions, not exceeding 160 acres in the aggregate, to any such citizen may be patented hereunder: *Provided further*, That coal and all other minerals contained therein are hereby reserved to the United States; that said coal and other minerals shall be subject to sale or disposal by the United States under applicable leasing and mineral land laws, and permittees, lessees, or grantees of the United States shall have the right to enter upon said lands for the purpose of prospecting for and mining such deposits: *Provided further*, That the term "citizen," as used herein, shall be held to include a corporation organized under the laws of the United States or any State or Territory thereof.

Mr. CHAVEZ. Mr. Speaker, I offer an amendment.

The SPEAKER. The gentleman from New Mexico offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CHAVEZ: On page 1, line 5, after the comma following the word "land" insert "contiguous to a Spanish or Mexican land grant."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

IMPROVEMENT OF CHEVY CHASE CIRCLE

The Clerk called the next bill, House Joint Resolution 152, for the improvement of Chevy Chase Circle with a fountain and appropriate landscape treatment.

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object.

Mr. GILBERT. Mr. Speaker, the only reason we are insisting upon the passage of this resolution now is that this is quite an attractive approach to the city and the donors would like to begin this improvement so that it will be ready for the bicentennial celebration. It does not cost the Government any money.

Mr. STAFFORD. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. STAFFORD. At whose expense is the fountain to be maintained?

Mr. GILBERT. Not at any expense to the Government. The money is to be secured before the work is begun.

Mr. STAFFORD. As I understand, this circle is outside the District of Columbia.

Mr. GILBERT. It is the Chevy Chase Circle; half is within the District and half in the State of Maryland.

Mr. GREENWOOD. The District line runs through the circle.

Mr. STAFFORD. I am interested in knowing who is going to maintain the fountain.

Mr. GILBERT. The District will maintain it. It will be a beautiful fountain, and, as I understand, it will cost about $125 a year to maintain it; one of the small fountains in the District.

Mr. STAFFORD. If the District of Columbia is going to maintain it, I have no objection to the proposed fountain.

Mr. LAGUARDIA. I note that the design must be approved by the National Commission of Fine Arts. Of course that suits me, but what I am hesitating about is this: If the gentleman will walk out of this door just a few yards, he will see a bust of Abraham Lincoln, and on that bust are the names of the donors in letters several inches high. It is the cheapest piece of advertising I have ever seen, and I do not like it. It seems to me we should have some assurance that this fountain will not be plastered with the names of the donors who will have their names placed there for the purpose of advertisement.

Mr. GREENWOOD. In view of the fact that the design must be approved by the Fine Arts Commission, would they approve it with names on it?

Mr. LAGUARDIA. I hope not. I ran down the authority on this Abraham Lincolun bust. I found the Fine Arts Commission had nothing to do with it, that the Congress had nothing to do with it, and that no one on the Library Committee seemed to know anything about it. I say it is outrageous.

Mr. GREENWOOD. Are not these donations being made by citizens who are interested in having a beautiful community?

Mr. GILBERT. That is true.

Mr. LAGUARDIA. Will the gentleman call the attention of the Fine Arts Commission to the point I have raised?

Mr. GILBERT. The bill contains all the safeguards proper in legislation. Some tribunal must pass upon what amount and character of memorial recognition is proper. The legislation can not provide it. The Fine Arts Commission is the proper tribunal and no doubt will adequately protect us from the abuses which the gentleman suggests.

Mr. COLLINS. Mr. Speaker, reserving the right to object, I understand that the gentleman from Maryland [Mr. LEWIS], in whose district this fountain will be located, objects to this bill.

Mr. GILBERT. No intimation has been made to us that he has any objection to it. If there is any objection, we have not heard about it.

Mr. COLLINS. I understand that this bill does not meet with the approval of the gentleman from Maryland [Mr. LEWIS], and therefore I suggest that the bill be temporarily passed.

Mr. BLOOM. There was no objection before the committee.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that this resolution be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

REVISION OF THE BOUNDARY OF THE MOUNT M'KINLEY NATIONAL PARK

The Clerk called the next bill, H. R. 6485, to revise the boundary of the Mount McKinley National Park, in the Territory of Alaska, and for other purposes.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I understand that when this bill was under consideration two weeks ago the Delegate from Alaska, after consent had been granted for its consideration, rose to offer an amendment. I understand that amendment is going to be offered to this bill, and therefore I would like to have the gentleman from Montana acquaint the House with the amendment which the Delegate from Alaska would like to have incorporated in the bill.

Mr. EVANS of Montana. When the matter came up on the last call of the Consent Calendar the Delegate, as suggested, offered an amendment. That amendment came to the Public Lands Committee and the substance of the amendment was approved, but not in the exact language. It was approved, however, to conform to the language in the original bill, and in the absence of the Delegate from Alaska, I desire, on behalf of the committee, to present the amendment in the name of the Delegate from Alaska.

Mr. STAFFORD. Mr. Speaker, may we have the amendment read for information, so we may know what is proposed?

The SPEAKER. Without objection, the Clerk will report the amendment for information.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. EVANS of Montana, for information: At the end of line 15, on page 3, following the word "park," strike out the period, insert a semicolon, and add the following language: "*Provided further*, That nothing herein contained shall affect any valid existing claim, location, or entry under the land laws of the United States, whether for homestead, mineral, right of way, or any other purpose whatsoever, or shall affect the rights of any such claimant, locator, or entryman to the full use and enjoyment of his land."

Mr. STAFFORD. It was the intention of the framers of the bill not to disturb the rights of those included in the boundaries of the proposed national forest?

Mr. EVANS of Montana. Yes; exactly; and the Department of Agriculture reported that in their judgment the language of the original bill would cover the matter, but to satisfy the Delegate who represents this Territory we have again incorporated the language in this bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the boundary of the Mount McKinley National Park is hereby changed so as to read as follows:

"Beginning at the summit of a hill between the Toklat River and the Clearwater Fork of that river at an approximate latitude of 65° 47′ 45″, longitude 150° 17′ 40″, which is intended to be same point of beginning of the boundary description as contained in the act of February 26, 1917; thence southerly along the summit of the ridge between Toklat River and the Clearwater Fork of said river and across Stony Creek at its confluence with the said Clearwater Fork to the summit of the ridge between Stony Creek and the Clearwater Fork of the Toklat River thence following the summit of said ridge and the summit of the ridge between the tributaries of said Clearwater Fork, the headwaters of the North Fork of Moose Creek and Boundary Creek to the intersection with the present boundary of Mount McKinley National Park at approximate latitude of 63° 32′ 54″, longitude 150° 24′ 45″; thence southwesterly 14.3 miles, more or less, to a point one-half mile north of Wonder Lake on the stream out of Wonder Lake into Moose Creek thence south 68° west 43.5 miles, more or less, to the point of intersection with the southwest boundary extended; thence southwesterly 33 miles, more or less, to the summit of Mount Russell; thence in a northeasterly direction following the present south boundary approximately 88 miles to Windy Creek at approximate latitude 63° 25′ 45″, longitude 149° 1′ 35″; thence easterly following the north bank of Windy Creek to the western boundary of the Alaska Railroad right of way; thence northerly following the west boundary of the Alaska Railroad right of way to a point due east of the present north boundary of the park as extended due east; thence due west following the present north boundary of the park to the summit of the ridge between Toklat River and the Clearwater Fork of said river; thence southerly following the summit of said ridge to the place of beginning."

SEC. 2. That the provisions of the act of August 25, 1916, entitled "An act to establish a national park service, and for other purposes," and the act of February 26, 1917, entitled "An act to establish the Mount McKinley National Park, in the Territory of Alaska," together with all acts supplementary to and amendatory of said acts are made applicable to and extended over the lands hereby added to the park.

With the following committee amendments:

Page 1, line 5, strike out the quotation marks.

Page 1, line 7, strike out the words "sixty-five" and insert in lieu thereof the words "sixty-three."

Page 2, line 16, after the word "stream" insert the word "flowing."

Page 2, line 20, strike out the word "southwesterly" and insert in lieu thereof the word "southeasterly."

Page 3, line 10, strike out the period and insert a colon, strike out the quotation marks and add the following:

"*Provided, however*, That such isolated tracts of land lying east of the Alaska Railroad right of way and the west bank of the Nenana River between the north bank of Windy Creek and the north park boundary as extended eastward are also included in said park."

The committee amendments were agreed to.

The SPEAKER. The gentleman from Montana offers an amendment, which the Clerk will report.

The Clerk again reported the amendment which had been read for information.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

ESTATES OF AMERICAN CITIZENS DYING WITHIN CONSULATES

The Clerk called the next bill on the Consent Calendar, H. R. 6310, to amend section 1709 of the Revised Statutes, as amended by the act of March 3, 1911 (36 Stat. 1083), and section 304 of the Budget and Accounting Act, 1921 (42 Stat. 24).

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, may I ask the gentleman from Minnesota if the draft of this bill has been approved by the General Accounting Office?

Mr. MAAS. Yes; I will say to the gentleman from New York. As a matter of fact, the bill was suggested and largely drafted by the Accounting Office.

Mr. STAFFORD. Mr. Speaker, under reservation of objection, I think if this bill is going to be considered it will occasion considerable discussion and further amendment. As I am at present advised, I rather think the bill is too important to be taken up on the Consent Calendar.

I merely direct the attention of the gentleman to one amendment that is proposed, which is to section 4, under which amendment you would compel the property belonging to any American citizen who dies in a foreign country, where there were no debts or where the property exceeded the debts required to be paid, to be sent back to the General Accounting Office, and have the General Accounting Office act as a warehouseman for six years.

Mr. LAGUARDIA. That is the law now.

Mr. STAFFORD. No; it is not the law now.

Mr. LAGUARDIA. Only it does not go to the General Accounting Office.

Mr. STAFFORD. I think we should consider the matter further; at least I want to give it further consideration.

Mr. MAAS. If the gentleman will yield, the only difference is that instead of having this done by the Treasury Department, under the proposed law it will be done by the General Accounting Office.

Mr. STAFFORD. Let me call the attention of the House to the proposed amendment in this one particular, and I think the gentleman and the House will then agree with me. I am reading from the report on page 3, paragraph 4. I will read now the existing law authorizing our consular officers to sell the property of deceased American citizens where they die abroad:

To sell at auction, after reasonable public notice, such part of the estate as shall be of a perishable nature, and such further part, if any, as shall be necessary for the payment of his debts, and, at the expiration of one year from his decease, the residue.

Now, you are proposing to strike out the words "at the expiration of one year from his decease, the residue," and permit the consul to sell only so much of that property as is necessary to pay the debts "incurred in such country." Then what becomes of that personal property, furniture, and belongings that are not necessary to be sold in order to meet the debts? Under the form of the bill, all that personal property has to be returned to the General Accounting Office and it can not be sold for six years. We make the General Accounting Office a warehouseman.

Mr. MAAS. No; that is not quite correct.

Mr. STAFFORD. I direct attention to my criticism with respect to the fourth amendment.

Mr. LINTHICUM. Why not look at the fifth amendment?

Mr. STAFFORD. I have read the fifth amendment. This is too important a bill to pass now. I have no objection to having it passed over, and I shall be glad to consider it.

Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

Mr. LINTHICUM. Will the gentleman reserve his objection so I can explain the bill for a few moments?

Mr. STAFFORD. I have gone over it.

Mr. LINTHICUM. The gentleman has gone over it, but I have not, and I would like to explain the bill to the House.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin that the bill be passed over without prejudice?

There was no objection.

CONSTRUCTION OF DAM ACROSS DES LACS LAKE, N. DAK.

The Clerk read the next bill on the Consent Calendar, H. R. 5866, to authorize the construction of a dam across Des Lacs Lake, N. Dak.

Mr. STAFFORD. Reserving the right to object, I wish to inquire why it is necessary for this development association to come to Congress for authority to build a dam entirely local in its nature?

Mr. SINCLAIR. The reason for that is that the lake is listed by the War Department as a navigable lake. That being so, we must have the consent of Congress to make any change.

Mr. STAFFORD. There are hundreds of navigable lakes in the State of Wisconsin, but it is not necessary to come to Congress to get authorization to build a dam to lift the waters of the lake.

Mr. SINCLAIR. Are they all navigable?

Mr. STAFFORD. Yes; actually navigable in fact.

Mr. SINCLAIR. The matter was brought up with the War Department, and the Chief of Engineers and this is their legislation—it is their bill.

Mr. STAFFORD. The War Department, then, is looking for needless trouble when it seeks jurisdiction on a matter that is entirely local.

Mr. LaGUARDIA. It is the policy of the War Department never to relinquish jurisdiction but to take jurisdiction wherever they possibly can.

Mr. STAFFORD. Mr. Speaker, I withdraw my reservation of objection.

The Clerk read the bill, as follows:

Be it enacted etc., That the consent of Congress is hereby granted to the Des Lacs Development Association, its successors and assigns, to construct, maintain, repair, and improve a dam across the Des Lacs Lake, N. Dak.: *Provided*, That work shall not be commenced until the plans therefor have been submitted to and approved by the Chief of Engineers, United States Army, and by the Secretary of War: *Provided further*, That in approving the plans for said dam such conditions and stipulations may be imposed as the Chief of Engineers and the Secretary of War may deem necessary to protect the present and future interests of the United States: *And provided further*, That this act shall not be construed to authorize the use of such dam to develop water power or generate hydroelectric energy.

SEC. 2. The authority granted by this act shall cease and be null and void unless the actual construction of the dam hereby authorized is commenced within one year and completed within three years from the date of approval of this act.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

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

A motion to reconsider was laid on the table.

TO AMEND SECTIONS 22 AND 39, TITLE II, OF THE NATIONAL PROHIBITION ACT

The Clerk read the next bill on the Consent Calendar, H. R. 258, to amend sections 22 and 39, Title II, of the national prohibition act.

Mr. LaGUARDIA. Mr. Speaker, I ask that this bill go over for a few days.

The SPEAKER. Is there objection?

There was no objection.

REPEAL OF OBSOLETE AND SUPERSEDED SECTIONS IN THE UNITED STATES CODE

The Clerk read the next bill on the Consent Calendar, H. R. 7121, to repeal obsolete statutes and to improve the United States Code.

Mr. STAFFORD. Reserving the right to object, I would like to inquire of the gentleman in charge of the bill whether the gentleman's committee passed on the recommendations of an expert clerk of the committee on the various sections recommended for repeal as being obsolete?

Mr. HARLAN. I will say for the information of the gentleman from Wisconsin that the committee referred all these sections to the Legal Reference Counsel. Then every executive department of the Government was communicated with and information given as to the contemplated repeal, and asking them whether or not they would be affected by it in any way. In every case we got from each department their opinion that they approved of the repeal, or had no opposition to the repeal, as shown in the reply letters here included in the case.

Mr. STAFFORD. Will the gentleman yield?

Mr. HARLAN. I yield.

Mr. STAFFORD. Take, for example, the first section of the Revised Statutes sought to be repealed. The Secretary of the Treasury, in his letter to the gentleman, states that it is suggested that section 136 of Title II of the code be corrected. But instead you repeal it in toto and leave in force appropriation law that does not carry out the criticism of the Secretary of the Treasury. Here we have a definitive act requiring the Librarian of Congress, embodied in the Revised Statutes as section 89, requiring the Librarian of Congress to give bond of $20,000 for faithful performance of his duties. The bond runs to the Secretary of the Treasury, and in that act there is a provision requiring the deposit of the bond with the Secretary of the Senate. The only criticism the Secretary of the Treasury has is to that part requiring the deposit of the bond with the Secretary of the Senate. But you are repealing it altogether.

Mr. HARLAN. We are repealing the section included in the report.

Mr. STAFFORD. Yes; you are repealing the entire section.

You leave in force the appropriation law that merely covers the same provision, but does not refer to where the bond shall be deposited. You are going further than the Secretary of the Treasury recommends. That is only one instance I would call attention to. I think we should be cautious in repealing these statutes.

Mr. HARLAN. We are not repealing any part of this law that has not been approved by the Secretary of the Treasury.

Mr. STAFFORD. But the Secretary of the Treasury, in his letter to the distinguished gentleman, said it is suggested that section 136 of Title 2 of the code be corrected accordingly. Instead of that you repeal the entire law, and do not attempt to correct the original section to which he directs attention.

Mr. HARLAN. But we are repealing only section 89.

Mr. STAFFORD. Section 89 embodies not only the provision for the deposit of the bond with the Secretary of the Senate but also the provision that the Librarian of Congress shall give a bond for $20,000 for the faithful performance of his duties to the Secretary of the Treasury.

Mr. HARLAN. I have here a letter from the Secretary of the Senate also approving this measure. With this act repealed the Librarian of Congress is still required to give a bond.

Mr. STAFFORD. Under what law?

Mr. HARLAN. Under page 546 of volume 29 of the statutes.

Mr. STAFFORD. But that is a provision in an appropriation act.

Mr. HARLAN. He is still required to give a bond.

Mr. STAFFORD. That is a provision in an appropriation act of some years back. The other is definitive law.

Mr. HARLAN. That act has been incorporated in the code.

Mr. STAFFORD. Why is it not better to follow the Secretary of the Treasury and merely provide that that part of section 136 relating to the deposit of the bond with the Secretary of the Senate be repealed?

Mr. GREENWOOD. What is the necessity of having two statutes cover the same thing?

Mr. STAFFORD. One is an appropriation law, not all pervasive, and this is all pervasive.

Mr. GREENWOOD. What the committee is attempting to do is to eliminate a statute here that is unnecessary.

Mr. STAFFORD. In the appropriation act there is nothing that relates to the deposit of the bond. There is nothing in that law that relates to the deposit of the bond.

Mr. HARLAN. But the bond, as a matter of fact, has been deposited with the Secretary of the Treasury ever since 1897. By this act we are simply conforming the law to the practice that has been in existence for a long time.

Mr. STAFFORD. I understand that you are repealing the substantive provision requiring the deposit of a bond with the Secretary of the Senate and leaving then the practice to cover the matter rather than the law.

Mr. HARLAN. The repealing of this act will leave in force and in effect the law that provides that the bond shall be filed with the Secretary of the Treasury.

Mr. STAFFORD. There is nothing in that appropriation act that requires that. However, if the gentleman is satisfied that the practice will be continued without violence to the law, although I think it is open to criticism, I shall not interpose any objection.

Mr. GREENWOOD. The statute he refers to is still in existence, but provides for the Secretary of the Treasury to approve the bond of the Librarian.

Mr. STAFFORD. That is the appropriation act.

Mr. GREENWOOD. The statute he refers to is a part of the code, and he is trying to eliminate this statute that is not followed.

Mr. STAFFORD. That is substantive law, and the gentleman is trying to keep in the code appropriation law.

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, I call the attention of the gentleman to the Revised Statute 4334, which would be repealed, which provides that every licensed vessel shall have her name and the port to which she belongs painted on her stern, in the manner prescribed for registered vessels. Why does the gentleman want to repeal that?

Mr. HARLAN. Because it has been reenacted into a later section of the code.

Mr. LaGUARDIA. Some of the provisions are obsolete, but this is not.

Mr. HARLAN. The same law is provided in another section. It is provided in Title 46, section 46, of the statute that the name of every documented vessel of the United States, and so forth.

Mr. JENKINS. Reserving the right to object, let me ask the gentleman a question. The distinguished predecessor of the gentleman prepared this codification a few years ago with a great deal of care. At that time he had the assistance of a great many experts, law-book publishers. In the preparation of this amendment, have these experts had an opportunity to pass upon that?

Mr. HARLAN. In the preparation of the code, the actual codification of the law, there were law-book publishers, the Thompson Co. and the West Publishing Co., but this is a little different matter. We used the same staff; we used the same Legislative Reference Counsel; but the publishing house had nothing to do with these repeals, because that is not in their line.

Mr. JENKINS. The only point I want to make clear is that every possible check which the gentleman knows of has been used, as was done originally.

Mr. HARLAN. Absolutely. The fact of the matter is, I will say, that practically everything on this bill was prepared by the former chairman of this committee.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the following obsolete sections of the Revised Statutes are hereby repealed:

Revised Statutes	U. S. Code
R. S. 89	Title 2, sec. 136
R. S. 340	Title 15, sec. 180
R. S. 972	Title 28, sec. 820
R. S. 2458	Title 16, sec. 591
R. S. 2459	Title 16, sec. 592
R. S. 2461	Title 16, sec. 595
R. S. 2462	Title 16, sec. 596
R. S. 2628	Title 19, sec. 41
R. S. 2644	Title 19, sec. 46
R. S. 2645	Title 19, sec. 47
R. S. 2938	Title 19, sec. 378
R. S. 3297	Title 26, sec. 421
R. S. 3911	Title 39, sec. 296
R. S. 3912	Title 39, sec. 297
R. S. 3972	Title 39, sec. 490
R. S. 3973	Title 39, sec. 491
R. S. 3999	Title 39, sec. 521
R. S. 4056	Title 39, sec. 788
R. S. 4316	Title 46, sec. 256
R. S. 4317	Title 46, sec. 257
R. S. 4334	Title 46, sec. 287
R. S. 4340	Title 46, sec. 281
R. S. 4341	Title 46, sec. 282
R. S. 4342	Title 46, sec. 283
R. S. 4343	Title 46, sec. 284
R. S. 4344	Title 46, sec. 285
R. S. 4345	Title 46, sec. 286
R. S. 4371	Title 46, sec. 317
R. S. 5256	Title 45, sec. 81

SEC. 2. Rights or liabilities existing under the foregoing statutes on the date of the enactment of this act shall not be affected thereby.

With the following committee amendment:

Page 2, strike out the last line of the tabulated statement.

The committee amendment was agreed to.

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

A motion to reconsider was laid on the table.

PORTRAIT, EX-PRESIDENT COOLIDGE

The next business on the Consent Calendar was the resolution (S. J. Res. 75) authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, I want to offer an amendment which I have offered to all of these bills. Some of them have been adopted, others have been laughed at. It is that these paintings should be the work of an artist who is a citizen of the United States. Only in this morning's paper announcement was made of a portrait just finished of the present occupant of the White House, President Hoover, made by Mr. de Laszlo, an English artist, I believe, a resident of London. A great many of the works around this House are works of foreign artists, but when the country was young we did not have our own artists. Now we have our own artists, and I believe we ought to at least give them an opportunity to do work of this kind.

Mr. BLANTON. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. BLANTON. Does not the gentleman from New York think it is quite proper that a painting of President Hoover should be by an English artist? Chinese artists just now are otherwise engaged.

Mr. LaGUARDIA. I am talking about art now, not about politics.

Mr. PATTERSON. Reserving the right to object, I wish to say that I am in sympathy with the amendment offered by the gentleman from New York. I also want to say that, if I understand it, this is the regular portrait that has been placed here of all Presidents, and it is not some extra expense.

Mr. GILBERT. That is correct.

Mr. PATTERSON. I shall not object under those conditions, but I think the amendment to be offered by the gentleman from New York should be adopted.

Mr. GILBERT. My understanding is that quite a satisfactory portrait by quite a recognized artist is now in contest. It is by an artist who was elected by the family and is approved by those learned in art. My understanding is he is an American artist, but in order to satisfy the gentleman from New York I will ask unanimous consent, Mr. Speaker, that this bill be passed temporarily, and I will get the information for the gentleman.

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

There was no objection.

MANUFACTURE, MAINTENANCE, DISTRIBUTION, AND SUPPLY OF ELECTRIC CURRENT IN CERTAIN PORTIONS OF HAWAII

The Clerk called the next bill on the Consent Calendar, H. R. 307, to approve Act No. 256 of the Session Laws of

1931 of the Territory of Hawaii, entitled "An act to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within the districts of North Kona and South Kona, on the island and county of Hawaii, Territory of Hawaii."

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, will the gentleman state whether the committee gave any consideration to an opportunity for Government or municipal ownership of this utility plant?

Mr. KVALE. I will say to the gentleman that there is no written record of these hearings. If I recall, the Delegate was asked at the time about that possibility, and the committee was then satisfied that it was not for the moment feasible, and that this development should be made.

Mr. STAFFORD. As I understand the project for which a franchise is granted and for which Congress is asked to approve the Territoial act of the Legislature of Hawaii, it is that there are competing lines there at the present time, under private ownership.

Now, I would like to ask the Delegate from Hawaii whether there is any sentiment in the Territory of Hawaii in favor of Government control and operation of these utility projects?

Mr. HOUSTON of Hawaii. Provision is made in section 8 on page 5 of the report for the recapture of such franchises by the Territory, by the county, or any one of its subsidiaries, if and when it desires to do so.

Mr. STAFFORD. But I am asking whether there is any sentiment in the Territory of Hawaii in favor of Government operation and control of these utility concerns?

Mr. HOUSTON of Hawaii. There is not sufficient capital available for the installation of that, or was not originally.

Mr. STAFFORD. The gentleman makes a most startling statement that in Hawaii, where there is so much capital flowing in by reason of the preferential market which the Territory has for the sale of sugar, there is no capital available for this purpose.

Mr. LAGUARDIA. But if they have capital flowing in, they would be opposed to Government ownership.

Mr. STAFFORD. I am asking whether there is any sentiment in favor of Government ownership in the Territory of Hawaii?

Mr. HOUSTON of Hawaii. Not any, practically.

Mr. STAFFORD. I understand there is a Public Utilities Commission, whereby the rates are controlled?

Mr. HOUSTON of Hawaii. That is correct.

Mr. LAGUARDIA. That is some consolation, at least.

The SPEAKER. Is there objection?

The Clerk read the bill, as follows:

Be it enacted, etc., That Act No. 256 of the session laws of 1931 of the Territory of Hawaii, entitled "An act to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within the districts of North Kona and South Kona, on the island and county of Hawaii, Territory of Hawaii," passed by the Legislature of the Territory of Hawaii and approved by the Governor of the Territory of Hawaii on April 29, 1931, is hereby approved: *Provided*, That the authority in section 16 of said act for the amending or repeal of said act shall not be held to authorize such action by the Legislature of Hawaii except upon approval by Congress in accordance with the organic act: *Provided further*, That nothing herein shall be construed as an approval by Congress of the theory of establishing value on the actual cost of reproducing or replacing property as contained in section 18 of the said act.

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

A motion to reconsider was laid on the table.

MEMORIAL IN HONOR OF WILLIAM ROBERT SMITH

The Clerk called the next bill, S. 2286, authorizing the William Robert Smith Memorial Association of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, I desire to pay an earnest and well deserved tribute to a former very distinguished citizen of western Texas, who once served in this House, Hon. William R. Smith. I came to Congress from his district, succeeding him from the old sixteenth district of Texas, which was one of the largest districts geographically in the United States. It ran 556 miles east and west from El Paso to Mineral Wells, Tex.; it ran from Lubbock, on the north, 400 miles south to Alpine, and Rock Springs. A part of its territory now forms three Texas districts.

This former Member of Congress, our colleagues will remember, after his tenure here, was appointed a Federal judge and served with distinction in western Texas. He has three very prominent sons who are distinguished and highly respected citizens of Texas. One of his sons, Hon. William R. Smith, jr., is district attorney at Midland, Tex.; another, Hon. Breedlove Smith, is assistant district attorney in El Paso, Tex.; and a third son is a prominent lawyer in a prominent law firm in Fort Worth, Tex. One of his nephews, Hon. Ed R. Smith, is a very distinguished jurist, a member of the court of civil appeals in the San Antonio district of Texas.

Gentlemen, I am glad this bill proposing due honor to Hon. William R. Smith is before the House, and I hope it will pass without a dissenting vote. It pays deserved tribute to a great man and a great Texan. [Applause.]

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the William Robert Smith Memorial Association of El Paso, Tex., be, and it is hereby, authorized to construct without cost to the United States a memorial tablet at or near the site of Elephant Butte Dam, New Mexico, in honor of the work of William Robert Smith, former Member of Congress from the sixteenth district of Texas, in behalf of the Elephant Butte project and of irrigation in the Southwest.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

PRELIMINARY EXAMINATION OF THE EDISTO RIVER

The Clerk called the next bill, H. R. 3951, to provide a preliminary examination of the Edisto River and its branches, South and North Edisto, S. C., with a view to the control of its floods.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, and I am sorry I shall be compelled to object, not because I have any objection to the merits of this bill at all, but because we can not start the policy of having a river and harbor Monday. It seems to me these projects should not be taken up piecemeal, but should be placed on the regular river and harbor calendar.

Mr. COOPER of Tennessee. Mr. Speaker, if the gentleman will permit, it was my pleasure to report this bill from the Committee on Flood Control. This is not a river and harbor matter at all, but solely a question of flood control.

Mr. LAGUARDIA. Exactly. We are starting with them the same as we do with river and harbor projects. We had a flood control bill up, as the gentleman knows, and we have every session or so. Last year we objected to these bills individually and then they all came in at one time, and that is the proper way to dispose of them.

Mr. SWING. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. SWING. I think the gentleman's recollection is at fault. I reported the omnibus bill from the Flood Control Committee last session and it was objected to.

Mr. LAGUARDIA. On the Consent Calendar.

Mr. SWING. It was objected to, and we were told that they desired to have these bills come in on their merit, whereupon the omnibus bill was dropped and the individual items were reported separately.

Mr. LAGUARDIA. The gentleman from California is correct. Our objection, let me point out, is not to the merits but because it is impossible for anyone studying the Consent Calendar to familiarize himself with the details of a bill of this kind, so whether it is individual or omnibus, it should not be on the Consent Calendar.

Mr. COOPER of Tennessee. If the gentleman will yield further, I respectfully submit the gentleman is in error as to the policy. This is the policy that has been pursued and is now being pursued for the consideration of these bills. When one of these bills comes before the Committee on Flood Control, it is submitted to the War Department and a report is sent to the committee relative to the bill. The gentleman will find that report a part of the report I made on this bill, in which there is no objection expressed. This is exactly the way the committee has been handling these matters and proposes to handle them. I was a member of the subcommittee during the last Congress and we gave careful consideration to all these bills, as is the policy of the committee at this session. We held rather extensive hearings on this bill and it was reported favorably by the committee during the last Congress, and again this session.

Mr. LaGUARDIA. The committee will have its Wednesday sooner or later, at which time the committee can take up these matters, and the gentleman will not find me offering any objection.

Mr. COOPER of Tennessee. We did not have a Wednesday during the last Congress, and we have no assurance we will have one during this session. This is a matter that should be given consideration now, in order that this preliminary survey may be made and a report submitted. According to the report from the Secretary of War it is not contemplated that more than $3,000 would be involved in any event. These preliminary surveys have been made right along on these different rivers where the question of flood control is involved. It is our purpose to carry forward the same policy in the consideration of this project. I would like to ask the gentleman to hear from the gentleman from South Carolina, who is the author of the bill.

Mr. FULMER. May I state that this bill was favorably reported by the full committee last year, but it could not be considered because the committee did not have a day during the whole session. We now have a favorable report from the committee and from the department. It is a very important matter because it covers a large area. I want to say to the gentleman that not only will money be saved by reason of controlling floods on this river but a malarial situation that is now costing the Federal Government millions of dollars in the lowlands of the South.

Mr. LaGUARDIA. The gentleman misunderstands my attitude. I am not going into the merits of the bill, but I am saying that such a bill should not be considered on consent day, which is a sort of safety valve for the purpose of getting through noncontroversial bills.

If we establish a policy where flood control and river and harbor projects may be slapped on the calendar, there would be no limit.

Mr. FULMER. Mr. Speaker, may I state to the gentleman that this bill was thoroughly considered, and it is the policy of the committee to vote up or down these bills on their merits. We have a favorable report, with no objection from any source, and unless we can get consideration in this way, perhaps, we may not be able to get the bill considered.

Mr. LaGUARDIA. Mr. Speaker, for the present, I object.

AGRICULTURAL EXPERIMENT STATION WORK

The Clerk called the next business on the Consent Calendar, House Joint Resolution 194, to correct section 2 of the act of March 4, 1931, to coordinate the agricultural experiment station work, and to extend the benefits of certain acts of Congress to the Territory of Porto Rico.

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, the error is as to the year 1931?

Mr. KETCHAM. Nineteen hundred and forty-one.

Mr. LaGUARDIA. It was marked $60,000 in 1931, how does the resolution read now as to 1941?

Mr. JONES. The resolution does not say 1941. It has 1931 for 1941. They ran the years up to 1940 correctly, and then inadvertently put in 1931 instead of 1941.

There being no objection, the Clerk read the joint resolution (H. J. Res. 194), as follows:

Resolved, etc., That section 2 of the act of March 4, 1931 (46 Stat. 1521), be, and the same is hereby, amended by striking out the year "1931" and substituting in lieu thereof "1941," so that so much of said section as is hereby amended shall read as follows: "$60,000 for the fiscal year ending June 30, 1941."

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

WITHDRAWALS OF PUBLIC LANDS UNDER THE RECLAMATION LAW

The Clerk called the next business on the Consent Calendar, H. R. 8087, authorizing the Secretary of the Interior to vacate withdrawals of public lands under the reclamation law, with reservation of rights, ways, and easements.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

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

There was no objection.

AMENDMENT TO RIVERS AND HARBORS ACT

The Clerk called the next business on the Consent Calendar, House Joint Resolution 271, amending section 1 of the act entitled "An act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes," approved July 3, 1930, relating to the Mississippi River between the mouth of the Illinois River and Minneapolis.

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, this carries $7,500,000, and I am not ready to slip it through in this manner.

Mr. STAFFORD. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. STAFFORD. Unless the gentleman from Texas [Mr. MANSFIELD] would like to take the floor——

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

Mr. STAFFORD. I do not wish be too presumptuous, under the circumstances.

There is an exigent condition that demands the immediate consideration of this bill.

The gentleman from New York is well aware that the Committee on Rivers and Harbors did have its day on Calendar Wednesday a week ago. This bill had just been reported. The day was consumed by the committee in important legislation, and it was the desire of the chairman of the committee to also bring up this bill, but time did not permit.

The gentleman from Texas [Mr. MANSFIELD] did me the courtesy to hand me the decision of the court on the question that makes this remedial legislation so necessary.

As the report sets forth, usually in projects that are authorized for the Chief of Engineers to develop, provision is made "or such modifications thereof as may be found advisable." In the rivers and harbors act of last year, however, so far as this project is concerned the improvement of the upper Mississippi from the mouth of the Ohio up to St. Paul and Minneapolis the law provided that it should be in conformance with the project as reported in the report. In that report the height of the water is limited on project No. 41, some 80 miles south of St. Paul, for the crest of the dam to 663 feet above sea level, whereas it is desired and found essential, to carry out the project as now determined upon by the Chief of Engineers, to raise the water to 670 feet, or 7 feet more.

The Illinois Central Railroad Co. went into the district court for the western district of Wisconsin, presided over by the judge of the eastern district, one of the ablest and most capable judges in the entire country, I may say, Judge Ferdinand A. Geiger, and sought an injunction because the War Department was seeking to build a dam that was not in conformance to the project as authorized.

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object——

Mr. STAFFORD. If the gentleman will permit, the Illinois Central Railroad Co. went into the court for an injunction because the original authorization restricted them to raising the height of the dam to 663 point something, whereas the modified report increased it to 670 feet. The judge properly held that as the act only authorized the construction of this improvement and this dam at Alma to a height of 663 feet, the Government had no authority to go beyond that.

Mr. LaGUARDIA. I will say to the gentleman from Wisconsin [Mr. Stafford] ordinarily the gentleman himself would be the first one to object to the additional authorization of $7,500,000, but in view of the understanding which we had last Wednesday when the matter was up before the House and the convincing and telling statement made by the gentleman from Wisconsin, I shall have no objection.

Mr. JENKINS. Mr. Speaker, reserving the right to object, the gentleman from Wisconsin has not tellingly or in any other way explained the $7,500,000.

Mr. STAFFORD. There is no further expenditure involved in this modified construction, other than that which was originally authorized, but only a change in the project which will require a little higher raising of the dam than was prescribed in the original proposal. The bill does not intend to authorize any greater expenditure for the entire project than was originally carried. It seeks solely to permit the War Department to change the plans as embodied in the original report, if the Chief of Engineers deems such a change advisable.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the House joint resolution, as follows:

Resolved, etc., That the provision relating to the Mississippi River between the mouth of the Illinois River and Minneapolis, in section 1 of the act entitled "An act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes," approved July 3, 1930, is hereby amended to read as follows:

"Mississippi River between mouth of Illinois River and Minneapolis: The existing project is hereby modified so as to provide a channel depth of 9 feet at low water with widths suitable for long-haul common-carrier service, to be prosecuted in accordance with the plan for a comprehensive project to procure a channel of 9-foot depth, submitted in House Document No. 290, Seventy-first Congress, second session, or such modification thereof as in the discretion of the Chief of Engineers may be advisable; and the sum of $7,500,000, in addition to the amounts authorized under existing projects, is hereby authorized to be appropriated for the prosecution of initial works under the modified project: *Provided*, That all locks below the Twin City Dam shall be of not less than the Ohio River standard dimensions."

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TO CLARIFY THE APPLICATION OF THE CONTRACT-LABOR PROVISIONS OF THE IMMIGRATION LAWS TO INSTRUMENTAL MUSICIANS

The Clerk read the next bill on the Consent Calendar, H. R. 8235, to clarify the application of the contract-labor provisions of the immigration laws to instrumental musicians.

Mr. LaGUARDIA. Reserving the right to object, as I understand it, this bill, if enacted into law, would prevent any orchestra leader from sending over persons or musicians to play in an orchestra or theater here. This does not apply to soloists or artists.

Mr. STAFFORD. It applies to all.

Mr. JOHNSON of Washington. The purpose of the bill is to make certain artists or musicians and organizations of musicians who enter the United States under contract shall enter under the provisions of the contract labor laws. The purpose is to protect American musicians from competition brought about by great numbers of alien instrumental musicians who come here under the guise of professional artists exempt from the contract labor law, whereas in fact they are not artists of particular merit in any sense of the word, but are of the most ordinary type and come here for a livelihood.

Mr. STAFFORD. Mr. Speaker, I do not wish to have my position on this bill construed as being in favor of a later bill similar in character relating to chorus singers.

Mr. JOHNSON of Washington. The bills, for certain reasons, are not identical in character, and the committee expects to present a third bill relating entirely to alien actors who are now exempt from contract labor law provisions. There will be proper exemptions, of course.

Mr. STAFFORD. We are not going to emulate the position of foreign countries, who exclude American artists.

Mr. JOHNSON of Washington. No; all high-class and true artists may come, and come under contract, but we are trying to prevent so-called artists from coming to the United States under contract and then remaining after the contract is over to compete with musicians who are domiciled here. We want those who come under contract to go back after their contract is finished.

Mr. LaGUARDIA. It prevents men coming here and playing in an orchestra when there are available American citizens for that purpose.

Mr. JENKINS. The purpose of the bill is to prevent those who come in here under this section from staying and taking advantage of the privilege extended to them.

Mr. JOHNSON of Washington. Yes; that states the purport of the measure. They now come in under a certain exemption from the contract labor law, and then remain after the contract is finished and compete with those now here.

Mr. GREEN. It is to protect our local musicians.

Mr. JOHNSON of Washington. Yes; and will do so, I think.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the contract labor provisions of the immigration laws shall be applicable to alien instrumental musicians, whether coming for permanent residence or for a temporary period.

Sec. 2. No alien instrumental musician shall, as such, be considered an "artist" or a "professional actor" within the meaning of the fifth proviso of section 3 of the immigration act of 1917 (U. S. C., title 8, sec. 136 (h), second proviso) unless—

(1) He is of distinguished merit and ability as an instrumental musician, or is a member of a musical organization of distinguished merit and is applying for admission as such; and

(2) His professional engagements (or, if the exemption is claimed on account of membership in an organization, the professional engagements of such organization) within the United States are of a character requiring superior talent.

Sec. 3. In the case of an alien instrumental musician coming for a temporary period, who is exempted from the contract labor provisions of the immigration laws by the fifth proviso of section 3 of the immigration act of 1917 as limited by section 2 of this act, his admission to the United States shall be under such conditions as may be by regulations prescribed by the Secretary of Labor (including where deemed necessary the giving of bond with sufficient surety) to insure that at the termination of his contract he will depart from the United States.

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

BRIDGE BILLS

The next business on the calendar was the bill H. R. 8163, a bridge bill.

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent that the following bridge bills, similar in character, be considered en bloc.

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

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, may we have the numbers of the bills?

The SPEAKER. The Clerk will read the numbers of the bills.

The Clerk read as follows:

H. R. 8163, H. R. 8171, H. R. 8238, H. R. 8250, H. R. 8324, H. R. 8327, and S. 2639.

The SPEAKER. The gentleman from Missouri asks unanimous consent that these bills reported by the Clerk by number be passed en bloc. Is there objection?

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, I ask unanimous consent to proceed for five minutes out of order on general bridge bill legislation.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, I have no objection to these bills. In fact, I commend the States for constructing free highway bridges. However, there is a large number of toll bridges bills that have been offered in the House wherein the right to construct and operate a toll bridge is extended to private individuals. As the House knows, for five years I have repeatedly opposed such legislation, along with the gentleman from New York [Mr. LAGUARDIA], the gentleman from Wisconsin [Mr. SCHAFER], the gentleman from Alabama [Mr. PATTERSON], and others.

I rise at this time to again call attention to the situation in reference to toll bridges. From the northern boundary of Illinois to the southern boundary of that State across the Mississippi River, toll bridges have been constructed. As far as I know, there is not one toll bridge which has been constructed across the Mississippi River from Cairo north that to-day is paying interest on the bonds, unless it be the Cairo bridge, and it has not had time to default. The bonds were sold at par, and now one can purchase all he desires to-day for $5, $10, or $15 at most. On Wednesday of last week in the United States District Court for the Eastern District of Missouri the judge of that court ordered sold at auction a bridge known as the Chain of Rocks-Kings Highway Bridge, just north of the city of St. Louis, where there is an outstanding indebtedness of $1,526,000, representing such a loss to the investors.

In that great little publication known as Labor of last week there is an editorial in reference to the situation in West Virginia. For a bridge which cost $42,000, owned by private individuals, tolls taken in annually amount to $60,000. Just think of that. The State of West Virginia desires to buy that bridge and make it free. Despite the fact that the bridge cost only $42,000, the owners tell the State of West Virginia they will not sell for less than $325,000.

In my State, in the county adjoining my city, St. Louis, there was a highway toll bridge across the Missouri River. The citizens of that county and the adjoining county bought the bridge for $1,250,000 less than five years ago, a hundred per cent or more above the original cost. They improved the bridge, spending a lot of money. Notwithstanding that fact, over and above operating expenses, they have taken in $1,250,000, paid off the bonds, and on the 1st of last January presented the bridge to the State of Missouri, to be forever a free bridge, so that all can now go over that bridge without cost. I maintain that if we can construct roads we can construct bridges across rivers and connect the roads.

My purpose in rising here to-day is to ask that the chairman of the bridge subcommittee, before he reports any private toll bridge bills, hold a hearing on legislation that has been pending before that subcommittee for the last five years, which provides for a general revision of the bridge act so that we can enact legislation that will safeguard the States, the municipalities, and the people who are asked to buy the bonds which make it possible to construct these bridges. [Applause.]

Mr. Speaker, there is a certain responsibility resting upon the Congress in connection with bridge legislation. When you authorize the construction of a bridge by private individuals you are giving away a franchise and you extend to private individuals the right not only to construct a bridge but to issue bonds to finance the construction of the bridge. The bonds are sold to the general public, the constituents of Members of this House. A beautiful picture is painted by the bond salesman of the revenue that will result when the bridge is completed. The people residing in the vicinity of the location of the bridge do not buy the bonds; it is the investor in the large cities that is induced to purchase them. His bond broker, who, of course, receives a commission for selling the bonds, does not seem to investigate, or rather has not investigated, in the past whether it was advisable from a financial standpoint to construct the bridge. He takes it for granted that it is because Congress ordered the bridge constructed.

The fight that has been made upon toll bridges in this House has been well worth the time consumed, because I am happy to say that there are no toll bridges now being constructed by private individuals because the country has been aroused by the debate here; the news has gone forward that professional promoters have cost the citizens of our country millions upon millions of dollars by selling them securities that time has shown were practically not worth the paper they were written upon. The result is that they can no longer sell the bonds. That is the reason they are coming back now and asking for an extension of time. [Applause.]

What is needed is a general revision of the bridge act. Let us change that act so as to give the State the right to have a voice and let the State or States at least have an opportunity to construct a toll bridge, if that be necessary, rather than the private individual. If a bridge is necessary the State or municipality can find a way to finance it. I have said time and again that it took 150 years or more to rid the country of the tollgate on the highways. Why now block the road again with privately owned toll bridges? It is unfair to the people of Missouri and other States that provide free bridges for you and your constituents to be required to pay a toll to pass over bridges in other States.

Again I say to the subcommittee handling bridge bills, let us have hearings on the various bills that have been introduced to revise the general bridge law, and after that has been done and the people's interests properly safeguarded only bridge bills of merit will be presented to the Congress. By so doing you will get rid of the professional toll-bridge promoter and protect the investing public, your constituents and mine. [Applause.]

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, along the line of what the gentleman from Missouri [Mr. COCHRAN] has pointed out to the House there are now on the calendar three or four bills for the extension of time, where in the first instance the Bureau of Roads, under the Department of Agriculture, opposed the bill, which was passed by the Congress in some instances, two, three, and four years ago. Now they are asking for another extension to carry on the same promotion on the bridge, and I hope that Members will not take it as a personal matter if some of us in trying to establish a policy object when bills of that character are called on the calendar.

The bridge bills referred to are as follows:

H. R. 8163

Granting the consent of Congress to the State of Illinois to construct a free highway bridge across the Pecatonica River at Harrison, in Winnebago County, State of Illinois

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Illinois to construct, maintain, and operate a free highway bridge and approaches thereto across the Pecatonica River at a point suitable to the interests of navigation at Harrison, Ill., in section 14, township 28 north, range 11 east, fourth principal meridian, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 1, line 9, after the word "of," strike out the word "the" and insert the word "an."

Amend the title as follows: "A bill granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across the Pecatonica River at Harrison, in Winnebago County, State of Illinois."

H. R. 8171

Granting the consent of Congress to the State of Illinois to construct a free highway bridge across the Kankakee River at Momence, in Kankakee County, State of Illinois

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Illinois, to construct, maintain, and operate a free highway bridge and approaches thereto across the Kankakee River, at a point suitable to the interests of navigation at Momence, Ill., in township 31 north, between section 24, range 13 east, and section 19, range 14 east, third principal meridian, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Line 9, after the word "of," strike out the word "the" and insert the word "an."

Amend the title as follows: "A bill granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across the Kankakee River at Momence, in Kankakee County, State of Illinois."

H. R. 8238

To extend the times for commencing and completing the construction of a free highway bridge across the Fox River at Algonquin, in McHenry County, State of Illinois

Be it enacted, etc., That the times for commencing and completing the construction of a free highway bridge across the Fox River, at Algonquin, McHenry County, Ill., authorized to be built by the State of Illinois by an act of Congress approved February 13, 1931, are hereby extended one and three years, respectively, from February 13, 1931.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Line 8, after the figure "13," strike out "1931" and insert "1932."

H. R. 8250

Granting authority to the Texas State Highway Commission to maintain and operate, as constructed, a free highway bridge across Trinity River between the counties of Navarro and Henderson, in the State of Texas

Be it enacted, etc., That the consent of Congress is hereby granted to the Texas State Highway Commission and their successors and assigns to maintain and operate the free highway bridge and approaches thereto, as constructed, across Trinity River, between the counties of Navarro and Henderson, in the State of Texas, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Line 7, before the word "between," insert "seven-tenths mile west of Trinidad."

H. R. 8324

Granting the consent of Congress to the State of Illinois to construct a free highway bridge across Rock River at Byron, in Ogle County, State of Illinois

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Illinois to construct, maintain, and operate a free highway bridge and approaches thereto across the Rock River, at a point suitable to the interests of navigation, at Byron, Ill., in section 32, township 25 north, range 11 east, fourth principal meridian, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Line 9, after the word "of," strike out the word "the" and insert the word "an."

Amend the title to read: "A bill granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across Rock River at Byron in Ogle County, State of Illinois."

H. R. 8327

Granting the consent of Congress to the State of Illinois to construct a free highway bridge across Rock River at Oregon, in Ogle County, State of Illinois

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Illinois to construct, maintain, and operate a free highway bridge and approaches thereto across the Rock River, at a point suitable to the interests of navigation, at Oregon, Ill., in section 3, township 23 north, range 10 east, fourth principal meridian, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Line 9, after the word "of," strike out the word "the" and insert the word "an."

Amend the title to read: "A bill granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across Rock River at Oregon, in Ogle County, State of Illinois."

S. 2639

To extend the time for the construction of a bridge across the Missouri River at or near Poplar, Mont.

Be it enacted, etc., That the times for commencing and completing the construction of a bridge authorized by act of Congress approved July 3, 1930, to be built by the State of Montana, the counties of Roosevelt, Richland, and McCone, or any of them, across the Missouri River, at a point suitable to the interest of navigation, at or near Poplar, Mont., are hereby extended for one and three years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments to the foregoing House bill were severally agreed to, and the bills as amended were severally ordered to be engrossed and read a third time, were read the third time, and passed.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the votes by which the foregoing bills were passed was ordered to be laid on the table.

FREE HIGHWAY BRIDGE ACROSS FOX RIVER AT GENEVA, ILL.

The Clerk called the next bill on the Consent Calendar (H. R. 8236) granting the consent of Congress to the State of Illinois to reconstruct a free highway bridge across the Fox River at Geneva, in Kane County, State of Illinois.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

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

There was no objection.

BRIDGE ACROSS FOX RIVER NEAR M'HENRY, ILL.

The Clerk called the next bill on the Consent Calendar, H. R. 8237, granting the consent of Congress to the State of Illinois to construct a free highway bridge across the Fox River 5½ miles south of McHenry, in McHenry County, State of Illinois.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

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

There was no objection.

EXTENSION OF TIME FOR PAYMENT OF PURCHASE MONEY ON HOMESTEAD ENTRIES, CHEYENNE RIVER AND STANDING ROCK INDIAN RESERVATIONS

The Clerk called the next bill on the Consent Calendar, H. R. 489, to amend the act of April 25, 1922, as amended, entitled "An act authorizing extensions of time for the payment of purchase money due under certain homestead entries and Government-land purchases within the former Cheyenne River and Standing Rock Indian Reservations, N. Dak. and S. Dak."

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, the purpose of this bill is to extend the period of payment two years, where the original extension was dated for 1930, but the bill now provides for the corroborating affidavits of two witnesses. Why is that necessary when it was not necessary in the original bill?

Mr. WILLIAMSON. It is necessary because we think there has been some abuse in getting these extensions, and the department, in order that it might be stopped in the future, has requested that this amendment be placed on the bill, so as to have evidence to corroborate the affidavit showing that the applicant is unable to pay his installment when due.

Mr. LAGUARDIA. This is simply a small installment on the land?

Mr. WILLIAMSON. That is all.

Mr. LAGUARDIA. And we are putting the occupants of the land in the position of filing corroborative affidavits in these days when we are so liberal in giving money in other quarters without requiring corroborating witnesses?

Mr. WILLIAMSON. I may say that I drafted the original bill, which did not contain that provision.

Mr. LAGUARDIA. Why not strike it out of here?

Mr. WILLIAMSON. If it is stricken out, we can just strike out the provision relating to these corroborative affidavits. I do not think they should be required.

Mr. LaGUARDIA. I do not think so, either, and I shall so move.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the discretion of the Secretary of the Interior any entryman or purchaser of ceded Cheyenne River and Standing Rock Indian lands who is unable to make payment as required by the act of March 31, 1928 (45 Stat. L. 400), as amended, may obtain an extension of time not to exceed two years in addition to the extensions now authorized by law: *Provided*, That no extension shall be granted without payment of interest for one year in advance upon any installment or installments so extended.

With the following committee amendment:

Page 2, line 2, after the word "*Provided,*" strike out "That no extension shall be granted without payment of interest for one year in advance upon any installment or installments so extended" and insert "That no extension of time shall be granted to any homesteader or purchaser who fails to pay interest in advance on the total amount involved at the rate of 5 per cent per annum, and to file an affidavit corroborated by the affidavits of two persons setting out his inability to pay the amount required by existing law."

Mr. LaGUARDIA. Mr. Speaker, I offer an amendment to the committee amendment.

The SPEAKER. The gentleman from New York offers an amendment to the committee amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LaGuardia: In line 7, page 2, after the word "annum," strike out the comma and insert a period and strike out the balance of the section.

Mr. STAFFORD. Mr. Speaker, I rise in opposition to the proposed amendment to the amendment.

Unfortunately I was not giving enrapt attention to the colloquy indulged in between the gentleman from New York and the author of the bill as to the proposed amendment, and I did not hear the statement of the gentleman from South Dakota [Mr. Williamson] as to the reason for the necessity of the affidavits of those two persons. The department, I believe, recommends that that should be included, so that there will be no one who will use this law merely as a ruse, when he would be in a position to pay the installment. What is the objection of the gentleman as to the provision recommended by the department?

Mr. LaGUARDIA. The original bill provides for an extension of time from 1930. This bill simply amends the original bill by providing a 2-year extension. It occurred to me that this requirement of two affidavits of corroborating witnesses, which was not included in the original bill, should not be required at this time. After all, the homesteader or occupant of the land, who owes this installment, must pay the interest, and it seems to me he is in a position to make his own statement and that we should not put him to the difficulty of going around peddling himself trying to get these additional affidavits. It is discretional.

The SPEAKER. The question is on agreeing to the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

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

A motion to reconsider was laid on the table.

AMENDING ACT PROVIDING COMPENSATION FOR EMPLOYEES OF THE UNITED STATES SUFFERING INJURIES

The Clerk called the next bill on the Consent Calendar, H. R. 92, to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, and acts in amendment thereof.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GILBERT. Mr. Speaker, reserving the right to object, just what does this amendment do?

Mr. LaGUARDIA. I can tell the gentleman. It takes over a few cases that now are drawing full compensation from the Government, who are totally blind or who have lost hands or both feet and they require an attendant, and it allows them $50 a month more for that attendant.

Mr. GILBERT. I wish to say that the department that is administering this law administers it in conflict with the decisions of the Supreme Court of the United States, and it is necessary to pass special acts here at times to have people allowed compensation, when, if the department would follow the decisions of the Supreme Court, we would be saved that necessity.

I have asked for this information fearing that the amendment had something to do with that.

Mr. LaGUARDIA. I have always thought the United States Employees' Compensation Commission was very ably conducted by Mrs. Brueggeman. The reports which we get in our committee from that commission are always very well drawn. They state the facts clearly and the law correctly.

Mr. GILBERT. The commission is very ably but very strictly administered. The commission declines to allow compensation in cases where the courts say it should be allowed. I have had to sponsor special acts to secure relief where the commission admitted that the courts would allow it. This department should at least follow the Supreme Court of the United States.

Mr. LaGUARDIA. I sympathize with the gentleman in that.

Mr. STAFFORD. Mr. Speaker, I wish to give further consideration to this measure; and, therefore, I ask unanimous consent that it may be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

COLORADO SCHOOL OF MINES

The Clerk called the next bill, H. R. 231, to grant certain lands to the State of Colorado for the benefit of the Colorado School of Mines.

There being no objection, the bill was read, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to issue to the State of Colorado patent conveying title to the south half southeast quarter section 22; the north half northeast quarter, and the southwest quarter northwest quarter section 27, township 18 south, range 66 west, sixth principal meridian, Colorado, for the use and benefit of the Colorado School of Mines located at Golden, upon payment to the United States of $1.25 per acre therefor: *Provided*, That there is found to be no conflicting valid claim to the lands so described: *And provided further*, That there shall be reserved to the United States all coal, oil, gas, or other mineral deposits found at any time in the land, together with the right of the United States, its grantees or permittees, to prospect for, mine, and remove such deposits, under such rules, regulations, and conditions as the Secretary of the Interior may prescribe.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

APPROPRIATIONS FOR THE MILITARY AND NONMILITARY ACTIVITIES OF THE WAR DEPARTMENT

The Clerk called the next bill, H. R. 8330, regulating the use of appropriations for the military and nonmilitary activities of the War Department.

Mr. BALDRIGE. Mr. Speaker, the gentleman from Connecticut [Mr. Goss], who introduced this bill, is not present. I ask unanimous consent that it may be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

RESTORATION OF CERTAIN LANDS TO THE SAN CARLOS INDIAN RESERVATION, ARIZ.

The Clerk called the next bill, H. R. 8824, to restore certain lands to the San Carlos (White Mountain) Indian Reservation, Ariz.

There being no objection, the bill was read, as follows:

Be it enacted, etc., That the tract of land in the State of Arizona ceded by the San Carlos Indians to the United States by an agreement with said Indians dated February 25, 1896, ratified by the act of June 10, 1896 (29 Stat. L. 358), identified as beginning at the angle point on the southern boundary of the present San Carlos (White Mountain) Indian Reservation, as surveyed by Deputy Surveyor Philip Contzen in 1898, in approximate latitude 33 degrees 2 minutes north and longitude 110 degrees and 2 minutes west, 3 miles 45 33/100 chains south of the Gila River; thence south along the then boundary of the White Mountain Indian Reservation as surveyed by Deputy Surveyor Paul Riecker in 1883, 11 miles 34 67/100 chains, to the angle point established by Deputy Riecker 15 miles south of the Gila River; thence westerly along the then southern boundary of the reservation as surveyed by Deputy Riecker in 1883, 45 miles 33 6/100 chains, to the angle point established by him at the terminus of said southern boundary; thence north along the then boundary of the reservation as surveyed by Deputy Riecker in 1883, 15 miles, to the Gila River, at a point 10 miles upstream from its confluence with the San Pedro River; thence up the middle of the Gila River, northeasterly, to the southern boundary of the present San Carlos (White Mountain) Indian Reservation; thence easterly along the present boundary of said reservation to the point of beginning, containing approximately 363 square miles, be, and the same is hereby, restored to and made a part of the San Carlos (White Mountain) Indian Reservation: *Provided*, That such lands within the above-described area as are now within the Crook National Forest are hereby eliminated from said national forest and restored to the San Carlos (White Mountain) Indian Reservation: *Provided further*, That any valid rights or claims against such lands initiated prior to March 30, 1931, shall not be affected by this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

WREATH ON GRAVE OF THE MOTHER OF WASHINGTON

The next business on the Consent Calendar was the resolution (H. Con. Res. 19) providing a wreath to be placed on the grave of the mother of Washington on February 22, 1932.

There being no objection, the concurrent resolution was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the Senate of the United States and the Clerk of the House of Representatives be, and they are hereby, authorized to purchase a wreath to be placed on the grave of Mary, the mother of Washington, at Fredericksburg, Va., on the 22d day of February, 1932, that day being the two hundredth anniversary of the birth of Gen. George Washington, the cost of said wreath not to exceed $50, which shall be paid proportionately out of the contingent funds of the Senate of the United States and the House of Representatives, respectively; be it further

Resolved, That the President of the Senate and the Speaker of the House of Representatives are hereby authorized to appoint, respectively, a Member of the Senate of the United States and a Member of the House of Representatives, both or either of whom on behalf of the Senate and of the House of Representatives, shall, at the time and place aforesaid, place said wreath on the grave of Mary, the mother of Washington.

The concurrent resolution was agreed to.

IMPROVEMENT OF FACILITIES OF FEDERAL RESERVE SYSTEM

Mr. STEAGALL. Mr. Speaker, I move to suspend the rules and pass with amendments the bill (H. R. 9203) to improve the facilities of the Federal reserve system for the service of commerce, industry, and agriculture, to provide means for meeting the needs of member banks in exceptional circumstances, and for other purposes.

The SPEAKER. The gentleman from Alabama moves to suspend the rules and pass the bill H. R. 9203, with amendments. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Federal reserve act, as amended, is further amended by inserting, between sections 10 and 11 thereof, a new section reading as follows:

"SEC. 10. (a) Upon receiving the consent of not less than a majority of the Federal Reserve Board, any Federal reserve bank may make advances, for a period not exceeding one year from the date of the approval of this act, in such amount as the board of directors of such Federal reserve bank may determine to groups of five or more independently owned and controlled member banks within its district upon their time or demand promissory notes: *Provided*, That such banks have no adequate amount of eligible and acceptable assets to obtain sufficient accommodation through rediscounting at the Federal reserve bank. The liability of the individual banks in each group must be limited to such proportion of the total amount advanced to such group as the deposit liability of the respective banks bears to the aggregate deposit liability of all banks in such group. Such banks shall be authorized to distribute the proceeds of such loans to such of their number and in such amount as they may agree upon, but before so doing they shall require such recipient banks to deposit with a suitable trustee, representing the entire group, their individual notes made in favor of the group protected by such collateral security as may be agreed upon. Any Federal reserve bank making such advance shall charge interest or discount thereon at a rate not less than 1 per cent above its discount rate in effect at the time of making such advance. No such note upon which advances are made by a Federal reserve bank under this section shall be eligible under section 16 of this act as collateral security for Federal reserve notes.

"No obligations of any foreign government, individual, partnership, association, or corporation organized under the laws thereof shall be eligible as collateral security for advances under this section.

"Member banks are authorized to obligate themselves in accordance with the provisions of this section."

SEC. 2. The Federal reserve act, as amended, is further amended by adding, immediately after such new section 10 (a), an additional new section reading as follows:

"SEC. 10. (b) In exceptional and exigent circumstances and for a period not exceeding one year from the date of the approval of this act, and when any member bank has no further eligible and acceptable assets available to enable it to obtain adequate credit accommodations from the Federal reserve bank through rediscounting or any other method provided by this act other than that provided by section 10 (a), any Federal reserve bank, pursuant to affirmative action by not less than a majority of the Federal Reserve Board, may make advances to such member bank on its time or demand promissory notes secured to the satisfaction of such Federal reserve bank: *Provided*, That (1) each such note shall bear interest at a rate not less than 1 per cent per annum higher than the highest discount rate in effect at such Federal reserve bank on the date of such note; (2) the Federal Reserve Board may by regulation limit and define the classes of assets which may be accepted as security for advances made under authority of this section; and (3) no note accepted for any such advance shall be eligible as collateral security for Federal reserve notes.

"No obligations of any foreign government, individual, partnership, association, or corporation organized under the laws thereof shall be eligible as collateral security for advances under this section."

SEC. 3. The second paragraph of section 16 of the Federal reserve act, as amended, is amended to read as follows:

"Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances acquired under the provisions of section 13 of this act, or bills of exchange indorsed by a member bank of any Federal reserve district and purchased under the provisions of section 14 of this act, or bankers' acceptances purchased under the provisions of said section 14, or gold or gold certificates: *Provided, however*, That at any time within 12 months from the date of the approval of this act, should the Federal Reserve Board deem it in the public interest, it may, upon the affirmative vote of not less than a majority of its members, authorize the Federal reserve banks to offer, and the Federal reserve agents to accept, as such collateral security, direct obligations of the United States. At the expiration of one year from the approval of this act, or sooner should the Federal Reserve Board so decide, such authorization shall terminate and such obligations of the United States be retired as security for Federal reserve notes. In no event shall such collateral security be less than the amount of Federal reserve notes applied for. The Federal reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it."

The SPEAKER. Is a second demanded?

Mr. McFADDEN. Mr. Speaker, I demand a second.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McFADDEN. I am.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Does the gentleman from Alabama desire to ask unanimous consent that additional time be given for debate? The Chair asks this for the reason that a number of gentlemen have requested, in view of the fact the session of the House will run until 5 o'clock, that the gentleman ask for one hour of additional debate, so the House may have as full opportunity as possible to discuss the measure.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the time for debate be extended one hour in addition to the original request.

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

There was no objection.

The SPEAKER. The gentleman from Alabama is recognized for one hour and a half, and the gentleman from Pennsylvania for one hour and a half.

Mr. STEAGALL. Mr. Speaker, I ask to be recognized for 15 minutes.

Mr. Speaker, this bill represents the culmination of a demand that has been manifest on the Democratic side of the House, and which has grown from day to day since the meeting of the Congress last December.

A similar bill, in principle, has been before the Banking and Currency Committee of the House for some weeks in the form of a measure introduced by the able and distinguished gentleman from Maryland [Mr. GOLDSBOROUGH], and other bills of similar purpose and principle, one of which was introduced by the distinguished gentleman from Illinois [Mr. KELLER], who is a student of economic questions and whose views are held in high regard. There have been extended conferences and discussions from time to time with the chairman of the committee and members of the committee, and other Members of the House with reference to the legislation.

We undertook to cooperate with the administration in legislation suggested at the outset of the labors of this session and we have given right of way to legislation supported by the administration. Majority members of the Banking and Currency Committee found themselves agreed in principle with reference to legislation to enlarge the facilities of the Federal reserve system.

Conferences have been held by the chairman of the committee with members of his party in the Senate, with whom, also, we were able to agree. I should add that this demand for legislation of this kind has come from some Members on the other side of the aisle. It is fair to say, however, that the demand from the minority side was by no means so widespread.

Last week leading members of the administration came to an agreement that this legislation was desirable. The bill before us embodies, in substance, the provisions of the measures that have been pending before the Banking and Currency Committee of the House to which I have alluded, and, in part, it is taken from a measure pending in the Senate, a bill of much wider range, amending various features of the Federal reserve act.

Mr. BANKHEAD. Is that the Glass bill?

Mr. STEAGALL. Yes; I refer to the bill known as the Glass bill, introduced by the distinguished Senator from Virginia. One provision was taken from his bill.

There has been an additional provision incorporated along with the two provisions to which I have referred. Those of us who are really for this legislation do not think it is a cure-all or that it is going to relieve entirely the unfortunate conditions that exist at this time; but many of us do believe, as we have long believed, that it will enlarge and extend the service of the Federal reserve system and bring that great system back into the channels in which it was placed at the beginning and again serve the country as it did for quite a time when we enjoyed an unparalleled period of prosperity under that great legislative enactment. The Federal reserve act was the achievement of a Democratic administration. It is an amendment to that act which we offer now in the hope of bringing relief from present distress.

The banking and credit machinery of this country has drifted into unhappy days. I am not going to attempt here to review the history of the developments in this connection, but I want in justice to some members of the committee with whom I have served to state that some of us for years have warned the country of what was taking place; we have pleaded with those who had the power to change the policies under which we were acting, that the country might be saved from a collapse of the banking system of the Nation. It would have been an easy thing to construct legislation to prevent the things that have happened.

A much larger task confronts us now, after all the disasters that have come upon us, many of them, I honestly believe, as a result of vicious and unsound banking practices on the part of those who were relied upon for leadership in the banking world. The indefensible practices that have wrought these misfortunes upon us were carried on either with the sanction—or without proper efforts to prevent them—on the part of those responsible for the Federal reserve system of the United States. [Applause.]

The big bankers who claimed a monopoly on wisdom and good morals in banking have taken the Federal reserve system and perverted and debased it. They turned it from service to legitimate business and commerce into an instrument for use in the promotion of speculation and international high finance by men who proved unworthy of the trusts reposed in them, and who have been shown to be as ignorant as they were known to be unscrupulous.

These men gathered junk from the four corners of the earth and fed it into the banks of this country to the wreck and ruin of thousands of such banks and their innocent depositors. The rights of small communities have been treated with contempt and, by unfair practices and unjust discriminatory rules and regulations of the Federal reserve system, the small banks of the United States have been strangled and choked to death. [Applause.]

The confidence of the public has been destroyed, and now we find the necessity that we must attempt to deal with actual economic difficulties; but, worse than that, we face the necessity of restoring the faith of the people in the banks, on which they have a right to rely as a safe place to deposit their earnings and the savings to be left for their loved ones. But I do not desire to make a long speech. I want to discuss the provisions of the bill and conclude in order to leave time for other Members.

Mr. BLANTON. Before the gentleman proceeds with that I want to ask him one question.

Mr. STEAGALL. I will yield to the gentleman. I will yield to the gentleman from Texas, but only for a brief question. I can not yield freely, as I should like to do.

Mr. BLANTON. Will the gentleman tell us if it is not a fact that since 1913, when the original act was passed, there have been 32 different amendments passed by Congress, in which the powers and scope and authority of the Federal reserve system have been increased, and in practically all of them our friend from Alabama has been on the floor fighting those amendments?

Mr. STEAGALL. I will say to the gentleman that I do not want to get to talking politics, but the Democrats of the Banking and Currency Committee have fought for years to bring the Federal reserve system back where it belongs and make it serve the business interests of the country which it was intended to serve. The Republican members of the committee know that some of us have walked the floor for years telling them that those in control were destroying the banking system of the United States. Gentlemen on that side of the aisle smile; but if you will look up the record of the hearings before our committee, you will see that these leaders in the banking world were continually telling us that small communities did not have brains enough to run a bank suitable to their demands and requirements. We have found out that the biggest dupes known to history were those very men who told us that small towns and communities could not supply officials who knew how to run a bank.

Mr. BLANTON. I have been a faithful follower of the gentleman from Alabama all these years, but let me ask him this further question. Is it not a fact that this particular bill is the conglomeration of the ideas of Eugene Meyer and Ogden Mills?

Mr. STEAGALL. No.

Mr. BLANTON. Have they not approved of the bill?

Mr. STEAGALL. Yes. They have approved the bill, because the indefensible practices of the big banks have destroyed confidence on the part of the American people and brought us into such disasters that they feel that we are forced to resort to this remedy.

Mr. BLANTON. Let me say that I had rather follow the splendid leadership of my friend from Alabama as the ranking militant member of the minority of the Banking and Currency Committee than as chairman who cooperates with Eugene Meyer and Ogden Mills. [Laughter.]

Mr. STEAGALL. I will cooperate with anybody who is in position to aid in the effort to save the country from the horrible conditions that have been brought upon us. [Applause.] We need not worry about politics; we need have no fears that we shall suffer any political misfortune by serving the country without regard to party division.

Now, I want to talk about the provisions of this bill.

Mr. Speaker, I ask recognition for five minutes more.

Here is what we do. First, we provide that a group of banks, not less than five, may come together, form an organization or clearing house, and the Federal reserve banks may make loans to such group of banks upon their joint obligation.

The banks forming a group are required to put up collateral securities with a trustee to be selected by them, and they agree among themselves upon the security to be set up for their own protection. The Federal reserve bank makes the loan to the group, but shall not make it except upon the approval of a majority of the Federal Reserve Board. This authority is limited to a period of one year from the enactment of the bill. We further provide that no such loan shall be made on any security other than paper that is now recognized under the law as eligible at the Federal reserve bank, so long as the bankers composing the group have sufficient eligible security. It is also provided that no such loan shall be made upon foreign securities. In addition, the rate of interest required is 1 per cent higher than the prevailing rate. These are the safeguards that surround this provision. Section 2 of the bill provides that an individual bank may obtain loans from Federal reserve banks upon any security satisfactory to the bank, though not eligible under existing law. This also is to be permitted only for the period of one year from the passage of this act. The limitation is also applied that the individual bank can not obtain such a loan if it has in its portfolio paper that is now eligible under the Federal reserve law. If it has no such paper, the Federal reserve bank, with the approval of a majority of the Federal Reserve Board, is authorized to make a loan on any security that is satisfactory. A further limitation provides that the rate of interest shall be 1 per cent higher than the current rate. It is also provided, as in case of loans to groups of banks, that no loans shall be made to individual banks upon any foreign security, or upon the obligation or collateral growing out of foreign transactions. [Applause.]

Mr. HOCH. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. HOCH. Will the gentleman tell us in a general way what classes of security are in mind which are not now eligible for discount, which will be made eligible for discount under this provision of section 2?

Mr. STEAGALL. All classes of securities except those that are based upon foreign obligations are eligible for loans if the Federal Reserve Board approves them and the Federal reserve bank sees fit to make them, provided the applying bank does not have collateral eligible as security under the general provisions of the Federal reserve act.

It makes it possible for a bank that finds itself in the midst of this confusion and distress and the state of fear that exists on the part of the public, where prudence and due regard for responsibility to its depositors, requires it to keep on hand enough liquid securities or eligible paper to respond to any contingency that may arise, to release its cash for use by the public to the extent that its borrowing power is enlarged. Many banks are afraid to let a day pass without having on hand cash or securities upon which they may realize on short notice sufficient to respond to any demands of their depositors. Any bank like that, that has any other valid and worthy security, is allowed under this bill to take it to the Federal reserve bank and borrow upon it, and when it does that, then you have released that much of credit for business activity and for productive pursuits, and for aid in the revival of business throughout the United States. [Applause.]

Mr. McKEOWN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield for an inquiry.

Mr. McKEOWN. A lot of telegrams are coming in——

Mr. STEAGALL. Please do not interrupt me to read a telegram. My time is too limited; of course I should be glad to yield if I had more time.

Mr. McKEOWN. I want to ask the gentleman if this is the original Glass bill?

Mr. STEAGALL. The bill known as the Glass bill is an entirely different measure.

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

Mr. STEAGALL. Does the gentleman desire to ask a question at this particular point?

Mr. SHANNON. Yes.

Mr. STEAGALL. I yield.

Mr. SHANNON. Is the gentleman free to tell us, leaving out the profanity, just what Mr. Dawes said in the White House conference that brought about the absolute necessity of hurrying this measure through?

Mr. LAGUARDIA. It is what he said in the committee.

Mr. SHANNON. But I am talking about the White House conference.

Mr. LAGUARDIA. But it is not in the hearings.

Mr. SHANNON. The gentleman ought to report it to us; he ought to tell us what occurred.

Mr. STEAGALL. I yielded to the gentleman for an inquiry.

Mr. SHANNON. That is an inquiry.

Mr. STEAGALL. Will the gentleman now yield me the floor in order to permit me to answer?

Mr. SHANNON. Yes; but leave out the profanity.

Mr. STEAGALL. I know that a man of the gentleman's brilliant mind and practical common sense and experience does not have to be told that there is a certain delicacy involved in the discussion of credit and banking that forbids that references to matters of that kind be published to the world, if we are to deal constructively with great and important affairs such as was before the Committee on Banking and Currency when the distinguished gentleman appeared before us. We did have before us a distinguished citizen of the United States and a member of the board of directors of the Reconstruction Finance Corporation, who discussed in a general way the conditions that had come to his attention in connection with his duties as a member of that board, and he went so far as to discuss before the committee individual instances in which the corporation had been applied to for aid. Does the gentleman think that good faith to this House and the country requires that I now repeat all that he said on those occasions?

Mr. SHANNON. Everything that pertains to the American people should be told to this body, their Representatives.

Mr. STEAGALL. I am sure the gentleman would modify that statement on reflection. I do not think we should go that far. Both political parties were represented on the committee when the hearings were held. The gentleman's side of the House was represented by a number of Members, and so was the other side. Men who are against this bill were represented and men who are for the bill. A request was made that the statements of one of the gentlemen who appeared before us should not be published to the country, and it has not been done. I thought the committee acted wisely in not publishing it. [Applause.] I think so yet. That is my judgment about that. [Applause.]

Mr. CELLER. Will the gentleman yield for a question?

Mr. STEAGALL. I yield for a question.

Mr. CELLER. Five banks may, by concert or cooperation, make application, provided they divest themselves of any eligible paper or do not have any more eligible paper for rediscount?

Mr. STEAGALL. That is quite right.

Mr. CELLER. Suppose there are two strong banks which want to come to the rescue of three weaker banks. Must those two strong banks bring themselves to the level of the weakness of the other three banks by divesting themselves of all rediscountable paper in order that they may in concert apply to the Federal reserve bank for relief?

Mr. STEAGALL. That is a problem to be worked out under the provisions of this bill by the men who form the group of bankers. It is their job to get together and put up such securities as they see fit to satisfy one another and then apply for a loan. But if they have eligible paper they should not be allowed to unload any other kind of paper on the Federal reserve system. The purpose of this legislation is to relieve emergencies——

Mr. STEVENSON. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. STEVENSON. If they have this eligible paper, the two strong banks could use their own credit until that is exhausted, and then they could use this.

Mr. STEAGALL. Why, certainly. I will say to the gentleman that if the banks have eligible paper, liquid assets, such as is contemplated by the Federal reserve law, and want credit from the Federal reserve banks, good faith requires that they submit it instead of coming in and trying to offer something else which opportunity is afforded for merely as an emergency proposition. Now, I neglected to say that the section requires an interest rate of 1 per cent above the current rate.

Mr. CELLER. Those two strong banks I spoke of do not need aid, but they want to help three other banks, and in order to do that they must weaken themselves to the level of the other three.

Mr. STEAGALL. But the philosophy of that proposition rests upon the idea of cooperation among the member banks. If they can not agree among themselves, they can not come to the Federal reserve bank for their requirements. It is intended to aid banks that make proper effort to aid themselves.

Mr. MORTON D. HULL. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. MORTON D. HULL. Does the period of limitation of one year relate to the maturity of the loan?

Mr. STEAGALL. Oh, no. It is provided that loans shall not be made after one year from the passage of the act.

Now, I wish to discuss one other provision of the bill, and I must conclude, as I have promised to yield time to others.

The third provision of the bill authorizes the Federal reserve banks to issue Federal reserve notes upon direct obligations of the Government, supported by 40 per cent of gold. Now, where is there any inflation in that, which should alarm anybody? The Federal reserve banks now issue currency based on commercial paper, supported by 40 per cent of gold. Is there any harm or is there anything unsound in substituting a Government bond for paper representing the debts of a community to a bank?

It was never required and never contemplated in the original Federal reserve law that it was necessary to maintain more than 40 per cent gold against notes issued, but we find ourselves in a situation during this depression where commercial credits have been cut down, and commercial paper offered at the Federal reserve banks is curtailed until they are now carrying twice the amount of gold against notes issued that the law ever contemplated. The notes are outstanding, and they must put up gold because they have not sufficient commercial paper to cover the issue of notes. So we have authorized them to substitute Government bonds. Now, that will release some seven hundred and fifty millions to one billion dollars in gold. This will strengthen the Federal reserve system. It will strengthen our position financially all along the line, and it does not make possible any undue inflation of the currency of the country.

It makes possible expansion, not a wild inflation, but sufficient expansion to counteract the horrible deflationary policies and practices in which we find ourselves engulfed at this time in the United States. [Applause.] That is what we are trying to do. That is all there is in this provision respecting note issues by the Federal reserve banks. It is not a wild scheme. It is to be kept under the control of the Federal Reserve Board. The provision is limited in operation to a period of one year. We could not inflate to any dangerous extent so long as the gold requirement is retained. I will say also, in this connection, that if the Federal Reserve Board is to be judged by its conduct in the past, nobody need fear that we are in for a wild period of inflation through the operation of this law, so long as it is under the control of the Federal Reserve Board of the United States. [Applause.]

Mr. McFADDEN. Mr. Speaker, I yield 10 minutes to the gentleman from Kansas [Mr. STRONG].

Mr. STRONG of Kansas. Mr. Speaker, I want to refer to no politics in connection with the passage of this bill. It has been suggested by the President and the financial heads of the Government, and has been studied by our committee on Banking and Currency and favorably reported to this House by a vote of 20 to 1 because of a public necessity. I am supporting it because I believe it is needed to break down the reign of fear in financial matters that exists throughout the entire United States.

We recently passed legislation creating the Reconstruction Finance Corporation. That will do great good, but we have found that throughout the United States there is an existing state of fear of the future. Hoarding is going on. Men and women are going to the banks and taking out the money and putting it into safe deposit boxes or taking it home and hiding it. Deposits are being withdrawn. Banks fear their depositors may demand their money and they will not make loans needed in business and agriculture; they think a run may come upon them or their neighbor bank and they want to keep every dollar they have in their vaults. But there is a condition that is even worse than that. Banks that have eligible paper are not borrowing on it. They are holding it. There is no Federal reserve bank in this country which is borrowing anything like the money it is permitted to borrow on the eligible paper it has in its vaults. Why? Because it fears a run may come in its territory and it wants that paper to use if necessary. There are three billions of dollars worth of eligible paper in the banks of this country that are not being used for rediscounting.

If banks holding such eligible paper would take it to the Federal reserve banks and borrow money on it and then make loans to the people engaged in business, industry, and agriculture, who need it and who have good security for it, we would not need this bill. But they are not doing it. They are not doing it for the same reason that the individual is not loaning money. They are not doing it because they fear a financial panic.

The purpose of this bill is to dispel such fear, restore confidence, and again make it possible to carry on business in a normal way.

One of the provisions of the bill is to widen the scope of eligible paper, so that the eligible paper that is now being hoarded—and I am going to let that word stand—in the banks of this country may be extended, increased by other securities, perfectly good but not now eligible paper; then the Federal reserve banks may accept such security and furnish funds to make loans so badly needed. It may be security on real estate, State bonds, county, or city bonds, or any good security that is offered them that they believe to be good. That will make it possible for the little banks throughout the country, if they have not eligible paper, to use such paper though not now eligible for rediscount but yet safe; and on that paper they can secure credit. That will turn loose a vast amount of credit throughout the country. It will make the little banks and the big banks realize that they are not going to be crowded for their deposits.

Then it will do another thing. It will permit the banks that have no eligible paper to get together and guarantee each other's paper. It will permit clearing-house certificates to be issued. It will make it possible to establish rules in the cities that will stop this hoarding.

It will do a third thing. It will turn loose about $800,000,000 of free gold. There is behind our currency of about $3,000,000,000, secured by $900,000,000 of eligible paper and $2,000,000,000 of gold, because they are holding on to the eligible paper and they are putting up gold. By permitting the use of Government bonds as a basis for the issue of currency, as provided in this bill, it will release between $750,000,000 and $800,000,000 in gold, and you all know what that will do. Eight hundred million dollars, my friends, will produce $2,000,000,000 worth of credit in this country.

Mr. BURTNESS. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. BURTNESS. Does the gentleman think the additional credit that will be provided by this bill will have a tendency to increase the general commodity price level?

Mr. STRONG of Kansas. That is not going to be embarrassing to me, because I will frankly say to the gentleman that I think it will; yes. I have for six years been pleading for legislation that will make it possible to increase the volume of money of this country when the general commodity price level is falling and to regulate the amount of money in circulation among the people in order to bring about a stable dollar, so I am now very much delighted with this increase in currency and credit which will be turned loose. When it is in circulation it will increase, I have no doubt, the general commodity price level so much needed to restore business and prosperity. My hope is that we will then pass legislation that will maintain such stability.

Mr. BURTNESS. The gentleman is hopeful, then, that the Federal Reserve Board will, in the administration of these provisions, at least have an eye toward the general commodity price level, with a view of rehabilitating the price of commodities in this country at somewhere near normal?

Mr. STRONG of Kansas. I do not know that they will have their eyes turned toward the price level or not, but they ought to. However, they have got to turn loose both money and credit in order to bring about a normal condition of prices.

Mr. BURTNESS. In view of the additional safeguards put into this bill with reference to these provisions, why was it necessary to limit this authority to one year? Personally, I regret that limitation, at least, in so far as sections 2 and 3 of the bill are concerned.

Mr. STRONG of Kansas. I thought so myself, but a majority of the committee thought that was wise and we were governed by the majority.

Mr. BARBOUR. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. BARBOUR. If this condition exists a year from now, Congress can easily extend the time.

Mr. STRONG of Kansas. That was the argument, that if when this one year was over and conditions necessitated it, Congress would then be in session and the time could easily be extended.

Mr. CELLER. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. CELLER. This is a good bill, but why did not the gentleman's side bring it in over a year ago?

Mr. STRONG of Kansas. Why did not your side bring it in? What is the use of playing peanut politics with a thing like this? [Applause.] My friends, I do not appeal to you as Democrats or Republicans. I want to appeal to you as representatives of the great American people to go along and pass this bill, and let us try to get out of the condition we have been in. Do not say that a Republican proposed it or that a Democrat favored it. Let us say the American Congress, composed of the representatives of the people, passed this legislation in order to dispel fear and restore confidence and to bring about the prosperity we all so much desire.

Mr. PARSONS. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. PARSONS. The third important feature of this bill is that the Federal reserve banks can issue currency against Government securities to an extent not to exceed an amount where there will not be less than 40 per cent of gold to back up the issue that is made.

Mr. STRONG of Kansas. That is correct.

Mr. PARSONS. What is the difference in principle and what is the difference in the responsibility of the Federal Government if the Government did it direct rather than through the Federal reserve system?

Mr. STRONG of Kansas. Well, simply because we have set up the Federal reserve system and it is functioning in that capacity. Then, too, this is the easiest way to pass legislation to bring about desired results.

Mr. PARSONS. The Federal Government could issue $1,000,000,000 in currency, and it would be just the same as if the Federal reserve banks had issued it, and the Federal Government could do it without interest.

Mr. STRONG of Kansas. If you want to go ahead with fiat money, all right.

Mr. PARSONS. If that is fiat money, is not the currency issued by the Federal reserve system fiat money?

Mr. STRONG of Kansas. No; it is based upon eligible paper, but always there must be 40 per cent of gold.

Mr. PARSONS. With the Federal Government directly issuing it, would it not have against it no less than 40 per cent of gold?

Mr. STRONG of Kansas. Yes; but there must also be the eligible paper. Every American dollar now is worth one dollar's worth of gold, and anyone can receive a dollar's worth of gold for it. We want to stay on the gold basis, and we will do this if you pass this bill.

Mr. PARSONS. Will the gentleman yield for a further question?

Mr. STRONG of Kansas. Yes.

Mr. PARSONS. We have about four and a half billion dollars in gold at present; how much of gold certificates has been issued against the four billion and a half of gold in the Treasury?

Mr. STRONG of Kansas. I do not know.

Mr. PARSONS. Certainly not more than four and a half billion?

Mr. BEEDY. If the gentleman will yield, I will answer the gentleman.

Mr. STRONG of Kansas. The gentleman from Maine states that he can answer the gentleman's question.

Mr. BEEDY. There is $877,000,000 of yellow backs out now.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, this most important measure is not before the House under the ordinary rules which would permit it to be safeguarded by proper amendments. It is called up under a suspension of the rules and has to be passed just as it has been proposed by the committee, and not one of the 435 Members of this House can propose a single amendment to it. It can not be amended in any particular. We have to vote for it just as it is, without the changing of a dotting of an "i" or the crossing of a "t."

If we had not besieged the Speaker and the distinguished gentleman from Alabama [Mr. STEAGALL], who is chairman of the committee, with urgent requests for more time for debate, we would have been limited to 20 minutes to the side to debate this most important piece of legislation, for 40 minutes is all the time allowed for debate under suspension of the rules.

And the colloquy that ensued between the gentleman from Nebraska [Mr. HOWARD] and the chairman evidenced the fact that the general provisions and purposes of this bill were unknown to the membership. Is it possible that the committee can not trust the membership of this House to pass on this bill? Is it so perfect that it needs no amending?

Mr. Speaker, we have since 1913, or since the passage of the Federal reserve act, passed 32 amendments to that act. Practically every one of them came from the Federal reserve system seeking an enlargement of its powers. I found myself following the militant lead of my good friend from

Alabama [Mr. STEAGALL] when he opposed many of these amendments. He made some magnificent debates on this floor during those fights, and it is hard for me now to follow him in a lead that is actuated by the head of this whole system, collaborating with our friend, Hon. Ogden Mills, the present Secretary of the Treasury. I want to call your attention to these various amendments, and to some excerpts from the act.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to quote excerpts from the Federal reserve act, and from the 1930 report of the Federal Reserve Board.

The SPEAKER pro tempore (Mr. BLAND). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, I am going to call attention to these different amendments. Since we passed the Federal reserve act which was approved on December 23, 1913, Congress has passed 32 amendments to such act, and I now give the Congress, the date approved, and the public law these amendments became, to wit:

AMENDMENTS TO FEDERAL RESERVE ACT

Public, No. 163, Sixty-third Congress, approved August 4, 1914.
Public, No. 171, Sixty-third Congress, approved August 15, 1914.
Public, No. 212 (extract from), Sixty-third Congress.
Public, No. 281, Sixty-third Congress, approved March 3, 1915.
Public, No. 75, Sixty-fourth Congress, approved May 15, 1916.
Public, No. 81 (extract from), Sixty-fourth Congress.
Public, No. 270, Sixty-fourth Congress, approved September 7, 1916.
Public, No. 25, Sixty-fifth Congress, approved June 21, 1917.
Public, No. 139, Sixty-fifth Congress, approved April 23, 1918.
Public, No. 218, Sixty-fifth Congress, approved September 26, 1918.
Public, No. 329, Sixty-fifth Congress, approved March 3, 1919.
Public, No. 62, Sixty-sixth Congress, approved October 22, 1919.
Public, No. 48, Sixty-sixth Congress, approved September 17, 1919.
Public, No. 106, Sixty-sixth Congress, approved December 24, 1919.
Public, No. 170, Sixty-sixth Congress, approved April 13, 1920.
Public, No. 225, Sixty-sixth Congress, approved May 26, 1920.
Public, No. 329, Sixth-sixth Congress, approved February 27, 1921.
Public, No. 331, Sixty-sixth Congress, approved February 27, 1921.
Public, No. 17, Sixty-seventh Congress, approved June 14, 1921.
Public, No. 230, Sixty-seventh Congress, approved June 3, 1922.
Public, No. 279, Sixty-seventh Congress, approved July 1, 1922.
Public, No. 405, Sixty-seventh Congress, approved February 6, 1923.
Public, No. 503 (extract from), Sixty-seventh Congress, approved March 4, 1923.
Public Resolution No. 3, Sixty-eighth Congress, approved January 31, 1924.
Public Resolution No. 9, Sixty-ninth Congress, approved March 24, 1926.
Public Resolution No. 15, Sixty-ninth Congress, approved April 14, 1926.
Public Resolution No. 16, Sixty-ninth Congress, approved April 17, 1926.
Public, No. 639, Sixty-ninth Congress, approved February 25, 1927.
Public Resolution No. 76, Seventieth Congress, approved January 26, 1929.
Public, No. 120, Seventieth Congress, approved March 9, 1928.
Public, No. 352, Seventieth Congress, approved May 7, 1928.
Public, No. 594, Seventieth Congress, approved May 29, 1928.

Mr. Speaker, I now want to quote some excerpts from the provisions of the Federal reserve act of 1913 to show how much the Government has done for this system, and just how much the Federal Government is a part of it. From section 2 I quote the following excerpts, to wit:

SEC. 2. As soon as practicable, the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency, acting as the reserve bank organization committee, shall designate not less than 8 nor more than 12 cities to be known as Federal reserve cities, and shall divide the continental United States, excluding Alaska, into districts—

And so forth.

* * * * * * *

Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in designating the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization in each of the cities designated of a Federal reserve bank, which shall include in its title the name of the city in which it is situated—

And so forth.

* * * * * * *

Should the total subscriptions by banks and the public to the stock of said Federal reserve banks, or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee shall allot to the United States such an amount of said stock as said committee shall determine. Said United States stock shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

* * * * * * *

The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of $100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

Mr. Speaker, I want my colleagues to note that the organization committee above referred to is the Secretary of the Treasury of the United States, the Secretary of Agriculture of the United States, and the Comptroller of the Currency of the United States, all paid big salaries by the people of the United States.

I now quote the following from section 7 of said act:

DIVISION OF EARNINGS

SEC. 7. After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until it shall amount to 40 per cent of the paid-in capital stock of such bank.

The net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

Federal reserve banks, including the capital stock and surplus therein, and the income derived therefrom shall be exempt from Federal, State, and local taxation, except taxes upon real estate.

Mr. Speaker, it will be noted that when expenses of the Federal reserve banks are mentioned, same are designated by Congress as "necessary expenses." It makes no mention of extravagant and wasteful expenditures. And it was not contemplated by Congress that there should be extravagant and wasteful expenditures.

And you will note that the people of the United States are interested in the expenses of this system, for the act provides that after "necessary expenses" are paid, and the annual dividend of 6 per cent is distributed, "all of the net earnings shall be paid to the United States as a franchise tax." Thus the net earnings that are to go into the Treasury of the United States are large or small, according to the expenses being only the "necessary" ones or the earnings being paid out in extravagant and wasteful expenditures. So the people of the United States are interested. And Representatives in Congress are interested in the manner in which these Federal reserve banks conduct their business. And we, as Representatives of the people, have the inherent right to know just how they conduct their business. And I am going to make it some of my business to know all about how they conduct their business. Let me quote further from section 10 of said act:

FEDERAL RESERVE BOARD

SEC. 10. A Federal Reserve Board is hereby created which shall consist of seven members, including the Secretary of the Treasury and the Comptroller of the Currency, who shall be members ex officio, and five members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the five appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the different commercial, industrial, and geographical divisions of the country. The five members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall each receive an annual salary of $12,000, payable monthly together with actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of the Federal Reserve Board, shall, in addition to the salary now paid him as Comptroller of the Currency, receive the sum of $7,000 annually for his services as a member of said board.

Mr. Speaker, it will be noted that the five members of the Federal Reserve Board appointed by the President of the United States receive a salary of only $12,000, limited by Congress, and that the Comptroller of the Currency receives $7,000 per annum additional to his salary for the extra services he renders to this Federal reserve system.

Section 2 of this act authorizes this Federal Reserve Board—the Secretary of the Treasury and the Comptroller of the Currency of the United States being members thereof—to—

(a) To examine at its discretion the accounts, books, and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary.

* * * * * * *

(h) To suspend, for the violation of any of the provisions of this act, the operations of any Federal reserve bank, to take possession thereof, administer the same during the period of suspension, and, when deemed advisable, to liquidate or reorganize such bank.

* * * * * * *

(l) To employ such attorneys, experts, assistants, clerks, or other employees as may be deemed necessary to conduct the business of the board. All salaries and fees shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the members of said board. All such attorneys, experts, assistants, clerks, and other employees shall be appointed without regard to the provisions of the act of January 16, 1883 (22 Stat. L. 403), and amendments thereto, or any rule or regulation made in pursuance thereof: *Provided*, That nothing herein shall prevent the President from placing said employees in the classified service.

* * * * * * *

OPEN-MARKET OPERATIONS

SEC. 14. Any Federal reserve bank may, under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this act made eligible for rediscount, with or without the indorsement of a member bank.

Every Federal reserve bank shall have power:

(a) To deal in gold coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold;

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board.

* * * * * * *

GOVERNMENT DEPOSITS

SEC. 15. The moneys held in the general fund of the Treasury, except the 5 per cent fund for the redemption of outstanding national-bank notes and the funds provided in this act for the redemption of Federal reserve notes may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be deposited in such banks, and disbursements may be made by checks drawn against such deposits.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system established by this act: *Provided, however*, That nothing in this act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

NOTE ISSUES

SEC. 16. Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or in gold or lawful money at any Federal reserve bank.

Mr. Speaker, I want to call attention to the provision Congress saw fit to put in this act of 1913, hoping thereby to benefit the farmers of the United States, to wit:

LOANS ON FARM LANDS

SEC. 24. Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal reserve district, but no such loan shall be made for a longer time than five years, nor for an amount exceeding 50 per cent of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to 25 per cent of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

Mr. Speaker, I have quoted the foregoing excerpts from the Federal reserve act of 1913 merely to show in numerous ways, too numerous to mention all, and at the expense of the people, Congress has subsidized the Federal reserve system. It is a quasi Government agency—quasi at least—and yet when our friend, our colleague from Texas [Mr. WILLIAMS], who has been watchful of its work and its endeavors, wanted to get from it some pertinent information, he could not do it. He believed in the system when it was first formed, like all of us. It did a splendid work for a long time, but when the gentleman from Texas [Mr. WILLIAMS] writes them as a Member of Congress, representing his people, and asks them for definite, pertinent information about their business, they write him back, in effect, "Go to h——; it is none of your business."

Mr. STEAGALL. Will the gentleman yield?

Mr. BLANTON. I have only a few minutes; but, certainly, I yield to the chairman of the committee.

Mr. STEAGALL. Does the gentleman know that the Federal reserve banks have paid into the Federal Treasury, in round figures, approximately $150,000,000?

Mr. BLANTON. Yes; and I am going to put the exact figures in the RECORD. I do not care how much they have paid. I know they were subsidized and they are still subsidized by this Nation, and I know that after their "necessary" expenses are paid, and a 6 per cent dividend paid, the law provides that the residue shall be turned into the Treasury of the United States as a franchise tax for the benefit of the people, and the people are concerned with the expenses of the Federal reserve system. The expense of the Federal reserve system, and especially in connection with its many high-salaried and overpaid officials and employees, is a stench in the nostrils of decent Americans, and I want to say to the gentleman that a Member of Congress has the inherent right to know exactly the amount of salaries that the system is paying its army of employees and officials. These Federal reserve banks have squeezed, robbed, wrecked, and ruined many banks, merchants, and citizens all over the United States, and I condemn them for it.

We provided in the act that the five members of the board whom the President was to appoint should receive a salary of only $12,000 per year. This was the maximum limit that the Congress saw fit that the members of the Federal Reserve Board should receive. But just think of what they are paying to their officers and employees. I want to show just how much their expenses are in palatial bank buildings and unreasonably high salaries.

The following, Mr. Speaker, is from the annual report of the Federal Reserve Board for the year 1930:

Federal reserve bank premises—Cost of bank premises of Federal reserve banks and branches to December 31, 1930

NEW BUILDINGS CONSTRUCTED BY FEDERAL RESERVE BANKS

Federal reserve bank or branch	Cost of land, including old buildings demolished, net	Cost of buildings			Total cost of land and buildings	Book value, net	Date occupied
		Fixed machinery and equipment	All other	Total			
Boston	$1,246,726	$662,157	$3,542,603	$4,204,760	$5,451,486	$3,457,889	March, 1922.
New York:							
Main building	4,850,210	2,819,733	11,928,960	14,748,693	19,598,903	13,017,860	October, 1924.
Annex building	592,679	194,344	1,472,644	1,666,988	2,259,667	1,546,425	(1).
Cleveland	1,295,490	1,431,921	6,582,226	8,014,147	9,309,637	5,284,738	August, 1923.
Pittsburgh	781,364		49,640	49,640	831,004	831,004	(2).
Richmond	352,257	410,409	2,216,025	[3] 2,626,434	2,978,691	1,666,636	October, 1921.
Baltimore	250,487	306,843	1,259,997	1,566,840	1,817,327	1,582,657	September, 1928.
Atlanta	283,000	175,279	1,355,487	1,530,766	1,813,766	1,157,080	October, 1918.
Birmingham	124,137	46,788	311,336	358,124	482,261	369,464	January, 1927.
Jacksonville	45,842	25,956	214,312	240,268	286,110	195,562	June, 1924.
New Orleans	201,250	159,502	738,404	897,906	1,099,156	675,703	October, 1923.
Chicago	2,963,548	1,276,579	6,217,105	7,493,684	10,457,232	6,384,943	July, 1922.
Detroit	650,000	113,161	1,003,438	1,116,599	1,766,599	1,676,216	December, 1927.
St. Louis	1,355,374	1,058,979	2,178,866	3,237,845	4,593,219	2,731,233	June, 1925.
Little Rock	85,007	101,143	235,544	336,687	421,694	305,890	March, 1925.
Memphis	100,906	41,496	234,859	276,355	377,261	345,398	June 3, 1929.
Minneapolis	600,521	520,054	2,416,745	2,936,799	3,537,320	1,865,406	February, 1925.
Kansas City	495,300	777,940	3,391,101	4,169,041	4,664,341	2,509,669	November, 1921.
Denver	101,512	55,448	449,876	505,324	606,836	434,512	November, 1925.
Oklahoma City	65,021	74,891	409,890	484,781	549,802	359,461	April, 1923.
Omaha	176,427	70,487	397,938	468,425	644,852	499,753	December, 1925.
Dallas	181,120	325,353	1,169,871	1,495,224	1,676,344	1,157,280	March, 1921.
El Paso	39,003	10,374	111,819	122,193	161,196	115,131	August, 1920.
Houston	66,313	59,707	288,091	347,798	414,111	311,961	February, 1922.
San Antonio	75,002	21,019	157,811	178,830	253,832	245,860	October, 1928.
San Francisco	412,996	700,661	3,218,654	3,919,315	4,332,311	2,488,505	December, 1923.
Los Angeles	454,983	282,171	977,985	1,260,156	1,715,139	1,667,362	April, 1930.
Salt Lake City	114,075	71,873	354,390	426,263	540,338	465,132	February, 1927.
Total	17,960,550	11,794,268	52,885,617	64,679,885	82,640,435	53,348,730	

BUILDINGS PURCHASED BY FEDERAL RESERVE BANKS

[Amounts shown under "Cost of land" represent appraised value of land—remainder of actual cost included in "Cost of buildings"]

Federal reserve bank or branch	Cost of land	Fixed machinery and equipment	All other	Total	Total cost of land and buildings	Book value, net	Date occupied
New York (No. 10 Gold Street)	$45,000		$125,864	$125,864	$170,864	$96,700	(1).
Buffalo	255,000		465,707	465,707	720,707	579,300	May, 1928.
Philadelphia	1,652,957	$339,584	2,054,932	2,394,516	4,047,473	2,614,467	December, 1917.
Pittsburgh	297,000	138,994	560,460	699,454	996,454	717,233	February, 1920.
Nashville	48,000	25,101	211,616	236,717	284,717	174,711	December, 1922.
Louisville	131,177	33,650	227,669	261,319	392,496	253,416	June, 1919.
Helena	5,000	16,109	156,290	172,399	177,399	60,361	February, 1921.
Total	2,434,134	553,438	3,802,538	4,355,976	6,790,110	4,496,188	
Grand total	20,394,684	12,347,706	56,688,155	69,035,861	89,430,545	57,844,918	

[1] Occupied by tenants.
[2] Building under construction.
[3] Addition under construction.

NOTE.—No bank buildings or sites therefor have been acquired for the following branches and agencies: Branches—Charlotte, Portland, Seattle, Spokane; agencies—Savannah, Habana. The Cincinnati branch since Jan. 3, 1928, has occupied quarters in the Chamber of Commerce building, erected on the site leased to the Cincinnati Chamber of Commerce by the Federal Reserve Bank of Cleveland.

The above will show what they have been paying for their palatial buildings over the United States. The following shows their earnings and expenses:

Earnings and expenses of Federal reserve banks—Gross and net earnings of Federal reserve banks, and disposition made of net earnings, 1914–1930

Year	Earnings		Disposition of net earnings			
	Gross	Net	Dividends paid	Transferred to surplus [1]	Franchise tax paid to U. S. Government [1]	Profit (+) or loss (−) carried forward
1914–15	$2,173,252	−$141,459	$217,463			−$358,922
1916	5,217,998	2,750,998	1,742,774			+1,008,224
1917	16,128,339	9,579,607	6,801,726	$1,134,234	$1,134,234	+509,413
1918	67,584,417	52,716,310	5,540,684	48,334,341		−1,158,715
1919	102,380,583	78,367,504	5,011,832	70,651,778	2,703,894	
1920	181,296,711	149,294,774	5,654,018	82,916,014	60,724,742	
1921	122,865,866	82,087,225	6,119,673	15,993,086	59,974,466	
1922	50,498,699	16,497,736	6,307,035	−659,904	10,850,605	
1923	50,708,566	12,711,286	6,552,717	2,545,513	3,613,056	
1924	38,340,449	3,718,180	6,682,496	−3,077,962	113,646	
1925	41,800,706	9,449,066	6,915,958	2,473,808	59,300	
1926	47,599,595	16,611,745	7,329,169	8,464,426	818,150	
1927	43,024,484	13,048,249	7,754,539	5,044,119	249,591	
1928	64,052,860	32,122,021	8,458,463	21,078,899	2,584,659	
1929	70,955,496	36,402,741	9,583,913	22,535,597	4,283,231	
1930	36,424,044	7,988,182	10,268,598	−2,297,724	17,308	
Total	941,052,065	523,204,165	100,941,058	275,136,225	147,126,882	

[1] Amount paid as franchise tax for 1922 includes additional franchise tax payments for prior years withdrawn from surplus account on Dec. 31, 1922, as follows: For 1920, $270,389; for 1921, $3,129,673.

Mr. Speaker, it will be noted from the above, quoted from the Federal Reserve Board's report for 1930, that its expenses and expenditures for 1930 were $28,435,862, and that while its gross earnings were $36,424,044 for 1930 it had left after its "pay outs" net earnings of only $7,988,182. Let it also be noted that in the early years of its history it paid to the Government as franchise tax $60,724,742 in 1920 and $59,974,466 in 1921, while in 1930, because of its waste, extravagance, and disgracefully large salaries, it paid to the Government only $17,308.

It may think that it can get away with this kind of business and not answer pertinent questions of Members of Congress, if it wants to, but it has another guess coming to it.

There is an old maxim that the whole is greater than any of its parts. Another one is that no part is as great as the whole. Another one is that the creature is never as great as the creator. I want this Federal Reserve Board and the officers of these Federal reserve banks to remember the above maxims. They have begun to believe that they are bigger than Congress, which created them. They believe that they are bigger than the Government. They must remember that this same Congress that created them can repeal this act and destroy their existence. And they had better answer pertinent questions that any of us may ask them. The huge, unearned salaries they are paying their officials and employees are a stench in the nostrils of all Americans at this time, when millions of men are without jobs and women and little children are starving all over the United States. Just think that they are paying some of their officials annual salaries of $25,000, $30,000, $35,000, $40,000, and $50,000 a year, when people are starving, and the time has come when we ought to stop this abuse and require them to respond to us with proper information. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. LaGuardia].

Mr. LaGUARDIA. Mr. Speaker, let us talk frankly. Some economists believe inflation is necessary. Perhaps it is. This bill is an effort to inflate currency. There is no use camouflaging it. It is bringing about inflation in an unscientific manner for the benefit of only a small part of the people concerned. Inflation, under certain conditions, is sometimes beneficial, but in this instance the entire burden of the inflation, which, if successful, will carry out the purpose that the real sponsors of this bill have in mind, will cost billions of dollars and will be paid by the wage earners and the working people of this country. Now I will tell you why.

Deflation of commodities took place several years ago. Commodity prices of farm products are too low. The difficulty with the farmer to-day is that he is not getting right prices for his commodities. His prices were deflated by the bankers a few years ago. Surely the farmer has not forgotten it. If this inflation is successful, it will naturally bring up commodity prices, but permit me to remind the House during the last 12 months there has been a systematic movement—a drive—to deflate wages of all wage earners, the white-collar class, skilled and unskilled labor, and the wage earner has had his salary reduced from 10 to 20 per cent. Only a few days ago the railroad workers took a 10 per cent cut. Every white-collar employee has had a reduction of his wages; and now that wages have been reduced along comes this inflation with increased commodity prices. It is manifestly unjust and unfair, unless, of course, we have a readjustment of wages. All that we have been hearing for the last 12 months is the cry to reduce wages. That same demand has been made on the floor of this House several times during the present session. In all fairness, it must be admitted that wages were not too high. In fact, they were only balanced with the decreased cost of commodities. As I have stated time and time again, we want to help the farmer, and I have always voted on every bill that was sponsored by the representatives of the farmers here in this House and believed to be helpful. I admit that there should be an increase in commodity prices of farm products. Everyone knows that any sort of inflation will do that. If this is inflation—and it is—I do not see why there is so much pretense in trying to make the public believe it is something else.

My other objection is that every effort that is being made to get out of this crisis is being directed toward helping the bankers who got the country into this condition. When I say "banker" I do not mean small local banks. I mean the very large financial institutions in my city and in Chicago. In the meantime, while we are appropriating and ready to dump $2,000,000,000 through the Reconstruction Finance Corporation and here unlimited and incredible credit in the form of accepting almost everything and anything, nothing has been done for immediate direct relief or for the study of a sound constructive economic plan, which would mean something and be of benefit to all the people of the country. Incidentally, only a few days ago we were told that the $2,000,000,000 Reconstruction Finance Corporation would be the solution of all our troubles and that from it all wrongs would be righted, all troubles corrected, and we would be back to good times. And now it is said that a very high official has confessed that $2,000,000,000 is only a drop in the bucket with our present financial and banking situation. And now we have this money bill with "the sky is the limit."

I want to announce that labor and all wages reduced within the last year must be readjusted. All agreements for wage reductions will necessarily be terminated when this bill becomes a law if it is followed by increased commodity prices. There will be a demand for increased wages to make up the difference in commodity prices that will be brought about by this bill.

What good is your increase of commodity prices if the consumer does not have the money to buy the commodity? What good is inflation unless you have circulation with the inflation? The purchasing power of the public must be increased rather than the credit of the banker.

Let me say to the gentleman from Missouri that, of course, Congress is entitled to have all information on any subject before it. This is the time when the President of the United States and everyone in a place of responsibility is seeking to inspire confidence.

I submit to my colleagues that if they will turn to page 2 of the hearings, they will find there—

> General Dawes thereupon addressed the committee, his remarks not being stenographically reported at his own request.

I want to say that such a kind of procedure does not inspire confidence in the American people. [Applause.] If a bank is insolvent, you are not going to make it solvent by not disclosing that fact. Confidence is destroyed by such procedure.

I will tell you what happened. Under a ruling of the Comptroller of the Currency certain securities now held by banks are carried, not on the present market value, but on the prices paid for those securities. This practice has been in effect for several months. Securities which have defaulted in interest or of which there have been previous defaults do not come in under this ruling. On these securities banks have been permitted to charge off gradually a certain depreciation. There is quite a difference in an artificial value arbitrarily permitted for bookkeeping purposes and actual market value. It is only fair to state that the ruling was made in the belief that the present market value was lower than the actual value of the securities. On the other hand, everyone knows that many of the securities were greatly inflated and that for a long time they were rated at exaggerated, unjustified, and unwarranted prices way beyond any book or any other kind of value.

Banks are holding securities on an artificial if not a fictitious value, and there are many instances where banks were closed for this very reason before the rule was promulgated.

Now, if currency is inflated—and I use that term rather than the nomenclature and the diplomatic language of the distinguished gentleman from Alabama, a bill to prevent deflation—it is a bill to inflate the currency. If commodity prices go up, everything must go up with them. Prices of securities will increase, and gentlemen must bear in mind that this drive to reduce wages must stop immediately, and we must restore wages, in order to make the measure equitable.

Mr. PARSONS. Will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. PARSONS. The gentleman says that under the comptroller's orders banks are holding securities, not at the market value but the price paid for them, and that is the reason why many banks are open that otherwise would be closed. But the comptroller only permitted this to be done lately, after several hundred banks had closed their doors. If he had adopted this attitude two years ago, hundreds of banks would have been saved. If he permitted many insolvent banks to apply this rule to their securities to-day, they could open their doors to-morrow. It amounts to a discrimination between banks.

Mr. LaGUARDIA. True, if such a policy is sound. It is not sound. It does not create liquidity. It is artificial. The policy worked for a few months, and now the terrible calamity, unless something is done immediately. That something now is this inflation bill. It may or may not be sufficient to take care of the situation. It takes more than a bookkeeper to make a bank solvent. Besides, thousands of depositors have lost their deposits, or a large part of them.

Mr. BURTNESS. Does not the gentleman think that the expansion of the currency should sufficiently increase the commodity price level to the stage on which existing indebtedness was contracted to enable debtors who contracted obligations prior to July 1, 1929, to pay their debts, which in turn would also help to provide employment and keep up wages?

Mr. LaGUARDIA. Yes. Coupled with the bringing up of the wage scale, I agree the farmer ought to be enabled to pay off his debt with a similar kind of a dollar that he contracted those debts, but I add that the consumer, too, must be considered and reinstated in the same position he was in prior to 1929.

Mr. BURTNESS. Ought not all of these things come together, shoulder to shoulder?

Mr. LaGUARDIA. Absolutely; but some of the sponsors of this measure in my own city were instrumental first in this tremendous drive to bring down wages, and they have succeeded in part. Many manufacturers and borrowers could not get their seasonal loans from banks until they agreed to reduce wages. Now that they have succeeded in that, this inflation comes along, ignoring the general reduction of wages. I repeat—and I will continue to repeat—increase the purchasing power of the people, rather than always increasing the credit of the bankers at the expense of all the people.

Mr. BURTNESS. That is another question.

Mr. LaGUARDIA. That is the whole question.

Mr. BURTNESS. The gentleman should not forget that the debtor to-day must pay in dollars that are 50 per cent higher in actual value than those which he borrowed, if he borrowed prior to 1929.

Mr. LaGUARDIA. There is no question about that, and all must have the same kind of a dollar.

Mr. BURTNESS. Something of this kind has to be done in order to take care of the debtors of the country.

Mr. LaGUARDIA. With that I am in accord. This bill is not well thought out.

I will state the same objection that I made at the time that the Finance Reconstruction Corporation was under consideration that the first thing to do to restore confidence in the banks must be in the shape of something concrete to give the depositors that confidence. It is indeed a sad commentary on the banking system of our country when it is admitted that $2,000,000,000 have been withdrawn from the banks and are being hoarded. This is a reflection and to the everlasting shame of the bankers and the system which they have created, and no criticism of the thousands and thousands of persons who have lost millions in bad banks and unsafe securities. I fail to see, that even in this bill with its unlimited latitude and tremendous powers, anything that will guarantee to us that the small business man, the manufacturer, or the merchant will get credit any easier than during the last two years. All that we hear is "help the banks, help the railroads"—loans of all sorts to both—and leaving to their tender mercies relief of any kind to the merchants, business men, and manufacturers. After all, the return of normal conditions depends on increased business with increased employment.

The signing of this bill by the President ought to be accompanied by an appeal by him—and he seems to be quite apt at making appeals—that all wages, including the railroad workers, reduced during the last two years should be immediately restored to the 1929 level.

Mr. McFADDEN. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, we have just listened to a discussion of a subject, of various subjects, by two of the most informing gentlemen in the House. They have frequently, very frequently, aided us toward reaching wise conclusions on the proposals of some 25 or 30 of our active committees. I speak with sincerity when I say that they have often aided to better legislation. When these gentlemen entered the field of the Committee on Banking and Currency I was of the hope that they might furnish equally useful information upon the subjects with which that committee deals. I regret that after listening to all that they had to say I fail to get the help that I would personally have welcomed for my own better understanding of this intricate and difficult subject. Instead, they addressed themselves to other matters and aided not at all in respect of the particular proposals now pending, and if the future criticisms of the bill should be as wide of the mark, I think the House, with the exception of the two gentlemen referred to, would be justified in voting solidly for the bill. What wages have to do with the matter is hard to see, and why the remissness of the Federal Reserve Board through the years of its existence should affect a decision on the particular question is equally hard to see.

We are here to save the country from impending danger. I shall not particularize but will point out to you that such action as we are now taking by methods justified only under the most imperative circumstances may of itself testify to the extreme need of action—not of finding fault, not of reviewing ancient history, not of discussing wages, but of saving the financial structure of the United States; and before any man casts his vote against a proposal to that end, recommended by 20 out of 21 members of your Committee on Banking and Currency, recommended by your trusted leaders of both parties, recommended by those who are in charge for the moment of the financial destinies of the land—before he for some unrelated reason casts his vote, let him ask of himself what will the people of the United States think of his attitude in this grave hour of peril.

In two market days the very proposal of this measure added five thousand millions of dollars to the value of what we commonly speak of as securities—five thousand millions of dollars brought by a ray of hope, brought by the certainty in the mind of the business world that this proposal would open the doors of the banks; that this would send the money out into circulation; that this would turn the wheels of industry; that this would set the tractors going over the plains; that this would renew the activities of the land.

I know well that some shortsighted critics will say that we are doing this for the benefit of the speculators, will say that we are only helping those who gamble in the market. Nothing could be farther from the fact. We are doing this to help the banks in order that the banks can help us, in order that the banks now keeping untold millions hoarded through fear of withdrawals of deposits may gain courage, in order that they may with safety proceed again to make loans and thus spread the feeling of confidence that alone can bring us out of this crisis.

Mr. HOWARD. Mr. Speaker, will the gentleman yield?

Mr. LUCE. I am sorry, but I have only 10 minutes and must decline.

Mr. HOWARD. I am sorry.

Mr. LUCE. Our regret is mutual.

We are but starting money toward effective result when we make it possible to do the three things contemplated by this bill. So far we have not heard a word of criticism aimed at the thing that is before us, aimed at the three proposals we submit, and for which we ask your approval. These propositions have been adequately explained by the chairman of the committee. I do not wish to get involved in a detailed discussion of how they will work. I am pointing out to you that the great cause of financial distress at this moment is the inability of men who have securities to raise moneys with which to transact the ordinary business of industry and commerce. These proposals contemplate that through a possible year of emergency—and we all pray the need may not continue even that long—there may be more of what some men are pleased to call inflation. The word is used with scorn, as if there was something dangerous and harmful in the thing itself, but what we need now is inflation, properly controlled, as it is controlled in this bill, shackled by the provisions that you may read for yourselves, controlled by those to whom for the moment we must intrust our welfare. In all times of great national distress, men have turned to individuals and have intrusted them with temporary power, power that under other circumstances might seem extreme, might seem full of danger, but which in times of crises is necessary for national preservation. Because such a time is upon us; because the need exists, an imperative, commanding need, I pray that no man may hesitate to intrust this power to men whom we know in our hearts will be patriotic men, will be unselfish men, will have only the welfare of the country at heart, and will use their power for the common welfare. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. STEAGALL. Mr. Speaker, I yield 10 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Speaker, I am very much in favor of this bill. The bill does not do everything that I would like it to do. It does not do everything that several of my colleagues on the Committee on Banking and Currency would like it to do, but it is a tremendous advance over anything we have ever had before in the House of Representatives in the 11 years I have had the honor to serve here.

Under this bill the machinery is furnished to the Federal reserve system to put money into the market to take the place of the credit currency which is tied up in frozen loans. There is in the bill no specific direction to the Federal reserve system to use that machinery for that purpose, but there is an implied direction, and a direction which I do not think they can possibly disregard. It will have released about $1,000,000,000 that it is not now possible for them to use. When they use that for a 40 per cent reserve, that gives them about $2,500,000,000, which in the member banks can be expanded on an average of ten times, which is over $25,000,000,000, which is entirely adequate for the purpose of liquidating the debts of the country, starting up the machinery of business, and putting people to work.

The other evening a man who is very high in the political affairs of a great European nation said to me that he was very much afraid that unless there was further forgiveness of European debts, foreign countries, particularly France, would find it necessary to withdraw the gold they had on deposit in this country. I probably lost my temper. I said to him, "You are a guest in this country and you are entitled, of course, to consideration and respect and courtesy, but I want to say to you that within a week the Congress of the United States will pass a bill which will release all the free gold necessary for our purposes, and France can take her gold and go to h—— with it." [Applause.]

Now, the thought is apparently in the mind of the gentleman from New York [Mr. LAGUARDIA] that the workingman is going to be injured by a rise in prices. There is not a man in this country who would vote for legislation that would injure the laboring man, but a rise in the price level is the only thing that will keep the machinery of business going. It is the only thing that will keep the laboring man with the job he has got.

Mr. ALLGOOD. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. ALLGOOD. And it will seek to give employment to the 7,000,000 men that are out of jobs in this country, will it not?

Mr. GOLDSBOROUGH. Absolutely. If I did not think that was its distinct tendency, I would not favor it. If in its administration by the Federal Reserve Board the purposes of this bill are carried out, it will be of great benefit to all the people. If the people of the United States knew that the policy of the Federal reserve system would be to use this legislation for the purpose of raising the price level, liquidating the debts of the country, and starting the machinery of factories, what would happen? Immediately those who have money, knowing that prices were going to be raised, would go into the market and buy. The retailer would buy from the wholesaler; the wholesaler would buy from the manufacturer; the manufacturer would start his factories, and the laboring man would go to work in them. That is what would happen.

As I said before, this bill is not exactly what I would like, but it is a tremendous advance. In a bill which I introduced on the 19th of January—H. R. 8026—and which I sent to the Secretary of the Treasury and to each member of the Federal Reserve Board with a covering letter, there is a specific direction, coupled with the principles involved in this bill but more broadly stated, that the Federal reserve system shall use all of its powers—the powers that it now has and the additional powers that this legislation will give it—to raise the price level to the level of 1926, and then maintain it at that point. The reason 1926 was picked out was that from the 1st day of July, 1913, to the 1st day of July, 1928, a period of 15 years, the average price level was within one-tenth of 1 per cent of what the price level was in 1926. That year was selected by me as being the one which was fair to the debtor, fair to the creditor, fair to the producer, and fair to the man who has something to sell.

Mr. ARENTZ. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. ARENTZ. And I may say fair to the laborer as well, because when everybody has plenty of money and they sell their goods at high prices, the laborer is employed at a wage suitable to the occasion.

Mr. GOLDSBOROUGH. The laboring man, the man who lives from day to day, is always the first consideration.

Now, the Federal reserve system is thoroughly aware of the purposes of this bill. It is thoroughly aware that the purpose of it is to give the Federal reserve system an opportunity to go into the market and start raising the price level and reestablish the confidence of the people. They are honorable men. They are men of ability. They are men of experience. They have not always in the past used their powers in the way I would like them to, but they have a magnificent opportunity for the demonstration of a high-class and unselfish Americanism, and I believe they will make fine use of this opportunity.

Mr. RAMSEYER. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. RAMSEYER. I agree with what the gentleman has to say and the objectives to be obtained by this bill. Why, in section 3, are the provisions limited to one year? Does the gentleman think it would be unwise to give those powers to the Federal reserve system permanently?

Mr. GOLDSBOROUGH. I can best answer that by saying that in the bill I introduced they were given that power permanently. Of course, I could not get all I wanted in this bill; but if they have it for one year and it works out, Congress will come pretty near seeing that it is made permanent legislation.

Mr. RAMSEYER. If it is continued for a year and demonstrates its usefulness, the gentleman thinks it will be easy enough to enact legislation making it permanent?

Mr. GOLDSBOROUGH. That is my judgment.

Mr. ARENTZ. Will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. ARENTZ. I wonder if the gentleman could take a Federal note of $10 denomination and show just exactly what this bill does with that $10 piece of currency.

Mr. GOLDSBOROUGH. I do not think I can get any more time, so I can not answer the gentleman's question.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield one minute to the gentleman from South Dakota [Mr. WILLIAMSON].

Mr. WILLIAMSON. Mr. Speaker, I can not say very much in one minute. I had expected to have at least two. I think on the whole this is probably the most promising piece of legislation that has been reported by the Banking and Currency Committee at this session of Congress. The bill, however, fails, I think, to take cognizance of what I believe to be a permanent change in the character of paper held by national and other member banks of the Federal reserve system. The liberalization of the discount facilities of the Federal reserve banks, provided in this bill, is something which has been needed for a considerable length of time, and I believe it should be made permanent legislation. I am glad the gentleman from Maryland [Mr. GOLDSBOROUGH] thinks that if it has demonstrated its usefulness that at the expiration of one year it can be made permanent. [Applause.]

The original idea behind national bank legislation was to keep the assets of these banks as liquid as possible. The same principle applies to all banks of deposit. The principle would appear sound, but national and other banks have found it increasingly difficult to make a profit without investing in long-term paper of one kind or another. More and more they have become loaded down with United States, State, and municipal bonds and other securities that are not subject to discount with the Federal reserve. The depreciation of these securities has made them unsalable, except at great loss. In order to protect depositors and guard against runs, large cash reserves are the rule. The result is that the banks make no money and customers are not taken care of for loans.

This development has placed our whole credit structure in the position of Prometheus, tied hand and foot, and unable to give aid. The elasticity which the Federal reserve systew was intended to give to our currency is gone. Deflation and distress have been the result.

Either member banks should not be allowed to carry such securities or they should be eligible for rediscount with the Federal reserve. How else can member banks be kept liquid?

It is estimated that not less than $1,400,000,000 have been withdrawn from circulation by depositors by what is commonly called "hoarding." A much greater sum is "hoarded" by the banks by maintaining excessive reserves for fear of runs. This means a curtailment of credit anywhere from eight to ten billion dollars. You can readily appreciate what this does to the country.

If confidence is to be restored, there must be an expansion of both currency and credit. If the Federal-reserve rediscount facilities can not be made available for perfectly sound bonds and other public securities, the advocates of remonetization of silver will have ample reason for pressing their claims. Not only that but there will be sound basis for broadening the base of our currency.

The present bill has more promise in the way of the revival of business and increase of commodity prices than anything so far considered. For months I have insisted that there must be a liberalization of the Federal reserve act. The only trouble with the present bill is that it is so restrictive and cautious that it may fail of its purpose. I greatly regret that it is being considered under suspension, thereby making it impossible for Members to offer amendments. I feel sure that if it were open to amendment, it would be liberalized by this body.

I have no fear of an excessive inflation under it. The best thing that could happen would be an inflation of prices sufficient to give farm commodities a debt-paying power equal to what they had when our farmers borrowed what they now owe.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 10 minutes to the gentleman from Mississippi [Mr. BUSBY]. [Applause.]

Mr. BUSBY. Mr. Speaker, we have now come to consider a bill which is presented to save the country from the situation into which the large banking interests of this country have engulfed us. [Applause.]

A year or two ago we had extensive hearings before the Banking and Currency Committee of the House. The chief of the banking business of this country, Mr. Pole, Comptroller of the Currency, began those hearings by appearing before the committee. He told us that only one type of banking in this country was the proper type, and that was chain banking. During those hearings he said that:

> Modern banking is highly complicated and a technical business, and it is exemplified primarily by the city banks, which have been compelled to meet the varied financial demands of commerce and industry.

Continuing his statement, he said:

> The old-fashioned character of loans has almost disappeared.

And I might add that the people who used to get that character of loans have disappeared financially since that time. He said also:

> We have reached a stable development where the instruments of credit are ample. Great emphasis is now laid upon adequate credit information and analysis. Nothing is left to chance or guesswork.

And he continued to discuss the security business into which the banks had launched themselves; he described that as the principal activity in the banking world whereby the profits of the banking business were obtained. A number of us believed that was a mistaken idea for the chief at the helm of the management of the banking interests of this country to hold. Other eminent gentlemen appeared before the committee. One among them was Mr. Robert O. Lord, president-guardian of the Detroit Union group at Detroit. Agreeing with other gentlemen of his caliber as big bankers, he said:

> I do not believe that a bank can survive in a small town over a period of years.

I asked him:

> Do you believe that a bank will survive reasonably well in a town smaller than 10,000 people?

He said:

> It will, in my opinion, have to have exceptionally able management.

I then asked:

> What would you suggest in the way of affording banking facilities for a place having a population smaller than 10,000 people?

To which Mr. Lord replied:

> Branch banking.

So that takes my district entirely out of the field where we might have a bank, and it takes out the districts of many of you who do not have cities of that size.

The fallacy which possessed the minds of the big bankers of this country caused the tragedy we are facing financially. Yet they sponsored security issues and passed them down through the country and smaller banks until they siphoned the savings of the people from the outlying sections into the big banks, and now the sources of wealth are dried up.

This particular bill is designed to afford more eligible paper for discounting. The Federal reserve system holds today $900,000,000 of paper to back the notes it has issued. Two billion nine hundred million dollars' worth of Federal reserve notes is backed by $900,000,000 worth of paper and $2,000,000,000 in gold.

By this bill we are providing more eligible paper, not that there is not eligible paper in the country now. There is three and a half billion dollars' worth of commercial eligible paper, but the banks will not use it. It is what you call "frozen credit" and what some of the witnesses that came before us called frozen credit. The president of the Federal Reserve Board said "We have no control over the banks that hold that three and a half billion dollars of eligible paper, and, therefore, we can not use it and we can not compel them to borrow on it and lend the money to industry."

He said that the objection the banks have to using this paper to get credits through the Federal reserve system or to get currency through the Federal reserve system is because they do not want to show a debit on their books and cause their depositors to feel that the bank owed money, and probably cause a run on that bank. The administration complains about the people drawing a few hundred dollars out of the banks and hoarding it at home, but nobody has complained about the banking institutions of this country holding three and a half billion dollars of eligible paper and freezing that credit so it can not be used by business and commerce.

Mr. SIROVICH. Will the gentleman yield for a question?

Mr. BUSBY. Yes.

Mr. SIROVICH. In addition to the paper that is now eligible for rediscount with the Federal reserve, what additional paper would be subject to rediscount?

Mr. BUSBY. I could not classify that, because it is not named in the bill. It is similar in kind to the paper that is already eligible for rediscount, such as the Federal reserve bank thinks safe and proper to be used for credit.

Mr. SIROVICH. What paper would that be?

Mr. BUSBY. That will be largely decided as an administrative matter.

I am going to support this bill, because I think it is a palliative. It was stated the other day in the press that I said it was a mere palliative. I say yet that it is a mere palliative, because it does not strike at the fundamental thing that has caused all the trouble.

The country has drifted without restraining the manipulations by the big banking interests in their security-flotation and security-selling business with the people, constantly exchanging those things with them for the wealth they have accumulated through labor, and in this way brought about the present condition.

This bill will help some to inflate currency circulation, but what we need to do is to enact legislation that will make commodities—things produced on the farm and by labor everywhere—have some standing in the system of valuating the exchange we use. That is what we need. Look at the yardstick of measuring values. In 1926 imagine a merchant using a yardstick by which he sold 3 feet of cloth for a yard. Suppose you went to that same merchant now and said that the yardstick should be lengthened, if you are a wheat grower, so the merchant must sell 12 feet of cloth to the yard. Or if you are a cotton grower, 15 feet of cloth for a yard. You would not expect that merchant to remain in business long. That is exactly the picture of the producers of commodities all over this country. It is being demanded of them that they respond to a longer yardstick. The dollar reaches very much further than it used to, but the trouble is that there are very few to-day who can meet the demands of the lengthened yardstick.

So I am primarily interested in getting legislation that will properly regulate the measure of values so as to make the measure reasonably stable in relation to commodities, a proper measure for our dollars.

When Secretary of the Treasury Mills was before our committee, I said in the hearings, pages 29 and 30:

Mr. BUSBY. In regard to this legislation, you regard this bill as being a piece of emergency legislation, do you not?

Secretary MILLS. No; I think that is a great piece of constructive banking legislation; it so happens that it meets the needs of very unusual conditions.

Mr. BUSBY. Well, do you regard the present financial condition through which we are passing a necessary stage through which our finances should gravitate from time to time?

Secretary MILLS. Well, that is a tough one; of course, human nature being what it is, who can say when the day will come when we will not be guilty of such excess of expansion that retribution will not necessarily follow; we are suffering, as we suffered before, from a wild period of inflation and expansion, and on top of that the necessary liquidation and deflation. We have now had what I call artificial contraction and deflation due to the psychological element, and the time has come now to arrest this process—that is the way I feel about it.

Mr. BUSBY. Do you regard our system as being such that it is necessary in the experience of this country, in a financial way, to go through periods, I mean cycles of expansions followed by periods of deflations such as this, and that has been our experience—do you regard that as being necessary and a permanent thing that we must look for and that we must expect?

Secretary MILLS. Mr. BUSBY, if I said I did not think it was necessary you would then ask me what my remedy was, and you would have me.

Mr. BUSBY. Well, that is where I am going; I would like to go along with you, because you are now our most responsible representative from the standpoint of the National Treasury.

Secretary MILLS. I feel very strongly that the time has come to arrest this deflationary process.

Mr. BUSBY. I am not talking about that right now—I am talking about the system under which we proceed, and the people set up their plans, and they work for a period of 8 or 10 years, and then we turn the corner and find the people, the producers and the laborers, wiped out and most of them absolutely flattened out financially; and then, under our system, it being necessary for them to start all over again, what I am driving at are the fundamentals involved in our very system of national finance. I would like to hear you discuss that.

Secretary MILLS. Well, if I had a remedy for curing these up-and-down swings, I suppose that I would probably be the greatest man in the world, but I just do not have it.

Mr. BUSBY. Well, now, in your very responsible position with this Government, would you acquiesce in conclusions of others who think they have a remedy, having hearings and proceeding to question our present situation, and offer to substitute something else for consideration that would be more fundamentally correct than our present arrangement?

Secretary MILLS. Mr. BUSBY, I would be a very stupid person if I did not acquiesce in a willingness to study any thoughtful and well-considered plan that would do away with these wide fluctuations that entail so much unhappiness and misery; of course I would be willing to study it.

Following this statement of Secretary of the Treasury Mills I am going to present to you a workable and approved plan to stabilize the buying power of the masses of the people—a plan that is approved by the leading thinkers and economists everywhere.

GOLD AND MONETARY STABILIZATION

The reason for Congress coming together is to legislate for the people. Their happiness and safety are at times dependent on the speedy and wise action of Congress, and such is our situation to-day. Not simply an unusual condition, but a calamity is upon the country.

The health, contentment, and lives of our people are so greatly affected by our standard of value that it is now imperative that Congress and the President discover the cause of our financial trouble, which is literally starving the lives out of thousands. When the cause of the trouble is discovered (and that is no mystery now to anyone who will take time to look and see), then sensible and reasonable legislation should be enacted in the interest of the people to remedy conditions.

The trouble facing the big majority of the Members of Congress to-day is that the President, the administration, and the leaders do not propose any remedy relating to the source of our financial trouble—not even an honest effort to study or hold hearings on proposals to correct what everyone knows to be the cause of our wrong. We sit and wait and wait while conditions grow worse for the hungry people.

My committee, the Banking and Currency Committee of the House, is the place to begin, and I, for one, am ready to go! Politics nor all the money powers with their nonsensical ridicule and "calf-path" precedents should prevent us from doing what we can to correct an intolerable condition. So vital is this cause that if Congress did nothing else but consider this question till it is settled right, the time would be well spent.

It is, therefore, my purpose to-day to talk to the House on the subject, "Gold and Monetary Stabilization in Relation to the Index Number of Wholesale Commodity Prices."

I want to say that the proposals I am about to discuss are not discoveries of my own. They are not new ideas being presented to Congress for the first time. Like the Federal reserve system, it has been necessary for these proposals to abide their turn until such a time as the financial condition of the world has forced the conviction upon the Congress and the country that our present currency and monetary system has wholly failed to meet the needs of commerce, industry, and trade, and has through the variable purchasing power of the dollar wrecked the fortunes, hopes, and happiness of our people.

The Federal reserve system is but one-half of the monetary problem settled. It is the shell or house in which could be operated to splendid effect an equitably set-up currency. But in this "house" remains the medieval archaic system of measuring property values of hundreds of usable things by one thing of variable supply and value which can be purposely manipulated, maldistributed, and shifted to suit the interests of a few men. That one thing which has been accorded the preeminence of fixing the values of all other things is gold. The time is now at hand when justice and the safety of our Nation demand that our basic financial trouble be corrected at its source.

The gentleman from Maryland [Mr. GOLDSBOROUGH], working with Dr. Irving Fisher, professor of political economy of Yale University, and with others of the world's leading financial economists, presented a plan in a bill introduced in Congress by the gentleman from Maryland in 1922. Extensive hearings were had on that and subsequent bills on the "stabilization of the purchasing power of money" by the House Committe on Banking and Currency.

THE GOLD STANDARD

My discussion necessarily begins by directing your attention to the meaning of the "gold standard." The gold standard means, in a few words, that a nation's currency is convertible into gold at a fixed amount or weight of gold. The holder of any kind of currency may have it redeemed in gold by the central bank or the Treasury as long as a country remains on the gold basis. By statute in the United States—

The dollar consisting of 25.8 grains of gold nine-tenths fine shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such a parity.

Gold by law, therefore, shall always be worth $20.67 an ounce. No more, no less, regardless of supply and demand. Professor Rogers, in his recent book, says:

Among the world's most sacred institutions in this period of its history is the gold standard. Selected and handed down to us from a distant past, it has come in time to be regarded as one of the laws of the Medes and Persians. Woe unto him who dares question either its perfection or its permanence.

I do not propose the abandonment of gold as a basis for our currency. What I do suggest for your consideration is a perfectly logical arrangement which makes gold serve industry, commerce, and trade as an elastic base for a currency that will at all times represent the value of commodities, based on utility, supply, and demand. The essentials of the plan, briefly stated, are these.

THE PLAN TO STABILIZE BUYING POWER

The coinage of gold into circulating medium or money should cease, and gold coins should be declared no longer legal tender for the payment of debts. Gold coin and gold bullion owned or acquired by the United States should be converted into bars of standard gold of not less than 5 ounces each. These should be deposited in the Treasury of the United States. Against these bars should be issued by the United States "gold-bullion dollar certificates" which would take the place of the "gold-coin dollar certificates" now in circulation. The gold-bullion dollar certificate should certify, "that the United States of America will pay to the bearer on demand $100 in standard gold bars of not less than 5 ounces each, and any smaller balance in any lawful money." This change would in no way disturb our present arrangement about national-bank notes, Federal reserve notes, silver, or any other part of our money plan.

We should provide that the gold dollar of the United States shall cease to be a constant quantity—25.8 grains—of gold of variable purchasing power, and that it shall be a variable quantity of standard gold bullion of approximately constant computed purchasing power. To compute the approximate constant purchasing power of the gold-bullion dollar it should be fixed in relation to commodity prices covering a reasonably long period of time to get a fair average, or in relation to the prices for the year 1926 which has been selected by the Bureau of Labor Statistics as representing such an average. From a list of the commodities and the quantities therof marketed at wholesale in the United States the Bureau of Labor Statistics should compute index numbers so as to approximately measure the average fluctuations in the purchasing power of gold of these commodities for the year 1926, when the price of commodities as a whole was on a reasonably fair relation to gold and its purchasing power. From these several average prices computed for 1926 the Bureau of Labor Statistics shall compute the "goods dollar." This goods dollar, composed as already stated of combined or composite commodity values in just proportions, shall be for reference purposes in fixing, from time to time, the quantity of gold in the gold-bullion dollar.

To make myself more explicit, if I can, for many years one of the services performed by the Federal Government for its people has been maintained in the Department of Labor and is designated as the United States Bureau of Labor Statistics. This bureau is conducted under the Department of Labor by a personnel that scientifically determines and compiles from day to day information concerning wholesale prices of every important item and of the various classes of the several items which go into the trade and commerce of our country.

COMMODITY INDEX PRICE

This bureau began its operations many years ago, dealing with comparatively few articles. It has gradually broadened the scope of its surveys into prices and has included additional articles and classes of articles which enter into our trade and commerce, until at present statistics are computed on 784 items. Each week the Bureau of Labor Statistics publishes the wholesale purchasing power of each of the 784 commodities in relation to the purchasing power of the dollar of 1926. This is what is known as the index price for each of these commodities. After the wholesale price for each commodity in trade is obtained for each of the weeks throughout the year, then these weekly prices are combined, the average struck, and the annual average price or index for that commodity is obtained. When all of the separate index prices of the several commodities are obtained for the year, then these 784 commodity index prices are combined and the average for all of them obtained, showing the relative purchasing power of commodities in trade and industry as their values relate to commodity values in 1926. This last finding we call the wholesale commodity price index.

For several years prior to the World War commodity prices in relation to the purchasing power of the dollar ran on almost a level to the year 1913. This was greatly disturbed during the period of the war. By 1921, however, commodity prices in relation to the purchasing power of the dollar seemed to have settled back to a new basis. From 1922 through 1928 commodity prices and the dollar apparently had reached a stable relationship, which was about 25 per cent more favorable to commodities or trade than it was in 1913.

The Bureau of Labor Statistics, having before it all of the facts in regard to 1913 conditions of living, transportation, communication, advancement, and progress, believed that the prices of 1926 represented a better and fairer relation for determining a proper base on which to figure commodity prices in relation to the purchasing power of the dollar, fixed prices for the year 1926 to represent 100 per cent of what commodity prices ought to be in relation to the dollar. Therefore the wholesale commodity index price for 1926 became, as it were, the polestar of prices, the center of gravity to which a proper relation between money and commodities ought to be maintained, the measuring stick which should be provided for business finance and contractual obligations as they related to the dollar. It is absolutely necessary, therefore, to have this fixed measure for a specific time of the purchasing power of the dollar, so that it will be possible to gravitate and stabilize toward that point. If a time should come when the prices for the year 1926 should no longer prevail, then another more equitable period should be adopted.

Another word of explanation in regard to the commodity price index. Considering from week to week and month to month the wholesale commodity price index varies up or down but little, yet there may be noted great variations in individual commodities under peculiar conditions. Supply and demand have a tendency to affect, for instance, the price of wheat, cotton, steel, copper, as well as other commodities. They may be greatly out of line with the index prices of all commodities taken together. I shall refer to this more at length later.

A further provision in a law to stabilize the purchasing power of the dollar should provide that the Bureau of Labor Statistics, from the average wholesale price quotations, shall on the first of each month in the manner I have already outlined, compute the value of the commodity index price in relation to the "goods dollar" or the fair measure of values already ascertained as to 1926 to be used as a guide. The bureau shall ascertain if commodities are selling too low or too high and the extent of the variation.

BUREAU OF THE MINT DECLARE AMOUNT OF GOLD IN DOLLAR

The Bureau of Labor Statistics shall immediately transfer its findings to the Bureau of the Mint, and it shall forthwith calculate a percentage of correction or adjustment to be added to or subtracted from the then weight of the gold-bullion dollar. The Bureau of the Mint shall forthwith give public notice that until changed by further like notice, in accordance with the law, the number of grains of standard gold so computed shall constitute the gold dollar of the United States. Gold-bullion dollar certificates shall then be redeemable in gold-bullion dollars at said rate, and gold will be purchased at the same price by the Government.

The daily statement of the United States Treasury for January 25 gave the gold certificates outstanding at $1,676,000,000. These certificates are issued on gold coins held in the United States Treasury of the weight of 25.8 grains of gold, nine-tenths fine, per dollar. The amount of gold back of each certificate under the present law never varies in quantity. It is an inelastic base. There is just as much reason for currency certificates to be issued against gold bullion as there is for them to be issued against gold coin.

INELASTIC CURRENCY

One of the great troubles with the American banking system, and one which led up to the adoption of the Federal reserve system, was that our currency was inelastic. In times when we needed more currency we could not make the supply expand. When we needed less currency and were in danger of inflation we could not contract the supply. When national bank notes were once issued and became the circulating medium they remained in circulation largely at the pleasure of the issuing bank. Retirement was not controlled by the Treasury.

If there is good reason to have an elastic currency so as to serve or control the supply of bank credit, it seems just as reasonable that we should have an elastic base for that currency so that we could keep the purchasing power of the dollar somewhat in a constant relation to the center of gravity of commodity prices. By adopting the gold-bullion dollar of computed relatively constantly purchasing power, but of a variable quantity of gold, it would indeed be easy to lower the amount of gold in a dollar so as to make the gold-bullion dollar certificate obtainable with a less quantity of commodities.

VELOCITY OF CURRENCY

The same amount of currency at all times is not required by the business of any country. Dollars in trade move much faster at some times than they do at others. The amount of work done by a dollar of currency depends to a great extent on the rapidity with which that dollar circulates, or the " velocity " with which the currency moves. If we place a number of men at work and some of them are busy while others are idle, or partially so, certainly we do not expect satisfactory results. So if money outstanding remains hidden away or is idle in bank vaults, it accomplishes little or nothing in the way of assisting trade.

Outstanding currency in the United States in the fall of 1929 was about $37 per capita. At the present time (February, 1932) the outstanding currency is more than $44 per capita. It appears from this that less money was in circulation during what appeared to be a very prosperous time than is now in circulation in a time of great financial depression and distresses. But at that period of 1929, the turnover of deposits in the banks of the country was about 5.75 times the amount of those deposits per month. That was the " velocity " of currency and credit at that time, while at the present time the turnover of demand deposits in our banks is less than 2.50 times per month and that is the " velocity " of the activity of money and credits now. So you can very easily see that $1 of currency and bank credits in 1929 was doing more than twice the business that it is to-day. An issue of an additional amount of currency, whether based on outstanding Government bonds or in accordance with some of the other many plans suggested, would undoubtedly inflate our currency and bring some activity in business for a short time, but such a process would only be a further charge against the national credit. It would not bring any added wealth into the equation. The final result would probably prove that we had not bettered our condition. So we must look to some other remedy to correct the inequality existing between the present purchasing power of the dollar and commodity prices.

No economist that I know questions in the least the accuracy of the findings of the wholesale commodity index price by the Bureau of Labor Statistics. Such prices form the basis of the computations of all statistical organizations, private and public, that serve commerce and trade. They are quoted as the sole basis in determining in trade the value and the relation of the value of commodities to each other.

Since the commodity index price is accepted as the pole-star by trade and commerce, I can see no objection to adopting it as the fixed point to which commodity prices and the purchasing power of the dollar should relate. I give you an illustration to indicate what a gold dollar of relatively computed constant purchasing power and of a variable quantity of standard gold means:

UNSTABLE DOLLAR AND ITS EFFECT

In my State of Mississippi in 1926 cotton was selling for $100 a bale. Contracts were made and obligations entered into on that basis. In other words, 10 bales of cotton were worth $1,000. Since that time conditions have changed. We say that cotton has gone down in value. Cotton is now selling for about $25 a bale.

To still further illustrate the point, suppose my neighbor had sold 10 bales of cotton for $1,000 and loaned the money to me at 6 per cent interest for five years. I would have thought I was getting an advantageous loan. It would have been an easy loan in the light of the facts before me. Time goes on. I paid the interest each year until this year, when my loan matures. I have made splendid crops of cotton. My neighbor calls on me for his $1,000. I intended when I secured the loan to sell cotton with which to pay him. When I attempt to do so I find it will take the proceeds of 40 bales of cotton at present prices to repay my neighbor what he received for 10 bales five years ago.

What I have said about cotton is true of wheat, potatoes, corn, dairy products, steel, copper, and almost any and every commodity used in trade. No nation or people can calculate against such disastrous conditions, which, I contend, and which I propose to show, are brought about not by the lack of value in commodities but by the high price to which the dollar has soared on the unbending, unchanging, gold-standard basis, and that without regard to maldistribution or selfish manipulation of the world's monetary gold supply. If the outstanding gold-bullion certificates bought gold from the Treasury only in proportion to the relation of the value of commodities to the dollar when the commodity prices dropped 10 per cent, then under the plan outlined the amount of gold necessary to redeem outstanding gold-bullion certificates would decrease also 10 per cent. So you can easily see that it would take less wheat to buy a dollar gold certificate with a less number of grains of gold to the dollar than it would if the dollar contains 25.8 grains of gold.

The Bureau of Labor Statistics on January 3 announced the revision of its index numbers of wholesale prices, including 784 commodities or price series, weighted according to the importance of each article and based on the average prices for 1926 as 100 per cent.

The commodity index number was 66.3 for December; or, in other words, as a whole commodities were worth only 66.3 cents per dollar of what they were in 1926. So to reverse the figure, two-thirds of a dollar would buy the quantity of commodities that could be bought with a dollar on 1926 prices. A dollar would buy one and one-half times the commodities it would have bought in 1926. So the producer of commodities, on an average, would have to sell as much and one-half again as much commodities now with which to purchase money or gold as he would have had to do in 1926.

To stabilize the purchasing power of the dollar at 1926 prices would, of necessity, stabilize the amount of gold in the dollar at 25.8 grains, nine-tenths fine. Not only would the plan I have outlined to you stabilize the price of commodities but it would certainly and definitely make the gold in a dollar also a dependable thing.

BROADEN THE CURRENCY BASE

What we need now, during the time when gold is badly distributed among the nations, is a broader base for our currency. By requiring fewer grains of gold to represent the dollar we would thereby make it spread farther for the redemption of outstanding gold certificates and make a smaller amount of gold effectively do more work and stabilize more currency. When inflation is imminent and commodity prices rising, automatically the gold-currency base would be contracted and inflation thereby put to a great disadvantage. The result would be price stabilization in relation to the guiding point selected. No such service is possible under our present fixed-quantity gold-standard-base arrangement

The exact opposite effect is true. When we need a broader base for our currency, the supply of gold available contracts, goes into hiding, and shifts to treasury vaults in a few nations, where it does no more work in broadening the base of currencies or in assisting to relieve by creating liquid conditions for values than so much pig-iron would do.

Through the Federal reserve system, its power over open-market operations, discount and rediscount rates, and "eligibility for discount" rules, much has been done and can be done to regulate the flow and to control the amount of bank credits. This is but one phase of the important question. It has a tendency to affect prices and business in isolated and scattered instances on the outskirts of the field of finance and business. The other fundamental and basic question necessary to be dealt with is to make the currency base truly reflect the value of commodities.

SCIENTIFIC CURRENCY BASE

The time has come when the scientific organization of a currency base must be undertaken and accomplished so that it will work as the counterpart of the scientifically organized credit machinery, exemplified by the Federal reserve system. If gold becomes scarce, if it is hoarded, if it is maldistributed by circumstances or selfish banking interests, so that it is difficult or impossible to obtain, must prices, business, and commerce always be compelled to suffer as they do now?

The United States Constitution provides "that Congress shall have the power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures." The Congress has never exercised the prerogative of regulating the value of money but has left that to chance or to the banking institutions that have controlled gold, which institutions have often sought to perfect its maldistribution for their own gain.

What is the purpose of a currency or money? It is to have a medium of exchange of value so as to enable the owner of a material object possessing utility, of the laborer, to exchange his product for some other like or different kind of product desired by him.

Then why permit gold or a lack of gold to disturb the commerce and peace of the world? Are we weaklings in this age and generation who have not the hardihood to undertake the solution of our ills? Surely this Congress has upon it the duty, yea, the imperative necessity, of finding the solution!

I have discussed the proposals outlined with the scientific men and the leading economists in the employment of the Government. Not one of them but who says the arrangement would be ideal if it could be put into practice. At present we attempt to bring about somewhat the same kind of result in the financial world by changing interest rates, discount and rediscount rates, and other types of credit control. While the Federal reserve system participates in these regulatory activities, they are left in great part to private bankers who are always working and acting for their own interest. Trying to regulate the purchasing power of currency and the flow of credits through this unorganized, irresponsible method is now shown, and has always proven in unusual times, to be a failure. The regulation of the purchasing power of money and the flow of credit should absolutely be basic and by an agency of the Government which has the welfare and interest of the people at heart. The Federal reserve system should be authorized and directed to use all its powers to restore the level of wholesale commodity prices to that for the year of 1926, and thereafter to use all the powers of the Federal reserve system to maintain such a level. These two agencies working together, the Bureau of Labor Statistics and the Bureau of the Mint, with the Federal reserve system, to establish and maintain the equilibrium of the purchasing power of commodities, would certainly be effective in the undertaking. When prices are once restored to the 1926 level, they could easily be kept at or near that point without any great variation.

THE BANKERS' IDEAL CURRENCY SYSTEM

Ideal currencies from the large bankers' point of view would be, every country in the world on a gold-standard basis and the currencies in each of those countries backed by the amount of gold necessary to meet the legal reserve requirements. That would be, I say, the bankers' ideal currency condition throughout the world. That situation is the only arrangement believed by international bankers to be a sound money condition. Yet it does not exist in the world to-day. It has never been true and no doubt will be less true in the future than it has in the past. Production of gold has not kept pace with the needs of commerce and trade. The best thinkers on the subject of finance and monetary stability admit that within a very few years the supply of gold will be wholly inadequate to stabilize the currencies of the world.

Our present experience teaches us that international bankers and international credit sellers can easily, through methods employed by them, shift the monetary gold from one part of the world to another.

MALDISTRIBUTION OF GOLD

What is the situation to-day? There is about $11,300,000,000 worth of monetary gold in the world.

The United States needs $2,400,000,000 worth of gold to stabilize its currency, but it has $4,500,000,000 worth of gold, or $2,100,000,000 more than it needs.

France needs $1,100,000,000 worth of gold to stabilize its currency, but it has $3,000,000,000 worth of gold in its treasury, an excess of $1,900,000,000.

Together, France and the United States, two countries having only 162,000,000 people, have amassed seven and one-half billion dollars of the world's supply of gold, leaving only $3,800,000,000 of monetary gold for the other nations of the world. This amount does not equal the idle gold held inactive and unworking in the Treasuries of the United States and France. These two countries together need three and one-half billion dollars worth of gold. They have that amount and an additional $4,000,000,000 of the monetary gold, which is not being put to present use for currency purposes.

I have stressed these conditions to impress upon you the fact that gold managed as it is, is not a safe or stable thing as a base for the currencies of the world.

What results from this bad distribution? It is, as it were, as if only $7,300,000,000 worth of monetary gold was in the world to-day, because that is the whole amount of gold that is working to stabilize currencies. The effect is, since in gold-standard countries all currency is kept at a parity and redeemable in gold, money has become so high in price that it is practically impossible to buy any appreciable amount of it with commodities.

It may be contended that there is an overproduction of commodities. Such is not the case, because statistics show that commodity production has varied very little, one year with another, for the past several years. There is always a great underconsumption, however, when people can not get money with which to purchase the necessities of life, and that is the situation to-day. If I throw a few coins into the air and all of them come down heads up, I might think it possible but unusual for each of them to fall alike. If I throw a hundred coins into the air and they all fall heads up, while it is possible for them to do so the result is so out of line with human experience that I would wonder if the coins did not have a head on either side or if they were not loaded to cause them to fall that way. If the prices of only a few commodities had fallen since 1929, we might think it strange but not greatly out of line with what could be expected, but when we observe that the price of practically every commodity has fallen, and fallen greatly since 1929, we feel that we know that some other cause is at fault beside overproduction. We are completely convinced that it is not due to any economic law or to supply and demand, but that this result is due alone to the soaring price of gold, the commodity selected by us to measure all values.

Only four countries in the entire world are on the gold standard to-day—the United States, France, Holland, and Switzerland. A few other small countries in Europe are partially on the gold standard, but their finance ministers are authorized to issue exchange restrictions. The number of countries on the gold basis are not 10 per cent of the number of important commercial countries engaged in world trade and commerce. The currency of more than 40 nations has not been on the gold standard or has been forced off within recent months by the maldistribution of gold. No country in Asia is on the gold standard. Every country in South America is off the gold standard. When a country goes off the gold standard, its currency greatly depreciates in the money markets of the world. That country then is at a great disadvantage in meeting its obligations which must be paid in the currencies of gold-standard countries.

The foreign-exchange rates which prevail in the international money markets of the world are fixed by the international banking interests. These exchange rates are based on considerations of peculiar import to the world bankers. The question of international exchange rates is a study within itself. I have not time to go into that fully here. However, the international exchange rates, adopted and manipulated by the banking interest, are one of the methods used by it to shift gold from one country to another to the advantage of the bankers and often to the great disadvantage of the holders of the bonds and securities of different countries. I say again that the gold standard is the kind of currency basis that is favored by the banking systems of the world. A close check is kept on the movements of gold. Every day information may be had as to the exact amount of gold held by each country in the world. The movement of gold can be, and is, controlled by the big world bankers. When we consider that 12 banks in the United States two years ago had resources of over $20,000,000,000, which is practically twice the amount of the world's supply of monetary gold, it is very apparent that the movements of gold will be directed in accordance with profitable business for the banking systems. Big bankers will always insist that gold is the only proper basis on which to found the currency of any country. They will always insist that a currency based on any other value than that of gold will be a failure.

Gold should not be discarded for use in connection with our money or exchange system. Its purchasing power should be fixed and regulated in relation to the commodity index price of the things most commonly used in trade. If this is not done, there will be a constant fluctuation and change in commodity prices because of the maldistribution of gold.

EFFECT OF GOLD STANDARD

If you ask me why trade and business was active and prosperous during the time up to October, 1929, notwithstanding the fact that industrial and commercial inflation had reached a point entirely out of proportion to the world's monetary gold supply and out of proportion to intrinsic values, I would tell you that the public confidence had not been shaken at that time. Business had not stopped to take an inventory of itself. Everyone was absorbed in his own plans and schemes. The United States and the trading world were moving their forces continually out and onward from a base of gold stability, taking no thought of it ever being necessary to make a retreat to that stronghold. Everyone was so wholly absorbed in his plans and undertakings that he could only see larger scales, larger quotas, and expanded accomplishments for next year over the present. No time was taken for reflection. We said, "Prosperity is everywhere." The mass mind felt that continuous sailing through unending calm was inevitable. No thought of financial clouds on the horizon. No break in this spell seemed possible. Finally the storm came. We were shocked, then terrified. Some tried to remain strong and refused to believe it. Others weakened and became panicky. We all came to a realization that a new day was upon us. Men cast about to readjust themselves to rougher financial weather. They were forced to turn and join the general retreat, to where? It did not clearly appear, but retreat and salvaging such as might be saved were inevitable. Finally we realized only gold, of all things men possessed, could remain fixed and stable in value, for under our system it alone had been made by statute the yardstick of all measures of value. Every necessary or usable thing owned, desired, or possessed by man must now seek out gold and learn of it what price should be placed on each thing. Men sought to convert their possessions into the things that had been the accepted landmarks of value through generations.

Gilt-edge securities, real property of established value, things of the most necessary kind for the maintenance of life, and our social structure—these too went down, down, down in the market. Then they turned to Government bonds and found that these also on the market had lost $10 on every $100 of their value. And what is the answer? There is unquestioned utility in the things men own. Food must always be provided. Clothing, fuel, and shelter must, of necessity, be had to sustain life. Labor, the greatest source of wealth of any nation, must go on. While all the things needed by man are available, yet for some mysterious reason that can not be explained, the owner of one property who desires to dispose of it and purchase something else can not do so. Millions of laborers are walking the streets and roaming from town to town, from one part of the country to another seeking employment, but can find nothing to do. They and their families are forced by our arrangement of currency and system of exchange to remain idle, hungry, and cold in the midst of an overproduction of the things they need. Why?

The gold standard must measure everything—

> And of forms of money issued or coined by the United States shall be maintained at a parity of value with this standard (25.8 grains of gold, nine-tenths fine), and it shall be the duty of the Secretary of the Treasury to maintain such parity. (U. S. Stat.)

All paper currency, bank notes, Federal Reserve notes silver, and even copper money potentially become gold. All public and private contracts calling for dollars must be paid in money that is potentially gold. The $702,533,000,000 bank clearances in this country, in 1929 were in each item measured by gold and payment could have been demanded in gold.

When business saw that gold was the only thing that could be depended on for stability under our currency and valuing system, a mad rush was made on every hand to get gold, or the next best thing to it if gold could not be had. The country had sailed with favorable winds on a calm sea, taking little account of to-morrow until it had piled up mountains of obligations. The partial-payment plan of merchandising had become so general that billions in obligations of all kinds had become a fixed charge on the future earnings of the people. Add to this, $35,000,000,000 of real-estate obligations payable on the annual-payment plan, often representing inflated cost of construction and inflated loans, tremendous amounts of other annual obligations, insurance premiums, taxes to meet more than $33,000,000,000 bonded national, State, county, and municipal debts, and to these, current expenses, and we see more truly the picture. All of our property values and all of our obligations must be measured by gold. Usability and utility fade into insignificance in measuring values. Gold alone can do that.

FARM RELIEF BY REGULATING CURRENCY BASE

For years every group of affected producers has been trying to find a way to save itself from undependable price conditions. Marketing has been the problem. Cooperative marketing associations have tried to find a way out for wheat growers, cotton growers, livestock producers, and the producers of almost all other kinds of commodities, all to no avail. Congress has spent 10 years debating Federal farm relief. It enacted the McNary-Haugen farm relief bill to be vetoed by the President. Then it followed with the Federal Farm Board act. The Farm Board has spent most of $500,000,000 and gotten nowhere. If Congress had devoted but a fraction of the time it has used in considering Federal farm relief bills to the consideration of a sound and dependable, scientific currency base in relation to true values—the utility value of necessary commodities—and had enacted laws to put such sound-money base into effect, farm relief would automatically have come long ago.

So would relief have come to the producers of all commodities of trade and to laborers who assist in carrying on trade. Permanent farm relief can not be provided by cooperative marketing associations, nor by boards set up by Congress to assist in withholding products from the market, nor can farm relief come by laws limiting acreage to be planted, nor by any other legislative crops, all of which, in the fundamentals of their workings, undermine the purpose they are set up to accomplish. These remedies are but salves on the symptoms of the trouble and can do no permanent good.

When we realize that our national wealth has dropped from $400,000,000,000 in 1929 to less than $300,000,000,000 at the present time and that the annual national income has fallen from $90,000,000,000 since three years ago to less than $60,000,000,000 now; that our foreign and domestic trade has suffered in the same proportion, we must know that mere legislature palliatives and appropriations of public funds can do little to bring permanent results. Cycles of inflation followed by periods of oppression and ruin will continue until the financial trouble is corrected at its base. The unvarying gold dollar of 25.8 grains of gold will not do it. It is not dependable as "the measure of value" or "yardstick of trade." A few years ago it would buy but one-half bushel of wheat. To-day it will buy four times that much, or 2 bushels of wheat. Not long ago it would buy 3 pounds of cotton. To-day it will buy 20 pounds of cotton, and so on through the list of commodities. No merchant could long remain in business with any such undependable yardstick, measure, or weighing device. He would not know whether business was gaining or losing. Neither can the business of our country know whether it is gaining or losing. It will always be thus as long as our currency remains on its present gold-standard arrangement.

GOLD NOT DEPENDABLE AS MEASURE OF VALUES

Gold is not now and never has been dependable as a measure of values and there is where our trouble lies. Between 1789 and 1809, the value of gold as related to commodities fell to just one-half of what it was at the beginning of that period. From 1809 to 1849, gold ascended in value two and one-half times what it was at the beginning of that period. From 1849 to 1873, gold dropped to three-fourths of what it was in 1849. From 1873 to 1897, gold appreciated 25 per cent in value. From 1897 to 1914, the purchasing power of gold dropped two-thirds of what it was in 1897. Since 1914, the purchasing power of gold has been so eratic and undependable that it will be necessary to consult the wholesale commodity price index in order to determine its purchasing power at any particular time. At the present time the purchasing power of gold in relation to commodity prices is almost 50 per cent higher than it was during 1929.

RELIEF FOR BANKS BY STABILIZING CURRENCY BASE

Under the present plan of bank set-ups in this country, it is necessary for banks to make loans and investments and to take risks in order to make money, while at the same time it is also necessary for banks to keep liquid assets and a back-log, or reserve, of dependable securities and paper which can be quickly converted into cash so that runs on the bank or other emergencies may be met. These two contradictory requirements, making loans and investments and at the same time keeping sufficiently liquid, are indeed difficult enough to balance in ordinary times. Our banking system will be in danger unless we continue to have a large outstanding bonded national debt. United States Government bonds in the portfolio of a bank are the best insurance against disaster it can carry. Our Government has always had a bonded debt outstanding except in one period of its history, 1837. During that period the banking structure collapsed from one end of the country to the other. Government bonds are, in effect, a mortgage against the national credit. Their value depends on the proportion of bonds outstanding to the national wealth, or the value of things owned by the people.

A currency with a gold base, valued in relation to commodities, their utility, supply, and demand, would relate directly to the current wealth of the Nation. Such a scientific arrangement would bring about a situation in which it would not be necessary for bank stabilization purposes to carry a large bonded national debt. When commodity prices became stabilized oanks would take mortgages on things of dependable value. It would no longer be necessary for honestly and efficiently managed banks, small or large, to close their doors in failure. Banks do not fail until the country around them fails. It is only when the security they hold has shrunken in value and produced the condition that prevails throughout our country to-day that banks must cease to do business.

BILLS BEFORE CONGRESS TO CORRECT EVIL

Bills are now before Congress which, if enacted into law, would beyond a doubt correct our undependable monetary bases. In principle these are approved by almost every leading economist and expert on money who is not engaged in the banking business where his profits largely depend on the continuation of our present gold currency base.

TWO GREAT OBSTACLES IN WAY OF PASSING LEGISLATION

There are two great obstacles in the way of passing such legislation. One is that the international bankers of the world and the large bankers in our own country will oppose it, as they vigorously opposed the adoption of the Federal reserve system and as they are now opposing the Glass bill in the Senate, which bill seeks to supply the reserve system with better machinery to deal with credit. The banks will ridicule the proposals and treat them with contempt, declare them absurd and "unscientific." Great is the power of the financial institutions of the country!

Another obstacle that stands in the way of the enactment of such provisions into law is the lack of general knowledge necessary to give us the assurance that we are proceeding in the right direction. Questions relating to this subject are technical and require much study to be understood. We are always inclined to "rather bear the ills we have than fly to others that we know not of."

Not long ago, I was reading in an old history of Greece. I came across this significant and philosophical language:

> The Greeks did not use the name by which we know them but called their country Hellas and themselves Hellenes. Those nations whose speech they could not understand they called barbarians.

This is the philosophy of human life. Things that are not understood are depreciated and not appraised at their true worth, even before any effort is made to understand them. It is easy to criticize.

Congress knows there is a great wrong being perpetrated in the financial world against the people. Business is stagnant. Factories are closed. Millions of laborers are out of work and out of funds. Bread lines are extended. Public charity in the cities is being taxed beyond its capacity. Hunger and want are in evidence everywhere, while the farms are glutted with surplus. Thrifty, hardworking people are being sold out of house and home under the hammer, and savings of a lifetime are swept away. All this misery, poverty, and distress exists in a land of plenty.

CAPITALISTIC SYSTEM

The greatest enemy the capitalistic system faces to-day is the effort of the metropolitan banking fraternity and the venders of international credits to saddle on the backs of the masses the burdens created by gold. Russia is trying an experiment in government antagonistic to the capitalistic system. Our Government seems to have reached the place where it has no effective plan to offer whereby the people may be made secure in their peace, happiness, and property holdings.

I appeal to each of you, as fellow Members of Congress, to join us in trying to find a permanent solution for this overwhelming calamity.

SECRETARY OF COMMERCE HOOVER MAKES APPEAL

Secretary of Commerce Hoover said in 1921:

> There is no economic failure so terrible in its import as that of a country possessing a surplus of every necessity of life in which numbers willing and anxious to work are deprived of those necessities. It simply can not be if our moral and economic system is to survive. * * * What our people wish is the opportunity to earn their daily bread, and surely in a country with its warehouses bursting with surpluses of food, of clothing, and with its mines capable of indefinite production of fuel, with sufficient housing for comfort and health, we possess the intelligence to find the solution. Without it our whole system is open to serious charges of failure.

The Secretary of Commerce 10 years ago pointed out a distressing, recurring evil. Let us hope that now, as President of the United States, he will come forward and join us in a plan that will mean the permanent solution of the evil that will always continue until it is settled fundamentally and settled right.

Mr. McFADDEN. Mr. Speaker, I yield 10 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Speaker, I wish it were always possible to discuss legislation of this type calmly and dispassionately. Previously at this session of Congress I have expressed my respect for the attitude which the Democratic Party has taken in its effort to legislate for the well-being of the country. I think that party has shown a degree of patriotism seldom exhibited except under the exigencies of war. I regret that any note of partisanship should have crept into the discussion of this legislation.

I am in hearty accord with the statement that the bankers of the country have made very grave mistakes.

There is no thoughtful man who will say that there has not been in the last few years a very grave abuse of credit. But, my friends, these mistakes amounting to a perversion of the Federal reserve system were not made by any party, nor were the bankers who committed them confined to any party.

Let us, therefore, discard all attempts to drag partisanship into this discussion. Let us rise to the high level of the gentleman from Alabama, beloved by both sides of the House, the gentleman from Georgia [Mr. CRISP], who recently said that he would always place country above party.

I think the chairman of our committee has risen to a high level of statesmanship in consideration of this legislation. I desire to commend both him and his colleagues on the committee for their evident nonpartisanship.

There have been some misstatements made in the course of this afternoon's debate. As I listen to our debates in these days and observe the faces of the men and women who gather in the gallery, I sometimes fear for reckless statements made in the heat of debate.

If there is anybody here this afternoon who has gathered from the discussion of the pending bill that this country is insolvent, that our banks are all insolvent, let me assure him there is no ground in fact for any such conclusion. [Applause.]

Now to the working, more especially to the last section in the bill. How does gold get in and out of the Federal reserve system? The gentleman from Nevada requested that we take a $10 Federal reserve note and show how this bill will affect it. Let us illustrate in another way.

How much gold is there in the Federal reserve system today? There are $2,967,000,000 in round numbers. There are in the hands of the Federal reserve agent $2,128,000,000 of gold, as against a total outstanding issue of Federal reserve notes in the amount of $2,661,000,000. There are outstanding in member banks, distributed to those banks by the Federal reserve agent but not yet paid into circulation, an additional $260,000,000 of Federal reserve notes.

Under the law 40 per cent of the reserve against outstanding Federal reserve notes must be gold and an additional 100 per cent consists of eligible paper. What has happened that should occasion the necessity for this legislation? You will observe that the gold reserve against Federal notes now outstanding is approximately 80 per cent. Banks now pursuing what is undoubtedly a wise course, more particularly the larger banks, realizing that they should perhaps fortify themselves for further emergency, have held back rediscountable paper. In other words, they have not been willing to put out their assets, borrow money on them, lend that money, and encourage what they fear might lead to further difficulty. Senator GLASS told me the other day that he had it on good authority that in the banks of the Federal reserve system there were three and one-quarter billions of rediscountable paper that were being held against an emergency.

There are also balances here subject to withdrawal by nations abroad. France may call to-morrow, if she wishes, for $450,000,000. There is no necessity for veiling this situation. There should be no fear in it. What would happen if France wanted her gold? She would immediately get in touch with her correspondent bank. That bank would call for its balances in member banks of the Federal reserve system. Those member banks would in turn go to the Federal reserve banks and borrow. With what? With this three and a quarter billions of rediscountable paper. The borrowing member banks would thereupon be credited on the books of the Federal reserve banks honoring the loans with the amount of the loans.

The Federal reserve banks in turn would deliver the 100 per cent of discountable paper received from the borrowing member banks to the Federal reserve agent. That agent would take it and place it with the reserves required against outstanding Federal reserve notes. He would thereupon issue Federal reserve notes in the amount of the rediscountable paper received, thereby releasing a corresponding amount of gold. This operation might be continued but never to the extent of releasing enough gold to reduce the reserve below the 40 per cent requirement. Gold thus released would thereupon go abroad to satisfy foreign balances in the case referred to. If the loans negotiated by the member banks are for local needs, rediscountable paper would likewise be left with the Federal reserve agent, and he would issue notes while a corresponding amount of gold would be kept at home in the Federal reserve system. There are plenty of assets to be availed of, but the banks have been saying, "We do not want to let our paper go. When it is gone we will have nothing more to fall back upon." That is probably prudent. So in this legislation in recognizing the great psychological factor of the present situation, we in effect say, "Very well, in addition to using your eligible paper to meet demands to be made within one year you may resort to Government bonds which you own and take them, in addition to rediscountable paper, to the Federal reserve agent for further issue of Federal reserve notes with the attendant release of gold." Thus we say in effect that foreign creditors may realize upon their gold balances at any time and leave plenty of gold available for further extensions of domestic credit.

Some say that this bill is inflationary. What is inflation? Any dictionary will tell you it is undue or unwarrantable increase. An unwarrantable increase in prices is price inflation. Everyone here knows that commodity prices are far below normal. I think agricultural products have fallen 52 per cent in the last 18 months. If by easing credit we increase confidence and dispel fear, we shall observe a resulting flow into rediscount channels of hoarded rediscountable paper, with a resultant issuance of Federal reserve notes. Business would thus naturally be stimulated, labor reemployed, prices restored, and labor should soon find itself in a position to participate in increased wages. By this legislation we hope to assist in bringing conditions back to normal. There is nothing inflationary in such a program, because there is no undue or unwarrantable element in that which is normal. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Maine has expired.

Mr. McFADDEN. Mr. Speaker, I yield three minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Speaker, by this time the juice has been squeezed out of the orange of this debate pretty thoroughly. I do not think there is very much more which can be said in favor of the bill, and I know of nothing which can be said against it. I share in the belief of my honored and distinguished chairman that this bill is not a cure-all by any means. If we are to cure the conditions under which the United States and the world are laboring to-day, we must do it by waiting for the slower working of economic laws rather than by man-made legislation, and we must go back to the war and to the days that followed it if we are to reach the roots of the depression which holds the world in its grip to-day. I believe that this bill, supplementary to the Reconstruction Finance Corporation act, which was passed here the other day, will be of immense benefit to this country in any legislative attempt to lift us out of the depression.

I am certain that the membership of my Committee on Banking and Currency have acted in an absolutely nonpartisan way, and have acted patriotically and quickly upon this bill. It should pass the House of Representatives to-day, and it should become a law immediately. It will free in this country forces which will be to the infinite advantage not only of the banker, not only of the man of business, but of the farmer and the working man as well. It is a bill which has been carefully prepared, one which, I believe, in common with certain others should have been passed long ago in some form, but the bill is rightly conceived and the country demands its passage.

The hearings held by the committee were charged by one gentleman as inadequate. A reading of the testimony taken shows that the hearings were of ample length to demonstrate the urgent necessity of a quick passage of the bill. Business has a right to demand that the Federal reserve limitations on credit, sufficient at the time they were made law, be liberalized so as to permit for credit uses securities once ineligible, although of the soundest character. Among the new eligible securities the better class of real-estate mortgage will be included. It is a strange thing that for so long a time such securities have been banned as noneligible.

This bill, with the other relief proposals of the administration, will, I am sure, go far toward hastening the end of depression in the United States. The whole program of the President has been constructive. No other statesman in a world gone awry has presented a plan of legislation for any country which can compare with President Hoover's.

I hope the bill may become law without delay. [Applause.]

Mr. McFADDEN. Mr. Speaker, I yield seven minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, this heroic financial measure, as I view it, is to check the progressive deflation that has been going on ever since Great Britain, on September 20 last, suspended gold payments. That condition has been accentuated by the action of the French Government in withdrawing some of its ear-marked gold from this country. Some of you will recall that immediately following the action of Great Britain in suspending gold payments it was necessary for our representatives abroad to assure the foreign governments that there was no purpose, as far as our Government was concerned, to go off the gold basis. Foreign governments were apprehensive that this country also might be forced to suspend gold payments. Their alarms were quickly allayed, for our Government was so fortified by its large gold holdings that even if France had withdrawn its billion of earmarked gold it would not have impaired our gold basis.

This bill does not seek in any wise to militate against the established policy of this Government to continue on a gold basis. It does seek to bring about a remedy for the condition occasioned by the industrial depression that has been going on the last 18 months, whereby the great business and industrial concerns have not been borrowing from the banks as they were wont to do when business was prosperous and accordingly have not been issuing commercial paper. So the $2,925,000,000 of Federal reserve notes in circulation on Friday last, as shown by the Federal reserve statement, instead of being backed by the required minimum of gold, 40 per cent, have 66 per cent, with only 34 per cent of negotiable paper. It is by this bill purposed to permit the substitution of Government bonds in lieu of the excess quota of gold to make up the shortage of commercial paper that is required to back those Federal reserve notes to the amount of 100 per cent, and also to permit other kinds of negotiable paper and collateral than now authorized to back the notes as security.

Under the existing law the only character of negotiable paper that is accepted for rediscount by the Federal reserve banks is negotiable commercial paper and certain paper of farm organizations. I hope I am not offending the sensibilities of the erudite gentleman from Massachusetts, Mr. LUCE, who upbraided somewhat severely some members of the committee on public safety for speaking on this question, and then informed us so very lucidly on the subject under consideration, that I could not determine whether he had elucidated the question to any marked extent. Against these $2,925,000,000 Federal reserve notes in circulation at the present time, there is discountable paper amounting to $983,000,000, or 34 per cent of the total, and $1,936,000,000 of gold, or, as I said, 66 per cent of the total issue. Under this act, if it is passed, only $1,195,000,000 of gold, releasing $700,000,000, will be required, the difference, or $700,000,000 in amount, being replaced by Government bonds and other kinds of securities.

I was about to say that under the existing Federal reserve act—and I had the pleasure of being in Congress and supported Mr. CARTER GLASS when he was chairman of that committee during the administration of President Wilson, in putting through that great progressive measure that has stayed panics for these many years—only 90-day commercial paper is permitted to be eligible, when, generally, commercial paper is for from five to six months. This bill also seeks to broaden the character of negotiable paper, which may be offered as security for these Federal reserve notes. These are critical times. Panicky fear has seized part of the investment public. Large amounts of money, in some financial centers, are being withdrawn from circulation. The conditions require heroic treatment. This bill could not be justified in normal times, because some of the security that is offered for Federal reserve notes, though perfectly sound, is not of liquid character, such as bonds and mortgages. But hard cases require exceptional treatment. I justify this only as a temporary expedient, and hope that at the end of the year the crisis that requires this extraordinary dosage will have ended.

Now the high purpose of this bill is not to create inflation but to check deflation. The Milwaukee banks have liquidity above 40 per cent, but they are hesitant about making further loans.

They do not know what the future may be. We have not had a bank failure in Milwaukee except one minor political bank, and that is about to be reorganized. Our banks are essentially sound, but this bill is to lift the fear and apprehension of the bankers so that they may know that they will be able to have additional means of credit by putting up Government bonds instead of gold, and thereby secure an increase of Federal reserve notes, bringing back, as far as the issuance of Federal reserve notes is concerned, that condition that will return times to normalcy, but not a condition that will bring about that abnormalcy when, just before the panic broke, there were hundreds of millions of bank credits based upon brokers' notes.

The danger is that if some heroic means are not taken now, this period of depression will go on until many sound banks will fail. During the past six months I know of banks which were sound which were obliged to go under because they could not get relief from their sister banks, because the latter feared they must protect themselves rather than to go to the relief of some bank that had ample security but could not transfer it to liquid form.

This bill seeks primarily to enable banks to get something that they have not got to-day, a large amount of additional credit through the issue of a larger amount of Federal reserve notes; that is, to utilize their Government bonds in place of gold, and to use other kinds of negotiable paper, to the end that business conditions may be improved, commerce may be enlarged, and employment may be increased. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield five minutes to the gentleman from Connecticut [Mr. TIERNEY].

Mr. TIERNEY. Mr. Speaker, as a member of the Committee on Banking and Currency, I want to say a word in support of this bill. I have a feeling that this particular measure, while it is intended to be in aid of the Reconstruction Finance Corporation law, really stands on its own feet. I think this is a very sound financial measure; and while it is intended only to operate as an emergency measure for one year, to meet an emergency situation, it could go on even farther and answer a very good, permanent, sound financial purpose in the country.

We are in a position now where, under the peculiar condition of our banks—and may I speak more particularly of the banks in my section of the country, because no bank in Fairfield County, Conn., is insolvent or in suspension—we are in a position where we have ample reserve funds on hand. The business men and business interests of my district who want to resume more active business or extend their business further are in a position where they can not draw on banks, because the banks are holding a cash reserve to meet the possible emergency of a run. Though we have had none and expect none.

This particular measure will do this: It will permit the banks of my district to group together and meet these proposed new conditions of the Federal reserve system, so that five banks can get together and combine their securities, such as they feel sufficient, issue what is called a clearing-house receipt, and borrow on it from the Federal reserve banks. In other words, they will be in a position where they can take the mortgages they have in their banks, they can take the municipal bonds, notes of the cities, the State bonds, the town notes or tax warrants, turn them in, and borrow cash on them for municipal, town, and State, or business or other uses.

Mr. FIESINGER. Will the gentleman yield?

Mr. TIERNEY. I yield.

Mr. FIESINGER. I have been perplexed about that very thing, namely, five member banks being allowed to go in and put up securities. What is the incentive for their doing that when there is a provision in section 2 of the bill to the effect that an individual bank may borrow money upon security which does not represent rediscountable paper.

Mr. TIERNEY. I understand that the individual bank must have the consent of a majority of the board of the Federal reserve bank, but in the case of the five banks they can simply take whatever security they see fit and present it and draw against it in cash.

Mr. FIESINGER. In the one case it requires action on the part of the Federal Reserve Board and in the other case it does not?

Mr. TIERNEY. Yes. In the one case five banks can go in, present their securities, and draw the cash, while in the other case the action of a majority of the board is required.

In my part of the United States, as well as in other parts, there are cities in a position where they can not realize on their notes, where they can not realize on their tax warrants, where they can not realize on their bonds in order to pay their pay rolls, pay their policemen, laborers, teachers to keep the towns and cities going. That is a condition which applies to my district and to a large number of districts in the country. This particular measure will allow the local banks, which are perfectly solvent and that would like to loan to the cities and towns, to group together, or even acting alone, with good security, to go to the Federal reserve bank and obtain the cash they need. In this way our cities and our towns and municipalities may function in a fair and orderly way, and in that way the good financial name of our cities and communities will be kept up. [Applause.]

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Minnesota [Mr. KVALE].

Mr. KVALE. Mr. Speaker, I rarely address the House. To-day I feel constrained to make a few remarks.

When the information was given the House, shortly after its assembly this noon, that the Speaker would recognize the chairman of the committee for the purpose of moving to suspend the rules and pass this measure, we had one more instance of frantic haste in considering measures of the greatest importance. We have done so since the beginning of the session, and this latest one has disturbed me deeply.

Having intimations through the press that this measure might be crowded forward, as it is being advanced, some of us have done what we could to inform ourselves regarding the bill. I have personally been trying to assemble reliable information through hearings, through reports, through the study of the companion measure in the Senate, through reading the financial pages in daily papers, through conferences with men in whose judgment I have confidence, and otherwise.

I have tried to understand the measure. I have tried to feel in sympathy with its purpose. I do not think I shall dare to vote against it this afternoon, yet I have a profound feeling of dissatisfaction with and resentment against a system which forces us to consider these measures in such haste and to delegate our powers and authority where we should not as Members of Congress, in view of our oaths of office, delegate them. [Applause.] I have sometimes the feeling of being in the position of the man who said of his comrades that they were all out of step but himself. Yet these feelings, it seems to me, are justifiable unless more of us protest this practice of dealing with major measures in great haste.

To me it is not a satisfactory reply to be told, as I was told, that after all these are technical things; that we should take the word of some one else—and that some one else often entirely removed from this branch of government—and pass these things, approve them blindly. That is not my idea of the duty of a legislator in this body.

I am going to vote for this measure with some misgivings and with vigorous protest.

I fervently hope the leadership of this House, on measures of such consequence and importance, will in the future permit a fuller expression, will permit a better understanding, and will permit more liberal provisions for the exercise of the rights we have as Members of Congress to discuss and amend. [Applause.]

Mr. Speaker, under leave to extend my remarks I add:

We who desired to delay consideration of this measure for only a little while in order to inform ourselves more fully had no choice in adoption of plans of the leadership of the House for action, unless it might have been described as Hobson's choice.

Objection to the arrangement would only have served to restrict to 40 minutes, equally divided between the two sides, the time for debate on the bill. In no case could there have been the privilege of amending or of offering amendments under the customary 5-minute rule.

It may well be noted that procedure to-day is a far cry from the original purposes for which suspension of rules came into being. In the early part of a session, for considering a measure little known or understood, acting on advice of a committee that had heard the convincing part of its testimony in secret and that, for perhaps proper reasons, refused to acquaint the House with any part of that testimony, I deplore the resort to this legislative expedient and hope that this bill is the last measure of its kind to be so considered. I hope the House will not regret the action it is taking to-day, and in which I am reluctantly taking part.

Mr. McFADDEN. Mr. Speaker, I yield three minutes to the gentleman from Ohio [Mr. SEIBERLING].

Mr. SEIBERLING. Mr. Speaker, prior to 1925 the great corporations of the country, large and small, had commercial paper which was eligible for rediscount at the Federal Reserve banks. You all know that during the period prior to

1929 these corporations sold vast amounts of securities and secured capital for the transaction of their business. To-day the great corporations of the country, large and small, have more cash on hand than they have ever had in the history of the country. They are discounting their bills and taking their discounts. Consequently, there is very little commercial paper floating, and very little eligible paper for rediscount in the Federal reserve banks.

Two years ago when we had our hearings before the Banking and Currency Committee I advocated a liberalization of the Federal reserve act so that other paper might be made rediscountable, but the idea did not win very much favor with the bankers that came before the committee.

Mr. SIROVICH. What other kind of paper?

Mr. SEIBERLING. I advocated good municipal bonds, for one thing.

Now the situation is that there has been withdrawn from the banks and hoarded about one billion and a half of currency. As this money is withdrawn and hoarded, the banks have to go to the Federal reserve to get the money to take its place. They have exhausted their rediscountable securities because very few rediscountable securities were in existence by reason of the fact that corporations no longer needed to issue them, and therefore it becomes necessary to broaden the powers under the Federal reserve act with respect to rediscountable paper so that the banks can get the currency to take the place of the hoarded money.

In my judgment, just as soon as the people of the country find that the banks have available channels in which to secure money to offset any money that may be hoarded, this hoarded money will come back into the banks, and when it does come back into the banks, the banks will have money to lend for the revival of business, and business will have an opportunity to employ labor, and we will get back to a normal business condition such as we had prior to the commencement of the hoarding of this vast amount of money. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. Mr. Speaker, I am going to give a reason for being against this bill that has not been given. My reason is this: This is supposed to be a deliberative body. It is not a deliberative body. It is a body that is carrying out the will of groups that meet secretly, and after they decide what they want, they bring it in and tell us what to do.

I care not how meritorious this measure may be, we should have a proper length of time for the Members of this body to understand it. This bill should not be railroaded at this time, and I would not care if it were drawn by George Washington, Thomas Jefferson, Woodrow Wilson, and both the sainted McKinley and Lincoln, if brought in in this manner, I would vote no.

The record shows that the bill was ordered printed on February 13. That was Saturday. Sunday has intervened, and now we are confronted with a rule which compels the Members of this House to vote yes or no on the bill instanter.

If I were a member of the General Assembly of the sparsely populated State of Nevada and anyone should undertake to railroad through a piece of legislation like this, I would vote no. But I am sure that Nevada's rules and laws would not permit it to be done.

Congress has been in session since the 5th of December. We have not been permitted to pass on any measure purposed to relieve distress except those which have emanated from conferences held by bankers, the administration, and a selected few Members of Congress. All is in posthaste after reaching this body; no time for deliberation here.

Who are these gentlemen who represent this body secretly? Are they our representatives? When does their duty to this body commence and when does it end? I say they should report back information obtained, and if General Dawes said the things he is said to have said, then we ought to know it as well as they. I am tired of listening to a lot of conferees saying, "If you only knew what I know." Well, why in the devil should not we know it and everybody else in America know it? [Applause.]

Mr. BEEDY. Will the gentleman yield to me?

Mr. SHANNON. Is this the gentleman who used the word "patriotism" a short time ago? How often that word is used. It is always a patriotic duty when one is serving the dollar. Patriotism! I am not standing as a patriot on this occasion, I am standing as a humble Member of this Congress.

Mr. BEEDY. I join the gentleman in his stand. I think in humility of spirit one can serve to a greater extent than in a spirit of arrogance. But I want to say to the gentleman that if I could repeat, what a long-standing rule of ethics forbids, just what General Dawes said in the conference at the White House, the gentleman would stand up and cheer with every man in this House. General Dawes is a fine, outstanding American, and he wants to serve his country in this hour of its trouble.

Mr. SHANNON. Who? The gentleman means General Dawes?

Mr. BEEDY. Yes.

Mr. SHANNON. He commenced serving the party, the gentleman's party, to my recollection, way back in 1896, and he has been a faithful servant of the Republican Party all this time. [Applause.] I know Mr. Dawes politically as well as the gentleman does. I should like the gentlemen who represent our side to also know Mr. Dawes's politics.

[Here the gavel fell.]

Mr. SHANNON. Mr. Speaker, did the time of the gentleman who interrupted me come out of my time? If so, let me have a minute or two more.

Mr. McFADDEN. I yield to the gentleman one minute more.

Mr. SHANNON. The press of yesterday—I read from the Washington Herald—has three most enlightening articles on this subject. First, a telegram from London which says that the Glass-Steagall Federal reserve credit bill is a step in economic recovery. On the same page is an article from Paris which says that the people in Paris believe that the Glass-Steagall bill will bring a revival of prosperity. Then over in a corner of the same page we read that Speaker GARNER, yesterday, had under consideration passage of the bill under a rule permitting only 40 minutes' debate.

Mr. TABER. Let me say to the gentleman, I saw it in the paper last Thursday.

Mr. SHANNON. On Thursday, just four days ago, the Washington News announced that Mr. CARTER GLASS, whose name was put on the bill, said that the bill to which his name was attached was not in accordance with his understanding. If it was not within the understanding of Senator GLASS, then why the effort to railroad it at this time? Why are we, as a deliberative body, asked to pass on a measure without a full presentation of the facts? Is the interest of Paris and of London sufficient for America's purposes? I say that the people of London and Paris know more about this measure than do my constituents. [Applause.]

Patriotism is a great catchword that serves to cheer multitudes on in a quick service in the interest of money changers, which always results in injuring the masses.

Our ancestors came away as emigrants from the standing armies, aristocracies, monopolies, and debts of Europe, and now their offspring in America are faced with every form of direct and indirect taxation for the support of the very system from which their ancestors fled.

The last 11 years of the administration of this Government, due to its combination with the Big Rich, should be designated as national villainy, and will be by future historians.

It seems to me that money assumes the prerogative of ruling the people and defying the laws of the land. It walks boldly into this legislative Hall and arrogates all of the rights, powers, and immunities of supreme lawgiver. No class of the people receives legislative consideration except money brokers and paper shavers. In other words, the men who brought about this financial debacle are the only ones receiving consideration.

These money changers, European, local, and international, with the keen scent that vultures follow the camps of moving armies, are following the action of this body for the purpose of fattening on the offal.

Ten years ago, yea, four years ago, Coolidge, Hoover, Mellon, all would have cried out that this great saturnalia of debt was a national blessing, and I am afraid many Americans would have agreed with them.

It appears to me that capital has placed a yoke upon the neck of the people, and the people have tamely submitted to the indignity. The real duty now on the part of the administration should be the taking care of the poor who have not, and who have been ruined by this international bankers' creation.

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, the question before us this afternoon is inflation of the currency. We do not have a bill before us requiring inflation; the bill merely gives the Federal Reserve Board additional powers to inflate if the members of that board desire to use the powers so given. This board has had plenty of authority to inflate under the present law; or, I should say, has had plenty of power to prevent deflation. It has not exercised that authority but on the other hand has done more to deflate the country and bring about all the misery and distress that have followed than any other known agency. I am not so much interested in giving this board additional powers, that it does not need, as I am in passing a law that will absolutely require inflation and the keeping in circulation at all times sufficient money to enable the people to do business. We seem to have an overproduction of everything except money. The Federal Reserve Board has charge of the money crop.

I thoroughly agree with anyone who says that inflation is necessary to bring back commodity prices. The question in my mind, should inflation come about this way, or should inflation come about in a different way. We all agree that there should be inflation.

It is also argued that we should at least have 40 per cent of gold reserve to back up our currency paper money. For the purposes of this discussion I thoroughly agree that we ought to have 40 per cent gold behind our money. If we permit the Federal reserve banks and the Federal Reserve Board to inflate the currency, as contemplated in this bill, it is restricted to the extent that it shall always be backed up by 40 per cent gold. Under this bill, however, the other 60 per cent can be the watered stocks and bonds of an insolvent corporation.

Why should we turn to the Federal Reserve Board and the Federal reserve banks in order to have inflation? I have before me a statement of the Treasury of the United States. There is a gold fund in the United States Treasury that is owned by the Federal reserve banks, amounting to $1,571,000,000. That amount subtracted from the total amount of gold on deposit in the United States Treasury of $3,495,000,000 leaves about $2,000,000,000, which is a sufficient gold reserve, that belongs to the United States Treasury, to justify the issuance of more than two and one-half billion dollars more currency, after taking into consideration the currency that is now outstanding against this gold.

If 40 per cent gold is sufficient gold basis for the Federal reserve bank, why is it not sufficient gold basis for the Treasury of the United States? If it is sufficient, why not issue the $2,500,000,000 and pay it on our debts? If possible, it should be paid out in a way that it will reach the most people and be distributed over the largest area. If we can show that the adjusted-service certificates are due now, which we can show, and if we can show that the payment of the certificates can conveniently be made without detriment to the general welfare, which we can show, the passage of bill 1, which provides for the full and immediate cash payment of the adjusted-service certificates should be given the right of way so that moderate inflation will reach every section of the United States at one time. If inflation is brought about in this manner, the money will be placed in the hands of at least 2,500,000 veterans, who need it to buy comforts and necessities of life for themselves and families.

I tell you that the money—$2,200,000,000, which is the remainder due—can be issued by the Treasury of the United States, and these adjusted-service certificates paid in full, and we will not have inflated our currency to the extent that we will not have more than a 40 per cent gold reserve for a base. These gentlemen who are on the Banking and Currency Committee, and the Secretary of the Treasury, Mr. Mills, told us the other day that a 40 per cent gold base was at all times sufficient. If it is sufficient for the Federal reserve banks, it is sufficient for the Government of the United States. So why pay interest on that money; why not pay this money out and let it go to the 3,600,000 veterans in the United States? These veterans reside in every nook and corner in America. Five out of every seven of them have borrowed 50 per cent on their certificates; if the full payment bill does not pass, these veterans will have practically all the remainder of their certificates consumed by compound interest. Which will be better for the country, the payment of this money at this time to the veterans or permitting compound interest to consume the remainder of the money due them?

Remember, this money can be paid by the issuance of currency which will have a 40 per cent gold base. The other 60 per cent will consist of Government securities. This payment will not require a bond issue, additional taxes, or the payment of interest.

The present bill is before us under suspension of the rules. No amendment can be offered. If the board exercises the powers herein given to inflate the currency, will the inflation be lasting and commodity values maintained, or will deflation be set in as soon as the election in November is over? Our instructions to the Federal Reserve Board should be more specific. Legislation of a more permanent character and more definite and certain should be passed. I know the bill is sure of passage, but I will not vote to suspend the rules and pass it. More consideration should be given to it, more debate should be allowed, and amendments should be permitted to be offered by the Members of the House. There is no necessity for invoking the "gag rule" in the passage of this legislation.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. STEAGALL. Mr. Speaker, I yield 10 minutes to the gentleman from Missouri [Mr. KELLER].

Mr. KELLER. Mr. Speaker and gentlemen of the House, I rise to talk shortly to you about the historic development of the idea of emergency currency in America. It is a very important subject, and the historic connection and development of it will not be without interest to this body. The Kansas City Times on July 5, 1899, carried an article with the headline, "To Prevent Periodic Panics—Plan for Expending the Currency During Financial Crises—Hon. Robert L. Owen Suggests the Issuance of Treasury Notes Against Standard Securities in Times of Panic by Which the Banks Would Force Borrowers Into Liquidation." The next step was that Mr. Robert L. Owen, then a citizen in private life, worked out the idea very carefully and submitted it to Senator Jones, who presented it to the Senate on February 6, 1900, as an amendment to the financial bill then pending before that body. That amendment was rejected. In the meantime, Robert L. Owen had become a United States Senator. He possesses one of the most brilliant, original, and well-ordered minds that it has ever been the good fortune of the American people to call into public service.

On February 25, 1908, Senator Owen offered this amendment to the then pending Aldrich bill. It was not adopted. The Federal reserve system, of which Senator Owen and Senator GLASS, then a Member of this House, were the authors, was expected to meet all of the requirements that might arise in any emergency. Unfortunately, under the method of administering that great law, it has not met those conditions. I had occasion to go through the hearings of investigations in the Congress and I ran across this idea of meeting emergencies of this character by emergency currency. I soon found and traced out the emergency-currency idea of Senator Owen, and then went to him and discussed the matter very carefully. We looked over the conditions and concluded that the Federal reserve law as at present administered and understood could not meet another emergency like the ones which occurred in 1921 and 1929, and that to meet such conditions as that it would require emergency currency. Therefore I took bodily the idea which Senator Owen had offered and introduced it into this body as H. R. 6407 on January 4, 1932.

On December 28, 1931, I had given out an interview because of the tremendously difficult conditions we were facing at that time, saying that I was going to introduce a bill of this character, and outlined the bill. That brought to me many letters from all over the United States, letters that are worth any man's while studying, offering suggestions and criticisms, and pointing out ways of safeguarding that measure. In the meantime Senator WALSH of Massachusetts had introduced an identical bill in the Senate. He and I sent out thousands of letters, to the President, to members of the Cabinet, to officers of the Federal reserve banks all over the country, and to a great number of the heads of corporations, and a great number of banks, both large and small, in all parts of America. We received back a series of letters which in due course of time I hope to be able to introduce into the RECORD by some means or other for the information of this body, because I think you gentlemen will find them of tremendous interest. After reviewing these letters with Senator WALSH, we called in Senator Owen and Mr. Carl Strover, of Chicago, one of the very able and crystal thinkers along economic lines in America.

The four of us combed over the original Owen idea, and I reintroduced the bill, as amended, as H. R. 8495, on January 27, 1932. Meanwhile I had discussed with the Speaker of the House, Mr. GARNER, with the Democratic floor leader, Mr. RAINEY, with the chairman, Mr. STEAGALL, and various members of the Committee on Banking and Currency the feasibility of presenting it here as a separate measure. I found in the meantime that my colleague, Mr. GOLDSBOROUGH, of Maryland, had presented a very similar idea. I found that a great number of other men in this body were studying with great interest and understanding the entire question of currency, which goes to the very foundation of our business possibilities. I conferred many times with them. Meantime the administration forces had been considering this matter, and at first they turned it down frankly and flatly. Three weeks ago they rejected entirely the idea of currency based on Government securities. Both the present Secretary of the Treasury and Secretary Mellon rejected it. I am glad to say that Under Secretary Mills has reversed himself as Secretary Mills and has stood for this bill.

In my interview on the 28th day of December I made the statement that if a bill of this kind should pass it would break the backbone of the panic within 48 hours.

That it did that very thing even upon the mere announcement of its probable passage you and I well know from the statement made by the gentleman from Massachusetts [Mr. LUCE] that the stock market in two days' time regained $5,000,000,000 in values out of the sixty-odd billions it has lost since the stock crash of October and November, 1929.

If this bill had been thought of and enacted during the Seventy-first Congress immediately following the stock crash of October-November, 1929, it would have exerted an immediate curative effect, and the unemployment and suffering for the last two years would have been largely mitigated.

It is an excellent illustration of what Government rightly directed may accomplish. The important fact can not be overestimated.

I want at this point to thank the chairman of the committee for the very great kindness he did me and my colleague from Maryland in giving us part of the credit due for the formation of this bill. On the other hand, I want to call attention to two things that I regret exceedingly. First, this should be a permanent bill; not a bill for one year only. That is a mistake. [Applause.] Not only that, it should not have granted to the Federal Reserve Board, or any other board, the power to annul an act of Congress, especially in relation to that vital thing, the lifeblood of our national structure in America—our currency.

With those two exceptions I heartily agree with the bill, for while my bill and the bill introduced by the gentleman from Maryland [Mr. GOLDSBOROUGH] were broader in their purposes than the present bill, this bill is a step in the right direction, and I am glad to see it presented here. Because we can take the first step on solid ground toward getting out of this depression, toward putting men to work.

Permit me at this point to say that I have been granted time to talk on the general subject at length.

[Here the gavel fell.]

Mr. STEAGALL. I yield to the gentleman from Illinois an additional half minute.

Mr. KELLER. I have been granted leave to talk at length on this subject on the other steps necessary to cure our present misfortunes and to prevent a recurrence of them in the very near future. That can be done and I believe I shall be able to show you that fact.

I thank you. [Applause.]

Mr. McFADDEN. Mr. Speaker, I yield three minutes to the gentleman from Nebraska [Mr. HOWARD].

Mr. HOWARD. Mr. Speaker, I am very grateful to the gentleman for tendering me the time, but my physical condition is not such as to enable me to speak on this monstrosity, so I shall render back the time.

Mr. McFADDEN. Mr. Speaker, I yield two minutes to the gentleman from Texas [Mr. WILLIAMS].

Mr. WILLIAMS of Texas. Mr. Speaker, I wish to make this observation, that it is unbelievable to me that an assembly composed of 435 Members would pass legislation as important as this legislation and know as little about it as we do. [Applause.] It is a reflection on the intelligence and patriotism of the Members of the House of Representatives to pass this bill without an opportunity to study it. How many Members of this House have read the hearings? Be honest and hold up your hands. I have not. I secured a copy of the hearings and I have endeavored to read them, and I say this, and I say it with no feeling whatever, that the policy of the Comptroller of the Currency and the policy of the Federal reserve bank has compelled the little banks all over my country and all over this great Nation to collect their paper, thereby forcing the hoarding of credit, which is worse than hoarding money, and the result of the policy of the Federal reserve bank and the Comptroller of the Currency has forced the banks throughout this Nation to withhold loans from their people. I say this with all kindness to the leaders on both sides, and I say it with all kindness to every member of the Committee on Banking and Currency, who are my friends, and I respect and honor them and I love them, but why not let this Congress adjourn and go home and leave the Committee on Banking and Currency in session? That is all we need in this House. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield three minutes to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Speaker, I am very glad that to-day, when something is said about inflation of the currency, all the Members sit around and listen. The last time I used those words everybody buzzed. On last Monday, a week ago to-day, there was printed in the RECORD, on page 3539 as a part of what I tried to tell you, the true condition of all the money of the United States—the Circulation Statement of United States Money of December 31, 1931. There has not been a single speaker to-day who has given the correct relation of gold to the present currency. I will not attempt to do it, because the Members can take the statement and figure it out for themselves.

In the figures that are given you for the gold and the Federal reserve currency of this very day, the difference is so small that it is infinitesimal, but suffice it to say that with regard to this additional $1,000,000,000 worth of currency which I understand is about to be authorized, there is now available in the Federal reserve banks enough gold to authorize one-half billion dollars worth of paper money. But that need not frighten any of you, because there is plenty more gold in the Treasury. There are about $2,000,000,000 worth of gold in the Treasury against which paper has not yet been issued and plenty of paper money can be issued safely. There is plenty of good backing for this paper money. There is no need to be frightened about inflation, because, on the theory of the economists and those who write upon banking and finance, the 40-and-60 basis, 40 per cent metal and 60 per cent paper, is said to be sound. That is about the basis of our currency. We have over $5,000,000,000 in metal—gold and silver—and almost $4,000,000,000 in paper issued. We have a total of about $9,500,000,000 in all kinds of money—gold, silver, and paper—at the present time. We are on that basis. The Treasury may take the gold and put it in the Federal reserve banks, and the Federal reserve banks, with a suitable amount of any kind of eligible paper, may issue more paper money in addition to that now outstanding.

Mr. STEVENSON. Will the gentleman yield?

Mr. EATON of Colorado. I have only three minutes.

Mr. STEVENSON. I just wanted to correct the gentleman's statement. It is 100 per cent of paper and 40 per cent in gold. We have been hearing about this 40-60 business all the afternoon; but if the gentleman will look at the statute he will find that before issuing Federal reserve notes they must put up 100 per cent of eligible paper and 40 per cent in gold.

Mr. EATON of Colorado. I am glad the gentleman corrected me, because I may be beginning to be as parrotlike as some of the rest of the Members. The total circulation of all money of our country is to-day based upon approximately 57½ per cent of gold and 42½ per cent of paper. The Federal reserve bank authorization is upon 40 per cent of gold. When I spoke last Monday I was trying to tell some of those who think that inflation or increase in currency is necessary that to increase the circulating medium owned and issued by the Government and to inflate the currency do not mean exactly the same thing to me.

To-day you are authorizing additional bankers' paper and United States bonds to be added to the class of eligible paper which has been used in our Federal reserve system to furnish money when the exigencies of business demand. The holding back by many bankers of eligible paper has held back some issue of additional paper money, but this bill permits banks which have no eligible paper to offer to-day to go through their portfolios and find other paper which is good but which did not conform to the requirements of the statute or the rules made by the Federal reserve bank thereunder.

This bill permits the paper money of this country to become as large if not larger than the foundation of metal, both gold and silver, while to-day's paper money is a structure of about the same size as the foundation of gold alone.

Those who have drafted this bill have recognized the substantial value of the silver in our money base and do not question the fact that we have sound money. The base is sound. Both the silver and the gold in it are necessary.

In other words, all you are doing here to-day is merely postponing the day for the return of the use of more silver into our money system. To-day you recognize the shortage of gold and designate a new line of credits for money use. To-morrow you will be turning to metal, and the shortage of gold and the predictions as to its decreasing production will furnish the answer to the resistance of those who to-day scoff at silver as a cheap metal and of no use in any larger amount in the money structure of the United States.

And I predict that as the paper money to be authorized by this bill comes in for redemption the students of the money structure will state that which I am inclined to state they now believe, that the quantity of silver in the metal foundation of our money may be very properly augmented, if not in an amount up to $576,691,779, being the silver unaccounted for in the circulation statement, then in an appropriate amount based upon the needs of the country and a relation of silver to gold much different than that which appears from the metal now actually on hand. If you will look over the circulation statement of December 31, 1931, as printed on page 3539 in the February 8, 1932, issue of the CONGRESSIONAL RECORD, you can figure this all out for yourselves.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield myself 10 minutes. [Applause.] Mr. Speaker, I am not going to take up very much of your time because I have not got it. I have yielded all of the time but 12 minutes.

I regret exceedingly that on an important measure like this sufficient time has not been given to this House to properly consider it.

The first intimation I had of this particular legislation was on last October 6, when at the White House, where the Members were assembled, the question of the liberalization of the rediscount features of the Federal reserve was referred to. I understand that the first the committees of Congress knew anything in regard to this was on last Thursday, when they were given this bill practically all drawn, but in which some slight amendments have been made. It was rushed through both committees in the Senate and House, and it is here now under suspension of the rules. Fortunately, however, a little additional time has been given for its consideration on the floor. A bill of this kind should have very careful hearing and study, because there are two major problems in this very bill which go to the vitals of our whole credit system, but particularly the Federal reserve. You are, by two amendments in this bill, repealing the very foundation of the Federal reserve system. You are taking away and wiping out the safeguards of eligibility. We did not know anything about eligibility until we created the Federal reserve act. We did create eligible paper at that time, and that has been one of the safeguards of the Federal reserve system if liquidity was to be considered.

In addition to doing away with elegibility you are transferring the determination of what is eligible for rediscount in the Federal reserve system to the Federal Reserve Board. You are giving them carte blanche to rediscount any kind of paper if, in their judgment, they see fit to do so under the terms of this bill and can comply with the organization of the banks into clearing houses. You are making frozen assets in banks liquid. I simply want to call your attention to what you are doing in that respect. If it had not been for that which was intended to be given in this particular section of the Federal reserve act, I question whether the Federal reserve act would have been created.

You are doing another thing, and I want to call your particular attention to the last clause in this bill which permits the issuance of Federal reserve notes secured by Government bonds. I am sure that anyone, who will consider the debates which took place, the conferences and the study that was made prior to the enactment and at the time of the enactment of the Federal reserve act, will recognize the fact that that system was created to give elasticity to money and credit; that we were to get away from a Government-bond secured currency, and that credit would flow up and down as business and commerce rose and fell. You are now going back to Government-bond secured money. You are admitting the failure, in a crisis, of the Federal reserve system. Elasticity was what was to be gained by organization of the Federal reserve system.

I want to call your attention also to the fact that by this act you are releasing $750,000,000 worth of gold or more for the purpose of export. You are taking gold from under the present issue of $2,900,000,000 worth of Federal reserve notes and you are putting back of it the I O U's of the United States. You are going to give unlimited opportunity to the Federal Reserve Board to decide how much further they may go as regards the issuance of Federal reserve notes secured by Government bonds. I would say you are taking the lid off completely in this respect. They can issue Federal reserve notes on the demand of the Federal Reserve Board just to the extent that they have gold to cover the 40 per cent legal reserve requirement.

This is not releasing money and credit in response to the demand of trade and commerce. This money and credit is going to be placed at the beck and call of speculators, if they see fit to use it, just as it was used in 1927 and 1928.

I call your attention to that period of the greatest inflation that this country has ever known, that between 1922 and 1929, when, mind you, we inflated in this country to an extent that brought about the great disaster from which we are now suffering. We did not have to then amend the Federal reserve act to bring about inflation. Do you wish to go on a greater joy ride than then? This is something entirely new you are doing now.

I tried to find out from the members who appeared before the committee, particularly the Secretary of the Treasury, what the reason was for this legislation, why the great haste to pass this bill. Was it the demand for gold from abroad—beyond the free available gold? What were the demands from the foreigners for more gold? I could not get an answer definitely from the Secretary of the Treasury. He said he did not know, and, Mr. Speaker, I am going to ask because of lack of time to place in the RECORD at this point that part of my questioning and the answers thereto of the Secretary of the Treasury, Mr. Mills, when he appeared before the committee last Friday, directing your attention particularly to his answers to my questions as regards the amount of gold that might be withdrawn.

The SPEAKER pro tempore. The gentleman from Pennsylvania asks unanimous consent to extend his remarks by incorporating the matter referred to.

Mr. McFADDEN. And I would also like to include some extracts from an editorial appearing in Saturday's Commercial and Financial Chronicle pertaining to this same bill.

The SPEAKER pro tempore. Including extracts from the paper referred to.

Mr. UNDERHILL. Mr. Speaker, I do not think that is necessary, and I object.

Mr. BLANTON. Mr. Speaker, there was not any objection to the first part of the request.

The SPEAKER pro tempore. The request was put as one request. Does the gentleman desire to renew his request?

Mr. McFADDEN. As to the first part of it, yes.

The SPEAKER pro tempore. The gentleman from Pennsylvania renews his request, with the omission of the matter in the paper referred to. Is there objection?

There was no objection. The matter referred to is as follows, being extracts from the committee hearings on this bill under date February 12, 1932, appearing on page 25:

Mr. McFADDEN. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes.

Mr. McFADDEN. Would you not, for the benefit of the committee, give us the total amount of gold in the United States, and just where it is located, and how it is located?

Secretary MILLS. I will be very glad to; the total amount is about $4,400,000,000, I think, Mr. McFADDEN; but I would be very pleased to put the figures as to how it is located and such information into the record.

Mr. McFADDEN. Yes; how much is in Federal reserve; how much back of Federal reserve issues?

Secretary MILLS. Yes.

Mr. McFADDEN. And explain also in that, if you will, please, just how the free gold—how it is free gold.

Secretary MILLS. I will be very glad to.

(The explanation supplied by Mr. Mills is as follows:)

"Of the $4,400,000,000 of gold in the United States, about $3,000,000,000 is held by the reserve banks, the remainder being in the United States Treasury or in circulation. Of the $3,000,000,000 in the reserve banks, $2,000,000,000 must be held, under existing law, as collateral against Federal reserve notes, and an additional $550,000,000 is required as reserves against deposits, leaving about $450,000,000 of gold not required either as collateral or as reserves. This amount is known as 'free gold.'"

Mr. LUCE. Right in that connection, is there such a thing as a balance sheet for the Federal reserve system?

Secretary MILLS. Yes; the Federal reserve system publishes every week, on Thursday or Friday, a complete balance sheet. I have one here, a balance sheet issued for publication Friday morning, February 12.

Mr. LUCE. Might I look at it?

Mr. McFADDEN. May I ask this question: The testimony this morning indicated the possible withdrawal of gold from abroad; to what extent can gold be drawn out from the United States at this time?

Secretary MILLS. Do you mean what amount it might be?

Mr. McFADDEN. Yes. In other words, it is indicated a certain amount is on deposit; then, of course, through the sale of foreign-held acceptances they can withdraw gold, and through the sale of securities other than that, just what is indicated at this time, so that we may know?

Secretary MILLS. Mr. McFADDEN, no one can answer that question with any degree of certainty; no one knows the amount of American securities held abroad. All that anyone can answer, and answer with a great deal of confidence, is that we have on hand sufficient gold resources at home to permit us to meet all of the demands that may be made.

Mr. McFADDEN. What I was getting at particularly was the amount of foreign balances here that might be withdrawn. It is indicated France is drawing $125,000,000 now by the press.

Secretary MILLS. I do not know how much the Bank of France has on deposit in this country; they have a certain amount of gold earmarked with Federal reserve banks; they have a certain amount invested in acceptances; and they have a certain amount on current balances with commercial banks.

Mr. McFADDEN. It is not known to you, then, the amount of possible withdrawals at this time?

Secretary MILLS. By the Bank of France?

Mr. McFADDEN. By foreigners.

Secretary MILLS. I do not see, Mr. McFADDEN, how anyone could know that.

Mr. McFADDEN. Well, it was stated in September that there was a possibility of withdrawal of a very large amount of money.

Secretary MILLS. I did not see them from any responsible source; of course, anyone is entitled to speculate all he wants, but I am here as a responsible Government official, supposed to give you facts, and I will say to you I have no facts which would enable me to determine what the total withdrawals might be from the United States, from all over the world; but I do say to you that I am perfectly confident of our ability to meet all demands that may be made upon us.

Mr. McFADDEN. Without this legislation, have you that ability?

Secretary MILLS. This legislation, by making the total amount of our excess gold immediately available, strengthens our position; there is no question about that.

Mr. McFADDEN. Do you know the amount of deposit here by foreign nations and individuals?

Secretary MILLS. No; I do not, Mr. McFADDEN.

Mr. McFADDEN. The amount I was trying to get at is, it is generally understood, France can draw $400,000,000 of gold at any time she sees fit.

Secretary MILLS. I do not want to be in a remote sense discourteous, but I have already stated that I do not know those figures, and therefore I can not acquiesce in the statement that it is generally admitted; I do not know whether it is generally admitted or not; I do not know.

Mr. McFADDEN. Well, I recall now that in a conference at the White House last September or October it was stated at that conference that a very large amount of gold could be withdrawn; I wondered if the same situation exists now as existed then.

Secretary MILLS. Very considerable withdrawals took place in September; in the month of October and early November we lost some $700,000,000 of gold, as you know, and subsequently there was a return flow of gold, up to the end of the year; since the first of the year gold withdrawals have amounted to approximately $50,000,000.

Mr. McFADDEN. Am I correct in inferring, then, that the Treasury and the Federal reserve have no knowledge of the amount of gold that might be withdrawn within the next three months?

Secretary MILLS. I have no knowledge.

Mr. McFADDEN. Has the Federal Reserve Board any knowledge?

Secretary MILLS. I have not discussed the matter with the board.

Mr. McFADDEN. I think it is important for the committee to know about that.

Secretary MILLS. I do not see that it is particularly relevant to this bill.

Mr. McFADDEN. This bill releases from under the Federal reserve agent, according to Mr. Meyer this morning, as I understood it, approximately $750,000,000 of gold.

Secretary MILLS. It might.

Mr. McFADDEN. And substitutes in lieu of the gold United States Government bonds.

Secretary MILLS. It might.

Mr. TIERNEY. What is the objection to that?

Mr. McFADDEN. I am not raising any objection; it seems to me we are entitled to some information. I am trying to find out what the emergency is, other than what we know here domestically; in the financial situation, he stated here we are relieving or attempting to restore confidence and relieve the withdrawal of money from banks. I am trying to ascertain how much foreigners have on deposit in the United States that they can withdraw, and that seems to me to be rather pertinent.

Mr. SEIBERLING. I would like to ask one question.

The CHAIRMAN. All right.

Mr. SEIBERLING. Is the gold on deposit by foreign governments earmarked so that it is not part of the total?

Secretary MILLS. Yes; the gold which is earmarked is not earmarked by governments, but by foreign central banks; any gold that is earmarked is excluded from any statement we have given you, just as completely as if it had left the country.

Mr. SEIBERLING. In other words, Mr. Chairman, I was asking, apparently there is to be released here $750,000,000 worth of gold from the Federal reserve agent and Government bonds substituted as security for Federal reserve notes; what is to become of the gold that is thus released; is that to go abroad or is it to remain in the Federal reserve?

Secretary MILLS. That is to be held in the vaults of the Federal reserve banks, or in the Treasury for the reserve banks, to meet the demands against the Federal reserve system provided for by law.

Mr. MCFADDEN. Part of it might be withdrawals from abroad.

Secretary MILLS. Why, very obviously, Mr. MCFADDEN, and that is elementary, it seems to me, so long as the United States remains on a gold standard our obligations are payable in gold, and anyone holding dollar obligations can demand gold—that is what being on the gold standard means; the obligations of the United States are payable in gold, and that means gold, and does not mean anything else but gold.

Mr. MCFADDEN. I wanted to inquire with regard to the free gold that is available for the rediscount purposes. Now, is it not true it would simply decrease in amount—decrease the reserves?

Secretary MILLS. To the extent that member banks discounted eligible paper with the Federal reserve banks, it would automatically free the amount of gold that is now used as cover in excess of the required reserve.

Mr. MCFADDEN. The Federal reserve agent could release to the Federal reserve bank, could it not, that excess gold at any time, so long as it kept 40 per cent?

Secretary MILLS. Yes; so long as the member banks borrowed and there was eligible paper.

Mr. MCFADDEN. As a matter of fact, the Federal reserve agent is only required to keep 40 per cent, is he not?

Secretary MILLS. Yes.

Mr. MCFADDEN. So that gives free gold now.

Mr. STEVENSON. Not unless there is 100 per cent of commercial paper up.

Mr. STEWART. They supplemented the eligible paper with gold.

Mr. MCFADDEN. Will you explain where this free gold is held now, in the hands of the Federal reserve agent or Federal reserve banks?

Secretary MILLS. In the hands of the banks or in the hands of the Treasury for account of the banks.

Mr. MCFADDEN. It is free gold in every sense of the word. Now, if gold was required to ship abroad, it could be gotten from the free gold?

Secretary MILLS. It could be gotten from the free gold to the extent, Mr. MCFADDEN, that the member banks furnish the eligible paper.

Mr. MCFADDEN. Yes. Well, now, on page 5 of this bill it provides:

"That at any time within 12 months from the date of the approval of this act, should the Federal Reserve Board deem it in the public interest, it may, upon the affirmative vote of not less than a majority of its members holding office at the time, authorize the Federal reserve banks to offer, and the Federal reserve agent to accept, as such collateral security, direct obligations of the United States."

Under that, then, am I to infer that issuance of Federal reserve notes or book credit could be set up directly by the Federal Reserve Board; in other words, in lieu of eligible paper, Government security?

Secretary MILLS. Well, they hold that now.

Mr. MCFADDEN. This enlarges that opportunity.

Secretary MILLS. It enlarges that opportunity.

Mr. MCFADDEN. In other words, we can issue Federal reserve notes secured by gold and Government obligations in lieu of eligible paper and gold?

Secretary MILLS. You are doing that to-day, but you are issuing Federal reserve notes against gold and Government obligations to-day.

Mr. MCFADDEN. But this permits it directly.

Secretary MILLS. Let me explain the situation: If a member bank borrows on a 15-day note, with Government securities as collateral, those Government securities can in turn serve as collateral against the issue of Federal reserve notes, providing the bank always has on hand 40 per cent gold reserve. What this would make available is $750,000,000 of Government bonds held by the system which have not been acquired as collateral for a loan to a member bank. Is that clear?

Mr. MCFADDEN. Well, in other words, the Federal reserve banks themselves can issue Federal reserve notes on Government bonds and gold?

Secretary MILLS. And gold; yes.

Mr. MCFADDEN. Whereas now they can only issue them to member banks on their notes secured by Government bonds and gold.

Secretary MILLS. Exactly. Of course, they do not issue currency unless there is a demand for currency.

Mr. MCFADDEN. This permits, then, the Federal reserve banks themselves to release Federal reserve notes and credit without the demand coming directly from member banks.

Secretary MILLS. Well, they can always do that, Mr. MCFADDEN.

Mr. MCFADDEN. I know that.

Secretary MILLS. Through open market operation; it does not alter that situation at all; all it does do is to release the amount of gold now held against Federal reserve notes in excess of the 40 per cent required by law.

Mr. MCFADDEN. But it does permit the Federal reserve banks themselves now to use that $750,000,000 worth of gold and put up 60 per cent of Government bonds and issue Federal reserve notes.

Secretary MILLS. It permits them to substitute Government bonds for the gold held in excess of the 40 per cent.

Mr. MCFADDEN. And there is no limit as to the amount that they might go in that respect.

Secretary MILLS. Well, the limit, of course, is the 40 per cent of gold, which is what the law contemplates.

Mr. MCFADDEN. This objection of the gentleman from Massachusetts only goes to show still further how utterly impossible it is to discuss properly a measure of this kind under these conditions. It is regrettable, because there is nothing more important before this Congress than this bill. It has a tremendously far-reaching effect.

The pressing need for the enactment of this legislation indicates to me the possible large exportation of gold out of the United States. This House should have definite information on the amount of gold that can be withdrawn from the United States at this time. The countries who owe the United States $11,000,000,000 and over of international debts are in a position to withdraw gold from this country. It has been intimated both on this side and on the other side of the Atlantic that they are using the pressure of possible withdrawals of gold to secure more favorable settlement of international war debts. This is something that this House is interested in and should know. We do not know, in addition to foreign balances held here and their ability to dispose of short and long time securities which they hold, how much of our Federal reserve notes, or gold certificates, or United States notes may be held abroad and presented here to withdraw gold. If a billion and a quarter dollars' worth of gold is withdrawn from the United States within the next three months it will curtail the ability of the Federal reserve to issue further Federal reserve notes and Federal reserve credit. These are questions of vital moment and importance and affect the welfare of our people to a great extent.

Between 1922 and 1929 no legislation like this was necessary to cause the greatest inflation this country has ever known. The Federal reserve did not need this kind of authority then. I pointed out in a speech that I made recently on the floor of the House that during 1928 the Federal reserve released $60,000,000,000 worth of money that was used in stock-market speculation.

Mr. BEEDY. Will the gentleman yield to me there?

Mr. McFADDEN. In just a moment.

Mr. BEEDY. That is so incorrect—the whole resources of all the banks of the United States never attained that proportion but once.

Mr. McFADDEN. I beg the gentleman's pardon, but I am quoting from figures of the Federal reserve system as they stand.

Mr. BEEDY. That is absolutely incorrect.

Mr. McFADDEN. I was interested in yesterday morning's papers showing how the dollar had depreciated in the exchange markets of the world because of the possible enactment of this legislation. I direct the attention of the House to the quotations on international exchange appearing in yesterday's papers.

You are releasing by this legislation gold that belongs to the people of the United States, which is now back of your Federal reserve notes, and this gold may all go abroad. You are taking off all law so far as eligible paper is concerned and leaving the rediscounting of paper to the discretion of the Federal Reserve Board. You are destroying the liquidity of the Federal reserve system by permitting the rediscount of this class of paper and you are giving to the Federal Reserve Board the right to say whether money and credit may be issued or not.

Mr. ARENTZ. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. ARENTZ. I do not understand how the gentleman can make that statement, assuming we have 70 per cent of gold at the present time and the eligible paper——

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 10 minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Speaker, we come to the consideration of this bill, it is true, rather promptly. Congress has been lampooned for 15 years, I know, because I have been here that long, for being so dilatory in its action. There is the constant complaint that we are too slow. Now, forsooth, because we have got to acting promptly the great complaint is that the membership of this House is mentally so weak that it takes it about a week in which to comprehend a 3-page bill, when it is all explained in a report of the committee. [Laughter and applause.] I regret to feel that my colleagues in this House on either side are as mentally deficient as they would have us believe. I think it is just a natural disposition to kick because they do not get time to talk enough. Well, it is not my fault that they are not getting time to talk enough.

I have not been to the White House. I have not been suborned by the head men of the Treasury and all that. As a humble Member I have sat in the Committee on Banking and Currency and have undertaken the best I could to help perfect this bill and report it out and pass it in an emergency, which is conceded on both sides of this House to exist. If anybody has got anything to say about that being treason, because we have acted promptly and acted under whip and spur when the house was afire—and a great many people know it, although some people may not catch up until after the house has burned, and would not be good members of a fire company—if anybody has got any kick to make about that or if that is treason, I plead guilty. [Applause.]

Some of the brethren say this is inflation, and one brother, the gentleman from New York [Mr. LAGUARDIA], complained that the gentleman from Alabama [Mr. STEAGALL] dodged the word "inflation" and said it was "expansion," and I take it that the gentleman wanted the word "inflation" to be used. I do not know.

This reminds me of the occasion when old John Randolph of Roanoke, the sharpest-tongued man who ever sat in either House, was complaining of what they had given him to drink at a hotel at Fredericksburg. He had a cup of something sitting before him, and the waiter came in and said, "Captain, what will you have, sir, tea or coffee?" "Well," he said, "if this is tea give me coffee, and if this is coffee give me tea." If this is deflation, give me inflation, and I will take it with the "in" emphasized. [Laughter and applause.]

Now, what does this bill do? We have had it explained admirably by the gentleman from Connecticut [Mr. TIERNEY], who made a fine explanation of it in two or three words. I do not need to go over it. These clearing-house fellows can get together, get the money, and distribute it among themselves, putting up any collateral that is satisfactory, such as municipal and school district bonds, tax warrants, and anticipatory warrants to go into that pot, and stand behind the five or six banks that work for this civil community. That is No. 1.

Second is where the bank is saying that it can not combine with the five other banks, under the circumstances, the Federal reserve bank, on the approval of the Federal Reserve Board, which is a sufficient safeguard, can loan to that on collateral that is not eligible under the present law. Well, it is said that that will let in the stock market. It may; you can not do anything that will keep those fellows, as sharp as they are, from getting money, if there is any.

The third proposition is a simple proposition, to put up direct obligations of the United States as security for Federal reserve notes.

Now, I want to take a minute on that. A great deal of misapprehension and misinformation has been peddled out about that. Let us see how this acts. A bank in Washington goes to the Federal reserve bank at Richmond and presents there a note of a merchant here for a thousand dollars. He gets a thousand dollars. It is the note of a merchant and has the indorsement of the bank, and the Federal reserve bank takes it, and the Federal reserve agent, who represents the Government, says that there is something substantial behind every note, he takes it, and the Federal reserve agent sees the note of Mr. Jones indorsed by the Washington bank and he says, "It is all right; you have good paper there, but you can't get it that way. You have got to put $400 of gold up for every thousand dollars of Federal reserve notes in addition to your note."

Here is the situation now. This provision would let bonds be taken instead of eligible paper, because they have stopped selling eligible paper; the banks are not getting it. They do not get it. The trade is not going to manufacture cotton; it is not going to buy a thousand bales of cotton to-day with the expectation of manufacturing it, because the price is going down and down, and if a man buys a thousand bales to-day and can not manufacture it, the probability is that it will go down lower and lower, and it would be an unprofitable transaction.

The result is a contraction in business everywhere. A merchant would not buy a $10,000 stock of goods because prices are sagging every day, and he would have a loss of $1,000 in 30 days if things continue as they are. So we have not the eligible paper. We have $900,000,000 of eligible paper in the Federal reserve banks of this country, and $2,900,000,000 of Federal reserve notes out. The $900,000,000 of eligible paper and $360,000,000 in gold will take care of the $900,000,000 of Federal reserve notes, but there are $2,000,000,000 out that have to be taken care of with gold, and when you do not put up paper, you have to put up dollar for dollar with gold, and you have up $2,000,000,000 in gold, where 40 per cent would be all right, if you had the eligible paper to put up with it. Forty per cent of $2,000,000,000 is $800,000,000. You would have to have only $800,000,000 instead of $2,000,000,000 in gold, and thereby you would release the balance for use in putting up for other Federal reserve notes and expanding the currency if necessary, so that if they can use national bonds you will see how it will relieve the situation. [Applause.]

I regret that anything like politics has passed through this discussion. I have been on that committee for 15 years. I have seen that committee divided in committee on principle, but on politics never. [Applause.] That has never been the history of that committee. The gentleman from Missouri spoke feelingly about the secrecy with which we acted and the order from the White House. The gentleman from Missouri should have been here with the gentleman from Pennsylvania [Mr. MCFADDEN], the gentleman from Alabama [Mr. STEAGALL], and myself when the English Government applied to borrow $300,000,000 of our silver. We had a discussion there for a day. Mr. Wilson rung up Mr. CARTER GLASS. Nobody was in favor of it. After we got through a day's wrangling and no one was agreed, a little message came from the White House saying that it was absolutely necessary that that bill should be passed on Monday, suspension day, and that was late Saturday afternoon. Immediately the whole committee turned right in and reported out the bill, and we passed it, and it dealt with one of the major problems of the war, and we did that because the President said it was necessary. That was when President Wilson was in power. Therefore I do not run away from this proposition because the President of the United States, though not of my party at present, is asking that this be done. [Applause.]

Mr. STEAGALL. Mr. Speaker, I yield two minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, if the conditions of the country were not as serious as they are, I would be inclined to join in the protest of the gentleman from Minnesota [Mr. KVALE], the gentleman from Pennsylvania [Mr. MCFADDEN], and the gentleman from Texas [Mr. WILLIAMS], but everyone who is familiar with what is transpiring knows that we are confronted with very serious—yes, alarming—conditions, and therefore are in honor bound to vote for this measure. I myself have advocated similar legislation ever since December, 1930. Naturally I am not overjoyed with the bill, but I recognize the seriousness of the situation and am going to forego my desire to have my own bill passed and will gladly vote for the bill before us. It is to be regretted that the administration had waited for over a year and two months before sanctioning this legislation.

Mr. Speaker, I am wondering whether the statement made by the gentleman from New York [Mr. LAGUARDIA] has not had something to do with the delay, whether the administration has waited for this relief legislation until the wages of the American wage earner were reduced, as they have been in the last few months. I dislike to believe it, but nevertheless it appears that this was the underlying reason, because for over a year the President must have been aware of the serious situation confronting our country.

Notwithstanding that, however, you Republicans and the President have failed and refused to act. I pleaded with the governor of the Federal Reserve Board in December, 1930, and several times since, pointing out to him and to the President the need for such legislation; but, despite my appeals, they have refused to act until this late hour, when they can force this legislation through without giving the membership the time and the opportunity to digest it. [Applause.]

It is rather hard for me to say whether President Hoover had no confidence in the Republican Congress or waited with this legislation these many months so as to secure some political advantage. But the Democratic Congress, having the interest of the people at heart, is indifferent to the political effects it may have. What my party and I are interested in is the passage of this or any other legislation that will be helpful and that will restore confidence. I do not believe in waiting and deliberating while the house is afire. Some of my colleagues charge that this legislation is inflation. I deny it; but if it is, God knows that if ever there was need for a little inflation this is the time.

The gentleman from Wisconsin [Mr. STAFFORD] stated that this country is in an unfortunate condition because of Great Britain's abandonment of the gold standard. In this he is mistaken. The conditions are due to the commercial inflation that had been prevalent from 1925 until 1929, when the crash took place. I concede that Great Britain's abandoning the gold standard did not help matters; but why is it that while in our country hundreds of banks closed; yes, in 1931, over 2,300 closed their doors, in Canada not a single bank failed? I am still of the opinion that if the administration and Federal Reserve Board had acted in 1929 or 1930 or, at least, in 1931 most of these banks and millions of depositors could have been saved.

Some colleagues find fault with the chairman of the Banking and Currency Committee [Mr. STEAGALL] because he has not informed the House of evidence submitted by Mr. Charles Dawes, president of the Reconstruction Finance Corporation. No doubt the evidence given by him was of such serious nature that the chairman was wise in not making it public. We are trying to reestablish confidence and not destroy the hope of people. Some day, and I hope in the near future, when conditions will right themselves, I feel that not only the chairman of the committee but others will be in a position to inform the Nation and place the responsibility for the present distressing circumstances. I repeat, they could have been minimized if steps had been taken in time.

Mr. Speaker, I am satisfied that no one will charge me with not having tried with all my power to secure action to stave off this panic. On December 12, 1930, not being able to see the President or the Governor of the Federal Reserve Board, I sent the latter the following communication:

DECEMBER 12, 1930.

Hon. EUGENE MEYER,
Governor Federal Reserve Board,
Treasury Building, Washington, D. C.

DEAR MR. MEYER: Without going into the other causes responsible for the present alarming situation, I feel that the terrific stock inflation, and the unloading during the past two years of millions and millions of shares of such inflated, and in many instances, worthless stocks, upon the masses by means of high-power methods, has contributed more than any other cause, and is responsible to a greater degree for the increasingly desperate condition of our country to-day. Such inflation has drained the working capital required for legitimate business and has resulted in a tremendous stagnation of the commerce of the Nation, which in turn has led to nation-wide unemployment, thereby creating not only want and misery but alarming discontent.

I believe that it is within the power of the Federal Reserve Board to accept for rediscount purposes—in addition to notes, drafts, bills of exchange, and Government bonds—the paper of finance corporations. But in addition thereto, because of existing conditions, I feel that the Federal Reserve Board should be authorized to accept for rediscount municipal, public utility, and railroad bonds, as well as real-estate securities—but only under safe and sane regulations—and propose to offer a bill that will grant such additional power.

I feel that you will agree with me when I say that, with the exception of the few extremely large banking institutions, the major portion of our banks are to-day greatly handicapped, and for no other reason than the fact that they have on hand a very large amount of good but unliquid assets. Already this has caused the closing of a dangerously large number of banks and threatens to close an even still greater number.

Since the Federal reserve system was created for the purpose of aiding our business, industry, and agriculture, its powers should be expanded so that it may successfully cope with the situation confronting us to-day.

Although I know you to be familiar with the basic causes of the conditions existent to-day, nevertheless I now take the liberty of submitting to you certain important facts in this matter, derived from careful investigation and survey.

It is a fact that billions upon billions of dollars of worthless stock in 1928 and 1929 were unloaded upon people in every walk of life, who, as I said on the floor of the House in 1929 and again just the other day, were inveigled by the alluring pictures painted by some of our most prominent financiers and industrial leaders. Then came the inevitable crash, and in order to comply with the demands of the banks for additional securities or for a reduction and payment of their loans, these small investors were obliged to heavily withdraw from their business the very capital necessary for the successful conduct of said business. In addition many were unable to meet the demands of the banks, and a large number of these, in order to aid the small business man, have been, and still are, carrying on these very loans, secured by collateral which, though good, can not be disposed of without great loss.

Therefore it is my firm belief that if at least some of such collateral held by these banks could be utilized for rediscount, they would be relieved. This in turn would enable them to extend to our businesses and industries much-needed aid, and business would thus be permitted to resume its uncurtailed activities, which would bring about a resumption of employment.

I well recognize that a few powerful financiers will object to my plan on the ground that it will result in inflation. Yet it must be conceded that expansion will not now be detrimental but, on the contrary, will be very helpful. For example, you know that brokers' loans have been reduced from above $6,000,000,000 to $2,000,000,000, and these loans were on collateral securities not as safe as contemplated in my plan.

That money is plentiful can not be denied. Thus, for example, money can to-day be obtained in New York for gambling purposes at rates as low as 1½ and 2 per cent. Why not make at least some of it available to the smaller borrowers in need of money for legitimate purposes? I am aware that the few powerful financial institutions have in their vaults approximately $7,000,000,000 worth of securities available for rediscount purposes. Our aim, however, should be to give aid to the banks which, through no fault of theirs, are not so happily situated.

Such extension can do no possible harm but may, and in all likelihood will, revive business activities, which will result in employment for at least some of the 7,000,000 men and women now unemployed.

Knowing your splendid record and your ability as a financier and man of vast experience, I have here humbly set forth my plan and do hope to hear from you to obtain your views.

Very sincerely yours,

A. J. SABATH.

And waited nearly three weeks before I received an answer:

FEDERAL RESERVE BOARD,
Washington, December 29, 1930.

Hon. A. J. SABATH,
House of Representatives, Washington, D. C.

DEAR MR. SABATH: This is the first opportunity I have had to acknowledge your letter of December 12, in which you suggest that paper secured by municipal and railroad bonds, etc., be made eligible for rediscount at the Federal reserve banks. I notice that you interpret the existing law as giving the Federal reserve banks power to discount paper of finance corporations secured by various commodities. This is not in accordance with the law and the regulations of the Federal Reserve Board, which do not permit the rediscount of finance paper, with certain minor exceptions specifically provided for in the act, such as the paper of cotton factors. I believe that it may be of service to you to see an article on paper eligible for rediscount at the Federal reserve banks in the bulletin for July, 1930, of which I inclose a copy.

You will notice from this article that of the 8,522 member banks there were 99 that had no eligible paper; 1,749 that had between 0.1 and 10 per cent of their paper eligible for rediscount; 4,813, including 4,427 country banks, that had between 10 and 40 per cent; and 1,861, including 1,806 country banks, that had 40 per cent or over. This indicates that there are very few banks that do not have enough eligible paper to use at the reserve banks when the need arises. I am not inclined to believe, therefore, that enlarging the class of paper eligible for rediscount at the reserve banks would help the credit or the business situation.

Sincerely yours,

EUGENE MEYER, *Governor*.

Upon the receipt of this letter I realized that there was a determination on the part of the Federal Reserve Board not to act, and, therefore, on January 19, 1931, I again communicated with him, as follows:

JANUARY 19, 1931.

Hon. EUGENE MEYER,
Governor Federal Reserve Board,
Treasury Building, Washington, D. C.

MY DEAR GOVERNOR: In your reply of December 29, 1930, you say that "with certain minor exceptions specifically provided for in the act, the rediscount of finance paper is not in accordance with the law and the regulations of the Federal Reserve Board," and call my attention to an article in the Federal Reserve Bulletin of July, 1929, containing data on paper eligible for rediscount, which you state may be of service to me.

As per your suggestion, I have read the article and have studied the act and am still of the opinion that it is within the power of the Federal Reserve Board to permit the rediscount of finance corporation paper. Especially do I call to your attention that part of the article, on page 401, referring to the "tests of eligibility," which reads as follows and which, I maintain, sustains my views:

"* * * the Federal reserve act provides in a general way that so-called commercial paper be eligible for discount with the reserve banks. This is a class of paper that a typical member bank would acquire in considerable volume in the course of its ordinary operations, and at the same time one that is so liquid that it can be safely held by the banks of issue. Paper created in the process of financing the flow of commodities in production and trade arises out of loans that are ordinarily liquidated by the borrower with funds received in the natural course of events from the sale of goods underlying the transaction."

The article also properly states that—

"* * * The Federal reserve system was established for the purpose, among others, of creating an agency from which member banks can obtain credit for seasonal or emergency needs."

Does the board maintain that there is no emergency existing at this time? To my mind, if ever there was an emergency it is now, and this, I feel, no one can successfully deny. For while 439 banks closed their doors in 1929, during the year 1930, 934 banks were forced to suspend business.

You further state, "* * * that of the 8,522 member banks there were 99 that had no eligible paper, 1,749 that had between 0.1 and 10 per cent of their paper eligible for rediscount, 4,813 that had between 10 and 40 per cent, and 1,861 that had 40 per cent or over."

And again, I feel justified in asking for, or suggesting, the broadening of the board's regulations so as to make eligible for rediscount, at least for the present, the Finance Corporation paper, since the compilation does disclose that there are 99 banks without any and 1,749 with but from 0.1 to 10 per cent of their paper eligible for rediscount. And since these figures are as of December 31, 1929, I can not help but believe that in view of the prevalent conditions and the continuous drain upon the banks that the amount of rediscountable, eligible paper held by the 8,000 of the approximately 8,320 remaining member banks has been greatly reduced. The seriousness of conditions is evidenced by the unfortunate, ever-increasing number of banks forced to close up due to the fact that they are unable, unless it be at a great sacrifice, to dispose of their slow and frozen paper assets.

I concede that there are any number of large banks in possession of a surplus of rediscountable paper, and consequently not in need of any aid. But these are not the institutions about whose aid or relief I am concerned. I am interested, yes, vitally so, in relieving not only the several thousand banks whose rediscountable paper has been depleted and the thousands upon thousands of their depositors, but also in arresting the ever-increasing number of failures.

Very sincerely yours,

A. J. SABATH.

But received no reply.

But this was not all. I communicated with the President, as I have said before, and was finally referred to the chairman of the seventh Federal reserve district, Mr. Eugene Stevens, to whom I pointed out, and I believe clearly, the need for broadening the power of the Federal Reserve Board. But, notwithstanding all of this, the administration has failed to act until this late date, though I am satisfied that the President realized that this legislation must be forthcoming to save the country from complete demoralization. And now, despite my lack of confidence in the Federal Reserve Board, but realizing as I do the seriousness of conditions, I have no alternative but to vote for the bill as agreed upon. [Applause.]

Mr. STEAGALL. Mr. Speaker, I now yield to the gentleman from North Carolina [Mr. LAMBETH].

Mr. LAMBETH. Mr. Speaker, once again the Members of this House, after the Grim Reaper has recently laid his heavy hand upon two of our leaders and after the actual or imminent collapse of other valuable men, the remainder of us, with depleted physical and mental reserves after working long hours into the far night, are called upon with the utmost haste and without proper deliberation to consider another measure of the highest importance and of the most revolutionary character in our all-important banking system since the enactment of the Federal reserve system 18 years ago.

Mr. Speaker, I would not worthily represent the people of my beloved and bleeding State, 90 per cent of whom are all but prostrate from the dire results of this cruel depression, and would be essaying the rôle of the priest or Levite if I did not seize any available opportunity to vote for any bill which would offer hope of relief. However, although I wish to be a good soldier, I wish at the same time to give warning here and now that for myself I shall oppose further abdication of the rights and privileges of membership in this body, which is closer to the people and more truly representative of the people than any other branch of the Government, because of the errors of omission and commission of this administration.

I shall not undertake to discuss the technical features of this bill, but merely attempt to explain my attitude toward this whole program of emergency financial legislation and give my reasons for voting in the affirmative this afternoon and also my mental reservations in doing so.

Mr. Speaker, I give this vote my hand and my heart, but not wholly my head. Congress to-day is the doctor summoned to a patient who had for years been doped on false stimulants until he collapsed, and then by way of treatment had been told that there was nothing wrong with him, or that anyhow he would be all right very soon. The Congress should have been called in extra session at least two months ahead of the December date, at a time when the last of the ever-feebler Pollyanna statements were still coming through the White House doors. But the doctor on the case, very jealous even before the Congress had become practically Democratic, refused until the last possible moment to let the real doctor take hold. So the Democratic House is now confronted with months, years, of piled-up dallyings and mistakes. If we must give something like oxygen or salt infusions simply to keep the patient's heart going, it is in no wise our fault.

I submit as a clear fact that the existing panic has proved itself not only worse than any we ever had before but worse, beyond all comparison, than any we ever could have had. In 1836, in 1873, even to a great extent until within the last decade financial smashes and industrial depressions passed over the heads of the vast majority without vital harm. We had not yet become, although we were steadily becoming, a nation of industrial employees and of investors in outside or listed securities. Universal lending, borrowing, and speculating had not yet linked us—and far too many of our banks—tightly to Wall Street. We cared little what the international bankers and the borrowing foreign countries did. Often we stood off and ridiculed "the Wall Street panic" when Wall Street was as wild with fear as it has been of late. If we had had the Federal reserve system then instead of an inelastic currency based rigidly upon United States bonds, we would seldom have cared at all. But, alas, how different now!

Mr. Speaker, during this last ruinous period of shuffling and delay by the administration my own State, among others, was brought crashing down by a financial earthquake. In North Carolina, between October 1, 1931, and January 13, 1932, 11 national banks and 35 State banks, with resources approximating $40,000,000, were compelled to close their doors. Think what this means in human suffering and lost hopes! Nothing like it has occurred even in the European countries wrecked by the late war. And it occurred notwithstanding all the admittedly ample facilities of the Federal reserve system and nearly half the gold of the world.

The Harding-Coolidge-Hoover régime whooped it on, and when disaster came had no resources but commissions, conferences, and false prophecies which only led deeper into the depths of despair. Well did John W. Davis at the Jackson Day dinner last month characterize the Harding administration as the Era of Dark Betrayal, the Coolidge administration as the Era of Smug Complacency, and the Hoover administration as the Era of Wild Dismay.

Happily the character of the American people, the strength of American institutions, and the vastness of American resources are such that even 11 or 12 years of wretched misgovernment can soon be outlived. The most panic-stricken man has by no means "despaired of the Republic." Considering what governmental and business leadership we had before 1929 and the virtual absence of any at all since then, our country has given a fairly creditable account of itself. Communism is actually feared less now than it was before the beginning of the "depression of 1929 and after."

And, Mr. Speaker, I have the utmost faith in my own State of North Carolina. Take the district which I represent, a veritable cross section of the State. It extends from the long-leaf pine and the peach tree, up mountain slopes to the spruce pine and the sugar maple. It is chiefly agricultural, comprising highly productive belts of truck and fruit crops, cotton, tobacco, wheat, and cattle; and here are a full variety of those manufactures for which the Piedmont section of the South has become famous. Its people are completely typical Americans of the old stock, representing English, Scotch, Scotch-Irish and German. They have fought in Indian wars, in the Revolutionary War, on historic battlefields without number from Kings Mountain to Chateau-Thierry. They are a most self-reliant people. In the present crisis they do not doubt that they could save themselves, as they saved themselves even with the Federal Government against them during the "tragic era" of reconstruction. But they feel that the National Government is in duty bound to help repair the worst mistakes of its disastrously false leadership under the last three administrations. They feel that many evil business practices which have sprung up or grown rankly worse during these orgies of booming and crashing demand reform. And on both scores I stand with them absolutely. I shall spare no effort of mind or body in fighting for really helpful administration of the Reconstruction Finance Corporation and of the Federal reserve system's temporary expansion through the Glass-Steagall bill.

Ah, Mr. Speaker, when such people as these, who deserve of their Government as they deserve, have undergone such sufferings, let us all do whatever we can lest the new relief measures as administered be yet again merely measures—

> That keep the word of promise to our ear
> And break it to our hope.

Now, Mr. Speaker, the administration is begging us to vote in a mad rush a more tremendous use of Government resources for business than has ever been even suggested before. Let me say that in voting for this measure with one hand I shall hold myself ready to smite it with the other. I shall smite it if it is not so administered as to help, most of all, small business men, "country banks," and farmers with whose needs I am intimately acquainted, but leaves them in their present wretched plight of being tied to the chariot wheels of Wall Street.

As "things never yet created things," so laws do not administer themselves. And when I read this morning the names of the Reconstruction Finance Corporation's advisory committee for the Richmond agency, which includes my State, I was filled with fear of a heart-breaking disappointment in store, for those gentlemen—fine men, able bankers, and some of them good, personal friends of mine—are all wedded to the Wall Street conception of banking as a matter of liquidity and security, and almost nothing else. They make a fetish of liquidity. How will they help suffering people who have already been liquidated until they can see no light ahead? They conceive of securities as consisting in the paper Wall Street handles, or in its kind. How shall they help to disentangle the local bank from Wall Street and again make it useful to the local man?

Mr. Speaker, if one of the three gentlemen appointed from my State to the Richmond agency's advisory committee had been a banker representing the Wall Street point of view, I would not have objected but would have approved. The Wall Street point of view should be represented. But when all three appointees are wholly of this type, I do object. Why were we given no one to represent understandingly and sympathetically the grievous problems of the local or "country bank" and its people? Why none of the many capable small-town bankers along with some good farmer who was also a good business man?

In this connection I would call attention to the fact that although the Reconstruction Finance Corporation started functioning a week ago and has already loaned large sums of money to city banks, railroads, and life-insurance companies, there is still no succor for the small farmers of my State who are on the eve of spring planting, and the Department of Agriculture advises to-day that even the application blanks will not be ready for another week. God help these little men and their hungry families who come last in the thoughts of the administration of this emergency financial legislation. One hundred letters on my desk this morning inquire how to apply for seed loans.

O Mr. Speaker, it is hard to be voting for this bill when a Wall Street administration will have the handling of its provisions through men after the administration's own heart. No wonder the White House is urging frantic speed.

I certainly would not cast this vote but for a however halting hope that the Federal Reserve Board will make some good use of the system as established by Democratic legislation in 1914 after many years of Republican refusal to provide any such instrumentality other than worthless makeshifts while attempting to foist upon the country a central bank.

Mr. Speaker, I have already implied that I do not attack Wall Street or New York banking methods as such. They are well enough adapted within limits to the functions which Wall Street serves through its banks, Stock Exchange houses, and similar institutions for the country at large. But mark the word "limits" and then mark the further reservation that in their admiration for Big Finance and Big Business, often in their positive reverence for these things, some bankers as far from New York as North Carolina or farther apply Wall Street methods to their own banking business and produce a serious misfit. They very largely exclude from the use of their facilities that decided majority of their worthy neighbors who can not offer as collateral securities bearing the Wall Street stamp or essentially of the Wall Street type. At a time like the present, when securities having a Wall Street market appeal to them more than ever in their rabid zeal for liquidity, they almost entirely cease serving the business needs of their local communities—business needs more acute than ever before.

Again I say, Mr. Speaker, that the administration of financial relief in the present situation should not be placed wholly with such bankers as these.

Let me emphasize, too, that while those maintaining a severe attitude toward their own people—really much more severe than Wall Street's because of the scarcer Wall Street collateral away from New York—fall far short of the example set by their idols where human relations are concerned, the best Wall Street men have often put aside even the most ordinary rules of loaning for those whom they personally knew and trusted. Besides telling the Pujo Money Trust investigating committee that he never charged anybody over 6 per cent, the late J. P. Morgan (the First) set forth character as the basis of credit with him. He had loaned as much as a million dollars to a man without security or wealth or wealthy backing, because he felt confidence in that man. On the other hand, he said further that he would not knowingly have dealings with crooks offering all the collateral in the world.

How little necessary it is to be a Shylock in order to be a banker, and even the very biggest sort of banker! Mr.

Speaker, I have here a recent issue of the Chapel Hill Weekly with a statement on the University of North Carolina loans to students which eloquently supports the principle enunciated by Mr. Morgan. The oldest fund now stands at more than six times the original amount after 50 years. All student-loan funds at present aggregate $212,700, of which borrowers have contributed over $115,000 through interest payments. Of $182,700 now outstanding in student notes, the university auditor estimates the total uncollected at 1 per cent or under. The Chapel Hill paper notes that the Harmon Foundation in New York has had a similar experience with student loans made throughout the country and that commercial credit agencies estimate the delinquency rate in the small-loan business at only 2 per cent. Meanwhile, " securities " chosen by college trustees in preference to student loans as an investment for endowment funds have undergone frightful shrinkage.

I earnestly commend this financial creed of Mr. Morgan, likewise his well-remembered displays of confidence in the country when times were tight, to bankers who plume themselves above everything upon being " Wall Street men " or the best imitation of " Wall Street man " they can contrive, and who from lordly heights of scorn denounce as demagoguery any criticism of even the worst or most injurious of Wall Street practices. I commend them to every one of the bankers in that financial army holding nearly $3,000,000,000 of eligible commercial paper which they will not rediscount and in a position to make $4,000,000,000 of additional loans which they will not make—these figures on the authority of officials of the Federal Reserve Board. It is thoroughly recognized that if bankers had not first become frightened, neither the Reconstruction Finance Corporation nor the Glass-Steagall bill would be needed to hearten timid bankers through making available still other paper headed by United States bonds. The Federal reserve system was already offering abundant facilities; those facilities simply were not being used.

Mr. Speaker, let me offer for the highest admiration of the worshippers of " liquidity " a bank recently opened in Miami, Fla. This " ideal " bank will hold only cash and Government securities, loan no money, and pay no interest on deposits. It will be " safe "—as safe from all natural shocks as a man in his grave, and for the same reason.

How could depositors be otherwise than frightened or subject to fright while they have seen more and more bankers doing such fantastic things? When the timid bankers started a stampede for liquidity they carried panic into a thousand quarters—including many innocent victims among banks—where it would not otherwise have gone. More average liquidity called competitively for more average liquidity still until the business of the country was threatened with stoppage unless a degree of confidence was somehow restored. Hence the Reconstruction Finance Corporation and the present bill.

Another thing, Mr. Speaker. We shall hear very little for some time of Republican prosperity or how the oracles of Mammon are permanently committed to Republican hands. Nor shall we hear much of the all-wise and all-powerful big-business men who were the secular gods of the Harding-Coolidge-Hoover period. But I hope that we shall hear a good deal of the wickedness among so-called " business leaders," which has brought deadly loss and fear upon our people far beyond what they would otherwise have suffered. I believe safeguards against at least the wholesale continuation of such wickedness to be absolutely necessary for new courage and new prosperity in the years ahead.

Think of Lord Kylsant, a lord of Parliament, a peer of the realm, put into stripes for a year by English courts because he made one false statement in one report to the stockholders of his corporation. And then think of such things as the Continental Trading Co., the Whelan connection with the United Cigar Stores Corporation, the attempted casting out the creditors of the Fisk Rubber Co., also the ruinous history of the Goldman Sachs, Blue Ridge, Shenandoah and other interlocking investment trusts. Nor can we soon forget the havoc wrought by crooked mortgage bankers, like the F. H. Smith Co., in the lives of deserving people, without number, whose savings have been swept away. John D. Rockefeller, jr., exemplified the highest type of business ethics and leadership when he made the fight to secure voting proxies to force the resignation of Col. Robert W. Stewart, chairman of the board of the Standard Oil Co. of Indiana, one of the principals in the Continental Trading Co.

The reports of some corporations whose securities are listed on the New York Stock Exchange are full of suppressions and misleading information and are not regulated sufficiently to protect the interest of the public. In some cases these corporations are required to submit a meager balance sheet to their stockholders only once a year.

I believe that business graft has been outweighing political graft a hundred times over, that our so-called " business leaders " are as a class serving us far less conscientiously than our political leaders, and that there must be a new spirit in our business world.

Mr. Speaker, in all matters it will help mightily when next we have an administration sufficiently unlike this:

> The king is scared,
> The kingdom topples over with a shriek,
> Like an old woman, and down rolls the world.

Yes, Mr. Speaker; we need brave hearts and a firm grasp at the helm of affairs. We may not hope for a Joseph who could foresee seven fat years followed by seven lean. But we may hope for some one like Paul, who could hearten all aboard ship when " the tempestuous wind called Euroclydon " was driving the sailors to desert in boats. We may hope for such a trumpet note as William Pitt sounded in 1805 during the Napoleonic wars, when he prophesied that " England, having saved herself by her energy, would save Europe by her example." Meantime we must look a little enviously upon the stirring spectacle presented last September, when Philip Snowden, life-long invalid, giving up his whole political existence for his country's sake, underwent physical and mental torture to rally England with his last budget speech.

But remembering how God gave us Washington, Jefferson, and Lincoln, we can not doubt that long before it is too late He will send us the man we need.

For the mass of us, Mr. Speaker, I would have that spirit which Rome showed when Hannibal was encamped at the gates of the city, after cutting in pieces three Roman armies and there was no Roman army left to encounter him. Historians tell us that the field then occupied by his troops, coming up for sale at auction in regular course, brought the full price.

God save us from any recurrence of the so-called prosperity of 1927–1929. It was a lopsided and crazy boom because in 1928 the farmer, representing at least 25 per cent of the entire population, received less than 10 per cent of the national income, while in 1929, 504 millionaires reported a total income of over $1,000,000,000, which sum represented a figure in excess of the gross selling price of all the wheat and cotton produced in 1930.

I hope and believe that better times will come out of this panic when and where we hardly expect, " like a thief in the night." Good as well as bad times can not always be foreseen exactly—

> For not by eastern windows only
> When daylight comes, comes in the light.
> In front the sun climbs slow, how slowly;
> But westward look—the land is bright!

[Applause.]

Mr. McFADDEN. Mr. Speaker, I yield my remaining two minutes to the gentleman from Alabama.

Mr. STEAGALL. Mr. Speaker, I now yield to the gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Mr. Speaker, this bill, in my judgment, is one of the means by which this depression can be ended, a thing we are all trying to see come about. Many palliatives and remedies have been suggested, but as long as we are going to rely upon the Federal reserve system and the gold standard this is our only way out. Personally, I believe that there are several features of our banking laws that ought to be remedied in addition to the bill now under consideration; but, of course, at the present time we are simply considering this one.

Among the palliatives that have been brought forth was the Reconstruction Finance Corporation, which most of its proponents in the House made excuses for and heartily disliked voting for, but did it for fear of results that might happen if it were not passed. No one contended then, and no one will insist now, that it is either a permanent or a sufficient remedy. It was simply a case of giving the Treasury a broom with which to sweep back the Atlantic Ocean.

We who have been interested in the currency legislation have contended during the whole session that an expansion of the currency was the only sound and practical way to relieve the distressed condition of business and the banks, and consequently the individuals. You will remember that in 1921 President Harding announced for a deflation of the currency in certain specific language, saying that "We must have courageous deflation of the currency in order to bring down the cost of living." Currency was deflated from approximately eight billions in volume in 1921 under President Harding to a little over four billions in January, 1931, and the consequent contraction of the currency and business in the United States and all over the world. I believe that Congress should do away with the power on the part of any board or commission to expand or deflate the currency at will to any appreciable degree, but that must be done by special act of Congress and this is not the time for its presentation.

The evil of hoarding has not been indulged in by individuals alone, and a campaign against hoarding can not be successfully conducted by persuasion or force. Sound business reasons and the restoration of confidence are the only means of freeing hoarded money. Hoarding is based upon fear and selfishness, and these must be overcome by their opposites, confidence and profit possible on the part of the individual or the institution. It has been developed during the hearings that the worst hoarders have been the banks themselves, particularly the big New York banks.

Fright upon the part of the smaller banks has shot their money into New York for safe-keeping, and tremendous quantities of money are there for that purpose. Every bank desires to remain liquid so as to pay upon demand, just as the individual wants to stay liquid in order to have money for his debts upon demand. This money will not circulate again until the business institutions and the individuals feel that they can procure money again if they spend what they have.

It appears that our Federal reserve notes are backed by an 80 per cent gold reserve, but the law required only 40 per cent, so we have the surplus 40 per cent of gold as dormant value, doing no one any good. In amount it is between three-quarters of a billion and a billion dollars. Freed, it can be used for the issuance of at least $2,000,000,000 of Federal reserve notes or paper money, to be placed immediately in circulation in current business or in an emergency. This gold can be freed by this legislation. In addition to the possibility of its being used as a basis for Federal reserve notes, the release of a billion dollars in gold means the release of fifteen or sixteen times that much in banking and business credits, for it is a matter of banking history that that is the ratio, say 15 to 20. With the expansion of the currency to the extent of $2,000,000,000, coupled with the release of fifteen to twenty billion dollars in business credits, business can not remain dormant, because this Nation has the value but is only lacking in credits and circulating medium. The value consists of real estate, cotton, wheat, corn, oats, livestock, and so forth.

These constitute the actual wealth and the money and the credits—the representative of this wealth and value. There is no use to have the wealth without its representative in money, and we can not have the money representative unless we have the wealth. This plan of currency and credit expansion was proposed in 1908 by Senator Robert L. Owen, of Oklahoma, one of the authors of the Federal reserve act, and has been constantly suggested by him as a means of relief during the last two years. In fact, Mr. Speaker, the history of this legislation goes back still further. Senator JONES in 1900 suggested the same proposal, and Senator Owen, then a private citizen, assisted him in drawing the measure.

This bill meets the widespread demand for liberalization of the credit and currency, a demand that has grown day by day among Members of Congress, and all of the authorities on business and banking are confident that this credit expansion will see a return of business and prosperity to the Nation. Immediately upon the proposal of this legislation by Senator GLASS we noticed that the stock market began to move up, and on Saturday of last week it showed renewed confidence. This is only one of the indexes as to public thinking and is simply a reflection of the confidence of the individuals and the units of our business fabric.

For one, I am unalterably committed to this legislation, although I opposed the reconstruction finance measure. This is sound and safe, constructive, and meets the present need. The pity is that it was not brought forth a year ago. [Applause.]

Mr. STEAGALL. Mr. Speaker, I yield now to the gentleman from Illinois [Mr. RAINEY].

Mr. RAINEY. Mr. Speaker, I desire to call attention to section 3 of the bill, which provides that the Federal reserve banks may receive Treasury notes, that is, Federal reserve notes, from Federal reserve agents on the deposit of direct obligations of the United States as security. There is nothing new about this provision. Great Britain incorporated it in its laws. It is the same principle introduced by a Democratic Senator from Oklahoma, the Hon. Robert L. Owen, on February 25, 1908 (CONGRESSIONAL RECORD, 2429). It is the same principle as the bill introduced by Hon. James K. Jones when he was chairman of the Democratic National Committee and Democratic leader of the Senate on February 6, 1900 (CONGRESSIONAL RECORD, 1534). This is an identical provision in principle with that set forth in the bill H. R. 6704, by Hon. KENT E. KELLER, of Illinois, on January 4, 1932. Congressman KELLER is a Democrat.

The only substantial difference between the section 3 and the bill introduced by Congressman KELLER is that the Keller bill dealt with the matter without red tape and authorized the Treasury notes to be issued direct to any bank, corporation, or individual up to 90 per cent of the face value of the bonds an interest charge of 5 per cent, payable to the Treasury; and a forfeiture of 10 per cent if the currency was not returned within 12 months. The Keller bill offers to the public a wider and better distributed relief. The pending bill, however, should operate advantageously, because it does make available the possible deposit credit of four billions, or a currency issue of thirty-five hundred millions, since there is available a possible fourteen hundred millions in gold estimated. and the gold could be increased in the reserve banks by exchanging reserve notes for gold certificates, of which there is circulating approximately $1,000,000,000. As these pass over the counters they could be exchanged for Federal reserve notes, thus adding to the gold holdings of the reserve banks.

It has taken a long time for this venerable Democratic doctrine to become statute law. The country does not want to lose sight of the fact that leading Democrats have been advocating this for at least 32 years and that it was rejected by Senator Aldrich February 6, 1900. February 25, 1908, and up to this good date. The country can now be congratulated for this Democratic doctrine becoming effective. It took a terrifying depression to twist this concession out of the Republicans.

Perhaps the exigency of the pending campaign and the absolute necessity for getting some reaction may have facilitated the consent of the administration. It is certain that during the last month administration leaders have expressed their vigorous disapproval of bond-secured currency and, having sworn they never would consent, consented.

STATE, JUSTICE, AND JUDICIARY APPROPRIATION BILL

Mr. OLIVER of Alabama, from the Committee on Appropriations, reported the bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes, which was read a first and second time and, with the accompanying report, referred to the Union Calendar and ordered printed.

Mr. SHREVE. Mr. Speaker, I reserve all points of order.

IMPROVEMENTS OF FACILITIES OF FEDERAL RESERVE SYSTEM

Mr. STEAGALL. Mr. Speaker, I now yield to the gentleman from Alabama [Mr. ALLGOOD].

Mr. ALLGOOD. Mr. Speaker, there is no question in the world about the panic being on in this country and that the people now want it settled. They want it stopped. They are looking to this Congress to stop it. They are not expecting miracles to be performed, for they know it will take time to work out of this desperate situation. They are not even expecting the passage of one bill to cure all the ills of this country, but I do feel that they are looking to Congress for relief and I know that they are glad that we are not playing politics in the passage of these bills. If anyone wishes to call this bill a partisan measure, we Democrats can certainly claim credit for its enactment because it is the product of two sterling Democrats—Senator CARTER GLASS, of Virginia, former Secretary of the Treasury in Woodrow Wilson's administration, and Representative HENRY B. STEAGALL, of Alabama, now chairman of the Banking and Currency Committee of the House. I am happy to see the spirit of cooperation on the part of the Democrats of this House. If the Republicans had shown the same spirit of cooperation when they were in control, they would not have run roughshod over us in the enactment of the Hawley-Smoot tariff bill, which law has contributed greatly to the bringing on of this the greatest depression in the history of this Nation. It is my opinion that the country is now waiting for the Democratic Party to come into power to repeal the Smoot-Hawley tariff law.

Mr. Speaker, just as long as conditions are such that individuals fail and can not pay their debts, just that long will merchants and banks continue to fail. This country is no stronger than the individual. Therefore we must pass laws to protect the individual, whether he lives on the farm or works in the shops, factories, stores, business houses, offices, professions, and varied industries of our country. We need legislation that will make it possible for the individual, however humble he may be, to make an honest living and pay his debts. Therefore we are asking for the passage of this law so as to break the corner on the money market which has been held by the millionaires since 1929. This law will expand our currency and place more money in circulation, which will deflate the value of the dollar of the rich man and inflate the value of farm products and wages of the laboring man.

I am glad I supported the bill creating the Reconstruction Finance Corporation which became a law two weeks ago. Gentlemen, we can already see the good effects of that bill. Bank failures are occurring less frequently, the stock market has taken an upward trend, cotton has advanced considerably, industry has revived. In my district the bonds of one major industry, the Goodyear Tire & Rubber Co., have made a material advance since the passage of the Reconstruction Finance Corporation act. This advance may mean that 2,000 men at this plant alone may continue to hold their jobs and have work, because confidence has been and is being established in industry. It is generally believed by the Democrats that had the Republicans at the extra session of Congress called by Mr. Hoover enacted legislation similar to the Reconstruction Finance Corporation act and passed legislation similar to this bill, we would not have had the widespread unemployment of labor coupled with the multiplied bank and business failures with the resultant ruinous prices of farm products. [Applause.]

Mr. STEAGALL. Mr. Speaker, I yield the remainder of my time to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Speaker, ladies, and gentlemen, we are to-day considering H. R. 9203, a bill to liberalize the credit facilities of the Federal reserve system.

In this connection I wish to call attention to the fact that on September 24, 1931, the Hon. F. B. SWANK, of Oklahoma, and I personally submitted to the President a constructive program to relieve the acute situation which was aggravating every day. About the middle of September it became apparent that currency was being withdrawn from banks for hoarding purposes, while at the same time the losses in deposits due to gold exports was increasing. It became apparent to many that the process of contraction of credits would soon result in a severe crisis if not checked. This process of contraction increased so rapidly that it became apparent that many banks would be forced to close their doors with resulting losses of the greatest magnitude.

I felt then as I feel now, that the only way of procuring relief would be to raise the price levels of farm commodities. The farmer finds himself in a most serious condition. In 1929, when wheat was selling for $1 per bushel and when cotton was bringing 16 cents, he executed mortgages on his land and contracted fixed indebtedness. When he made these debts the price of commodities was sufficient to afford reasonable expectation of his ability to discharge the obligations when due. But to-day he is called upon to apply upon his indebtedness three or four times the amount of commodities he would have had to pay at the time the debts were contracted. In other words, the wheat farmer who borrowed $5,000 understood that he would be required to discharge this obligation to his creditor by the delivery of 5,000 bushels of wheat. But to-day, due to the depressed price of wheat and the sustained value of the dollar, he is required to deliver 10,000 bushels of wheat to discharge his obligation. This he can not do.

Not only is this true in reference to the farmer, but it is true in reference to a large portion of the debtor classes. The gross indebtedness of Federal, State, and local governments is now around $32,000,000,000. When you add to this the private indebtedness of the people of the United States, the total indebtedness runs into many billions of dollars. To discharge these staggering obligations will require many of the debtor classes to deliver from three to five times the amount of commodities that would have been required at the time the indebtedness was contracted. The fall in commodity prices has tremendously increased the value of money, with the consequence that a given quantity of money will exchange for a larger quantity than before of other things.

It is therefore obvious that the price of farm commodities must rise in proportion to the value of money, so that the debtor can pay off his creditor with the same quantity of commodities as was contemplated at the time of the creation of the debt. If the debtor is required to deliver three or four times as much commodity in the payment of his debts, he will in many instances be wiped out, and his property will go to his creditors. If the creditors insist upon the full pound of flesh, they in turn will find themselves in virtual bankruptcy with frozen assets that they can not dispose of.

Not only is it necessary for the price of farm commodities to rise so that the debtor can pay off his fixed obligations incurred in the past but also in order that the debtor may exchange his commodities for the things that he must purchase. The price of many commodities which the farmer is required to purchase, such as farm implements, clothing, and so forth, has declined very little in comparison with the tremendous fall in the price of farm commodities. Consequently, the farmer, in order to exchange his surplus products for the things that he requires, must give such a large quantity that he is operating below the cost of production. Now, it is obvious that if the prices of farm commodities are to remain at their present level the prices of all other commodities must decline in proportion.

In September, when we presented our program to the President, I realized that unless the price of farm commodities was materially increased and put upon an equal plane or level with that of other commodities we would eventually be confronted with drastic legislation having for its purpose the inflation of the currency so that the value of the dollar would decrease in proportion to the fall in commodity prices, and that the Federal Government would be called upon to appropriate vast sums out of the Public Treasury for the purpose of feeding the hungry and clothing the needy.

The only way that the price level of farm commodities can be raised is to give the farmer the same bargaining power in the sale of his surplus commodities and in the purchase of the things that he requires as is possessed by the industrial, commercial, and financial institutions of this Nation and to increase the purchasing power of the American consumers. I have heretofore shown in speeches delivered on the floor of the House that many industrial, financial, and business concerns have freed themselves from foreign competition by the protective tariff, and from domestic competition by mergers, combinations, cooperative agreements, and so forth, so that they are in a position to largely dictate the price that they will pay for their raw material and the price which they will charge for their finished product. I have shown that the economic groups to whom the farmer is compelled to sell his surplus products and from whom he is compelled to purchase the necessities that he requires are able to dictate the prices and that the farmer has no bargaining power whatsoever. I have also shown that in order to give the farmer the same bargaining power as that possessed by the privileged and favored classes we must either compel these classes to sell their products on a competitive basis the same as the farmer or we must permit the farmer, through governmental aid, to control the prices of his products and services.

In other words, we must either raise the bargaining power of the farmer, the laborer, and the independent merchant, or we must lower the bargaining power of the privileged and favored classes. The purpose of the Sherman antitrust law was to put all classes and economic groups upon the same competitive basis and to give no one class any more bargaining power than the other classes. I have heretofore shown that this law has not been enforced and that the Government has permitted the privileged and favored classes, in violation of the law, to fix the prices of their output and to control the market.

But the restoration of true competition among all economic groups and the effort to put farming upon the same plane of economic equality as that enjoyed by other classes is a long fight and can not be accomplished in time to afford immediate relief. It is also true that speculation, sale of watered stock, foreign and domestic, and the efforts during the past decade or two to suspend or interfere with, in so far as certain favored groups and industries are concerned, the natural and orderly operation of economic laws have tremendously impaired the purchasing power of the consumers. When the unsound structure created by speculation crumbled, it accelerated the process of contraction until the purchasing power of labor was reduced between fifteen and twenty billions of dollars. Since labor consumed a large part of farm commodities, this meant that the farmer had lost demand for his surplus.

The only way to remedy this condition is to restore the purchasing power of labor. This can only be done by giving the 8,000,000 unemployed people jobs. The only direct manner in which the Government can create jobs is to inaugurate a construction and improvement program in every part of the Nation. Therefore, on September 24, I urged the President to inaugurate immediately needed public improvements and construction by appropriating the necessary sums for road work, Federal buildings, waterway improvements, and so forth. It has been demonstrated that 85 per cent of the money spent for road improvements goes to labor. A large percentage of the money spent for Federal buildings also goes to labor. The material which must be purchased from private industries would enable these industries to give employment to our people. It could not have been urged that this money would have been squandered. We are in need of many Federal buildings, and, in fact, are paying excessive rents in a number of large cities. In my own district there are many towns where post-office buildings are urgently needed, such as, for example, Lufkin, Rusk, Hemphill, Jasper, San Augustine, Center, Timpson, and other towns that I need not mention.

In January, 1931, I made a trip to Washington at my own expense, and before I took my seat as Congressman of the second district, for the purpose of urging the Post Office Department to construct Federal buildings in Beaumont, Lufkin, Rusk, and other towns in my district. Senator CONNALLY and I conferred with Major Heath, Assistant Secretary of the Treasury. It was decided to erect a new building at Beaumont, and to allocate a large sum for the erection of a post office at Lufkin. Although the construction of the post-office building at Beaumont has been unnecessarily delayed, it will furnish employment to many people of that city and will do much to relieve unemployment there and put money in circulation. Many waterways, such as the Sabine-Neches waterway, urgently need deepening and widening and other improvements. Already one-fourth of the tonnage in the United States moves over the Sabine-Neches waterways. The development of these waterways is responsible for the location of many great refineries in Jefferson County that furnish employment to thousands of people and create a market for the farm products of southeast Texas. Not only is this true but the development of waterways such as the Sabine-Neches has materially reduced the freight rates for the transportation of cotton. This has meant a tremendous saving to the farmers, and therefore the people of the interior are vitally interested in this subject.

The development of an adequate road system throughout the United States is important to every class of our citizenship. Motor transportation of passengers and freight has increased so tremendously and become such an important factor in our economic and social life that good roads have become a necessity. They enable the farmer to transport his products at a cheaper cost. Therefore such a public improvement program as the one I urged upon the President would not only have created employment, arrested the progress of ruinous deflation, caused the wheels of industry to begin to move, and increased the circulation of currency but it would also have resulted in lasting benefit to the Nation from a purely monetary point of view. At any rate, such a program would not have resulted in the extension of Federal aid solely to the financiers and investment companies but would have started at the bottom and increased the purchasing power of the masses, which would have meant the easing of the financial tension that is paralyzing industry. The failure of the President to sponsor such a program may compel us to face the far-reaching issue of direct Federal aid and other types of legislation, which everyone admits should be esorted to only as the last extremity.

Since Congress convened it has authorized the expenditures and sale of bonds guaranteed by the United States Government in excess of $2,500,000,000, and I believe that if this money had been devoted to needed public improvements such as I have outlined the masses of the people would have received considerably more benefit and that it would have hastened the return of normal conditions. As an alternative for emergency legislation, it would have been wiser for the Government to have inaugurated a vigorous improvement program that would have created immediate employment and provided for a wholesome inflation that could have been restrained within reasonable bounds.

I also urged the President to advocate the regulation of our banking system. I stated to him that it was difficult to believe that any country as rich as ours and in the midst of plenty would be embarrassed as we are and faced with distress and unemployment if we had a well-balanced banking system. The actual wealth of the Nation, which consists of land, machinery, farm commodities, and so forth, is still here. The trouble is that the exchange of commodities and services has been paralyzed, and consequently we have the ridiculous spectacle of surplus on the one hand and want on the other. The banking machinery has broken down and consequently credit has been paralyzed. Credit is an important factor in our economic life. It facilitates the transfer of capital and the use of materials of production. Credit plays an important part in our everyday business transactions. Less than 10 per cent of ordinary business transactions are settled by hand money.

Of the fifty billions in bank deposits throughout the Nation, only about 10 per cent is represented in outstanding currency. Credit has built up 90 per cent of the bank deposits. When the banking system fails to permit the huge volume of business and the interchange of goods to flow freely through bookkeeping transactions, then it is not functioning properly. Of course, credit can be abused, as was the case for several years prior to the stock-market crash in 1929, when credit was diverted from commercial uses to speculative purposes. The Federal Reserve Board was responsible for this abuse by its failure to take the necessary precautions during the latter part of 1927 to curb the excessive credit demands of speculative users. Although sufficient warning was given to the country during the latter part of 1927, the Federal Reserve Board failed to take adequate measures to curb the unparalleled speculation. This was in part due to the approaching elections of 1928, and the administration wanted to continue the artificial prosperity as long as possible. But in spite of this, credit is absolutely necessary under our economic system. It is apparent that credit has shrunk to such a point that the value of the dollar has continually risen and the price of many commodities has fallen until the whole structure of business and finance is threatening to crumble. Had the President called Congress in session in September and taken vigorous steps to stop the tremendous deflation, hundreds of bank failures could have been prevented and much loss and suffering avoided.

If we permit the use of Government bonds as a basis for currency, we can release $750,000,000 in gold. This will relieve the severe credit tension and give full opportunity to the banks to extend sufficient credit to every class in our economic life. But the liberalization of our credit and currency will not result in real benefit unless those in charge of the administration of the reserve system will use sound judgment and will not be influenced by political considerations. If the reserve system permits credit to be injudiciously extended to securities so as to inflate unreasonably the market quotations of stocks, bonds, and other securities, we will have another stock-market crash which will be much more severe and disastrous in the general effects upon the country. I do not mean by this that we should not improve the securities market, because this is one of the principal forces of revival. In a gold-standard country such as ours there must be a limit, fixed by reserve requirements, to the extent to which the credit volume may contract. The contraction of credit has proceeded so far as to become positively dangerous. But in order to discourage excessive use of credit, to prevent speculation and unsound inflation, it might be advisable to impose a penalty discount rate upon member banks whose portfolios contain any large amount of street loans.

Security operations are likely to develop inflationary dangers, and there must be some special curbing measures to prevent such inflation. We must see that less credit is extended to speculators and more credit is given to honest producers. But in the final analysis everything depends upon the wisdom of the administrators of the Federal reserve system. No matter how perfect a law may be, if it is administered by foolish or selfish men, it will result in disaster to the people. Every sound thinker now agrees that the stock-market crash was due to the fact that money was too cheap at the end of 1927. From July to December, 1927, the reserve system's holding of bills and securities increased from $976,000,000 to $1,591,000,000. Brokers' loans and street loans increased tremendously, but in spite of this fact Mr. Mellon, on March 27, 1927, said that "brokers' loans give a very good insight into the stock-market situation, and they appear in a very healthy state." He also said on the same date:

> I see nothing to indicate that business will not continue to be good throughout the country. There is an abundant supply of easy money which should take care of any contingencies that might arise. I do not look for any change in the Federal reserve rediscount rate for some time to come because I can see no reason for changing.

When we examine the figures of the total loans and investments of all member banks, we find that during the last five months of 1927 the total expansion was at an annual rate of 10.8 per cent. It was apparent in 1927 and the first part of 1928 that the fall money market of 1927 had been made unnecessarily easy. The index of industrial production had shown that since the first quarter of 1927 and for the last six months of 1927 such production declined to 103, as compared to 109 for the first half of the year. The growth in member-bank credits in the second half of the year 1927 was almost entirely attributable to investments and loans on investments. From August 3 until December 28, 1927, the reporting member banks increased their total loans and investments by $1,364,000,000. Only 7 per cent of this increase was due to the supposed grouping of "other loans." The total brokers' borrowings reported by members of the stock exchange increased from June 30 to December 31, 1927, by $864,000,000, or 24 per cent. Before the summer rate reductions, on June 30, 1927, for instance, the total of brokers' borrowings was not much larger than at the beginning of 1926. The stock prices continued their rapid upward movement. The industrial production was not increasing, but the prices of stocks was rapidly increasing, due to the artificial influence of cheap money.

In 1928 total loans and investments of reporting member banks increased $570,000,000 from January to July, and over one-half of this growth in member-bank credit was in investments and loans on securities. From December 31, 1927, to June 30, 1928, the reserve banks did not successfully resist the growing demands for bank credit by the security market.

From 1922 to 1929 corporations were rapidly increasing their stock issues and taking advantage of the public's appetite for stocks. The following table shows the enormous extent to which in 1928 and 1929 stock issues increased. In 1922 the monthly average of stock issues was $51,999. In 1923, $61,330; in 1924, $72,191; in 1925, $109,248; in 1926, $109,814; in 1927, $146,573; in 1928, $297,998; in 1929, $572,132.

Therefore, it is apparent that corporations were rapidly increasing their stock issues. The reasons for this are apparent. From 1919 to 1929 they were permitted to merge with the tacit consent of the administration, which made no effort to enforce the Sherman antitrust law. Many mergers were formed because promoters saw the opportunity to make a fortune through overcapitalization through the issuance and sale of watered stock. In my speech delivered in the House of Representatives on December 17, 1931, I showed that Professor Dewing, who examined in detail the promotion and financial history of 14 of the largest American combines, concluded that in their promotion the total tangible assets averaged 40 per cent of the total issued securities; the remaining 60 per cent represented watered stocks. From 1919 to December 10, 1930, 8,003 manufacturing and mining establishments disappeared through the process of merger, leaving over 1,267 resulting combinations.

Every time a merger was formed a large block of stock issues was turned loose upon the securities market. In 1929 1,245 concerns were merged or acquired. The monthly average of stock issues for that year was 572,132. The increase of mergers from 1919 to 1929 bears a close relationship to the increase of stock issues during those years. The number of mergers increased steadily from 1919 to 1929. In 1919, 438 concerns disappeared in merger, and in 1929, 1,245 disappeared through this process. As mergers increased, stock issues multiplied until finally the market was saturated with watered stock. The administration permitted this in the following ways: First, by not curbing mergers through the strict enforcement of the Sherman antitrust law; second, by not curbing the speculative use of credit that permitted the inflation of this watered stock by adopting adequate curbing measures beginning with the middle of 1927. The administration encouraged these mergers by its failure to enforce the Sherman antitrust law and its failure to prevent the sale of increasing issues of watered stock, foreign and domestic.

The stock-market crash of 1929 was not the sole cause of the present panic, but it was an important contributing cause. The wholesale collapse, by a variety of processes, was communicated to industry and commerce.

Therefore everything depends upon the administration in power. The Republican administration during the past decade has made many serious blunders and can not escape responsibility for the present crisis. Had it prevented unsound and unjustifiable mergers the market would not have been glutted with watered stock. Had it not encouraged speculation in watered stock and worthless foreign bonds by providing cheap money for such purposes through the short-sighted policy of the Federal Reserve Board, we would not have had the market collapse of 1929. This collapse resulted in tremendous losses to innocent people who had not speculated but who are compelled to pay the price along with those who did speculate. Labor did not speculate on the stock market with the cheap money provided by the Federal reserve system, but it has already sustained losses to the extent of $20,000,000,000. Agriculture did not speculate with the cheap money provided by the Federal reserve system, but it has been compelled to suffer a loss which is so enormous and staggering as to be incapable of any accurate computation.

Therefore it is apparent that our banking system needs to be regulated so as to lessen the chances of another speculative frenzy; but after we have taken every possible precaution the matter still rests in the hands of the administrators of the act. We may provide by law for a guiding principle to serve at least as a point of departure. We must give the system some broad basis of policy, but in the final analysis we must leave much to the judgment, the honesty, the patriotism, and the unselfishness of those in charge of the administration of the system.

But in the meantime we must ease the credit tension. Our gold reserves will safely permit an expansion of $3,500,000,000 in reserve-bank credit before reducing the reserve percentage below the legal amount. Such expansion would increase the loanable funds of the member banks by as much as $35,000,000,000.

By expanding credit we can provide a wholesome inflation that will enable the debtor classes to pay their fixed obligations without having to deliver three or four times more commodities than when the debts were contracted. We may be able to reestablish the free flow of credit, and if we can not start the wheels of industry immediately, we can at least keep thousands of people from losing their equities by providing sufficient credit to tide them over during this unparalleled crisis. But we must keep this inflationary process within reasonable bounds and under firm control. If unsound inflation is encouraged during the six months preceding the next election, as it was during the six months preceding the 1928 election, although we may bring about an artificial prosperity, we will only invite another economic collapse more serious and far-reaching than the world has ever seen. At this crucial time everything depends upon those who must administer our Government. Congress can do everything in its power and still its ends and purposes may be defeated by incompetency, selfishness, or political considerations on the part of those who are intrusted with the administration of the machinery set up by Congress.

It is to be regretted that the President waited until this month before he realized or acknowledged the necessity of strengthening the banking system and taking the necessary measures to stop the deflation. Had he done this six months ago, or even as late as September of last year, incalculable loss and suffering could have been avoided and many banks and industrial concerns could have been saved from bankruptcy. At the time Congressman SWANK and I urged him to take immediate action, it was his opinion that our crisis was due to conditions that prevailed in foreign nations and not conditions within our own borders. He therefore refused to act upon our suggestions in time for the greatest benefit to result.

In our program submitted to the President we urged that immigration from every country should be prohibited for a period of at least five years to enable us to absorb the labor surplus, and that adequate deportation laws should be enacted that would enable us to immediately deport the several million foreigners illegally in our country and those who are legally here but have committed a criminal offense. I am glad to say that the President agreed with this proposition, and I believe that the great majority of American citizens are in favor of reducing to a minimum the number of foreigners who come to our shores. Our Committee on Immigration and Naturalization, upon which I have the honor to serve, is working earnestly and vigorously upon this matter. Bills have been introduced by myself and others to accomplish this purpose. These bills will be acted upon by the committee in the next few days.

I feel sure that the committee will report out some real measure that will solve for many years this difficult problem. It may be that in the wisdom of the committee we may reduce the quota 90 per cent and thus permit only a few foreigners to come to our shores. This will apply to Mexico and South America as well as to all other countries. It will prevent the legal entry into Texas and the United States of thousands of Mexicans who come to take jobs away from American citizens and to aggravate our economic situation. No greater measure could be enacted by this Congress. It will result in incalculable and inestimable advantages not only to the people of this age and time but to our children's children yet unborn. Had Congress taken this necessary and important step years ago we would not have the spectacle that we to-day witness of 8,000,000 of American citizens walking the streets in idleness.

In our program that we presented to the President we urged that the Government use cotton paper, cloth, and twine, exclusive of all other kind, and that a national program be inaugurated by the President and the Department of Agriculture enlisting the support of the American people in an effort to use more cotton clothing and cotton goods. The production of cotton in the United States is one of the most important industries in our Nation. Millions of people are dependent upon the production and sale of cotton for a living.

Cotton has always been in many sections of our country the chief money crop. If the Government would inaugurate a great program to stimulate the use of cotton goods and to devise new uses for cotton, the demand for this important commodity would materially increase. The Government has heretofore spent considerable money in the endeavor to find new uses for other raw materials produced in the United States. Little attention, however, has been devoted to cotton consumption. We have devoted most of our efforts to the improvement of cotton production, but we have neglected the increase of cotton consumption and the marketing of this important product. Although millions of farmers produce other crops, cotton is their chief money crop, and when we increase the demand and price of cotton we will increase the purchasing power of millions of people, which will hasten the return of normal conditions. I am satisfied that many uses for cotton heretofore unknown can be developed that will restore the cotton industry to a position of profit, and I sincerely regret that the President has not seen fit to act upon our suggestions. No one has suffered from this crisis any more than the farmer. Many corporations have felt the depression for only the past 12 months, but the farmer has felt it for many years. While the farmers were losing millions many industries were making tremendous profits.

In 1929 the United States Steel Corporation made $197,592,000 in profits and in 1930 it made $104,422,000. Even during the panicky year of 1931 it reported a profit of about $13,000,000. During 1931 General Motors Corporation issued a preliminary statement showing net profits of $96,859,000.

Three hundred and thirteen other companies engaged in a variety of different lines of manufacturing and trade reported combined net profits of approximately $218,000,000 in 1931, compared with $435,000,000 in 1930 and $653,000,000 in 1929. During these three years it is impossible to estimate the tremendous losses sustained by labor and agriculture. Therefore, it is obvious that immediate and energetic measures must be adopted to rescue agriculture, labor, and independent business from threatened disaster. I do not say that this bill will do this, but I do say that if it is properly administered it will save several thousands of people from bankruptcy and ruin, and it may revive business and start the wheels of industry moving.

In conclusion, Mr. Speaker, I must acknowledge that I am no authority on banking and currency questions, but this much I do know: That we are faced with a grave situation in the United States. I have profound confidence in the leadership of this House. [Applause.]

I believe that the Speaker of this House is one of the greatest patriots that America ever produced. [Applause.] He has a profound knowledge of the needs of this country, and there is no man living in America to-day who is more familiar with the science of Government and the practical everyday problems than he. I have confidence in the integrity, the patriotism, and the intelligence of the gentleman from Alabama [Mr. STEAGALL]. [Applause.] I am willing to follow their leadership in this important financial measure.

There are two types of legislation that are recommended to the American people: One character of legislation proposes direct appropriation to those who are in distress. The other character of legislation is to help people help themselves. Personally I subscribe to the theory that it is better to help the American people help themselves than to create a dangerous precedent during these times of distress that will cause this Republic to wander farther and farther away from the ancient landmarks established by Jefferson and our wise forefathers. [Applause.] I am therefore glad to support this measure with the sincere hope that it may relieve the grave situation in our Nation. [Applause.]

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members have five legislative days within which to extend their own remarks on this bill.

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

There was no objection.

Mr. McGUGIN. Mr. Speaker, in my judgment this is the first of the so-called emergency measures which will be of real assistance. It will inflate the currency by placing about three-fourths of a billion dollars more money in circulation. This will mean about $5,500,000,000 in circulation. The trouble with this bill is that it is limited in two respects—as to time and amount. It should not be limited to one year. It should be increased by at least one-half billion dollars. That would mean about $50 per capita in circulation. We should place at least $50 per capita in circulation and keep it there. I dislike the 1-year limitation.

After the war, we had $53 per capita in circulation, and the Government arbitrarily deflated it to thirty-some dollars per capita. The panics have followed. Every panic which we have suffered has been associated with a cruel contraction of the currency. We have gotten out of every panic by inflation. In the light of history this bill should be a positive step toward recovery.

Congress should see to it that another panic shall never come about by a contraction of the currency. If we leave the control of money in the hands of great bankers, there will be future contractions of the currency and future panics. That is the way great finance always bleeds the country.

Expansion of the currency at this time will serve its intended purpose of saving great banking institutions, especially some chain-banking systems now in trouble. Expansion of the currency would have saved many of the 8,000 local banks which have heretofore been closed. There was no such congressional treatment for them. On the contrary, the deflation or contraction of the currency a few years ago, more than any other one thing, broke these 8,000 local banks. The currency was contracted by the Federal Reserve Board at the behest of big finance. This should be fair warning to Congress to take the power over money out of the hands of monopolistic finance and place it back in the hands of Congress, where it was placed by the Constitution. Congress had no business ever to have delegated this power.

The purpose of this bill is to place more money in circulation. We are informed that it will place $750,000,000 more money in circulation. In the light of history the placing of this money in circulation should increase commodity prices. The economic condition which we are now suffering seems to be different from any condition which has ever before existed. It may be that these different conditions will repudiate history and this inflation of the currency will not increase the commodity prices.

If this inflation of the currency increases commodity prices, agriculture will be quickly and greatly benefited. Before we can come out of our present economic despair agricultural prices must be increased. There can be no economic recovery in this country so long as the 27,000,000 farm people are unable to receive enough for their products to pay their taxes and buy the products of industry.

It is too much to expect this inflation or any other move to increase farm prices enough to reach a parity with the prices of industrial commodities and with taxes. The taxes of the country are 170 per cent higher than they were for the five years before the war. There is no possible way to increase the price of farm products to a point where they are 170 per cent higher than they were five years before the war; therefore our work is not completed with the enactment of this bill. It is inevitable that the public expenses must be reduced in order that the tax bill may be brought down to some sort of a parity with the price of farm products.

During the last 10 years we have built up in America a monopolistic system whereby the profits of all of the local communities are daily drained from those communities into a few great centers of finance. This system is commonly known as the chain system. It is absentee ownership of all local institutions which will pay a profit. It makes no difference how much we increase the circulation it is inevitable that in a short time the great mass of people in all of the local communities will be impoverished so long as we daily drain the profits of the community into a few financial quarters. Again our labors are not completed with the enactment of this bill which will inflate the currency. If we are to build up a social and economic structure in this country, the back of monopoly must be broken to the end that the price of industrial commodities will be on a parity with farm commodities and local communities may retain a share of the wealth which they produce.

There is something else which must be corrected, and that is the unemployment problem. Assuming that the inflation of the currency will restore the buying power of the 27,000,000 agricultural people, it will still be impossible for American industry to sufficiently increase its volume of business to furnish employment for more than a reasonable part of the unemployed. It must be remembered that all of the unemployment is not due to the bankruptcy and insolvency of agriculture. Only a goodly part of it is due to the insolvency and bankruptcy of agriculture—therefore only that part of the unemployment which is due to the insolvency of agriculture can be eliminated by a restoration of the buying power of the agricultural section.

Much of our unemployment in industry is due to the loss of foreign markets. There are only two basic ways to produce wealth in this world—one is to produce the raw products of the farm and of the mine and the other is to convert the raw products into finished manufactured products. Every nation in order to survive must have a surplus of either finished or raw products. Europe can not have a surplus of the raw products of the mine, because precious minerals are not bedded in the soil of Europe. Europe, with her excessive population and limited area, can not produce a surplus of the raw products of the farm. Therefore Europe must rely upon the finished products of the factory for her marketing surplus of commodities.

In the nature of things Europe must have and will have the manufactured markets of the world. By necessity, she will have them if they must be produced by peonage labor. Europe had these markets of the world before the war. When Europe went to war she not only surrendered her markets for manufactured products in Africa, South America, and Asia, but she became a purchaser of the commodities of the factory. In this situation American manufacturing institutions inherited the markets of the neutral world for manufactured commodities and also inherited a goodly part of the markets of Europe for manufactured commodities. As a result the manufacturing industry of the United States enjoyed a prosperity such that no manufacturing industry of any nation of the world ever enjoyed. This great prosperity for American factories brought about a great demand for labor and American labor enjoyed the highest wages ever known. As a result of this situation millions of men went from the farm to the factory.

When the war ended, by necessity, Europe went back into the manufacturing business. Day by day, slowly but surely, she has been regaining her lost markets in the world. As she regained these markets, day by day, slowly but surely, American factories lost them proportionately. As a result, American factories find themselves with an export market reduced to the market which was theirs before the war.

The Department of Commerce reports that American exports for the month of December, 1931, were the lowest of any month since 1914 and before the war. A factory must have a demand for its products before it can employ labor to make the products. So far as the export business is concerned, American factories need no more and can use no more labor than they used before the war in 1914. Therefore, as millions of men went from the farms to the factories when American factories enjoyed the markets of the world, to-day a similar number must go from the factories back to the farms, since the factories no longer have these markets of the world. Therefore no matter how much we inflate the currency nor how much we may rehabilitate agriculture, those men who formerly manufactured commodities for export will be unemployed.

Something else has brought about unemployment. Since the war, science has invented great machines and we have called them labor-saving devices. It has been nothing less than hypocrisy to call them labor-saving devices. We have used them to cast men into unemployment. If we were really using them as labor-saving devices in a Christian and humane sense, we would be shortening the number of hours of labor rather than reducing the number employed. There is no correcting the unemployment problem until the hours of labor have been shortened enough to take up the slack which has been brought about by modern machinery.

Until the unemployment problem is solved it is inevitable that there will be economic and social chaos in America.

Assuming that in the light of history this plan of inflation succeeds and increases the price of farm commodities, we have only made the unemployment problem more acute because we shall have increased the cost of living. We may put three or four million men back to work, but the remaining three of four million of unemployed will be in a worse situation than they are in now, because their cost of living will have been increased.

Assuming that the inflation, in keeping with the experience of history, will help to correct the present economic crime against agriculture, still our labors have only begun. Prosperity and happiness will not be restored to this country until at least four more things take place: First, the back of monopoly must be broken in order that local communities may be able to retain a fair share of the profits which they produce; second, Government expenses must be reduced in order that the tax bill may be reduced in keeping with the ability of the producers to pay taxes; third, until several million men are returned to the small farm in order to solve the unemployment problem; and fourth, until the hours of labor are reduced sufficiently to furnish employment for those who are now unemployed on account of modern machinery.

Mr. CANFIELD. Mr. Speaker, ladies and gentlemen of the House, we are considering legislation to-day that, in my opinion, should have been considered and passed a year or more ago. Had it been passed at that time hundreds of banks that have been closed would still be open, thousands of business firms that have failed would still be doing business. The deposits in many of the banks that have been closed would not be tied up and much of it lost and thousands upon thousands of men that have been thrown out of work would be employed.

Complaint has been made about this bill being considered under the suspension of the rules. In reply to this I will say the only complaint that should be made is that the rules were not suspended to consider legislation of this kind at least a year ago, for if it had been done at that time the problems of many would be quite different to-day and business conditions, especially in the smaller cities and country districts, would be quite different.

Some say they object to this bill because it will inflate the currency. Gentlemen of the House, if there was ever a time in the history of the country when we needed inflation it is now. One of our principal troubles at the present time is that our currency has been contracted too much, and if we ever expect to get started in the other direction, we must have some inflation.

At the present time we are trying to pay off our obligations made when conditions were normal with a 50-cent dollar. Money borrowed at 6 per cent when conditions were normal is being paid for with a contracted currency, which means we are paying about 12 per cent instead of 6 per cent. Under such conditions our farmers and business men are unable to meet their obligations, and unless we have an inflation of some kind, they can never expect to meet their obligations.

The purpose of this legislation, as I understand it, is to liberalize the credit facilities of the Federal reserve system, to afford greater credit accommodations by member banks, and to ease conditions in the general financial structure, which, if properly handled, should rehabilitate business.

The bill provides that loans may be made to groups of member banks independently owned and not less than five in number in any Federal reserve district upon time or demand promissory notes. It also provides that any individual member bank that is unable to offer security, eligible under existing law, may obtain loans from a Federal reserve bank on satisfactory security, approved by a majority of the Federal Reserve Board.

It further provides that the Federal Reserve Board shall be authorized to use direct obligations of the United States as a basis for the issue of currency with the understanding that under this authority the Federal reserve notes issued must be protected by a gold reserve of 40 per cent. This will make it possible for approximately $2,000,000,000 to be put into the member banks within a very short time and can not help but ease conditions in all parts of the country.

Under this bill authority is given to the Federal reserve system to put money into the market to take the place of credit tied up in frozen loans, and if in its administration by the Federal Reserve Board the purpose of the bill is carried out, it can not but help all classes of business.

If our banks are put in position where they can take care of the demands they have for loans, business can again start to operate. Men with money and those who are in position to get money will start to buy because they realize that prices will advance; this will mean that the retailer and wholesaler will have to buy. Our factories and mills will start to operate. Labor will be again employed and there should be a demand for our farm products at a fair price.

According to the Federal Reserve Board, the number of bank suspensions in the United States in 1931 was 2,290, with deposits of $1,759,000,000. For 1931, R. G. Dunn &

Co. report 1,440 bank failures in the United States, with liabilities of $1,386,554,484.

Some of the banks that have suspended business will be able to reopen and the passage of this bill should help them, but those that have failed are closed forever; but, in my opinion, had a bill like this been passed 12 months ago many of them would not have been forced to close.

In 1929 the total value of the major farm crops in the United States, as reported by the United States Department of Agriculture, was $8,088,494,000. In 1930 the value of the same crops was $5,818,820,000. In 1931 it was only $4,122,-850,000, a decrease of $3,965,644,000 in two years.

In 1929 the value of the total wheat crop of 806,000,000 bushels was $840,000,000. In 1931 the value of the crop of 892,000,000 bushels was $395,000,000, a shrinkage of $445,000,000.

In 1929 the value of the corn crop of 2,600,000,000 bushels was $2,048,000,000. In 1931 the value of the crop of 2,056,-000,000 was $920,000,000, a shrinkage of $1,128,000,000.

In 1929 the value of the oat crop of 1,238,000,000 bushels was $538,000,000, whereas the 1931 crop of 1,112,000,000 bushels had a value of $256,000,000, a drop of more than $280,000,000.

In 1929 the value of the cotton crop of approximately 14,900,000 bales was $1,225,032,000. In 1931 the crop of 16,900,000 bales had a value of only $485,611,000, a decrease of more than $750,000,000.

During the harvest season of 1931 wheat sold at the farms in some instances at less than 25 cents per bushel. In October the price on the Chicago exchange dropped to 44⅝ cents, the lowest level in the history of the exchange and comparing with low levels of 50 cents in 1894 and 48⅜ cents in 1895.

This means, as you all know, that tens of thousands of farmers have been thrown into bankruptcy, their farms are being sold at sheriff's sales, and tenancy is increasing. The Census Bureau survey shows that in 1930, 42.4 per cent of all farms were operated by tenants, as compared with 38.1 per cent in 1920 and only about 25 per cent 50 years ago. It is estimated that this has now been increased to approximately 45 per cent.

From 1920 to 1930 the total value of farm lands and buildings in the United States fell from $66,316,002,602 to $47,879,838,358, a drop of $18,436,164,244, and it is estimated that the drop in the last two years will make the total value of farm lands and buildings to-day approximately $40,000,000,000.

With these staggering figures of farm conditions confronting us and with our business men throughout the country, many of whom are being forced into bankruptcy, others unable to continue to operate their business, with between seven and eight million laboring men idle, and approximately that many men working only 1, 2, or 3 days a week, as I stated in the beginning, if there was ever a time in the history of this country when we need inflation in our currency, it is now.

Mr. Speaker, ladies and gentlemen of the House, there is only one objection I have to this bill, and that is where it authorizes the Federal Reserve Board to put money into circulation. I wish there was a specific direction given to them to use the machinery set up by this bill for the purpose of seeing that at least $2,000,000,000 in money is put into circulation at once, for if that was done, business conditions throughout the country would improve immediately, men that are idle would again be employed, and it would make it possible for the farmers of our country to get a fair price for their products. This is what is needed and what we must have before prosperity can be restored.

Mr. LANKFORD of Georgia. Mr. Speaker, in voting for this bill to give the Federal Reserve Board more power I hope and feel that I may be doing the best thing, and yet I doubt it almost enough to lead me to cast a vote against the measure. It will enable the Federal Reserve Board, the big banks, and great monopolies to put more money in circulation if they will, but will they?

Even now without this new law they can put much more money into circulation, but they are refusing to do so, and by their centralization policy have destroyed thousands of small banks and enterprises, caused the loss of millions of deposits, brought about an awful unemployment situation, and precipitated the greatest depression of all time. I very much fear we are giving this board more power which it will use against the people rather than for them.

This bill is on the wrong principle, in that it brings about greater centralization of political and financial power and helps those who already have control of the money of the Nation, even to the destruction of the masses of the American people. I am afraid of the bill, and yet the situation at this time is so distressing that I shall whip myself into voting for it, hoping and praying that the great majority of Democrats and Republicans in this House who are supporting it are right and that it may in some way give some relief in this awful hour. If this bill only was worded so as to put all these millions of new money into actual circulation in the hands of the many, I would be enthusiastically for it. As it is, I am resolving every doubt in favor of my heartfelt hope that its operation will prove to be more beneficial than I anticipate, and shall vote for it.

I greatly fear, though, that it will only provide for a greater accumulation of money and power in the hands of those who are already a menace to our country and that we are unintentionally committing a great wrong rather than rendering a real service, as we so much hope.

Mr. PETTENGILL. Mr. Speaker, I shall vote for the Glass-Steagall bill. This bill and the Reconstruction Finance Corporation bill are both designed to provide credit. They are distinguished, however, as follows:

The Reconstruction Finance bill creates credit by plunging the country further into debt. The Glass-Steagall bill frees credit reserves that already exist. It has, therefore, one great virtue at least: It takes no money from the Treasury; it does not flood the market with more Federal securities; it does not give great wealth further opportunity to escape taxation through the issuance of tax-exempt bonds, and therefore, does not tend to increase the burden of taxes on real or personal property; and, finally, it does not ask the taxpayer to come to the relief of private business.

Whether this bill will be administered chiefly with an eye toward European affairs or for the improvement of domestic affairs I do not know. If it is to be used only to meet the threat of France to withdraw her gold deposits in this country, to throw us off the gold standard, and thus dictate to us her terms of debt settlements, then its benefits will be short lived. Even in that case I favor any necessary preparation to meet her threat and to tell her to take her gold. I do not want this country to be run by a foreign government. I again mention the fact that by the moratorium we suspended debts due us from France and secured no protection against our debtor raiding our gold. The moratorium threw away an offset against the raid.

If, however, the administration of this bill goes beyond the necessities created by our fatuous foreign policies, then the bill should be of very genuine service in freeing credit, preventing further bank failures, stopping the panic, restoring confidence, and starting commodity prices on the upgrade. It is evident that by the hoarding of money and the freezing of credit money has become too scarce, and therefore too dear, and commodities have become too cheap. Until and unless that process is reversed the depression will get worse.

So long as commodity prices are on the down grade no one will buy or employ beyond actual necessities. If, however, this bill does start commodity prices upward, and the country becomes convinced that it will not be able to buy so cheaply in the future, buying will start, orders will go to factories and farms, and employment will accelerate. I hope sincerely it will be so administered as to produce that result.

By passing this bill Congress will have pointed the way and provided the means by which existing credit facilities may be used for the benefit of the entire country. If the Federal Reserve Board will now use the power given to them by this bill for the benefit of the entire country and all of its people, and not for the benefit of the few who have apparently largely controlled its policies in the past, we may see by the enactment of this legislation the turning point of the depression.

To the extent that this bill has recuperative power, it is unfortunate that the administration has delayed action until our situation has become truly desperate. We have waited until the patient was at the last gasp, and then jammed this bill through in three days' time. If the administration had had the courage to admit a year or more ago that the country was in a serious depression under Republican control, we could, in all likelihood, have saved hundreds if not thousands of banks in the West, millions of depositors, and thousands of farm and home foreclosures. It was only when the wave of bank failures finally reached the East that those in control of our financial fortunes took real steps to check the disaster. Until that time the situation had played into the hands of those who favor the concentration of credit in a few hands.

A real injustice has been done also to the wage earners of the country in delaying this action until they had patriotically accepted wage cuts. Now, if commodity prices rise, the wage earners who have taken these cuts will feel that they have been left holding the bag. If commodity prices now rise, wages must also be permitted to rise, in order that the wage earner may purchase the commodities.

If commodities and other values rise, debtors may save further foreclosures and tax sales and the loss of their equities. The credit of municipalities will improve, for on account of the tremendous bond issues all municipalities as well as private individuals and private corporations are debtors. Taxes are too high, the cost of government must be reduced, and yet it must be pointed out that in terms of wheat and corn and wages taxes and interest have doubled or tripled wholly independently of the action of tax-levying bodies or the holders of mortgages. Some people are already worried about inflation. Let us confine our worries for the present to deflation. After we have put an end to a devastating deflation, we can then check harmful inflation.

In conclusion, let me say that the principles contained in this bill are not new. As long ago as 1908 Senator Owen, of Oklahoma, advocated that in times of stringency provision be made for the issuance of emergency currency, based, in part, upon the obligations of the United States, which are good if anything in this country is good. We must somehow strengthen our banking system so as to prevent the undue expansion and contraction of credit. We must make it impossible for selfish interests to manipulate the credit of the Nation, to inflate and unload at the peak, to deflate and buy once more at the bottom. Between the upper and lower millstones of overinflation and overdeflation the life savings of home owners, of honest, frugal workers on farm and in factory are ground into dust.

While I am hopeful of benefits from this bill, nevertheless it is but one step in the rehabilitation of the country. The economies of machinery must be more widely distributed. Men must be able to buy what they or the machines make, or the machines themselves will get rusty for want of customers. Mass production means mass distribution, and mass distribution means purchasing power in the hands of the millions.

Everything has been deflated in this country except the cost of government. We must now deflate bureaucracy. Commissions, boards, bureaus have grown like hothouse plants during the past 10 years and, like vampires, grown fat on the blood of taxpayers; and we must not forget that the greatest mushroom of all is the Bureau of Commerce, so lately presided over by Herbert Hoover.

Mr. CROWE. Mr. Speaker, in my opinion the legislation just passed by the House to liberalize the credit of the Federal reserve system is a big move in the return of prosperity.

It was a pleasure and a privilege to support this measure, because it is the first real piece of legislation enacted during this Congress that is aimed at and can be expected to aid people in all walks of life. In other words, with a loosening of credit, with more money in circulation, it means the smaller and farming communities will have an opportunity to secure more money. The small banks through this loosening of credit have eligible paper, notes, and so forth, which are good but the indorsers unable to pay at this time, therefore called "frozen," can now use such paper for rediscounting purposes at the Federal reserve banks, thereby increasing their ready cash with which to help the several communities. This measure or some similar measure will no doubt become permanent legislation.

On account of the tremendous amount of bank withdrawals and hoarding, the currency in circulation dwindled to a point where this legislation was not only needed but it had to be written.

When the Wall Street debacle occurred in fall of 1929 and when the bottom dropped out, instead of the constant cry of "Business just around the corner," then or soon after honest legislation such as this should have been written. If other carefully prepared legislation, made with an idea and purpose to help the workingman, had been made, legislation honestly written to aid the farmer and small business man, we either would not have undergone this terrible panic, or at least it would not have become a devastating rout.

In spite of the approaching storm and distressed condition of the country, the expense of government continued to grow, more and more boards were created, more and more officeholders appointed, thousands of them unnecessary. The most skillful business man could under no circumstances live and operate a business under such a load and strain.

It is difficult for many to understand why some people can spend money freely and yet make or accumulate money while others spend money freely and go broke. The reason is, the one spends freely but gets value received, while others spend freely and get little in return.

We hear much to-day of the dole. I am opposed to a dole. I hope our country soon is able to get away from the doles which it has in almost every county in the United States in the form of county charities, and so forth. All of these are needed as emergency measures, but it is nothing more nor less than a dole in disguise. To her sorrow England had a government dole which, while vicious, was only a small part of England's financial troubles.

According to Nation's Business of December, 1931, England went off the gold standard for one main reason. In 25 years the nation got one-third of the national income from the public purse.

When Queen Victoria died public expenditures of Great Britain were 5 per cent of the national income. Mr. Gladstone's last budget was under one-half billion dollars, while the national income was $10,000,000,000, or 5 per cent. To-day the national income of Great Britain is estimated at $20,000,000,000, while the public expenditures, national and local, are not less than $7,500,000,000, or more than 30 per cent of the national income. That is the reason for England's going off the gold standard.

The Government of the United States is fast climbing with its Government expense and has reached a point where 1 out of each 11 men are in the employ of the Government, either in local, State, or national branches, and the numbers are mounting.

I am in favor of every bureau and department of this Government being fine-combed, and eliminate every possible bit of waste. The millions of dollars wasted in our Government would put thousands of our idle, scattered all over this country, at work if spent for necessary Government buildings and improvements.

By illustration, if a farmer needs additional help, he can afford to furnish board and keep an extra hand, because he will produce something to bring a return. But suppose the hired man came in as a "star" boarder and drew his pay, he would soon impoverish the farmer. Just so is it with government. It is time, and high time, to throw the "star" boarder out!

We have given our support generously during this Congress to the big-business interests of this country, which was imperative. I have joined in the needful emergency pieces of legislation and did so whole-heartedly. I am for my country first. But now with 30,000,000 farmer folks in red ink and thousands losing their farms and homes, I want to join hands and help pass legislation which will really aid the farmer.

With eight to ten million wage earners idle, they and their families totaling upwards to 30,000,000 more, with no finance, hundreds of thousands hungry, I want to see some legislation enacted to help them.

EMERGENCY OF FIRST MAGNITUDE

In a great crisis, as of war, our Government would issue bonds with which to buy the sinews of war.

To-day with millions idle, their children undernourished and impoverished, it is time our Government through its wise leaders laid down constructive measures, not to give a dole but to give work to the unemployed.

It is high time our great industrialists joined in the movement to help find employment for the millions of unemployed.

OVERPRODUCTION *v.* UNDERCONSUMPTION

By putting our unemployed to work their wages would as soon as received go to buy food and clothing and to pay their debts and taxes. It would soon begin to use up the vast overproduction supplies of grain and farm products.

Workers could save their homes, farmers could pay their taxes and the interest on their mortgages. The expenditure would make for increased prosperity, larger incomes among the masses. A great amount of the overproduction in America to-day is caused by underconsumption among the millions unemployed and by loss of purchasing power of the farmer.

The SPEAKER. The question is on the motion of the gentleman from Alabama to suspend the rules and pass the bill as amended.

Mr. STEAGALL. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

[Roll No. 19]

The question was taken; and there were—yeas 350, nays 15, answered "present" 1, not voting 65, as follows:

YEAS—350

Abernethy	Canfield	Dickinson	Granata
Adkins	Cannon	Dies	Granfield
Aldrich	Carden	Dieterich	Green
Allen	Carter, Calif.	Disney	Greenwood
Allgood	Carter, Wyo.	Dominick	Gregory
Almon	Cartwright	Doughton	Griswold
Andresen	Cary	Douglas, Ariz.	Guyer
Andrew, Mass.	Cavicchia	Douglass, Mass.	Hadley
Andrews, N. Y.	Celler	Doutrich	Haines
Arentz	Chapman	Dowell	Hall, Ill.
Arnold	Chase	Doxey	Hall, Miss.
Auf der Heide	Chavez	Drane	Hall, N. Dak.
Ayres	Chindblom	Drewry	Hancock, N. Y.
Bachmann	Chiperfield	Driver	Hancock, N. C.
Bacon	Christgau	Dyer	Hardy
Bankhead	Christopherson	Eaton, Colo.	Hare
Barbour	Clague	Eaton, N. J.	Harlan
Barton	Clancy	Englebright	Hart
Beam	Clark, N. C.	Erk	Hartley
Beedy	Clarke, N. Y.	Eslick	Hastings
Beers	Cochran, Mo.	Evans, Mont.	Haugen
Bland	Cole, Iowa	Fernandez	Hawley
Bloom	Cole, Md.	Fiesinger	Hess
Boehne	Collins	Finley	Hill, Ala.
Bohn	Colton	Fishburne	Hill, Wash.
Boileau	Condon	Fitzpatrick	Hoch
Boland	Connery	Flannagan	Hogg, Ind.
Bolton	Cooke	Foss	Hogg, W. Va.
Bowman	Cooper, Ohio	Frear	Holaday
Boylan	Cooper, Tenn.	French	Hollister
Brand, Ga.	Cox	Fulbright	Holmes
Brand, Ohio	Coyle	Fulmer	Hooper
Britten	Crail	Gambrill	Hope
Browning	Cross	Garber	Hopkins
Buchanan	Crosser	Gasque	Hornor
Buckbee	Crowe	Gavagan	Horr
Bulwinkle	Crowther	Gibson	Huddleston
Burch	Crump	Gifford	Hull, Morton D.
Burdick	Culkin	Gilbert	Hull, William E.
Burtness	Dallinger	Gilchrist	Jacobsen
Busby	Davenport	Gillen	Jeffers
Butler	Davis	Glover	Jenkins
Byrns	Delaney	Goldsborough	Johnson, Mo.
Campbell, Iowa	De Priest	Goodwin	Johnson, Okla.
Campbell, Pa.	DeRouen		Johnson, S. Dak.

Johnson, Tex.	Maas	Ramseyer	Swing
Johnson, Wash.	Major	Ramspeck	Taber
Jones	Maloney	Rankin	Tarver
Karch	Mansfield	Ransley	Taylor, Colo.
Keller	Mapes	Rayburn	Temple
Kelly, Pa.	Martin, Mass.	Reed, N. Y.	Thatcher
Kendall	Martin, Oreg.	Reilly	Thomason
Kerr	May	Rich	Thurston
Ketcham	Mead	Robinson	Tierney
Kinzer	Michener	Rogers, Mass.	Timberlake
Kleberg	Millard	Rogers, N. H.	Treadway
Kniffin	Miller	Sabath	Tucker
Knutson	Milligan	Sanders, N. Y.	Turpin
Kopp	Mitchell	Sandlin	Underhill
Kurtz	Montague	Schafer	Underwood
Kvale	Montet	Schuetz	Vestal
Lambertson	Moore, Ky.	Seiberling	Vinson, Ga.
Lambeth	Morehead	Selvig	Vinson, Ky.
Lamneck	Mouser	Shallenberger	Warren
Lanham	Murphy	Shott	Wason
Lankford, Ga.	Nelson, Me.	Shreve	Weaver
Lankford, Va.	Nelson, Wis.	Simmons	Weeks
Larrabee	Nolan	Sinclair	Welch, Calif.
Larsen	Norton, Nebr.	Sirovich	Welsh, Pa.
Leavitt	Oliver, Ala.	Smith, Idaho	West
Lewis	Oliver, N. Y.	Smith, Va.	White
Lichtenwalner	Overton	Smith, W. Va.	Whitley
Linthicum	Palmisano	Snell	Whittington
Lonergan	Parker, Ga.	Snow	Wigglesworth
Loofbourow	Parker, N. Y.	Sparks	Williams, Mo.
Lovette	Parks	Spence	Williamson
Lozier	Parsons	Stafford	Wilson
Luce	Partridge	Steagall	Wingo
Ludlow	Patterson	Stevenson	Wolcott
McClintic, Okla.	Person	Stewart	Wolfenden
McClintock, Ohio	Pettengill	Stokes	Wood, Ga.
McCormack	Pittenger	Strong, Kans.	Wood, Ind.
McGugin	Polk	Summers, Wash.	Woodruff
McKeown	Prall	Sumners, Tex.	Woodrum
McLaughlin	Pratt, Ruth	Sutphin	Wright
McLeod	Purnell	Swank	Wyant
McReynolds	Ragon	Swanson	Yon
McSwain	Rainey	Swick	

NAYS—15

Amlie	LaGuardia	Romjue	Tinkham
Baldrige	McFadden	Sanders, Tex.	Williams, Tex.
Blanton	Patman	Schneider	Withrow
Howard	Peavey	Shannon	

ANSWERED "PRESENT"—1

Crisp

NOT VOTING—65

Bacharach	Evans, Calif.	Kennedy	Reid, Ill.
Beck	Fish	Lea	Rudd
Black	Free	Lehlbach	Seger
Briggs	Freeman	Lindsay	Somers, N. Y.
Brumm	Fuller	McDuffie	Stalker
Brunner	Garrett	McMillan	Strong, Pa.
Cable	Golder	Magrady	Sullivan, N. Y.
Carley	Goss	Manlove	Sullivan, Pa.
Cochran, Pa.	Griffin	Moore, Ohio	Sweeney
Collier	Houston	Nelson, Mo.	Taylor, Tenn.
Connolly	Igoe	Niedringhaus	Tilson
Corning	James	Norton, N. J.	Watson
Cullen	Johnson, Ill.	O'Connor	Wolverton
Curry	Kading	Owen	Yates
Darrow	Kahn	Perkins	
Dickstein	Kelly, Ill.	Pou	
Estep	Kemp	Pratt, Harcourt J.	

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Until further notice:

Mr. Crisp with Mr. Bacharach.
Mr. Pou with Mr. Darrow.
Mr. Lindsay with Mr. Golder.
Mrs. Owen with Mr. Pratt.
Mr. Nelson of Missouri with Mr. Connolly of Pennsylvania.
Mr. Corning with Mr. Wolverton.
Mr. Briggs with Mr. Evans of California.
Mr. Collier with Mr. Goss.
Mr. O'Connor with Mr. Lehlbach.
Mr. McDuffie with Mr. Manlove.
Mr. Kemp with Mr. Seger.
Mr. Brunner with Mr. Niedringhaus.
Mr. Garrett with Mr. Fish.
Mr. Kennedy with Mr. Curry.
Mr. McMillan with Mr. Reid of Illinois.
Mr. Sullivan of New York with Mr. Perkins.
Mr. Lea with Mr. Moore of Ohio.
Mr. Rudd with Mr. Tilson.
Mr. Kelly of Illinois with Mr. Sullivan of Pennsylvania.
Mr. Fuller with Mr. Free.
Mr. Somers of New York with Mr. Strong of Pennsylvania.
Mr. Griffin with Mr. Cable.
Mr. Sweeney with Mr. Cochran of Pennsylvania.
Mr. Igoe with Mr. Brumm.
Mr. Carley with Mr. Watson.
Mrs. Norton with Mr. Beck.
Mr. Black with Mr. Magrady.
Mr. Estep with Mr. Johnson of Illinois.
Mr. Houston with Mr. Yates.

Mr. DICKINSON. Mr. Speaker, the gentleman from Missouri, Mr. NELSON, who has asked for leave of absence on account of the serious illness of his mother, desires me to say that if present he would vote "aye."

Mr. CRISP. Mr. Speaker, did the gentleman from New Jersey, Mr. BACHARACH, vote?

The SPEAKER. He did not vote.

Mr. CRISP. Mr. Speaker, I will withdraw my vote and vote "present."

Mr. EATON of New Jersey. Mr. Speaker, my colleague, Mr. WOLVERTON, is detained by illness. If he were present he would vote "aye." My colleague, Mr. SEGER, is detained by important public business. If he were present, he would vote "aye."

The result of the vote was announced as above recorded.

REPORT OF THE DIRECTOR GENERAL OF RAILROADS FOR THE CALENDAR YEAR 1931 (H. DOC. NO. 248)

The SPEAKER laid before the House the following message from the President, which was read, and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce and ordered printed:

To the Congress of the United States:

I transmit herewith for the information of the Congress the report of the Director General of Railroads for the calendar year 1931.

HERBERT HOOVER.

THE WHITE HOUSE, *February 15, 1932.*

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. NELSON of Missouri on account of serious illness of his mother.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that I may be privileged to address the House for 20 minutes on Thursday morning next following the disposition of matters on the Speaker's desk.

The SPEAKER. The gentleman from Nebraska asks unanimous consent that he may be permitted to address the House for 20 minutes on next Thursday after the disposition of business on the Speaker's desk. Is there objection?

Mr. RAINEY. Mr. Speaker, reserving the right to object, may I suggest to the gentleman that we have been objecting to these special orders right along. Perhaps the gentleman can get time from the gentleman from Alabama [Mr. OLIVER] on the next appropriation bill. I am sure the gentleman can get time to speak under general debate on that bill.

Mr. HOWARD. I would much like to speak Thursday morning.

Mr. RAINEY. I presume there is good reason for the gentleman's desire, and I would like to agree to it, but that has been against our rules.

Mr. HOWARD. The gentleman has his privilege and so have I.

Mr. RAINEY. The other day I had an agreement with the gentleman from New York [Mr. SNELL] that an agreement to permit the gentleman from Illinois [Mr. CHIPERFIELD] to address the House would not be considered as a precedent, and that that should not be followed by other speeches. I shall have to object unless the gentleman will agree to take time in general debate on an appropriation bill.

Mr. HOWARD. The gentleman may exercise his privilege.

Mr. RAINEY. Then I object.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I ask the majority leader about the program to-morrow. I suppose we will first have the vote on the constitutional amendment?

Mr. RAINEY. Yes; immediately after the reading of the Journal, and then the Department of the Interior appropriation bill.

Mr. SNELL. It is not the gentleman's intention to start a second appropriation bill to-morrow?

Mr. RAINEY. No. We may not finish the other bill.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 42 minutes p. m.) the House adjourned until to-morrow, Tuesday, February 16, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Tuesday, February 16, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON THE DISTRICT OF COLUMBIA—SUBCOMMITTEE ON INSURANCE AND BANKING

(10.30 a. m.)

A bill to further regulate banking, banks, trust companies and building and loan associations in the District of Columbia (H. R. 6402).

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

(10 a. m.)

Bills relating to the granting of authority to the Secretary of the Treasury to employ local State resident architects for the construction of Federal buildings (H. R. 5880, H. R. 6307, H. R. 5881, and H. R. 6187).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(10.30 a. m.)

Relating to the contract-labor provisions of the immigration laws (H. R. 8877).

Bills relating to the suspension, restriction, additional restriction, or prohibition of immigration of aliens into the United States (H. R. 8331, H. J. Res. 216, H. R. 7, H. R. 55, H. R. 465, H. R. 1967, H. R. 4514, H. R. 4543, H. R. 4544, H. R. 4548, H. R. 4579, H. R. 4688, H. R. 6045, H. R. 6493, H. R. 7791, H. R. 8541, H. R. 8542, H. J. Res. 44, H. J. Res. 55, H. J. Res. 75, H. J. Res. 190, and H. J. Res. 201).

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WILSON: Committee on Flood Control. H. R. 4668. A bill to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes," approved May 15, 1928; with amendment (Rept. No. 477). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES: Committee on Agriculture. H. J. Res. 292. Joint resolution to authorize the Secretary of Agriculture to aid in the establishment of agricultural-credit corporations, and for other purposes; without amendment (Rept. No. 478). Referred to the Committee of the Whole House on the state of the Union.

Mr. OLIVER of Alabama: Committee on Appropriations. H. R. 9349. A bill making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes; without amendment (Rept. No. 490). 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. COYLE: Committee on Naval Affairs. H. R. 2284. A bill for the relief of Thomas T. Gessler; without amendment (Rept. No. 476). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1174. A bill for the relief of Mary A. Cox; without amendment (Rept. No. 479). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1778. A bill for the relief of John S. Shaw; without amendment (Rept. No. 480). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1861. A bill for the relief of Irene Lungo; without amendment (Rept. No. 481). Referred to the Committee of the Whole House.

Mr. BALDRIGE: Committee on Claims. H. R. 2478. A bill for the relief of Silas B. Lawrence; without amendment (Rept. No. 482). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2535. A bill for the relief of Ralph La Vern Walker; without amendment (Rept. No. 483). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3621. A bill for the relief of D. F. Phillips; without amendment (Rept. No. 484). Referred to the Committee cf the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3628. A bill for the relief of Paul I. Morris and Beulah Fuller Morris; without amendment (Rept. No. 485). Referred to the Commitee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4227. A bill for the relief of T. Brooks Alford; without amendment (Rept. No. 486). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4421. A bill for the relief of the Southern Railway Co.; without amendment (Rept. No. 487). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. S. 944. An act for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr.; without amendment (Rept. No. 488). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. S. 1357. An act for the relief of Nancy H. Rouse, Clara H. Simmons, W. H. Hays, Hallie H. Hamilton, and Bradford P. Hays; without amendment (Rept. No. 489). 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. GREEN: A bill (H. R. 9343) to authorize the Secretary of Commerce to convey to the city of Fernandina, Fla., a portion of the Amelia Island Lighthouse Reservation; to the Committee on Interstate and Foreign Commerce.

By Mr. PATTERSON: A bill (H. R. 9344) conferring the rights of the World War veterans' act, as amended, to the Student Army Training Corps, and for other purposes; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 9345) to amend section 200 of the World War veterans' act, as amended, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. FERNANDEZ: A bill (H. R. 9346) providing for the purchase of a site and the erection of a public building thereon in the city of New Orleans, La.; to the Committee on Public Buildings and Grounds.

By Mr. PATTERSON: A bill (H. R. 9347) to relieve veterans of the World War of interest being paid on money borrowed on their adjusted-service certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. BURCH: A bill (H. R. 9348) to amend the act entitled "An act for the relief of contractors and subcontractors for the post offices and other buildings and work under supervision of the Treasury Department, and for other purposes," approved August 25, 1919, as amended by act of March 6, 1920; to the Committee on Public Buildings and Grounds.

By Mr. OLIVER of Alabama: A bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the Judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes; to the Committee on Appropriations.

By Mr. ARENTZ: A bill (H. R. 9350) to amend section 29 of the Federal farm loan act; to the committee on Banking and Currency.

By Mr. ADKINS: Resolution (H. Res. 145) authorizing the printing of the Lincoln Day address delivered by Mr. CHIPERFIELD; to the Committee on Printing.

By Mr. CELLER: Joint resolution (H. J. Res. 289) providing for the encouragement of United States citizens in participation in the Levant Fair, to be held at Tel-Aviv, Palestine, April 7–30, 1932; to the Committee on Foreign Affairs.

By Mr. MEAD: Joint resolution (H. J. Res. 290) to provide for the preparation, printing, and distribution of pamphlets containing the history of Brig. Gen. Casimir Pulaski, Revolutionary War hero, on occasion of the hundred and fiftieth anniversary of the death of Brig. Gen. Casimir Pulaski on October 11, 1929, with certain biographical sketches and explanatory matter; to the Committee on Printing.

By Mr. AMLIE: Joint resolution (H. J. Res. 291) authorizing the issuance of a special stamp in honor of Brother Joseph Dutton; to the Committee on the Post Office and Post Roads.

By Mr. JONES: Joint resolution (H. J. Res. 292) to authorize the Secretary of Agriculture to aid in the establishment of agricultural-credit corporations, and for other purposes; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ABERNETHY: A bill (H. R. 9351) granting a pension to Charles H. Keller; to the Committee on Pensions.

Also, a bill (H. R. 9352) for the relief of L. R. McDaniel; to the Committee on Claims.

Also, a bill (H. R. 9353) granting a pension to Hattie Simpson; to the Committee on Pensions.

By Mr. BEERS: A bill (H. R. 9354) granting a pension to William W. Charlton; to the Committee on Invalid Pensions.

By Mr. BLOOM: A bill (H. R. 9355) for the relief of David Schwartz; to the Committee on Naval Affairs.

Also, a bill (H. R. 9356) for the relief of Alexander Gilchrist, jr.; to the Committee on the Civil Service.

By Mr. BOLTON: A bill (H. R. 9357) for the relief of certain former members of the crews of the revenue cutters *Algonquin* and *Onondaga*; to the Committee on Naval Affairs.

By Mr. CARDEN: A bill (H. R. 9358) granting a pension to Louisa F. Mansfield; to the Committee on Invalid Pensions.

By Mr. CHAPMAN: A bill (H. R. 9359) granting a pension to Robert L. Holbrook; to the Committee on Pensions.

By Mr. CHIPERFIELD: A bill (H. R. 9360) granting an increase of pension to Nannie McClellan Chase; to the Committee on Pensions.

By Mr. CROSS: A bill (H. R. 9361) granting a pension to J. A. Ross; to the Committee on Pensions.

Also, a bill (H. R. 9362) granting a pension to Edward Wright; to the Committee on Pensions.

Also, a bill (H. R. 9363) granting a pension to Lucy Mahala Tuggle; to the Committee on Pensions.

By Mr. CULKIN: A bill (H. R. 9364) granting an increase of pension to Cornelia A. Otis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9365) granting an increase of pension to Margaret J. Merrill; to the Committee on Invalid Pensions.

By Mr. GUYER: A bill (H. R. 9366) for the relief of Frank Conlin; to the Committee on Claims.

By Mr. HARLAN: A bill (H. R. 9367) granting an increase of pension to Frank V. Griffith; to the Committee on Pensions.

By Mr. HOWARD: A bill (H. R. 9368) for the relief of the First National Bank of Walthill, Thurston County, State of Nebraska; to the Committee on Claims.

By Mr. LEAVITT: A bill (H. R. 9369) to set aside certain lands around the abandoned Bowdoin Well, Montana, for recreational purposes under a permit to Phillips County Post, No. 57, of the American Legion, Department of Montana; to the Committee on the Public Lands.

By Mr. LONERGAN: A bill (H. R. 9370) granting a pension to Hattie E. Clapp; to the Committee on Invalid Pensions.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 9371) granting a pension to Mary G. Ferguson; to the Committee on Invalid Pensions.

By Mr. McKEOWN: A bill (H. R. 9372) granting an increase of pension to Mary McCoy; to the Committee on Invalid Pensions.

By Mr. NELSON of Maine: A bill (H. R. 9373) granting an increase of pension to Sarah J. Hamlin; to the Committee on Invalid Pensions.

By Mr. NELSON of Wisconsin: A bill (H. R. 9374) granting a pension to Emma Hartson; to the Committee on Pensions.

By Mr. REID of Illinois: A bill (H. R. 9375) granting an increase of pension to Betty J. Sale; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9376) for the relief of Mrs. A. Willard; to the Committee on Claims.

By Mr. ROMJUE: A bill (H. R. 9377) granting a pension to Martha Ann Finney; to the Committee on Invalid Pensions.

By Mr. SELVIG: A bill (H. R. 9378) for the relief of G. G. Laugen; to the Committee on Claims.

By Mr. SWICK: A bill (H. R. 9379) granting an increase of pension to Rebecca C. Cochran; to the Committee on Invalid Pensions.

By Mr. SWING: A bill (H. R. 9380) for the relief of John M. McNulty; to the Committee on Naval Affairs.

Also, a bill (H. R. 9381) for the relief of John Micklos; to the Committee on Military Affairs.

By Mr. THURSTON: A bill (H. R. 9382) granting an increase of pension to Lillie A. Athey; to the Committee on Invalid Pensions.

By Mr. VESTAL: A bill (H. R. 9383) granting an increase of pension to John G. Heck; to the Committee on Pensions.

Also, a bill (H. R. 9384) granting an increase of pension to Sarah Conrad; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

1987. By Mr. AYRES: Petition of Federated Club, Oxford, Kans., opposing any modification or repeal of the prohibition law; to the Committee on the Judiciary.

1988. By Mr. BACON: Petition of sundry citizens of Greenport, N. Y., favoring maintenance of prohibition law and opposing resubmission or repeal of eighteenth amendment; to the Committee on the Judiciary.

1989. Also, petition of sundry citizens of Manhasset, N. Y., urging the repeal of the eighteenth amendment; to the Committee on the Judiciary.

1990. Also, petition of residents of Wainscott, N. Y., opposing any measure looking toward the modification of the prohibition law or of the resubmission or repeal of the eighteenth amendment; to the Committee on the Judiciary.

1991. By Mr. BARBOUR: Petition of residents of the seventh congressional district of California, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

1992. By Mr. BEERS: Petition from citizens of Franklin, Snyder, Union, Huntingdon, Fulton, and Mifflin Counties, in Pennsylvania, protesting against modification or resubmission to the States for repeal of the national prohibition law; to the Committee on the Judiciary.

1993. By Mr. BURCH: Petition of C. B. Clements and 58 citizens of Danville, Va., pledging their support of the prohibition law and its enforcement, and protesting against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

1994. By Mr. CHASE: Petition of J. F. Comely and others, urging increased pension rates for Civil War survivors and Civil War widows; to the Committee on Invalid Pensions.

1995. By Mr. CHAVEZ: Petitions of sundry citizens of Roswell, N. Mex.; the regional conference of the Woman's Christian Temperance Union of New Mexico; members of the First Baptist Church of Tucumcari, N. Mex.; the Lower Messilla Valley Woman's Christian Temperance Union; Frances Willard Woman's Temperance Union, of Albuquerque, N. Mex.; and the Belen (N. Mex.) Woman's Christian Temperance Union, protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

1996. By Mr. CLARKE of New York: Petition of residents of Schenevus, Westford, and Worcester, N. Y., opposing the repeal, resubmission, or any modification of the eighteenth amendment; to the Committee on the Judiciary.

1997. Also, petition of 27 members of the Laurens Woman's Christian Temperance Union, opposing the repeal, resubmission, or any modification of the eighteenth amendment; to the Committee on the Judiciary.

1998. Also, petition of 32 members of the Sherburne Woman's Christian Temperance Union, opposing the repeal, resubmission, or any modification of the eighteenth amendment; to the Committee on the Judiciary.

1999. By Mr. CRAIL: Petition of Capt. C. D. Bevané, protesting against the employment of other nationals in American Embassies and legations abroad; to the Committee on Foreign Affairs.

2000. By Mr. CROSS: Petition of Woman's Christian Temperance Union of Waco, Tex., protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

2001. By Mr. CULKIN: Petition of Jennie C. de Clercq and 248 other citizens of Cazenovia, N. Y., and vicinity, protesting against any measure looking toward the repeal or modification of the eighteenth amendment or the prohibition law, and in favor of all measures in support of same and their enforcement; to the Committee on the Judiciary.

2002. Also, petition of Ida F. Viergiver and 14 other citizens of Hannibal, N. Y., urging a general reduction in all military expenditures; to the Committee on Military Affairs.

2003. By Mr. DAVENPORT: Petition of 114 voters of Oneida County, N. Y., favoring the maintenance of the prohibition law and its enforcement, and opposing any measure looking toward its modification, resubmission, or repeal; to the Committee on the Judiciary.

2004. Also, petition of the Woman's Christian Temperance Union of Clinton, N. Y., opposing the resubmission of the eighteenth amendment and favoring its better enforcement; to the Committee on the Judiciary.

2005. By Mr. FULBRIGHT: Petition of employees of Frisco Co., favoring railroad employees' national pension plan; to the Committee on Labor.

2006. Also, memorial of Riverdale Woman's Christian Temperance Union, Ozark, Mo., opposing submission or repeal of the eighteenth amendment; to the Committee on the Judiciary.

2007. Also, petition of Frisco employees, Willow Springs, Mo., favoring railroad employees' national pension plan; to the Committee on Labor.

2008. Also, petition of employees on Frisco lines in Missouri, asking support of railroad employees' national pension plan; to the Committee on Labor.

2009. By Mr. KELLER: Petition of Group No. 1745 of the Polish National Alliance of the United States of North America, of Royalton, Ill., urging the enactment of House Joint Resolution 144, directing the President of the United States to proclaim October 11 of each year as General Pulaski's memorial day; to the Committee on the Judiciary.

2010. By Mr. KVALE: Petition of Yellow Farmers' Union of Lac qui Parle County, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

2011. Also, petition of Yellow Farmers Union of Lac qui Parle County, Minn., urging enactment of House bill 7797; to the Committee on Agriculture.

2012. By Mr. LINTHICUM: Petition of Edmund J. McNeil, McNeil Ornamental Iron & Construction Co., urging passage of House bill 4680; to the Committee on Expenditures in the Executive Departments.

2013. Also, petition of the Maryland Steel Products Co., Baltimore, Md., urging passage of House bill 4680; to the Committee on Expenditures in the Executive Departments.

2014. Also, petition of Walbrook and Harford Theater, Baltimore, Md., protesting against proposed admission tax on motion-picture theater owners; to the Committee on Ways and Means.

2015. Also, petition of Alice Graham Bowdoin, Baltimore, Md., urging passage of bill for the preservation of wild life; to the Committee on Agriculture.

2016. Also, petition of the Emerson Hotel, Baltimore, Md., opposing proposed tax of one-half cent per kilowatt-hour on electric current; to the Committee on Ways and Means.

2017. Also, petition of legislative committee National Rehabilitation Association, urging passage of House bill 4743; to the Committee on Education.

2018. Also, petition of Maryland State Council, Catholic Benevolent Legion, urging passage of bill creating a department of education; to the Committee on Education.

2019. Also, petition of the M. A. Long Co., Baltimore, Md., urging passage of House bill 6187; to the Committee on Expenditures in the Executive Departments.

2020. Also, petition of Real Estate Board of Baltimore, opposing proposed provision in Federal revenue bill for stamp tax on real-estate transfers; to the Committee on Appropriations.

2021. Also, petition of Hilgartner Marble Co., Baltimore, Md., urging passage of Senate bills 2626, 2627, and 2628; to the Committee on Ways and Means.

2022. Also, petition of Mrs. Thomas Mahool, of Baltimore, Md., urging passage of House bill 8230; to the Committee on Naval Affairs.

2023. Also petition of Edgar S. Horner, of Baltimore, Md., opposing proposed reduction in Government employees' salaries; to the Committee on Ways and Means.

2024. Also, petition of Reginald B. Walker and F. A. Gantert, Fidelity & Guaranty Fire Corporation, both of Baltimore, Md., urging a tariff on petroleum; to the Committee on Ways and Means.

2025. Also, petition of William R. Noyes, of Baltimore, Md., and David W. Rogers, of Hampton, Va., urging passage of House bill 1; to the Committee on World War Veterans' Legislation.

2026. Also, petition of Maud D. Foley, Thomas D. Dawson, and Samuel R. Hetzer, of Baltimore, Md., opposing reduction in Army and Navy appropriations; to the Committee on Appropriations.

2027. Also, petition of L. M. Rawlins, jr., airport manager, Logan Field; Thomas B. Aycock, M. D., the Alumni Association; Capt. George Cobb, Twenty-ninth Division Aviation, Maryland National Guard; and the M. A. Long Co., all of Baltimore, Md., protesting any reduction in appropriations for National Guard; to the Committee on Appropriations.

2028. Also, petition of Jenks B. Jenkins and Robert E. Hampson, of Baltimore, Md., protesting any reduction in appropriations for National Guard; to the Committee on Appropriations.

2029. Also, petition of Perley W. Clark, of Baltimore, and F. W. Schneider, of Ellicott City, Md., protesting manufacture of brushes at Leavenworth Penitentiary; to the Committee on Labor.

2030. Also, petition of Edwin H. Brownley, American Oil Co.; J. O. Jamison, branch manager, C. I. T. Corporation; and Louis Binder, Esq., all of Baltimore, Md., protesting against taxation on automobiles, parts, etc.; to the Committee on Ways and Means.

2031. Also, petition of Bertie D. Sturgeon, Mary K. Campbell, Florence M. Fishpaw, Marie C. Connolly, Mary M. Bentz, Lena C. Munoz, Nellie Stahl, and Ruth A. Chalk, of Baltimore, and Mary M. Miller, of Tacoma Park, Md., urging passage of House bill 7230; to the Committee on World War Veterans' Legislation.

2032. Also, petition of Elisabeth Gilman, Celeste Webb, and Mary W. Williams, of Baltimore, Md., urging abolishment of citizens' military training camps, and petition of Thomas J. Perkins and Frederick W. Brueckmann, of Catonsville, and Dr. Hugh Y. Young, of Baltimore, all of the State of Maryland, urging defeat of bill abolishing citizens' military training camps; to the Committee on Appropriations.

2033. Also, petition of C. Arthur Eby, Esq., Uncle Sam Loan & Savings Co., Real Estate Board of Baltimore, and U. Elmer Martin, Esq., all of Baltimore, Md., urging passage of the home loan discount bank bill; to the Committee on Banking and Currency.

2034. By Mr. LINDSAY: Petition of Ohio Chamber of Commerce, Columbus, Ohio, opposing all proposals now before Congress for appropriating Federal funds for local emergency relief; to the Committee on Appropriations.

2035. Also, petition of National Association of Finance Companies of Chicago, favoring the passage of the Steagall-Glass bill with certain amendments; to the Committee on Banking and Currency.

2036. Also, petition of Ignatius K. Werwinski, former chairman of United States Sesquicentennial Commission, South Bend, Ind., favoring the passage of House Joint Resolution 192, directing the President of the United States to proclaim October 11 of each year as General Pulaski memorial day, for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

2037. Also, petition of American Civic Association (Inc.), Washington, D. C., favoring the passage of House bill 5063 and Senate bill 475, to establish the Everglades national park in Florida; to the Committee on the Public Lands.

2038. By Mr. MILLARD: Petition of citizens of Tarrytown and North Tarrytown, N. Y., urging the continuance of the citizens' military training camps; to the Committee on Appropriations.

2039. Also, resolution unanimously adopted by New Rochelle (N. Y.) Post, No. 8, of the American Legion, urging, in the interest of our national defense, the continued support and maintenance of the existing Regular Army, the National Guard, the Officers' Reserve Corps Training Corps, and the citizens' military training camps; to the Committee on Appropriations.

2040. By Mr. MURPHY: Petition of P. W. Barger, of Lisbon, Ohio, and four other citizens, asking for the passage of House Joint Resolution 55 and King bill, S. 7, to restrict immigration; to the Committee on Immigration and Naturalization.

2041. Also, petition of Brooklyn Ross, of 4811 Jefferson Street, Bellaire, Ohio, and 17 other residents of that city, asking that House Joint Resolution 55, further restricting immigration, be enacted; to the Committee on Immigration and Naturalization.

2042. By Mr. REID of Illinois: Resolution adopted by the Francis Willard Union, Woman's Christian Temperance Union, of Joliet, Ill., February 13, 1932, representing 175 people, protesting against the resubmission of the eighteenth amendment to the States for a referendum vote; to the Committee on the Judiciary.

2043. By Mr. RICH: Petition of official board, Methodist Episcopal Church, Mill Hall, Pa., protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

2044. By Mr. ROBINSON: Petition adopted by the Methodist Episcopal and Baptist Churches, representing more than 400 people of Shell Rock, Iowa, and signed by the pastor of the Baptist Church, Rev. E. L. True; opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures, and urging that Congress vote against such a resolution and vote for adequate appropriations for law enforcement and for education in law enforcement; to the Committee on the Judiciary.

2045. By Mr. RUDD: Petition of Ohio Chamber of Commerce, opposing all proposals now before Congress for appropriating Federal funds for local emergency relief; to the Committee on Appropriations.

2046. Also, petition of Reliance Bronze & Steel Corporation, Brooklyn, N. Y., favoring the passage of House bill 4680; to the Committee on Expenditures in the Executive Departments.

2047. Also, petition of National Federation of Post Office Clerks Substitutes Publicity Committee, Local 251, Brooklyn, N. Y., favoring the passage of House bills 5110, 4719, 5114, 5323, and 6183; to the Committee on the Post Office and Post Roads.

2048. Also, petition of Ignatius K. Werwinski, former chairman of the United States Pulaski Sesquicentennial Commission, South Bend, Ind., favoring House Joint Resolution 192 directing the President to proclaim October 11 of each year as General Pulaski memorial day; to the Committee on the Judiciary.

2049. Also, petition of National Association of Finance Companies, Chicago, Ill., favoring the Steagall-Glass bill with certain amendments; to the Committee on Banking and Currency.

2050. Also, petition of Agnes Stewart, 52 Livingston Street, and 10 other citizens of Brooklyn, N. Y., favoring the passage of House bill 7926; to the Committee on Labor.

2051. Also, petition of American Civic Association (Inc.) headquarters, Washington, D. C., favoring the passage of House bill 5063 and Senate bill 475, for the establishment of the Everglades national park in Florida; to the Committee on the Public Lands.

2052. By Mr. SANDERS of New York: Petition of Methodist Episcopal Sunday school and also Baptist Sunday school adult department, of Perry, N. Y., opposing resubmission of the eighteenth amendment; to the Committee on the Judiciary.

2053. By Mr. SHOTT: Petition of McDowell County Post, No. 8 (Inc.), the American Legion, Welch, W. Va., urging legislation to pay the World War adjusted-service certificates in full without deduction of any interest due on loans already made on such certificates; to the Committee on Ways and Means.

2054. By Mr. SINCLAIR: Petition of F. E. Logee and others, of Bismarck, N. Dak., and vicinity, opposing any measure looking to the resubmission, modification, or repeal of the prohibition law; to the Committee on the Judiciary.

2055. By Mr. SMITH of West Virginia: Resolution of the McDowell County Post, No. 8 (Inc.), the American Legion, Welch, W. Va., favoring the full payment of the adjusted-service certificates; to the Committee on Ways and Means.

2056. Also, petition of Laddie Benson and other citizens, of Raleigh County, W. Va., favoring the immediate cash payment of soldiers' adjusted-service certificates; to the Committee on Ways and Means.

2057. By Mr. SUTPHIN: Petition of Gen. John A. Mather Camp, No. 39, Department of New Jersey, United Spanish War Veterans, asking support of House bill 7230; to the Committee on Pensions.

2058. By Mr. SWING: Petition signed by 90 citizens of Colton, Calif., opposing any compulsory Sunday observance bill; to the Committee on the District of Columbia.

2059. By Mr. WEAVER: Petition of Masons and other citizens of Asheville, N. C., protesting against the enactment of any Sunday observance law; to the Committee on the District of Columbia.

2060. By Mr. WEST: Petition of 50 citizens of Licking County, Ohio, protesting against the burden of present and proposed Federal taxation, and for the purpose of recording their firm conviction that the cost of maintaining the Federal Government must and shall be drastically reduced; to the Committee on Ways and Means.

SENATE

TUESDAY, FEBRUARY 16, 1932

(Legislative day of Friday, February 5, 1932)

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

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

The VICE PRESIDENT. The clerk will call the roll.

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

Ashurst	Barkley	Bratton	Byrnes
Austin	Bingham	Brookhart	Capper
Bailey	Black	Broussard	Caraway
Bankhead	Blaine	Bulkley	Carey
Barbour	Borah	Bulow	Connally

Coolidge	Harrison	McKellar	Smoot
Copeland	Hastings	McNary	Steiwer
Costigan	Hatfield	Morrison	Stephens
Couzens	Hawes	Neely	Thomas, Idaho
Cutting	Hayden	Norbeck	Thomas, Okla.
Dale	Hebert	Norris	Townsend
Davis	Hull	Nye	Trammell
Dickinson	Johnson	Oddie	Tydings
Dill	Jones	Patterson	Vandenberg
Fess	Kean	Pittman	Wagner
Fletcher	Kendrick	Reed	Walcott
Frazier	Keyes	Robinson, Ark.	Walsh, Mass.
George	King	Robinson, Ind.	Walsh, Mont.
Glass	La Follette	Schall	Watson
Goldsborough	Lewis	Sheppard	Wheeler
Gore	Logan	Shipstead	White
Hale	McGill	Smith	

Mr. FESS. I desire to announce that the junior Senator from California [Mr. SHORTRIDGE] is still detained from the Senate by illness; and that the senior Senator from Illinois [Mr. GLENN] is necessarily absent from the Senate to-day because of illness. I ask that this announcement as to both Senators may stand for the day.

Mr. GEORGE. I wish to announce that my colleague the senior Senator from Georgia [Mr. HARRIS] is absent because of illness. This announcement may stand for the day.

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

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of Juliette Arden, of New York City, N. Y., relative to a claim in connection with patents for the Arden car elevator, which, with the accompanying copy of a telegram addressed to Hon. WILLIAM E. BORAH, and related papers, was referred to the Committee on Foreign Relations.

Mr. WALSH of Massachusetts presented a petition of sundry citizens of Wellesley Hills, Mass., praying for the passage of the joint resolution (S. J. Res. 89) to prohibit the exportation of arms or munitions of war from the United States to the countries of China and Japan, which was referred to the Committee on Foreign Relations.

Mr. WHEELER presented petitions of sundry citizens of Coffee Creek and Valley County, Mont., praying for the passage of legislation providing for the remonetization of silver, which were referred to the Committee on Finance.

Mr. BLAINE presented petitions of sundry citizens of Canton, S. Dak., praying for the issuance of $3,000,000,000 of full legal-tender currency, increase of the tax on large incomes and inheritances, payment of the national debt, a tax on foreign loans and investments, adoption of a debenture plan, relief for drought-stricken farmers and for unemployment, and for the passage of legislation to end the economic depression and bring about fair and just distribution of the products of labor, which were referred to the Committee on Finance.

He also presented resolutions adopted by Group No. 424 of the Polish National Alliance, of Stevens Point; Group No. 457 of the Polish National Alliance, of Milwaukee; and Group No. 994 of the Polish National Alliance, of West Allis, all in the State of Wisconsin, favoring the passage of legislation requesting the President to proclaim October 11 of each year as General Pulaski Memorial Day, which were referred to the Committee on the Library.

He also presented the following joint resolution of the Legislature of Wisconsin, which was referred to the Committee on Finance:

STATE OF WISCONSIN.

Joint resolution relating to the protection of American producers of pulpwood against unfair competition resulting from the depreciation of foreign currencies

Whereas it has come to the attention of the Wisconsin Legislature that foreign pulp is now being shipped into the port of New York, duty free, and is being sold for much less than the amount it costs American manufacturers to produce this product, even at the present low price of pulpwood and mill wages; and

Whereas it is apparent that importers of this product are being given an unfair advantage over American manufacturers in view of the fact that they are paying for the product in depreciated foreign currencies and selling it for American gold dollars; and

Whereas this competition results in hardship not only upon the American manufacturers of pulp but also upon all large and small producers of pulpwood and all other persons engaged directly or indirectly in this industry: Now, therefore, be it